COLLECTIVE AGREEMENT

BETWEEN:

NRI INDUSTRIES INC.
(hereinafter called the "Company")

and

UNITED STEELWORKERS OF AMERICA
(hereinafter called the "Union")

June 30, 2006 to June 30, 2009
COLLECTIVE AGREEMENT

ARTICLE 1 - PURPOSE OF AGREEMENT

1.01 The general purpose of this Agreement is to secure the full benefits of orderly collective bargaining, an amicable method of settling any difference which may arise between the parties under the Agreement and to set forth the conditions of employment to be observed by the Company, the Union and the employees.

1.02 The Union recognizes that the business in which the Company is engaged requires the Company to maintain a cost effective operation and improve itself in a highly competitive market, all of which is consistent with the terms of this collective agreement.

ARTICLE 2 - RECOGNITION AND SCOPE

2.01 The Company recognizes the Union as the sole and exclusive bargaining agent for all its employees working in the City of Toronto, save and except supervisors, persons above the rank of supervisor and office, clerical, sales, technical, engineering, and quality inspectors and lab technicians.

2.02 Persons employed by the company who are not members of the bargaining unit shall not perform work on any jobs in the bargaining unit except in cases of instruction, emergency, to assist when there are insufficient employees at work to get the job done in an safe or efficient manner, or in situations where persons outside the bargaining unit have normally performed such work in the past.

2.03 Should any of the present operations be moved to a location outside the City of Toronto, the Company agrees to give advance notice to the union and meet and consider any of its proposals.

2.04 The company will not contract out work which is not presently and/or has not historically been contracted out or subcontracted, where such work can be performed by bargaining unit employees presently at work or by employees who might be on layoff at the time such work is necessary, provided the Company has the necessary facilities, capacity and equipment to perform such work and provided such work can be performed in a manner that is competitive in terms of cost, quality, and within projected time limits. If the Company has not previously contracted

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out this type of work, the Company will have meaningful discussions with the union concerning work to be contracted out.

ARTICLE 3 - RELATIONSHIP

3.01 The Company and Union agree that there shall be no discrimination of employees because of race, sex, creed, religion, colour, age, national or ethnic origin, sexual orientation, marital status, family status, disability and conviction for which a pardon has been granted, pursuant to the provisions of the **Ontario Human Rights Code**.

3.02 The Company and the Union agree they shall not interfere with, restrain, coerce or discriminate against employees in their lawful right to become or refrain from becoming members of the Union and participating in its activities.

3.03 The Union agrees that, except as provided for in this Agreement, there will be no union activity on the premises of the Company during the employees working hours except by agreement with the Company.

3.04 During their first week of employment, the company shall introduce new employees to their union steward.

ARTICLE 4 - MANAGEMENT RIGHTS

4.01 The Union agrees that the management of the Company and the direction of the working forces are fixed exclusively in the Company and without restricting the generality of the foregoing, the Union acknowledges that it is the exclusive right of the Company:

1) to plan, direct and control the enterprise;
2) to hire, retire, assign, direct, promote, demote, classify, transfer, layoff, recall, suspend, discharge or otherwise discipline non-probationary employees for just cause;
3) to discipline or discharge a probationary employee for any reason satisfactory to the Company;
4) to locate, extend, curtail or cease operations;
5) to determine the kinds and location of the machines, tools and equipment to be used and to determine the schedules of production and the schedules of the employees;
6) to direct and enforce and to be the judge of the qualifications of the employees;

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7) to maintain order, discipline and efficiency and to make, alter and enforce reasonable rules of conduct and procedures for employees;
8) to determine security measures and procedures and property protection measures and ensure such are in force;
9) To make studies of and institute changes in jobs, job assignments, discontinue, reorganize, limit combine, or substitute any operation or part thereof, and to determine all other functions and prerogatives invested in and exercised by the Company which shall remain solely with the Company.

4.02 It is agreed that the exercise of any of these rights which are in conflict with the express provisions of this Collective Agreement shall be subject to the grievance procedures contained herein.

ARTICLE 5 - NO STRIKES OR LOCKOUTS

5.01 During the operation of the collective agreement, the Company agrees that it will not cause or direct any lockouts of employees and the Union agrees it will not cause or direct any strikes of its members. The Union agrees that if any such action by the employees takes place it shall repudiate it forthwith and require employees to return to work.

ARTICLE 6 - UNION SECURITY

6.01 The Company shall deduct from the pay of each member of the bargaining unit, biweekly, such union dues, initiation fees and assessments as prescribed by the Constitution of the Union.

6.02 All dues, initiation fees and assessments shall be remitted to the union forthwith and in any event not later than 15 days following the last day of the month in which the remittance was deducted. The remittance shall be sent to the International Secretary Treasurer of the United Steelworkers, AFL-CIO-CLC, P.O. Box 13083, Postal Station 'A', Toronto, Ontario, M5W 1V7, in such form as shall be directed by the Union to the Company along with a completed DUES REMITTANCE FORM R-115. A copy of the Remittance form R-115 will also be sent to the Union Office designated by the Area Coordinator.

6.03 The remittance and the R-115 form shall be accompanied by a statement containing the following information:

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1. A list of the names of all employee from whom dues where deducted and the amount of dues deducted;
2. A list of the names of all employees from whom no deductions have been made and reasons;
3. The information shall be sent to both union addresses identified in article 6.02 and shall be directed by the Union to the Company.

6.04 The Union agrees to indemnify and save the Company harmless against all claims or other forms of liability that may arise out of, or by reasons of, deductions made or payments made in accordance with this Article.

6.05 The Company agrees to record total union dues deductions paid by each employee on his/her T-4 Income Tax Receipt.

ARTICLE 7 - UNION REPRESENTATION

7.01 The Company acknowledges the right of the Union to appoint or otherwise select Union Stewards, who have completed their probationary period, for the purpose of representing employees in the handling of complaints and grievances.

7.02 The Company agrees to recognize up to twenty (20) Union Stewards.

7.03 The Company shall be notified, in writing, by the Union of the names of the Union Stewards and the areas they are representing and any changes made thereto, prior to being required to recognize them.

7.04 The Company agrees to recognize and deal with a Union Grievance Committee of not more than three (3) employees plus the Union Chairperson.

7.05 The Union acknowledges that union representatives have regular duties to perform on behalf of the Company. Wherever possible union business will be conducted outside of regular work time so as not to interfere with production. When the legitimate business of Grievance Committee persons or Union Stewards requires them to leave their work stations and/or departments, they shall first receive permission from their supervisor (such permission shall not be unreasonably withheld). Where they are required to enter another department they shall first receive the permission of the supervisor (such permission shall not be unreasonably denied). Union representatives will not interrupt employees engaged in a work activity without the permission of the employee's supervisor.

