

MEMORANDUM OF AGREEMENT

BETWEEN **FOREST INDUSTRIAL RELATIONS LTD.**
(herein known as the "Company")

OF THE FIRST PART

AND:

UNITED STEELWORKERS Locals 1-85, 1-1937, 2009
(herein known as the "Union")

OF THE SECOND PART

It is agreed that acceptance of the terms of this Memorandum will be recommended by both parties to their respective principals for final settlement of the 2010 – 2014 Collective Agreement.

Subject to the foregoing the Parties hereby agree:

TERM OF AGREEMENT

THAT a Collective Agreement is entered into (hereinafter called the "2010 – 2014 FIR Coast Master Logging Agreement") in the terms of the Collective Agreement described as the "2007 – 2010 Coast Master Agreement" (including Supplements), save for the amendments herein set out, and shall be effective from and after the 15th day of June, 2010 to midnight the 14th day of June, 2014.

The 2010 – 2014 FIR Coast Master Logging Agreement is a collective agreement covering logging member companies in Forest Industrial Relations and all articles, clauses, and references relating specifically to the manufacturing sector contained in the 2007-2010 Coast Master Agreement will be appended in the creation of the 2010-2014 FIR Logging Agreement.

ARTICLE II – EMPLOYER'S RIGHTS

Section 3: Non Bargaining Unit Employees

Employees outside the bargaining unit will not perform work that is normally done by employees in the bargaining unit. However, nothing in this Agreement shall be construed as prohibiting Foreman from doing work for purposes of employee instruction and evaluation, and equipment assessment, provided in so doing a lay-off of bargaining unit employees does not result, or in the case of an emergency when



regular employees are not available, provided that every reasonable effort is made to find a replacement.

Minutes of Both Parties

(It is understood that FIR Logging Contractors may from time-to-time perform limited bargaining unit work as long as it doesn't result in the lay-off of an employee or prevent the recall or hiring of an employee.)

ARTICLE III – UNION SECURITY

The Companies signatory to this Memorandum will grant the United Steelworkers upon written application reasonable access to their logging operations and the operations will not be unduly interrupted.

ARTICLE X – Wages Signing Bonus

The Company will pay the employees whose names appear on the seniority list on the date of ratification \$250 in the last pay period of December 2010, and will pay the balance of \$250 in the last pay period of December 2011.

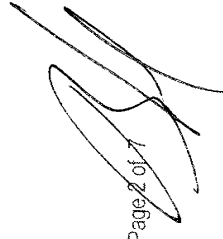
ARTICLE X - Wages General Wage Adjustments

June 15, 2010 – 0%
June 15, 2011 – 0%
June 15, 2012 – 2%
June 15, 2013 – 2%

ARTICLE X – Wages Job Specific Wage Adjustments

Certified Tradespeople: Effective June 15, 2010, a \$1.00/hr increase in the current wage rate for all certified Tradespeople. This increase will also apply to those Uncertified Tradespeople who have been regularly paid as Certified.

Certified Logging Tradespeople (Groups 1 & 2 only): Effective June 15, 2010, certified Tradespeople assigned to work afternoon shift or graveyard shift will be paid a premium of \$1.00/hr over and above the current shift premium. This premium will also apply to those Uncertified Tradespeople who have been regularly paid as Certified. Apprenticeship rates will also be pro-rated.



Landing Bucker: Effective the date of ratification, the "Landing Bucker" position is moved from Group 13 to Group 11. Employees currently performing the Landing Bucker position on a regular basis, or who hold a posting, will be grandfathered and will maintain their existing hourly rate and will receive future wage adjustments accordingly. Certified Fallers who successfully bid into the "Landing Bucker" position will be paid in accordance with Group 13. On the date of ratification employees, other than those listed above, who successfully bid into the "Landing Bucker" position will be paid in accordance with Group 11.

**ARTICLE XVII – Health & Welfare
Pharmacare Formulary**

For the term on this collective agreement only, the following will apply:

1. Effective October 1, 2010, the PharmaCare Formulary will no longer be applicable.
2. Effective October 1, 2010, a \$5 per prescription deductible for drugs will be implemented.

**ARTICLE XVII – Health & Welfare
Life Insurance Coverage**

Amend as follows:

To provide for Group Life Insurance in the amount of:

\$110,000.00 effective October 31, 2012
\$120,000.00 effective October 31, 2013

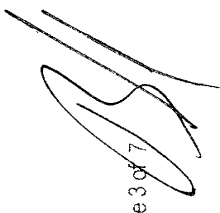
To provide for Accidental Death & Dismemberment Insurance in the amount of:

\$110,000.00 effective October 31, 2012
\$120,000.00 effective October 31, 2013

**ARTICLE XVII – Health & Welfare
Surgical (Compression) Stockings**

Add to EHB coverage:

Surgical stockings with a compression rating of 30 or higher will be covered to a limit of \$250 per calendar year.



ARTICLE XVII – Health & Welfare
Section 3: Medical Coverage

Effective January 01, 2010, amend the medical travel to provide for two-thousand (\$2000.00) over the four (4) year term of agreement with the maximum of one thousand (\$1000.00) in any one year.

ARTICLE XVII – Health & Welfare
Section 4: General Principles

Any new employee who has not worked in covered employment in the last eighteen (18) months will be eligible for coverage once he has completed thirty working days in a ninety-day period. Once achieved, benefits will commence on the first of the month following the completion of the aforementioned thirty working days.

