

October 13, 2010

MEMORANDUM OF AGREEMENT

BETWEEN

West Fraser Mills Ltd. Houston Forest Products Division

AND

USW, Local 1-424

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

July 1, 2009 to June 30, 2013 Collective Agreement.

Errors and Omissions excepted:

Subject to the foregoing, the Parties hereby agree:

The Company proposes to provide a \$250 bonus to all active employees as of date of ratification. Employees on layoff, WCB, LTD or other illness leave or parental or other leave will be entitled to the bonus upon return to active employment for a period of thirty consecutive scheduled working days.

1. Term of Agreement

That a Collective Agreement is entered into (hereinafter called the "2009 – 2013 Agreement") in the terms of the Collective Agreement described as the 2003-2009 Collective Agreement (including supplements), save for the amendments herein set out, and shall be effective from and after the 1st day of July, 2009 to midnight the 30th day of June, 2013.

2. Article IV, Union Security

Replace Article IV, Section 2, with:

All employees shall, at the time hiring and as a condition of hiring or continued employment, become a member of the Union, and maintain membership therein.

3. Article V, Wages

Amend Article V, Wages, to provide for:

Effective *July 1, 2011*, the wages of all hourly rated employees will be increased by two percent (2%) per hour.

Effective *July 1, 2012*, the wages of all hourly rated employees will be increased by two percent (2%) per hour.

Effective the commencement of the first pay period following notice of ratification of the Conifer Agreement (Sept 3 ratification) an across the board wage rate adjustment of \$1.00 per hour will apply for all certified journeyman trades categories, and corresponding pro-rated rate adjustment for all non-certified journeyman trades categories and apprentice categories. This wage adjustment will apply to Power Engineers with the designation of 4th class or higher.

Effective the commencement of the first pay period following notice of ratification of the Conifer Agreement (Sept 3 ratification) positions requiring the utilization of a 5th Class Power Engineer Certificate, shall receive a fifty cents (\$0.50) per hour increase.

Return on Capital Employed (ROCE) payments:

Payments will be made to each Employee in the following years based upon ROCE payment triggers. ROCE will be based on the previous calendar year from combined Northern Interior and Central Interior Industry information compiled by Pricewaterhouse Coopers. The calculations applicable to the administration of this table will be conducted by PWC in accordance with the same accounting and calculation methodology employed by PWC for such determinations in the 2003-2009 collective agreement.

Calculated June 30, 2012 and June 30, 2013	
ROCE	Annual Profit Pay
5%	\$150.00
6%	\$190.00
7%	\$230.00
8%	\$270.00
9%	\$310.00
10%	\$350.00
11%	\$390.00
12%	\$430.00
13%	\$470.00
14%	\$510.00
15%	\$550.00
16%	\$590.00
17%	\$630.00
18%	\$670.00
19%	\$710.00
20%	\$750.00

ROCE based payments will apply to all regular Employees on the basis of increments of months worked in a calendar year. Regular Employees who are laid off during the year will be paid on the basis of months in which they actually worked at least one day. For the purposes of this section, vacation will be considered as time worked. These payments do not apply to casual Employees.

Payments will be made by June 30th each year, or in the event that the Pricewaterhouse Coopers results are not available by that date, payments will be made as soon as possible thereafter.

Welders Rates of Pay - Section 1

Replace paragraphs under WELDERS with:

The following shall be the recognized classifications of "Welder" in the collective agreement as per the criteria established by the British Columbia Industry Training Authority (ITA).

1. **Welder Level C** - means a person who has a "Welder C" qualification granted from the ITA
2. **Welder Level B** - means a person who has a "Welder B" qualification granted from the ITA
3. **Welder Level A** - means a person who has a "Welder A" qualification granted from the ITA

SUPPLEMENT NO.1

Wage Scale

Non-Evaluated Categories

Welder Wage Rates

Trades – Manufacturing	July 1/08
Welder Level C	\$31.095/hr
Welder Level B	\$31.595/hr
Welder Level A	\$31.835/hr

4. Article VI – Pay Days

Add, "All employees shall be paid by direct deposit."

