

AGREEMENT BETWEEN:

KAL TIRE
(BOUNDARY ROAD)

and

INTERNATIONAL UNION OF OPERATING ENGINEERS
LOCAL 115

June 01, **2003** to May 31, **2008**

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AGREEMENT BETWEEN:

KAL TIRE

(hereinafter called the "Company")

PARTY OF THE FIRST PART

AND:

INTERNATIONAL UNION OF OPERATING ENGINEERS - LOCAL 115

(hereinafter called the "Union")

PARTY OF THE SECOND PART

WITNESSETH: that the parties hereto agree as follows:

ARTICLE 1: OBJECTS

The objects of this Agreement are to maintain a harmonious relationship between the Company and its employees, to provide an amicable and equitable method of settling grievances or differences which might possibly arise; to maintain mutually satisfactory working conditions, hours and wages for all employees who are subject to the provisions of this Agreement.

For the purposes of this Agreement, the masculine shall be considered to include the feminine and the singular to include the plural.

ARTICLE 2: DURATION

This Agreement shall be in full force and effect from and including June 1, **2003** to and including May 31, **2008** and shall continue in full force and effect from year to year thereafter subject to the right of either party to this Agreement within four (4) months immediately preceding the date May 31, **2008**, or immediately preceding the anniversary date in any year thereafter, by written notice to the other party, require the other party to commence collective bargaining with a view to the conclusion of a renewal or revision of the Collective Agreement or a new Collective Agreement.

Should either party give written notice to the other party pursuant hereto, this Agreement shall thereafter continue in full force and effect until the Union shall give notice of strike and such strike has been implemented, or the Company shall give notice of lockout and such lockout has been implemented or the parties shall conclude a renewal or revision of the Agreement or a new Collective Agreement.

The operation of Section 50 (2) and (3) of the Labour Relations Code of British Columbia is hereby excluded.

ARTICLE 3: DEFINITION OF EMPLOYEE

In this Agreement "employee" means a person who is employed by the Company and who is included in a unit of the Company's employees for whom the Union has been certified as the collective bargaining agent by the Labour Relations Board of British Columbia.

ARTICLE 4: BARGAINING AGENCY

1. The Company recognizes the Union is the sole bargaining agent for those persons employed by the Company who are covered by the certificate of bargaining authority, and without detracting from the foregoing for those employees working at the classified occupations listed in Schedule "A" attached hereto, and for such other employees as may be assigned to new classifications coming within the bargaining unit.
2. This Agreement shall be binding on the Company and the Union and their respective successors, administrators, executors and assigns and shall apply to all employees of the Company engaged in the classifications listed in Schedule "A" hereof, and any classifications added thereto.

3. Union Security:

Each employee covered by this Agreement shall, as a condition of employment and/or continued employment, be and remain or become and remain, a Union member in good standing for the duration of this Agreement, or for the duration of his employment with the Company, whichever is shorter. Counting from the date he commences employment with the Company, each new employee will be allowed thirty (30) calendar days within which to make application to join the Union and tender the appropriate initiation fees. The Union shall have the exclusive right to determine who is a member in good standing.

Should an employee at any time cease to be a member in good standing of the Union, the Company shall, upon notification from the Union, discharge such employee forthwith.

4. Dues Checkoff:

The Company shall deduct from each new employee, an amount equal to the Union dues from the employee's first payroll cheque after completion of six (6) days of work in a calendar month, and add that employee's name and the said amount to the closest applicable checkoff, i.e., if the checkoff for that month has not been remitted to the Union, it shall be added to that checkoff; if the month's checkoff has been remitted, it shall be added to the following month's checkoff and shown as the previous month worked.

5. The Union recognizes that from time to time persons other than employees may be required to perform work normally performed by employees such as for emergencies, training purposes, and experimentation. The Company agrees that there shall be no layoff, reduction in the hours of work of an employee, or postponement of recall of employees on layoff by reason of the performance of such work by persons other than employees.