ARTICLE XVII – Health & Welfare
Lay-off Coverage

The Negotiators hereby direct the Trustees of the USW-Coastal Forest Industry Health and Welfare Plan to consider changing the Plan's administrative practice so that, after a layoff has occurred and a laid off employee has become re-employed with another participating Employer in the Plan, responsibility for benefit coverage will shift to the employer who regularly employs the laid off and covered employee after the first month of employment.

If such employee subsequently is laid off by the second employer within the term of the employee's layoff coverage retention from the first employer, his remaining layoff coverage will be the responsibility of the first employer.

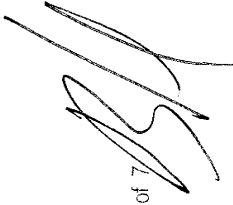
ARTICLE XVIII - Long Term Disability

Amend as follows:

Effective the first of the month following ratification of this Memorandum, contributions from both the Company and the Employee will be one dollar and twenty cents (\$1.20) per hour, per employee per hour worked, of which the Company will contribute sixty cents (\$0.60) per hour, and the Employees will contribute sixty cents (\$0.60) per hour.

ARTICLE XXVIII – Education Fund

1. The Company will contribute to the Fund three cents (3¢) per hour per Employee per hour worked. Effective June 15, 2013, the contributions will be increased to five cents (5¢) per hour worked per Employee.

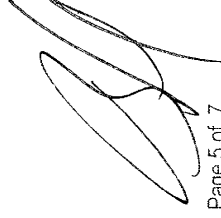


2. The Company shall remit the contributions to the Local Union no less than once each month, with a written statement of names of the Employees for whom the contributions were made and the hours worked by the Employee.

ARTICLE XXXIV - Permanent Partial Closure

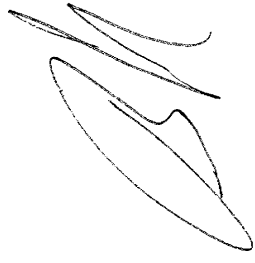
Amend as follows:

- a. A permanent partial closure occurs when a phase of a logging operation is declared closed by the Company or has not operated for a period of 24 months. The phases of a logging operation are defined as production, maintenance, road construction, booming and sorting, and cookhouse and bunkhouse.
- b. A permanent partial closure in logging occurs when a phase as identified above has not operated for a period of 24 months.
- c. In the event a permanent partial closure is declared by the Company, or the phase has not operated for a period of 24 months the employees who were employees of record at the commencement of the closure are entitled to severance pay. Severance pay is calculated on the basis of the employee's seniority at the date of the layoff, not the date of the permanent partial closure.
- d. Employees who are terminated by the Company because of a permanent partial closure shall be entitled to severance pay equal to ten (10) days for each year of continuous service and thereafter in increments of completed months of service with the Company. A day's pay shall continue to include daily overtime or other premiums or add-ons as in the past, as applicable. However, where alternate shifts are in effect (e.g., 10 hour or 12 hour shifts) under Article V, Section 2 and Supplement No. 8, the severance pay available shall not exceed the maximum severance pay based on an eight-hour shift equivalent.
- e. Severance pay is not payable where a part of a manufacturing facility or logging operation is relocated and the employees involved are not required to relocate their place of residence and are not terminated by the Company.
- f. Severance pay is not payable if an employee affected by a permanent partial closure is offered a position within the same operation of the company.
- g. The application of this Article becomes effective upon ratification of the 2010 Collective Agreement. There is no retroactivity of application of this Article affecting events occurring prior to ratification.



ARTICLE XXXX – Duration of Agreement

1. The Parties hereto mutually agree that this Agreement shall be effective from and after the 15th day of June, 2010, to midnight the 14th day of June, 2014, and thereafter from year to year unless written notice of contrary intention is given by either Party to the other Party within four (4) months immediately preceding the date of expiry. The notice required hereunder shall be validly and sufficiently served at the Head Office of the Party of the First Part, or at the Local Office upon the Local Officers of the Union, Party of the Second Part, within four (4) months immediately preceding the 15th day of June, 2014. If no agreement is reached at the expiration of this Contract and negotiations are continued, the Agreement shall remain in force up to the time an agreement is reached or until negotiations are discontinued, by either Party.
2. The Parties hereto agree that the operation of Sections 50(2) and 50(3) of the Labour Relations Code of British Columbia, R.S.B.C. 1996, c. 244, is excluded from the Master Agreement.


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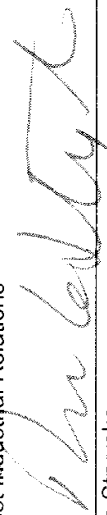
Maintenance Service Time


Absent an agreement with the Local Union involved, the Company will pay maintenance service time as per the attached Western Forest Products Letter of Understanding.

Dated this 17 day of September, 2010.


FOR:
Forest Industrial Relations Ltd.


Tom Getzie,
Forest Industrial Relations



Ross Stryvocke,
Forest Industrial Relations

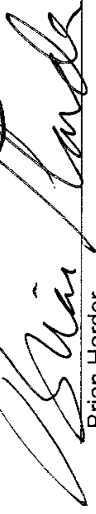

Robert Wood,
Holbrook Dyson Logging Ltd.

FOR:
United Steelworkers Locals 1-85 & 1-1937, 2009


Bob Matters,
USW-Wood Council Chair


Dave Steinhauer,
USW Local 1-85


Darrel Wong,
USW Local 1-1937


Brian Harder
Behalf of USW Local 2009

E. & O.E.