5. Article VII, Hours of Work and Overtime

Replace Section 5 with:

Section #5: Alternate Shift Scheduling

a) Management shall have the right to implement the following shift schedules:

- 4-10's between Monday and Thursday
- 4-10's between Tuesday and Friday
- 4-10's Split Monday-Friday
- 3-12's Friday-Sunday
- 3-12's Saturday-Monday

When alternate shift schedules have been implemented in accordance with the above, the following overtime provisions will apply:

A. Rate a nd one-half shall be paid for the following:

- i) After the completion of the regularly scheduled shift.
- ii) Hours worked in excess of forty (40) hours per week or forty (40) hours average when there is an averaging period.
- iii) All hours worked on an employee's scheduled rest day, unless a change in rest day has been agreed to between the employee and the Company.
- iv) All hours worked on Sunday except those excluded in the casual section.

B. Double s traight time rates shall be paid for the following:

- i) All hours worked in excess of eleven (11) in any day of the week except for twelve (12) hour shifts. For twelve (12) hours shifts, all hours in excess of the regular shift.
- ii) All hours worked on Sunday when Sunday is also an employee's scheduled rest day, if the employee has worked forty (40) straight-time hours in the preceding six (6) days, unless a change in rest day has been agreed to between the employee and the Company.
- iii) For those employees that complete the alternate weekend shift, the second overtime shift worked in a given week outside the shift schedule will be paid double-time for hours worked.

C. The parties must mutually agree on resolution of issues such as:

- i) Details of shift, i.e. start and stop times. This is not intended to restrict the Company's ability to modify the details of shifts for legitimate operational reasons.
- ii) Maximum length of shifts for physically demanding work. Accident prevention is a factor to be taken into account in determining shift lengths.

General Principles

When these alternate shift schedules are in effect other provisions of the Collective Agreement will be administered on the principle that an employee will not lose or gain any benefits over his normal five-day schedule.

1. The Company agrees that alternate shift schedules will not be introduced where the intention is to increase the use of casual employees in place of regular employees.
2. Different parts of an operation may be scheduled on different shifts.
3. This Section shall not change existing operational alternate shift agreements, unless mutually agreed to by both parties. The Employer will not introduce any alternate shift that has the result of replacing an existing operational alternate shift. An existing alternate shift agreement will cease to exist if it has not been operational for one year.
4. Earned vacations will be scheduled on the same basis as days and hours worked under the alternate shift schedule.
5. Other Articles of the Collective Agreement, which provide benefits after eight (8) hours, are extended by the amount the regular hours of work have been increased beyond the eight (8) hours per day.
6. An employee whose rest days are changed by the Company under an established alternate shift schedule shall receive rate and one-half for work performed on his rest days unless a change in rest days results from the application of seniority or has been agreed to between the employee and the Company.
7. There shall be no premium pay paid to any employee whose rest days are changed because of the implementation of an alternate shift schedule.
8. When an alternate shift schedule is in effect, hourly-based benefits (LTD, Pension, Education Trust Fund, SHARP), under the Collective Agreement will be administered on the basis of hours paid.
9. The Company will not change an employee's work schedule to avoid a statutory holiday.

10. For ten (10) hour shifts, rest periods will be one (1) ten (10) minute break and one (15) minute break plus a one-half (1/2) hour unpaid meal break.
 11. For twelve (12) hour shifts, rest periods will be one (1) ten (10) minute break and one fifteen (15) minute break plus a one-half (1/2) hour paid meal break.
 12. Remembrance Day, Christmas Day, Boxing Day and New Year's Day are operational down-days.
 13. Statutory and Floating Holidays will be paid as per the employee's regular schedule.
 14. Bereavement Leave and Jury Duty shall be paid consistent with Article IX. These days will be paid at the regular daily wage consistent with the work schedule.
 15. Shift Differential shall be paid only for those hours worked outside the recognized dayshift for those employees working the alternate schedule in effect for that crew working in that part of the operation.
 16. The Company will provide notice of two weeks prior to the introduction of and/or the discontinuance of any alternate shift, except where a change in shift schedule is due to other circumstances not in the control of the Company.
 17. For those employees working an alternate shift, the thirty (30) working days referenced in the probationary period section of the Seniority Article will be changed to two hundred and forty (240) working hours.
 18. On a split 4x10 shift, the schedule will delineate the employee's rest day.
 19. All other provisions of this collective agreement will apply except for those that are modified by this section.
- b) Management, Plant Committees and the Local Union shall have the right under the terms of the Collective Agreement to agree upon and implement other schedules which, except for production shifts in manufacturing operations, may include Sundays, without overtime penalty, provided the principle of the forty (40) hour week is maintained over an averaging period. Rate and one-half shall be

paid for hours worked on Sunday unless otherwise agreed by the parties.