ARTICLE 5: HOURS OF WORK AND OVERTIME

1. Standard working time for regular employees will not exceed beyond eight (8) hours per shift - forty (40) hours per week, Monday to Friday with the exception of Service Store

employees whose hours shall be forty (40) hours but not necessarily Monday to Friday. Hours may be staggered for Service Store employees but an employee must have two (2) consecutive days off within the hours of closing time Friday night and Monday night. When a shift changes employees will be given twenty-four (24) hours off between shifts. That is, an employee must have at least twenty-four (24) hours off between the end of one shift and the commencement of the next shift. The normal hours on day shift shall be between 7:00 a.m. and 6:00 p.m.

2. Where road services or fleet employees are required to commence such service or inspection before close of their regular shift, they shall complete same at the request of Management, and be paid at the overtime rate for such overtime hours worked.
3. Any man who is "CALLED OUT" to work beyond his regular shift shall be paid for the actual time worked, plus travel time, with a minimum of three (3) hours at double time rate of pay.
4. The work for the second and third shift shall consist of eight (8) hours with pay or nine (9) hours with a lunch period of thirty (30) minutes, for which no pay shall be allowed. Where there are two (2) men only on a shift, and due to sickness one (1) man goes home, the other man shall be entitled to a full eight (8) hours' pay.
5. Work performed beyond five (5) consecutive hours without a meal period of at least thirty (30) minutes shall be paid for at the rate of double time for the sixth (6th) and following hours until the lunch period has been obtained.
6. There shall be a meal period not to exceed one (1) hour approximately midway through the shift for which no pay shall be allowed.
7. Employees shall be allowed sufficient time during working hours to return tools, parts, etc., to the stores or crib before the end of each shift. This shall also apply to employees engaged in dirty work who shall be allowed a five (5) minute period in which to clean up.
8. Where shift work is in operation, it is agreed that all employees affected shall be rotated between the various shifts within a period not exceeding every two (2) weeks.
9. Overtime premium will not be paid twice for the same hours worked.

ARTICLE 6: OVERTIME

1. Time worked in excess of the basic working period as shown under Article 5, section 1, shall be considered overtime, provided that the excess time is approved by the Company, except as provided in Article 5, section 3.
2. Any hours worked in excess of eight (8) hours in any one shift shall be paid for at the rate of time and one-half (1-1/2) for the first two (2) hours and double time the hourly rate thereafter. Work performed on the employee's sixth working day shall be paid at the rate of double time the regular hourly rate, also double time pay for all Sundays and/or the seventh working day. Overtime shall be on the basis of seniority, provided the employee has the necessary qualifications.

3. All overtime worked by an employee beyond eight (8) hours overtime in one (1) calendar week shall be paid for at double time.
4. Employees may be required to perform necessary overtime work, unless they have a justifiable reason for declining.
5. Each employee is to be allowed to bank overtime up to a maximum of forty (40) hours in each calendar year.

one (1) hour overtime at time and one-half = one and one-half (1-1/2) hours banked time
one (1) hour overtime at double time = two (2) hours banked time

as applicable in Articles 5 and 6.

ARTICLE 7: CLASSIFICATIONS AND WAGE RATES

1. Wages and classifications shall be as agreed upon and shall be attached to and form an integral part of this Agreement. See Schedule "A" attached.
2. Whenever any employees are required to work overtime for two (2) or more hours, they shall be entitled to a meal allowance of nine dollars (\$9.00).
3. Where an employee works in a higher hourly wage classification, he shall be paid the higher rate for the hours worked in such classifications; but at no time shall an employee be required to work for less than his normal rate of pay.

ARTICLE 8: DEDUCTION OF DUES, ETC.

1. The Union shall each month mail to the Company a checkoff form in duplicate, setting out the names of each employee in the Union and the amount of dues, etc. they owe. The Company shall delete any names from such list of employees who have terminated since the previous list and shall also add the names of any new employees.
2. All employees referred to above will be required to sign an authorization for checkoff of Union dues and levies which may be levied by the Union in accordance with the Constitution and/or By-laws. Such checkoff shall be irrevocable during the term of this Agreement.
3. The Company shall deduct and pay over to the Secretary of the Union, any monthly dues and levies, levied in accordance with the Union's By-Laws, owing by said employees hereunder to the said Union. Monies deducted during any month shall be forwarded by the Company to the Secretary-Treasurer of the Union not later than the tenth day of each following month, and one (1) copy of the checkoff list as above mentioned.