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7.06 Where union representatives are granted time off work to deal with union business, the supervisor or designate shall clock the employee off on union business. The employee shall continue to be paid by the company and the company shall be reimbursed monthly by the local union for such wages upon receipt of a statement. The union shall not be required to reimburse the company where union representatives are raising a grievance with an employee’s immediate supervisor or attending grievance meetings with the company which are held during regular working hours.

7.07 The Company will select a suitable location in the plant where the union may keep, for the purposes of storing Union documents, a locked filing cabinet.

ARTICLE 8 - NEGOTIATING COMMITTEE

8.01 The Company agrees to recognize and deal with a Negotiating Committee of not more than three (3) employees, plus the Union chairperson, who shall be regular employees of the Company, along with a representative of the International Union.

8.02 The Negotiating Committee is a separate entity from other committees and will deal only with such matters as are properly the subject matter of negotiations, including proposals for the renewal or modification of this Agreement.

8.03 A leave of absence will be granted to employees on the negotiating committee to attend bargaining sessions with the Company. The employee must provide at least ten days notice to their supervisor of such absence. The Company agrees to pay the employees at a normal full regular day's wages for up to five (5) days of negotiation with the Company or up to conciliation whichever occurs first. The Union will reimburse the Company for committee wages paid subsequent to the above limit having been reached.

ARTICLE 9 - GRIEVANCE and ARBITRATION PROCEDURES

9.01 For the purposes of this collective agreement a grievance is defined as a difference arising between the parties relating to the interpretation, application, administration, or alleged violation of the agreement, including any question as to whether a matter is arbitrable.
9.02 (a) It is the mutual desire of the parties that complaints of employees shall be adjusted as quickly as possible.

9.02 (b) Employees shall be provided with a copy of all written reprimands or disciplinary notices which are to be entered into their records. In the event that an employee is suspended or discharged, the company will notify the union in writing before the end of the next working day.

9.03 It is generally understood that an employee has no complaint or grievance until the employee either directly or through the union, has first given the immediate supervisor an opportunity to resolve it.

9.04 If after registering the complaint with the supervisor and such complaint is not settled within two regular working days, then the following steps of the grievance procedures may be invoked:

Step I
The employee through the union, may present a written grievance to his/her immediate supervisor within ten (10) calendar days after the circumstances giving rise to the complaint have occurred or ought to have reasonably come to the attention of the employee. The grievance shall be signed by the employee and it shall include the nature of the grievance, the remedy sought and the provisions of the agreement which are alleged to have been violated. The immediate supervisor shall deliver his/her decision in writing within five (5) calendar days following the presentation of the grievance to him/her. A copy will be provided to the union steward.

Step II
Failing settlement, within ten (10) calendar days from the final date for the immediate supervisor's reply, the grievance may be submitted in writing to the Human Resources Manager. A meeting will be held between the Company and no more than two (2) members of the grievance committee. Such meeting shall be held within seven (7) calendar days of submission of the grievance at Step II. The decision of the Company shall be delivered in writing within five (5) calendar days following the date of such meeting a copy shall be given to the union.

A staff representative of the union, the steward who handled the grievance and the grievor may be present at this meeting if requested by the either party.

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Policy Grievance

9.05 Any differences arising directly between the Union and the Company, relating to the interpretation, application or alleged violation of the Agreement may be presented by either party as a Policy Grievance within fourteen (14) calendar days after the date when the subject matter of the grievance first arose. Such grievance shall be heard commencing at Step No II. It is understood, however, that the provision of this paragraph shall not be used with respect to a grievance directly affecting an employee(s) and that the regular grievance procedure shall not be bypassed.

Disciplinary Grievances

9.06 A claim by an employee, who has completed his/her probationary period that he/she has been suspended or discharged without just cause will be treated as the proper subject of a grievance if a written statement of such grievance is lodged at Step No. I of the grievance procedure within ten (10) calendar days after the suspension/discharge occurs. Such grievances may be resolved under the grievance or arbitration procedure by confirming the Company action, allowing the grievance, or by any other arrangement which is just and equitable in the opinion of the conferring parties or the arbitrator.

9.07 (a) Employees shall have the right to request the presence of an available steward or union representative at any meeting where the employee is subject to discipline. The absence of representation will not nullify the discipline, but the parties agree to discuss the reasons why such situation occurred.

9.07 (b) When an employee has been dismissed without notice, the employee will be given a reasonable opportunity to meet with a union steward if he/she so requests, before leaving the premises, provided a steward is readily available.

Arbitration Procedure

9.08 Failing settlement under the foregoing grievance procedure, any grievance involving the interpretation, application, administration or alleged violation of this agreement including any question as to whether a matter is arbitrable, may be submitted to arbitration within thirty (30) calendar days after the decision under Step II is given.

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9.09 Where either party requests that a matter be submitted to arbitration, it shall make such request in writing addressed to the other party to this agreement.

9.10 The arbitration shall be heard by a single arbitrator drawn from the following list:

Owen Shime
Paula Knopf
William Kaplan

Howard Brown
Ted Weatherill

Arbitrators shall be selected by lot. If the arbitrator is not available within sixty (60) calendar days of the date he/she is requested to act, the parties will draw another name until an arbitrator is available within the time frame.

9.11 Time limits in the grievance procedure and arbitration procedure are mandatory and failure to submit the grievance or process it in a timely manner will result in the grievance being deemed abandoned. If no written answer has been given within the time limit specified, the grievance may be submitted to the next step. Time limits may be extended by written agreement between the Company and the Union.

9.12 No matter may be submitted to arbitration which has not been carried through all required steps of the Grievance Procedure.

9.13 The arbitrator shall not be authorized to make any decision inconsistent with the provisions of the agreement, nor alter, modify, add to or amend any part of this agreement.

9.14 The proceedings of the arbitrator will be expedited by the parties hereto and the decision of the arbitrator will be final and binding upon the parties hereto and the employee or employees concerned.

9.15 Each of the parties hereto will share equally the expenses, if any, of the arbitrator.

ARTICLE 10 - SENIORITY

Probation

10.01 Seniority of an employee shall be defined as length of continuous employment since the last date of hire with the Company. Seniority shall
only be credited upon completion of the probationary period of one hundred and twenty (120) calendar days. Seniority rights will apply only to the extent expressly provided in this agreement.

Seniority Lists

10.02 (a) The Union will be issued an up-to-date seniority list on or about June 30th and December 31st of each year. A copy shall be posted on the bulletin board for employee inspection.

10.02 (b) The Company will provide to the union an up to date list of all bargaining unit employees, showing their current addresses and telephone numbers on file, classification, and rates of pay, once every six months.