c) Any variation(s) to the preceding Sections denoting normal hours of work, other than those addressed in (a) above, shall be implemented only upon completion of the following steps:

- i) Negotiated agreement between the Local Union and Local Management.
- ii) At any point in the negotiation of an Alternate Shift Agreement either Party may request the assistance of *West Fraser Corporate Labour Relations* and/or the USW District 3 Office in the negotiation of an Alternate Shift Agreement.
- iii) At any point in the negotiation of an Alternate Shift Agreement either Party may request the assistance of a mediator in the negotiation of an Alternate Shift Agreement. The individual selected to act as mediator will be by agreement.
- iv) Majority approval by the employees involved in the proposed variations.

d) When alternate shift schedules have been implemented in accordance with b) and c) above, the following overtime provisions will apply:

A. Rate and one-half shall be paid for the following:

- i) After the completion of the regularly scheduled shift.
- ii) Hours worked in excess of (40) hours per week or forty (40) hours average when there is an averaging period.
- iii) All hours worked on an employee's scheduled rest day, unless a change in rest day has been agreed to between the employee and the Company.
- iv) All hours worked on Sunday except those excluded in the casual section.

B. Double straight-time rates shall be paid for the following:

- i) All hours worked in excess of eleven (11) in any day of the week except for twelve (12) hours shifts. For twelve (12) hour shifts, all hours in excess of the regular shift.
- ii) All hours worked on a Sunday when Sunday is also an employee's scheduled rest day, if the employee has worked forty (40) straight-time hours in the preceding six (6) days, unless a change in rest day

has been agreed to between the employee and the Company.

- C. Supplement No. 8, Alternate Shift Scheduling, contains the agreed upon general principles and parameters for the establishment, implementation or discontinuance of alternate shift schedules established in accordance with section b) through d) above.

Section 4

Add (d) "For "Bobtail Shifts" The Company shall have the option to commence the first shift at the start of the week and after a statutory holiday up to one and one half (1 1/2) hours early provided that time and one half is paid for the hours worked on Sunday or Statutory holidays.

ADD to Section 11:

When a shift that is less than seven and one-half (7 1/2) hours (ie six and one half (6 1/2) hour graveyard shift) is established or re-established only one (1) break will be given.

Grandfather the two (2) ten-minute breaks for the Graveyard Maintenance (Trades, Cleanup, Oilers) shift.

Replace Section 15 with:

Section 15

Where maintenance, repair and construction employees are required to work two (2) hours or more unscheduled overtime beyond their normal shift, the Company shall provide a hot meal to be consumed by the employees before beginning the shift.

6. Article IX, Leave of Absence

Amend Section 3 as follows:

- a) The Company will grant leave of absence to employees who are appointed or elected to Union office. The employee who obtains this leave of absence shall return to the Company within thirty (30) calendar days after completion of his/her term of employment with the Union.
- b) The Company will grant leave of absence to Employees for any Union Business applied for by the Union in order that they may carry out their duties on behalf of the Union.

- c) It is agreed that before the employee receives this Leave of Absence as set forth in Clauses a) and b) above, the employer will be given notice in writing (in the case of a) – fifteen (15) calendar days, in the case of b) – five (5) calendar days) by the Union in order to replace the employee with a competent substitute.
- d) The Union will make every effort in requesting such leaves of absence to avoid requests that will unduly deplete the crew in any one department which will impair production or inhibit the normal functioning of the operation. In such cases, the Union will cooperate with the Company in making substitute employee(s) available or select alternate delegates to attend Union functions.

Add the following section:

Section 9:

**Family Responsibility and Compassionate Care Leave
Family Leave:**

An employee is entitled to up to 5 days of unpaid Family Leave during each employment year to meet responsibilities related to:

- a) the care, health or education of a child in the employee's care, or
- b) the care or health of any other member of the employee's immediate family.

Compassionate Care Leave:

- a) In the following sub-sections "family member" means a member of the employee's immediate family and includes the spouse, child, parent, guardian, sibling, grandchild or grandparent of any person who lives with an employee as a member of the employee's family. It includes common-law spouses, step-parents and step-children and same-sex partners and their children as long as they live with the employee as a member of the employee's family.
- b) An employee who requests Compassionate Care Leave under this section is entitled to up to eight (8) weeks of unpaid leave to provide care or support to a family member if a medical practitioner issues a certificate stating that the family member has a serious medical condition with a significant risk of death within twenty-six (26) weeks, or such other period as may be prescribed after:
 - i) The date the certificate is issued, or

- ii) if the leave began before the date the certificate is issued, the date the leave began.
- c) The employee must give the employer a copy of the certificate as soon as practicable.
- d) An employee may begin a leave under this section no earlier than the first day of the week in which the period under subsection (b) begins.
- e) A leave under this subsection ends on the last day of the week in which the earlier of the following occurs:
 - i) the family member dies;
 - ii) the expiration of 26 weeks or other prescribed period from the date the leave began.
- f) A leave taken under this subsection must be taken in units of one or more weeks.
- g) If an employee takes a leave under this section and the family member to whom the subsection applies does not die within the period referred to in that subsection, the employee may take a further leave after obtaining a new certificate in accordance with this subsection.

Add the following section:

Section 10:

Pregnancy and Parental Leave:

- a) Female employees shall be entitled to unpaid pregnancy leave of up to seventeen (17) weeks.
- b) A female employee is entitled to up to 6 additional consecutive weeks of unpaid leave if, for reasons related to the birth or the termination of the pregnancy, she is unable to return to work when her leave ends under sub-section a).
- c) On the advice of her doctor, if a pregnant employee requests a transfer due to workplace conditions, she will be provided alternate work, if available.
- d) Employees shall be entitled to unpaid parental leave of up to thirty-seven (37) weeks.

- e) If the child has a physical, psychological or emotional condition requiring an additional period of parental care, the employee is entitled to up to an additional 5 consecutive weeks of unpaid leave, beginning immediately after the end of the leave taken under sub-section (d).
- f) An employee's combined entitlement to leave under section (a) and (d) is limited to 52 weeks, plus any additional leave the employee is entitled to under sub-section (b) or (e).

7. Article X, Vacation

Replace Section 8 (b) with "Employees must take the minimum statutory required vacation leave."

8. Article XII, Safety and Health

With regard to the administration of Section 5, Forest Industry Safety and Health Research Program (SHARP), the parties agree to provide for a premium holiday from the date of this memorandum for the term of the agreement or when the fund reaches \$100,000, whichever occurs first.

It is agreed to amend the Article accordingly to incorporate the following new section.

Section 6- Right to Refuse Unsafe Work

The Company and the Union agree to cooperate in developing and maintaining a strong sense of safety awareness among employees and supervisors. It is, therefore, recognized that every employee has the right to refuse work if he has reasonable cause to believe that to perform the work would create undue hazard to the health or safety of any person. For the purpose of this section, all rules, procedures and outcomes will be as outlined in Section 3.12 of WorkSafe BC Occupational Health and Safety Regulation which are as follows:

- (1) A person must not carry out or cause to be carried out any work process or operate or cause to be operated any tool, appliance or equipment if that person has reasonable cause to believe that to do so would create an undue hazard to the health and safety of any person.
- (2) A worker who refuses to carry out a work process or operate a tool, appliance or equipment pursuant to subsection (1) must immediately report the circumstances of the unsafe condition to his or her supervisor or employer.
- (3) A supervisor or employer receiving a report made under subsection (2) must immediately investigate the matter and

- (a) ensure that any unsafe condition is remedied without delay, or
 - (b) if in his or her opinion the report is not valid, must so inform the person who made the report.
- (4) If the procedure under subsection (3) does not resolve the matter and the worker continues to refuse to carry out the work process or operate the tool, appliance or equipment, the supervisor or employer must investigate the matter in the presence of the worker who made the report and in the presence of
- (a) a worker member of the joint committee,
 - (b) a worker who is selected by a trade union representing the worker, or
 - (c) if there is no joint committee or the worker is not represented by a trade union, any other reasonably available worker selected by the worker.
- (5) If the investigation under subsection (4) does not resolve the matter and the worker continues to refuse to carry out the work process or operate the tool, appliance or equipment, both the supervisor, or the employer, and the worker must immediately notify an officer, who must investigate the matter without undue delay and issue whatever orders are deemed necessary.