Seniority Lost

10.03 (a) Seniority of an employee shall be lost and his/her employment deemed terminated for any of the following reasons:

(1) he/she quits his/her employment;
(2) he/she retires;
(3) he/she is discharged and such discharge is not reversed through the grievance or arbitration procedure;
(4) he/she does not perform work for the Company for a period of twelve (12) months in the case of layoff, or for twenty-four (24) months for any other reason, subject to any obligation to accommodate pursuant to the Ontario Human Rights Code;
(5) he/she is absent from work without permission for more than two (2) consecutive working days, unless a satisfactory explanation is given to the company by the employee;
(6) he/she overstay a leave of absence without securing the extension of such leave of absence from the Company, unless a satisfactory explanation is given to the company by the employee;
(7) he/she is recalled to work, but fails to return within five(5) calendar days of the mailing of notification to return. Such mailing shall be by registered mail to the last address of the employee that the Company has in its files for that employee. A copy of the notice will be sent to the union;
(b) Seniority shall be maintained and accumulated during:
(1) absence due to lay off while retaining recall rights;
(2) absence due to authorized sickness or accident subject to 10.03(a)(4);
(3) authorized leave of absence.

10.04 It will be the responsibility of the employee to provide written notification of any changes in his/her address and telephone number to the Human Resources Department.

Job Vacancies

10.05 Where a job vacancy occurs or a new job is created, which the Company intends to fill, it shall post notice of the vacancy in the plants for a period of four (4) working days. Employees bidding on the vacancy must make application by completing the job posting application form and submitting it to the Human Resources Department. Employees who have less than six (6) months of service need not be considered. The Company need not consider any applicant who, within the prior six (6) month period, successfully bid on a vacancy.

10.06 Applicants shall be considered for the position on the basis of their immediate qualifications and seniority. If the Company is satisfied that the qualifications of applicants to perform the job, without training but subject to a one (1) week familiarization period, are relatively equal, then the most senior applicant shall be promoted.

10.07 A notice shall be posted on the bulletin board listing the name of the successful applicant and a copy will be provided to the union.

10.08 If the Company is satisfied that nobody who has applied is qualified to satisfactorily perform the requirements of the job, without training but subject to a one (1) week familiarization period, the Company may select any employee in the bargaining unit for training or hire a new employee. It is recognized that it is the company’s preference to promote from within.

10.09 (a) This article will not apply where the Company does not expect a vacancy to exceed ninety (90) calendar days or where the vacancy is caused by illness, injury, vacations, or leaves of absence, including pregnancy and parental leave.

(b) The classifications of lead hand or shift captain are excluded from this posting procedure and may be filled at the discretion of the Company.
(c) The company is not required to post entry level night shift jobs. Such jobs will be filled at the discretion of the Company. The Company will display a notice advising it is hiring to entry level positions on night shift.

Layoff and Recall

10.10 (a) For the purposes of layoff, the following departments will apply, recognizing that the company may from time to time reorganize its departments, provided it is not done with the intent of avoiding its obligations under this article.

1. TRU; #75
2. Traffic and warehouse #74
3. Raw materials preparation, calendering, sheetstock, #51(Cawthra)
4. Die cutting/assembly #53 (Cawthra)
5. compression moulding/assembly #54 (Cawthra)
6. injection moulding/assembly #56 (Cawthra)
7. calendering and sheetstock #61 (Symington)
8. compression moulding/assembly #64 (Symington)
9. maintenance #59

10.10 (b) In cases of layoff expected to be in excess of one shift but less than three weeks employees on the affected job assignments shall be laid off subject to the following:

A non probationary employee shall be assigned to a job assignment within their classification on their present shift continuing to be performed by a less senior employee in the affected department, provided that the more senior employee has previously performed the job and continues to be qualified to perform those functions, without a familiarization period. The employee displaced shall be laid off. Where more than one such assignment exists the company shall assign the employee to that job assignment held by the most junior employee. Employees on layoffs of less than three weeks will be recalled to their classifications in their department in order of seniority, provided the more senior employee has previously performed the job and continues to be qualified to perform those functions without a familiarization period.

10.10 (c) In cases of layoff expected to exceed a period of three (3) weeks, the following provisions shall apply:

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(1) All probationary employees in the affected Department shall first be laid off provided the remaining employees are qualified to perform the available work.

(2) Employees in the affected classifications within the Department shall next be displaced in reverse order of seniority, providing the remaining employees are qualified to perform the available work;

(3) Such displaced employee shall be assigned to displace the most junior employee working on the job functions which the displaced employee was last permanently transferred from, provided he/she is more senior to such employee and continues to be qualified to perform those functions.

(4) Failing such placement, the displaced employee shall be assigned to displace the most junior employee working on the job functions which the displaced employee performed prior to the job he was last permanently transferred from, provided he/she is more senior to such employee and continues to be qualified to perform those functions;

(5) Failing such placement, the displaced employee shall be assigned to displace the most junior employee in the Company on a job he/she is qualified to perform provided he/she is senior to such employee.

(6) Failing such placement, displaced employees in the affected Department shall be entitled to apply for any current job vacancy in the Company in order of seniority, and the senior applicant shall receive the job provided he/she is qualified. It is understood that such employee will be given this opportunity before such vacancies are filled under the job posting procedure. More senior employees who are already on layoff shall be entitled to be recalled to such vacancies prior to the more recently displaced employee being entitled to claim the job vacancy, provided the more senior employee is qualified. If a displaced employee does not apply for any current job vacancy in the Company, or he/she is not qualified to perform the function, he/she shall be laid off;

An employee displaced under the above process shall be assigned in accordance with (3), (4), (5) or (6). The next employee so displaced shall be laid off. The next employee so displaced will be assigned an entry level job or may choose layoff. If the employee accepts the entry level job the employee displaced will be laid off.

A list of employees so laid off shall be provided to the plant chairperson.

10.10 (d) To displace another employee under this article, an employee must have the qualifications to do the job, without training but subject to a one (1) week familiarization period.

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10.10 (e) Where the application of this article would result in the unit chairperson being laid off, the company will assign the chairperson to a job he/she is qualified to perform, regardless of his/her seniority, if such job exists.

Recall

10.11 Persons on the recall list shall be recalled in order of seniority provided they are qualified to perform the available work. Jobs will be posted before the recall process is initiated. Employees with recall rights are entitled to apply for job postings.

10.12 For the purposes of the collective agreement, a promotion shall be defined as a movement from one classification to another classification within the bargaining unit where the maximum rate of pay applicable to the new classification exceeds the maximum rate of pay applicable to the employee’s present classification.

10.13 Nothing in the collective agreement limits the Company’s right to assign or transfer employees within the same classification to different job assignments within that classification.

10.14 For the purposes of the collective agreement, "qualifications" and "qualified" shall be defined as skill, ability, education, productivity, experience, demonstrated safe work habits, attendance, and disciplinary record. These qualifications must relate to a specific requirement of the job in question.

ARTICLE 11 - HOURS OF WORK AND OVERTIME

11.01 It is expressly understood and agreed that the provisions of this Article are intended only to provide a basis for calculating time worked and computing overtime and shall not be considered a guarantee as to the hours of work per day or per week, the days of work per week, or the scheduling of such hours.

Work Week

11.02 The regular hours of work per week for employees will average not less than forty (40) hours per week over a cycle of up to six (6) weeks as designated by the Company for that particular group of employees. Where
employees are regularly scheduled five (5), eight (8) hour shifts per week they will be scheduled Monday to Friday.

Work Day

11.03 The regular work day for all employees shall not be less than eight (8) hours or more than twelve (12) hours. There will be a paid period of thirty (30) minutes for lunch during each shift. Employees working eight (8) hour shifts shall receive two (2) ten minute paid breaks in addition to lunch. Employees working shifts in excess of ten (10) hours shall receive three (3) ten minute paid breaks in addition to lunch. Employees working shifts in excess of eleven and one half (11 1/2) hours shall receive four (4) ten minute paid breaks in addition to lunch.

Shift Cycles

11.04 Shift cycles are subject to change by the Company. The Company shall notify the Union and employees affected of a new shift cycle at least two (2) weeks prior to the shift cycle being adjusted. Notification shall include the specific afternoon, night and day shifts to be worked throughout the cycle, the starting and stopping times of all shifts and the specific days off.

11.05 The Union agrees to support the Company in applying for the approval of shift schedules to the Employment Standards Branch if such application for permits is required and such schedules are consistent with the terms of this agreement.

Overtime

11.06 (a) Overtime work shall normally be on a voluntary basis and it is mutually agreed that overtime opportunities shall be distributed as equitably as possible among the employees who normally perform the work. Employees who agree to work overtime are required to do so. In situations where there are not enough volunteers, the company may require the junior employees to work. Employees working overtime will be paid based on the rate for the job being performed.

(b) Where it is determined that an employee has not been given an equitable opportunity to work overtime, he/she shall be given the next opportunity

11.07 (a) Employees working eight hour shifts shall receive one and one half (1 1/2) times the regular rate for the job after working forty (40) hours of straight time in any one week. Where the company fails to provide the forty (40)
hours of work in the week to the employee, or if the employee is absent on authorized union leave, hours not scheduled shall be counted as hours worked for overtime calculation.

(b) Employees working twelve (12) hour shifts shall receive one and one half (1 ½) times the regular rate for the job after working eighty (80) hours of straight time in any two (2) week period. Where the company fails to provide eighty (80) hours of work in the two (2) week period to the employee, or if the employee is absent on authorized union leave, hours not scheduled shall be counted as hours worked for overtime calculation.

(c) Overtime premiums shall be calculated on the straight time hourly rate excluding all bonus and premiums.

(d) Employees who work two (2) continuous hours of overtime shall be given a ten (10) minute paid break every two (2) hours.

ARTICLE 12 - LEAVES OF ABSENCE

Personal Leave

12.01 The Company may in its discretion grant leave of absence without pay for legitimate personal reasons. Requests for such leave shall be made in writing to the supervisor stating the reason for such request and the proposed duration, at least two (2) weeks in advance except in cases of emergency. A longer period of notice may facilitate the approval of the request. Employees should not commit to travel arrangements unless the leave is approved.

12.02 Taking into account the needs and efficiencies of the business, the Company may grant a leave of absence without pay to Union Committee persons to attend Union conventions or Union educational sessions. Requests will be in writing and submitted to the Human Resource Department. The leave shall not exceed forty (40) days per year.

12.03 The Company agrees to continue the pay of any employee absent from work on union business which is not paid for by the company, as provided for elsewhere in the agreement and the union shall reimburse the company for such wage payment upon receipt of a monthly statement.
Pregnancy and Parental Leave

12.04 The company will grant pregnancy and parental leave to employees in accordance with the Employment Standards Act, R.S.O.1990 as amended.

Bereavement Leave

12.05 (a) In the event of the death of members of the employee's immediate family, the employee shall be granted three (3) days off work. Such leave shall be without loss of pay from the employee's regular straight time hourly rate. Immediate family shall mean husband, wife, parent, grandparent, grandchild, brother, sister, child, parents in law, brother in law and sister in law.

(b) In the event of the death of the employee's aunt, uncle, nephew or niece, a leave up to one (1) day shall be granted without loss of pay from the employee's regular straight time hourly rate, if the employee attends at the funeral.

(c) Time off with pay, under this article, is not provided if the employee is otherwise absent from work at the relevant time.

Canadian Citizenship

12.06 The Company will grant a leave of absence without loss of pay for up to eight (8) hours pay at the employee's regular straight time hourly rate of pay for the purpose of attending the ceremony to take his/her Canadian Citizenship Oath. Such time shall be paid after verification is received that the employee applied for and received his/her citizenship.

ARTICLE 13 - BULLETIN BOARDS

13.01 The Company agrees to provide enclosed bulletin boards in areas accessible to employees in the plants for the purpose of posting meeting notices and official Union information. Notices will be signed and posted only by officers of the Union and will be in keeping with the spirit and intent of this Agreement. Notices will be submitted to the Human Resource's Manager for approval prior to posting, which shall not be unreasonably denied.
ARTICLE 14 - REPORTING ALLOWANCE

14.01 In the event that an employee reports for work on his/her regular shift, without having been notified not to report, he/she will be given at least four (4) hours work at his/her regular rate of pay or if no work is available he/she will be paid the equivalent of four (4) hours at his/her regular rate of pay in lieu of work. This provision shall not apply when there is a lack of work due to a situation beyond the control of the Company, including unforeseen equipment breakdown or raw material shortage.

ARTICLE 15 - CALL-IN-PAY

15.01 An employee who has left the plant and is called back for work outside his/her regular working hours shall be given a minimum of four (4) hours work, or be paid a minimum of four (4) hours at the appropriate straight time or overtime rate of pay.

ARTICLE 16 - PAYMENT FOR INJURED EMPLOYEES

16.01 In the event that an employee is injured in the performance of his/her duties, he/she shall, to the extent that he/she is required to stop work and receive treatment, be paid at his/her regular straight time hourly rate for the remainder of his/her shift. If it is necessary, the Company will provide, or arrange for, suitable transportation for the employee to the doctor or hospital and back to the plant and/or to his/her home, as necessary.

ARTICLE 17 - JURY AND WITNESS DUTY

17.01 An employee shall be granted leave of absence with pay at his/her regular hourly rate, for the normally scheduled number of hours the employee would have otherwise worked for the purpose of serving jury duty, or as a material witness subpoenaed by the Crown, provided that the employee shall reimburse the Company to the full amount of jury pay or witness fees excluding the expense allowance received by the employee. An employee who is not required to be in attendance at court shall report for work.

17.02 Any employee called for jury or witness duty shall be transferred to day shift during the period he/she is required to serve.