No discriminatory action:

- (1) A worker must not be subject to discriminatory action as defined in section 150 of Part 3 of the Workers Compensation Act because the worker has acted in compliance with section 3.12 or with an order made by an officer.
- (2) Temporary assignment to alternative work at no loss in pay to the worker until the matter in section 3.12 is resolved is deemed not to constitute discriminatory action.

Note: The prohibition against discriminatory action is established in the Workers Compensation Act Part 3, Division 6, sections 150 through 153.

9. Article XIV – Right of Reference

Amend language to reflect West Fraser and USW.

10. Article XVI – General Provisions

Replace Section 6 with new Section 5 – Permanent Plant Closure

Amend as follows:

- a. The Company agrees that employees affected by permanent plant closure shall be given sixty (60) days notice of closure.

- b. Employees terminated by the Company because of permanent closure of a manufacturing plant shall be entitled to severance pay equal to ten (10) days' pay for each year of continuous service with the Company, and thereafter for partial years in increments of completed months of service with the Company.

Employees who transfer to another division of the Company because of permanent closure of a manufacturing plant shall be entitled to severance pay equal to seven (7) days' pay for each year of continuous service with the Company.

- c. Severance pay for uncompleted years of service shall be computed on the basis of completed months service.
- d. Where a plant is relocated and the employees involved are not required to relocate their place of residence or are not terminated by the Company as a result of the plant relocation, they shall not be entitled to severance pay under this article.
- e. If a plant is indefinitely closed, and is subsequently permanently closed, those regular fulltime employees laid off at the time of the indefinite closure or subsequently laid off, will be entitled to the severance provisions provided for in b) above based on their seniority at the time of their layoff.

Section 6: Permanent Partial Plant Closure

As follows:

The Company shall notify the shop committee and the Union not less than sixty (60) days in advance of intent to institute permanent partial plant closure.

A permanent partial plant closure for a lumber manufacturing facility is defined as the permanent cessation of a Planermill, Sawmill, or Kilns.

Following the application of seniority, employees who are not able to obtain an alternative position in the operation and are therefore laid off are entitled to severance pay of ten (10) days pay (eight (8) hours per day) for each year of service with the Company. Acceptance of severance pay results in termination of employment.

If a Planermill, Sawmill or Kilns is indefinitely closed, and is subsequently permanently closed, those regular fulltime employees who were initially laid off in accordance with the preceding

paragraph, and have not obtained an alternative position during the period of indefinite closure, will be entitled to severance pay as provided in the preceding paragraph based on their seniority at the time of their layoff. Acceptance of severance pay results in termination of employment.

The application of this section becomes effective upon ratification of the 2009 to 2013 collective agreement. There is no retroactivity of application of this section to events which occurred prior to ratification.

11. Section 12: Employee and Family Assistance Program.

The Company will provide for an Employee and Family Assistance Program.

12. Article XVIII, Health and Welfare

It is agreed to amend Section 5, Insurance Coverage, to provide for:

Group Life Insurance in the amount of:
\$110,000 effective the first day of the month following ratification.
\$120,000 effective July 1, 2012

Accidental Death and Dismemberment Insurance in the amount of:
\$110,000 effective the first day of the month following ratification.
\$120,000 effective July 1, 2012

Weekly Indemnity Language to reflect current benefit levels of \$457 per week.

It is agreed to amend Section 6, Dental Plan, to provide for:

Amend coverage to provide for recall and cleaning checkups every 9 months.

It is agreed to amend Section 7 (i) Medical Travel Allowance, to provide for:

Effective January 1, 2010 amend the medical travel allowance to provide for two-thousand (\$2000.00) over the four (4) year term of the agreement with the maximum of one thousand (\$1000.00) in any one year.

13. Article XIX, Long Term Disability

Effective November 1, 2010, 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.