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ARTICLE 18 - HEALTH, AND SAFETY

18.01 The Company is committed to the safety and occupational health of its employees. The Company is responsible for providing a safe and healthy workplace, where safety is an integral part of every job. The Company and its employees shall comply with the applicable provincial health and safety legislation and regulations. It shall be the objective of the health, and safety program to eliminate injuries and health hazards and to provide a place of employment free from recognized physical and health hazards and to maintain good housekeeping practices and sanitary facilities in each plant. Employees are responsible for complying with the company’s safety rules and policies at all times.

18.02 All injuries that happen on the job must be reported to the employee’s supervisor immediately. All hazards or unsafe conditions should also be reported immediately.

18.03 The Company and the Union shall maintain a Joint Occupational Health and Safety Committee consisting of not more than three (3) members elected or appointed by the Union and not more than three (3) members appointed by the Company at each location. The Joint Occupational Health and Safety Committee(s) shall have the responsibilities set out in the Occupational Health and Safety Act.

18.04 Members of the Committee(s) shall be permitted one (1) hour preparation time with no loss of pay or benefits, prior to each monthly meeting. The schedule of such preparation time will be mutually agreed. The committees shall meet monthly and shall conduct monthly safety inspections in the workplace, with no loss of pay and benefits.

18.05 The company shall continue to supply all protective clothing and other devices (excluding safety shoes) deemed necessary to protect employees from injuries arising from their employment with the Company.

18.06 Upon presentation of the receipt, the company will annually provide to each employee the cost for the purchase of one pair of safety shoes, to be used at work to a maximum of $130.00 per year.

18.07 The company agrees to pay the full cost of prescription safety glasses (lens and frames), where required for the job.
ARTICLE 19 - EARLY AND SAFE RETURN TO WORK

19.01 The company, the employee and the union have an ongoing obligation to cooperate in an effort to facilitate the early return of the employee to his job, which will include a regular review of the employees’ functional abilities.

19.02 The employee shall be returned to his/her previous job, or a comparable one, when his/her functional abilities so allow.

19.03 Where the employee is absent from work as a result of a compensable injury, and the employee is not be able to perform the essential duties of his/her job, the company, in consultation with the union, will attempt to identify suitable productive work which is available which is consistent with the employees functional abilities. The employee shall continue to be placed in suitable work, consistent with his/her functional abilities, while it remains available, and subject to greater claims being made for such work, in accordance with the seniority rights of other employees under the collective agreement.

19.04 Where the company does not consider it has sufficient information to assess the employee’s ability to return to work, it may request further information. An employee may be required to attend an independent medical examination conducted by medical consultant(s) of the company’s choosing. Should the company require independent medical examinations, such examinations shall be paid for by the company. In the case of non WSIB related absences, if the employee objects to the company’s choice, the parties will mutually agree on a medical consultant. In WSIB related matters the Act shall apply.

Reporting Absences

19.05 Employees are required to attend work regularly. When unable to attend, the employee must contact his supervisor as far in advance as possible of his scheduled start time, giving the reason he/she is unable to attend work, date of his/her expected return if known, and the details as to where he/she can be contacted during his/her absence. If the employee cannot contact his/her supervisor he/she must contact the Human Resources Department. An employee is required, if requested by the Company, to substantiate the reasons for any absence. An employee is required to maintain regular contact with the company throughout his/her period of impairment and recovery.

June 30, 2006
ARTICLE 20- PLANT HOLIDAYS

20.01 Full-time employees who have completed the probationary period shall be entitled to the following holidays with pay:

- New Year's Day
- Victoria Day
- Canada Day
- Civic Holiday
- Labour Day
- Good Friday
- Thanksgiving Day
- Boxing Day
- Christmas Day
- Christmas Eve

In order to qualify for holiday pay, the employee must work his full scheduled hours of work on the work day immediately preceding and immediately following the holiday unless absent for reasonable cause.

20.02 Where an employee is required to perform work on one of the above-mentioned holidays, he shall be paid time and one half (1½) times his regular straight time hourly rate for all hours worked, in addition to his/her regular pay for the holiday.

20.03 Where a holiday falls during an employee's scheduled vacation period his/her vacation shall be extended by one day.

20.04 Employees on excused absences in excess of five (5) days, or on layoff, shall be paid holiday pay equivalent to the total wages and vacation pay payable to the employee in the four week period immediately prior to the week in which the holiday occurs, divided by 20.

20.05 Holiday pay shall be computed for full-time employees on the basis of the number of hours the employee would otherwise have worked had there been no holiday, at the employee's regular straight time hourly rate of pay.

20.06 Should one of the above plant holidays fall on a Saturday or a Sunday, another day shall be observed as a holiday by mutual agreement between the parties.

20.07 In December, the employer shall post the dates that statutory holidays will be celebrated.
ARTICLE 21 - VACATION WITH PAY

Entitlement

21.01 The vacation year is January 1st to December 31st.

21.02 For employees hired after June 15th 2000 the following vacation applies:

(a) Employees with four (4) months but less than three (3) years of continuous service since their last date of hire shall receive vacation of eight (8) hours with pay per full month of service to a maximum of eighty (80) hours.

(b) Employees who during the current vacation year complete three (3) years but less than nine (9) years of continuous service since their last date of hire shall receive ten (10) hours vacation with pay per full month of service in the year, to a maximum of one hundred and twenty (120) hours.

(c) Employees who during the current vacation year complete nine (9) years but less than twenty (20) years of continuous service since their last date of hire shall receive thirteen and six tenths (13.34) hours vacation with pay per full month of service in the year, to a maximum of one hundred and sixty (160) hours.

(d) Employees who during the current vacation year complete twenty (20) years but less than thirty (30) years of continuous service since their last date of hire shall receive sixteen and eight tenths (16.67) hours vacation with pay per full month of service in the year to a maximum of two hundred (200) hours.

(e) Employees who during the current vacation year complete (30) years of continuous service since their last date of hire shall receive twenty (20) hours vacation with pay per full month of service in the year to a maximum of two hundred and forty (240) hours.

21.03 New employees must work the first scheduled day in the month that they commence employment in order to accrue vacation for that month. Employees who are absent during the vacation year for thirty (30) calendar days or more stop accruing vacation for the current year until they return to active employment. Entitlement for the year shall be prorated to take into account the absence. Where absence occurs subsequent to the employee having taken his/her vacation such that the employee takes more vacation during the year than was accrued, no deduction shall be made if the subsequent absences are as a result of his/her verified illness or injury.
21.04 Employees must take vacation time in increments of one of their regularly scheduled shifts.

21.05 If, at the end of the year, the employee is not in receipt of at least four percent (4%) of his/her yearly earnings in vacation pay, he/she shall receive an adjustment.

21.06 If an employee leaves the service of the Company when the employee has not been in receipt of a vacation payment for the year of at least four percent (4%) of annual earnings, he/she shall receive an adjustment to that amount. Should the employee leave when his/her vacation time taken is in excess of that accrued, the difference is treated as a vacation advance and will be deducted from the employee's last pay.

21.07 There shall be no carry over of vacation from one vacation year to the next.

Vacation Scheduling

21.08 While the Company attempts to accommodate employee requests, the Company reserves the right to schedule vacation. Any vacation requests must be submitted in writing on the vacation request form for approval of the employee's supervisor. The vacation schedule shall be finalized by April 30th. In the event of conflicting vacation requests within a department which have been submitted by that date, priority shall be established on the basis of seniority, taking into account the requirements of the operation. Should the company schedule a plant shutdown, employees not required to work during the shutdown, with unused vacation entitlement, will be required to use it at that time. The Company shall give reasonable notice of any plant shutdown.

Every maintenance employee, if they so request, shall be entitled to one week of their vacation during the period between June 24th and September 7th. Seniority shall govern the selection of vacation in the case of conflicting requests in the maintenance department, provided all maintenance employees who so request receive at least one week in this period.
ARTICLE 22 - WAGES and PREMIUMS

22.01 The wages and classifications for employees covered by this agreement are contained in Appendix "A" to the collective agreement which forms a part hereof.

Shift Premiums

22.02 Employees working on a regular eight (8) hour shift schedule shall receive Twenty (20) cents per hour premium payment on afternoon shift and a thirty (30) cents per hour premium on night shift. Effective July 4th 2004, the afternoon shift premium shall be adjusted to twenty five (25) cents per hour and the night shift premium shall be adjusted to thirty five (35) cents per hour.

22.03 Employees working on the continental twelve (12) hour shift schedule shall receive a thirty-five (35) cents per hour premium on day shift and a seventy-five (75) cents per hour premium on night shift.

22.04 Employees working on a continental twelve (12) hour shift schedule shall receive an additional twenty five (25) cents per hour premium over the applicable day or night shift premium for hours worked between Friday at eight (8) p.m. to Sunday at eight (8) p.m.

Temporary Transfers

22.05 The Company may temporarily transfer an employee from one classification to another subject to the following:

(a) If the movement is to a higher rated job, the higher rate will apply provided the employee works on the higher rated job for at least four (4) consecutive hours and provided the movement is not made to avoid a temporary layoff, in which case the employee's regular rate will apply;

(b) If the movement is to a lower rated job the employee shall maintain his/her rate of pay.
New job classifications

22.06 The company agrees to negotiate with the union the rate of pay for any new job classification prior to the rate being installed. However if the parties fail to agree on the new rate, the company shall implement the rate and the union shall reserve the right to grieve whether or not the rate is properly based on its relationship to related or similar job classifications presently in existence in the plant(s).

Total Allowance

22.07 Upon presentation of receipts, Millwrights, mechanics and electricians who are required to provide their own tools at work, will be reimbursed for up to $100.00 annually for the purchase of tools required for use at the company.

ARTICLE 23 - INSURANCE / WELFARE BENEFITS AND PENSION

23.01 The Company agrees to contribute, on behalf of all eligible employees, one hundred (100%) percent towards the premium cost of the following benefit plans:

- Life Insurance
- Accidental Death and Dismemberment
- Dental Plan
- Drug Plan

Effective January 1, 2004 the yearly maximum dental benefit shall increase from $1000.00 to $1,250.00.

Effective January 1, 2002 the deductible per calendar year applicable to the drug plan shall be $50.00 for family coverage and $25.00 for single coverage.

Effective January 1, 2004 the vision care benefit will increase from $120.00 every two years to $150.00 every two years.

Effective January 1, 2005 the Life Insurance and Accidental Death and Dismemberment Insurance shall increase from $25,000.00 to $30,000.00.

Effective July 1, 2006 the paramedical serviced under the Group benefit plan shall be adjusted so that employees may use up to $400.00 of the $1000.00 dollar annual maximum for massage or acupuncture services.

23.02 The Company agrees to provide a benefit booklet which summarizes the benefits for the information of employees. The provisions of the actual
plans govern. It is understood that the Company is not the insurer of the benefits and any issues concerning eligibility or entitlement are matters between the insurer and the employee.

23.03 The Company reserves the right to change carriers, provided the overall benefit entitlements are not thereby fundamentally reduced.

Pension

23.04 The Company agrees to continue the existing Pension Plan for eligible employees. For accrued service after July 1st 2000 the company agrees to increase pension from $15.00 per year to $16.00 per year for future credited service. For accrued service after January 1st 2004, the company agrees to increase pension from $16.00 per year to $17.00 per year for future credited service. For accrued service after January 1st 2006 the company agrees to increase pension from $17.00 per year to $18.00 per year for future credited service.

Short Term Disability

23.05 Effective January 1 2006, the company agrees to pay the premium cost for a short term disability plan for employees with three months of continuous employment. The plan will provide 55% of the employee's regular rate of pay after 14 days illness, 14 days accident or 7 days hospitalization for up to 17 weeks, subject to the eligibility provisions of the plan. Any reduction in Employment Insurance premiums, received by the Company will be considered allocated to the cost of benefits under this Agreement. It is understood that the company is not the insurer of the benefits and its obligations are entirely fulfilled by paying the premiums.

ARTICLE 24 - FREEDOM FROM HARASSMENT

24.01 All employees of the Company have the right to work in an environment which does not subject them to discrimination or harassment as provided by article 3.01. This right includes the responsibility to eliminate harassment in the workplace, either as a participant or as an observer.

24.02 This commitment is binding on all employees and any violation of the Code will be vigorously and actively pursued by the Company. This policy exists to underline the seriousness of workplace harassment and to establish that
there is no acceptable level of harassment in the workplace. Employees who feel that they are being harassed are encouraged to seek protection under this policy.

Harassment is defined as a course of vexatious comment or conduct that is known, or ought reasonably to be known, to be unwelcome. Examples of workplace harassment may include, but are not limited to:

Displaying visuals of a sexual, racial, or otherwise offensive nature such as pornographic pictures, posters, cartoons, or simulations of body parts; attire, sex, disability, racial or ethnic background, sexual orientation, etc., which cause awkwardness or embarrassment;

Refusing to work or share facilities with another employee because of the others sex, disability, sexual orientation, racial, religious, or ethnic background;

Leering (suggestive staring) or other gestures;

Unnecessary physical contact such as touching, patting or pinching;

Sexual solicitation or advances made with implied benefits if accepted or reprisals if rejected;

Backlash or retaliation for the lodging of a complaint or participation in an investigation;

Physical assault;

Sexual solicitations or advances when it is known, or ought reasonably to be known that such conduct is unwelcome.