14. Article XXII, Apprenticeship Training Program

Amend accordingly to provide for:

Books and Tuition:

While attending training school, apprentices will receive reimbursement for tuition fees and the cost of required text books.

It is agreed that the Company and the Local Union will abide by the recommended changes to the Apprenticeship training program as determined by the Conifer/USW subcommittee.

15. XXVIII Education Fund

Effective July 1, 2012, the contributions will be increased to five cents (\$0.05) per hour worked per employee.

16. Supplement 1

Add existing practice

Leadhand

A designated leadhand acting as a representative of the Company, is a work coordinator and can exercise job/work direction. Leadhands do not have the right to hire, discharge or discipline employees. The company shall have the right to select the leadhand. The Plant Committee and Local Union shall be advised of leadhand appointments.

None of the foregoing is intended to restrict any of the usual activities of the leadhand as designated by the Company.

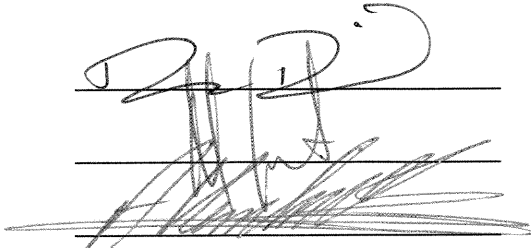
17. Local Issues

The Parties agree that going forward local site issues are to be appropriately dealt with on an ongoing basis at the mill site.


18. Housekeeping

Replace references to Weldwood with West Fraser. Remove References to Babine Forest Products Co. and IWA Local 1-424 with USW Local 1-424 and IWA-Canada with USW-Canada.

For West Fraser Mills Ltd
Houston Forest Products



For USW Local 1-424



Appendix #1

Letter of Understanding

**Houston Forest Products – A Division of West Fraser Mills
And
United Steelworkers Local 1-424**

SENIORITY RETENTION

As a result of the unprecedented economic meltdown, all laid off regular employees with seniority retention as of and following July 1, 2009 between West Fraser Timber Co. Ltd. and the USW with respect to the 2009-2013 Collective Agreement, shall retain their seniority for the duration of this Collective Agreement. This Letter of Understanding shall be applicable from July 1, 2009 to June 30, 2013.

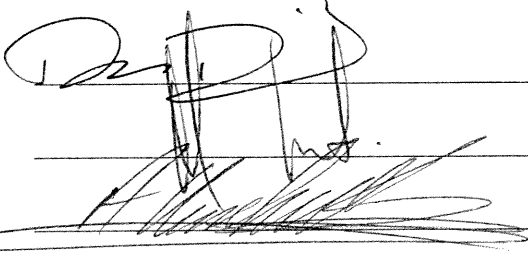
- In the event of a permanent plant closure, employees on extended layoff during the extended seniority retention period, for the purpose of Permanent Plant Closure – Severance Pay, “continuous service” shall not include the period of extended seniority retention.
- In the event of a permanent plant closure occurring after the employee has been recalled, Permanent Plant Closure – Severance Pay, “continuous service” shall include the period of extended seniority retention.

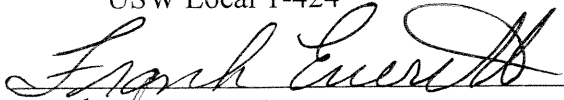
This Letter of Understanding shall cease on June 30, 2013, and seniority retention will revert to the terms of the Collective Agreement.

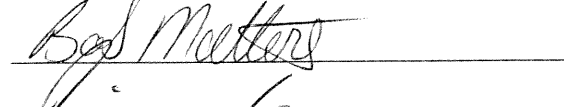
DATED this 13th day of October, 2010.

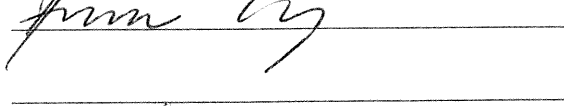
For:
West Fraser Timber Co. Ltd.

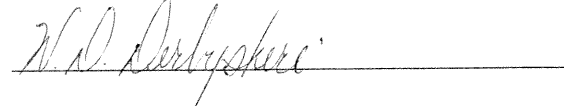
United Steelworkers
USW Local 1-424











West Fraser Committee Initials _____

USW Committee Initials _____