Complaint Procedure

In order to ensure that a harassment free work environment is maintained, it is essential that employees initiate a complaint if they feel that they have been harassed or discriminated against. In many situations, simply informing an individual that their comment or conduct is unwelcome may resolve the issue. However, in some circumstances it may be unreasonable for an employee to complain to the person who is harassing them.
An employee may bring the complaint to the attention of a supervisor, manager, or union representative. This should occur within three months of the incident. Unless the complaint is resolved to the satisfaction of the employee by the person to whom the complaint is make, the complaint shall be brought to the attention of the Manager, Human Resources and the Union in written form within three (3) working days, identifying the employee who made the complaint as well as the person against whom the complaint was made. The investigation of the complaint by the Company and the Union will, to the extent possible, be kept confidential. During this investigation the person against whom the complaint was made shall have the right to respond fully to the allegations. The findings of the investigation and actions taken to resolve the complaint shall be summarized and a written copy provided to the employees concerned.

24.05 It is the responsibility of the Company and the Union to ensure that:

- The complaint is adequately investigated;
- All necessary steps to resolve the complaint have been taken;
- Measures to prevent a reoccurrence have been initiated.

24.06 All employees have the right to make a legitimate complaint or enforce their rights under this policy without reprisal or threat of reprisal.

24.07 If it is determined that the complaint has no validity and was lodged with malicious intent, the initiator of the complaint may be subject to disciplinary action up to and including dismissal.

24.08 Employees alleging harassment in the workplace are encouraged to use the above procedure to resolve a complaint. However, it is agreed that in serious cases, or when the safety of an employee is being threatened, it may be necessary for the employee to be assigned to an alternative work location.

24.09 Nothing in this agreement precludes an employees right to seek action under the Ontario Human Rights Code, however, both the Union and the Company urge employees to use the internal mechanism outlined herein before seeking alternative recourse.
ARTICLE 25 - TUITION FEES

25.01 The Company recognizes the importance of continuing education, and encourages employees to investigate and participate in courses which further skills related to their job. Employees are invited to approach management regarding courses of this nature. Only course that are pre-approved, in writing, will be eligible for reimbursement upon successful completion. The company will advise the employee in advance as to the scope of potential reimbursement.

Article 26 - Humanity Fund

26.01 The Employer agrees to deduct from an employee’s pay the amount of one cent (.01) per hour from the wages of all employees in the bargaining unit for all hours worked and, prior to the 15th day of the month following, to pay the amount so deducted to the “Humanity Fund” and to forward such payment to United Steelworkers of America National Office, 234 Eglinton Avenue East, Toronto, Ontario M4P 1K7, and to advise in writing both the payment, and the names of all employees in the bargaining unit on whose behalf such payment has been made.

It is understood and agreed that participation by an employee in the bargaining unit in the program of deductions set forth above may be discontinued by any employee in the bargaining unit after the receipt by the Employer and the local union of that employee’s written statement of his/her desire to discontinue such deductions from his/her pay. The Employer will record the amount of donation deducted on each contributing employee’s T-4 slip.

ARTICLE 27- UNION REPRESENTATIVE

27.01 If an authorized union representative who is not employed by the company wants to speak to local union representatives about a grievance or other official business, he or she shall first advise human resources of his or her attendance. On attending the plant he/she shall advise the relevant supervisor. Taking into account operational requirements, the supervisor shall arrange to call the local union representatives to an appropriate place where they may confer privately. Wherever possible these talks will be conducted outside of regular hours so as to not interfere with operations.
ARTICLE 28- DURATION

28.01 This Agreement shall be effective at the commencement of the first pay period following the date of ratification and shall continue in effect up to and including the 30th day of June 2009.

28.02 Either party desiring to renew or amend this Agreement, may give notice in writing of its intention during the last ninety (90) days of its operation.

28.03 If notice of the intention to renew or amend is given by either party pursuant to the provisions of the preceding paragraph, such negotiations shall commence not later than (15) days after such notice or as soon thereafter as is mutually agreed.

28.04 If, pursuant to such negotiations, an Agreement is not reached on the renewal or amendment of the Agreement prior to the current expiration date, the Agreement shall continue in effect in accordance with the terms of the Ontario Labour Relations Act.

28.05 Nothing herein shall be retroactive prior to the effective date of the collective agreement unless expressly so indicated.

Dated this Day of , 2006 at Toronto, Ontario

For the Company, For the Union,

Please see signed memorandum of agreement date July 19, 2006 for signatures and amendments effective this contract.
LETTER OF UNDERSTANDING

The Company and the Union agree to the employment of students under the following conditions:

1. Students shall only be regularly employed by the company during the period of May 1st to the Friday prior to Labour Day inclusive and for interim occasional work requirements during the remainder of the year.

2. The company may not hire students for full time positions when there are qualified bargaining unit employees on layoff.

3. Students will not accumulate seniority during their period of employment and shall not have any recall or bumping rights, and may be released at the company's discretion.

4. Students shall not be eligible to receive Group Insurance or Pension Benefits during their term of employment.

5. Students shall not be required to pay initiation fees to the union. However they will be required to pay union dues.

6. Students shall be paid at the start rate of the job classification to which they are assigned.

7. Students shall not be asked to work overtime unless there are insufficient volunteers amongst employees who normally perform the work.

8. Except as provided by this letter of understanding, summer students shall be covered by the other provisions of the collective agreement.
APPENDIX A
Effective July 2, 2006 the following classifications and wages will apply.

JOB CLASSIFICATIONS and WAGE SCHEDULE

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<th>Job Rate - 1 year</th>
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## MAINTENANCE JOB CLASSIFICATIONS

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<th>Job Rate 1 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>SENIOR MILLWRIGHT</td>
<td>$21.51</td>
<td>$24.97</td>
</tr>
<tr>
<td>SENIOR ELECTRICIAN</td>
<td>$21.51</td>
<td>$24.97</td>
</tr>
</tbody>
</table>
APPENDIX A

Effective June 29, 2008 the following classifications and wages will apply.

JOB CLASSIFICATIONS and WAGE SCHEDULE

<table>
<thead>
<tr>
<th>JOB CLASSIFICATION</th>
<th>Start Rate</th>
<th>After 120 days</th>
<th>Job Rate - 1 year</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATORS #2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job Assignments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OPERATORS #3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job Assignments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OPERATORS #4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job Assignments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fork lift Operator, DCB Operator, Shipper/Receiver, TRU Operator #4, Continuous Cure Press Operator #4.</td>
<td>$11.90</td>
<td>$12.10</td>
<td>$14.32</td>
</tr>
<tr>
<td>CHIEF CALENDER OPERATOR</td>
<td>$12.20</td>
<td>$12.45</td>
<td>$14.73</td>
</tr>
<tr>
<td>SENIOR OPERATOR</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job Assignment - Senior TRU Operator, Senior Continuous Cure Press Operator</td>
<td>$12.40</td>
<td>$13.27</td>
<td>$15.72</td>
</tr>
<tr>
<td>WAREHOUSE WORKER</td>
<td>$13.60</td>
<td>$14.26</td>
<td>$16.88</td>
</tr>
<tr>
<td>TRUCK DRIVER (FLAT BED OR SHUNT)</td>
<td>$14.85</td>
<td>$15.60</td>
<td>$18.47</td>
</tr>
<tr>
<td>TRUCK DRIVER (18 Wheeler)</td>
<td>$15.60</td>
<td>$16.37</td>
<td>$19.39</td>
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</tbody>
</table>
# MAINTENANCE JOB CLASSIFICATIONS

<table>
<thead>
<tr>
<th></th>
<th>Start Rate</th>
<th>Job Rate 1 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>MAINTENANCE 1</td>
<td>$14.30</td>
<td>$16.93</td>
</tr>
<tr>
<td>MAINTENANCE 2</td>
<td>$15.80</td>
<td>$18.71</td>
</tr>
<tr>
<td>MAINTENANCE 3</td>
<td>$17.07</td>
<td>$20.21</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MILLWRIGHT</th>
<th>Apprentice 1</th>
<th>Apprentice 2</th>
<th>Apprentice 3</th>
<th>Millwright</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start Rate</td>
<td>$14.30</td>
<td>$15.80</td>
<td>$17.07</td>
<td>$18.81</td>
</tr>
<tr>
<td>Job Rate 1 Year</td>
<td>$16.93</td>
<td>$18.71</td>
<td>$20.21</td>
<td>$22.27</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>ELECTRICIAN</th>
<th>Apprentice 1</th>
<th>Apprentice 2</th>
<th>Apprentice 3</th>
<th>Electrician</th>
</tr>
</thead>
<tbody>
<tr>
<td>Start Rate</td>
<td>$14.30</td>
<td>$15.80</td>
<td>$17.07</td>
<td>$19.73</td>
</tr>
<tr>
<td>Job Rate 1 Year</td>
<td>$16.93</td>
<td>$18.71</td>
<td>$20.21</td>
<td>$23.36</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>SENIOR MILLWRIGHT</th>
<th>Start Rate</th>
<th>Job Rate 1 Year</th>
</tr>
</thead>
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<tr>
<td>SENIOR MILLWRIGHT</td>
<td>$21.51</td>
<td>$25.47</td>
</tr>
<tr>
<td>SENIOR ELECTRICIAN</td>
<td>$21.51</td>
<td>$25.47</td>
</tr>
</tbody>
</table>
MEMORANDUM OF SETTLEMENT

BETWEEN

NRI INDUSTRIES INC.

AND

UNITED STEEL WORKERS OF AMERICA

The undersigned representatives of the parties hereby agree to unanimously recommend ratification of the following terms of settlement of a renewal agreement to their respective principles:

1. The agreement shall be in the form of the prior collective agreement, except as amended herein.

2. WAGES
   Effective July 2nd 2006 the job rates in Appendix A shall be increased by 1%
   Effective December 22nd 2006 each employee shall receive a lump sum payment of $250.00 less necessary deductions.
   Effective July 1st 2007 the job rates in Appendix A shall be increased by a further 1%
   Effective June 29 2008 the job rates in Appendix A shall be increased by a further 2%

3. Amend article 10.10(c) to read as follows:
   In cases of layoff expected to exceed a period of three (3) weeks, the following provisions shall apply:

   (1) All probationary employees in the affected Department shall first be laid off provided the remaining employees are qualified to perform the available work.

   (2) Employees in the affected classifications within the Department shall next be displaced in reverse order of seniority, providing the remaining employees are qualified to perform the available work;

   (3) Such displaced employee shall be assigned to displace the most junior employee working on the job functions which the displaced employee was last permanently transferred from, provided he/she
is more senior to such employee and continues to be qualified to perform those functions;

(4) Failing such placement, the displaced employee shall be assigned to displace the most junior employee working on the job functions which the displaced employee performed prior to the job he was last permanently transferred from, provided he/she is more senior to such employee and continues to be qualified to perform those functions.

(5) Failing such placement, such displaced employee shall be assigned to displace the most junior employee in the Company on a job he/she is qualified to perform provided he/she is senior to such employee.

(6) Failing such placement, displaced employees in the affected Department shall be entitled to apply for any current job vacancy in the Company in order of seniority, and the senior applicant shall receive the job provided he/she is qualified. It is understood that such employees will be given this opportunity before such vacancies are filled under the job posting procedure. More senior employees who are already on layoff shall be entitled to be recalled to such vacancies prior to the more recently displaced employee being entitled to claim the job vacancy, provided the more senior employee is qualified. If a displaced employee does not apply for any current job vacancy in the Company, or he/she is not qualified to perform the function, he/she shall be laid off;

An employee displaced under the above process shall be assigned in accordance with (3), (4), (5) or (6). The next employee so displaced shall be laid off. The next employee so displaced will be assigned an entry level job or may choose layoff. If the employee accepts the entry level job the employee displaced will be laid off.

4. The last sentence of Article 12.02 shall be amended by changing "30 days" to "40 days".

5. The collective agreement shall be amended by the provisions in appendix 1 to this memorandum.

6. The paramedical services under the Group benefit plan shall be adjusted so that employees may use up to $400.00 of the $1000.00 dollar annual maximum for massage or acupuncture services with no more than $35.00 per visit.

7. All other matters are hereby withdrawn.

Dated this 27th day of June 2006

[Handwritten signatures]
FOR THE UNION

[Signature]

FOR THE COMPANY

[Signature]
NRI Industries and United Steelworkers

AGREED ITEMS

1. Amend 6.02 to read:

All dues, initiation fees and assessments shall be remitted to the union forthwith and and in any event no later than 15 days following the following the last day of the month in which the remittance was deducted. The remittance shall be sent to the International Secretary Treasurer of the United Steelworkers, AFL-CIO-CLC, P.O. BOX 13083, Postal Station 'A', Toronto, Ontario, M5W 1V7, in such form as shall be directed by the Union to the Company along with a completed DUES REMITTANCE FORM R-115. A copy of the Remittance Form R-115 will also be sent to the Union Office designated by the Area Coordinator.

2. Amend article 6.03 to read:

The remittance and the R-115 form shall be accompanied by a statement containing the following information

(1) A list of the names of all employees from whom dues were deducted and the amount of dues deducted

(2) A list of the names of all employees from whom no deduction have been made and reasons;

(3) This information shall be sent to both Union addresses identified in article 6.02 in shall be directed by the Union to the Company.

3. Amend article 8.03 deleting:

"or hours actually elapsed, whichever is less"

4. Amend article 10.09 (c) by adding to the existing language:

The Company will display a notice advising it is hiring to entry level positions on night shift.

5. Amend article 13.01 by adding “enclosed” in front of “bulletin board”

[Signature]
16th May 2006