ARTICLE 9: SENIORITY

1. There shall be one (1) seniority list for all employees covered by this Agreement. All other things being equal within the defined unit, length of continuous service with the Company shall be the determining factor governing promotions, layoffs, and rehiring after layoffs, providing the employee has the necessary ability to do the job as determined by the Company. This Article applies to all positions held by those defined by the term

"employee" in this Agreement. Failure to agree shall constitute a grievance to be taken up under Article 16 of this Agreement.

2. No permanent employee, i.e., salaried or hourly, will be laid off so long as casual or probationary employees continue in the employ of the Company, nor will casuals or probationers be hired by the Company until permanent employees who have been laid off are recalled.
3. Seniority shall be lost if an employee:
 - (a) voluntarily leaves the employ of the Company, or
 - (b) is discharged for proper cause, or
 - (c) is absent without leave for a period greater than forty (40) working hours, or
 - (d) after layoff, fails to report for work for five (5) working days after being recalled.
4. The Company will supply the Union with a seniority list, setting out the name, classification and date of employment of all employees covered by this Agreement every six (6) months.
5. Subject to the principles set forth in sections 1 and 2 of this Article, when hiring new employees, preference shall be given to those employees having had previous service with the Company.
6. Employees shall be regarded as probationary for the first **ninety (90) calendar** days of continuous employment. During this period, employees shall acquire no seniority or re-employment rights, and may be laid off at the Company's discretion. After said period of employment, the names of such employees shall be placed on the seniority list in the order of date of original hiring.
7. When a vacancy occurs, the Company will notify the Steward within twenty-four (24) hours. All vacancies shall be posted for seventy-two (72) hours, and employees will be entitled to make application for the job in accordance with their seniority.

Where an employee is absent on vacation, he shall be considered for any vacancy within his location or group as posted.
8. Names of employees, hired, transferred, laid off or discharged and of employees who have left the employ of the Company of their own accord shall be submitted to the Union each month.

ARTICLE 10: DISCHARGE AND LAYOFF

1. No employee shall be discriminated against in any manner because of his membership in the Union, or because of his holding an office in the Union, or acting on any committee elected by the Union.
2. Whenever it becomes necessary to reduce the number of employees for any reason whatsoever, the employee shall be considered as laid off, and will be given first opportunity

when any vacancies occur. The Company agrees to advise the Union in the event of its not having a full list of such employees as may have been affected by a reduction of staff.

3. Layoffs and re-employment shall be based on the seniority list as defined in Article 9, section 1, that is, the last hired shall be the first laid off and the last laid off shall be the first recalled, provided always that the senior employee has the ability to perform the work available. Layoff of an employee on seniority shall be made only on a forty (40) hour notice to that employee.
4. Employees who have been laid off and not discharged shall remain on the seniority lists of the Company for one (1) year, and shall be re-employed in order of seniority as soon as possible.
5. When the Company finds it necessary to layoff or discharge a Shop Steward, the Union shall be notified prior to such layoff or discharge. In the case of layoff, the Company agrees to give eight (8) hours' notice to the Union.
6. In the event of an employee on the seniority list being suspended or discharged from employment and believing he has been unjustly dealt with, such suspension or discharge shall constitute a case to be handled in accordance with the method of adjustment of grievance herein provided. Should it be decided under the Grievance and Arbitration procedures that an injustice has been done with regard to the employee's suspension or discharge, the Company agrees to reinstate him and to reimburse him for the wages he would normally have earned for the time lost, from the date of filing the grievance, less the amount the employee has received in outside employment since his suspension or discharge.

ARTICLE 11: STRIKES AND LOCKOUTS

1. It shall not be considered a violation of this Agreement to refuse to cross a legal picket line. Prior notice shall be given to the Company.
2. It is mutually agreed that there shall be no strike, lockout, or slowdown, whether sympathetic or otherwise, during the term of this Agreement.
3. It is agreed that in the event of a strike among the employees of any other firm with which the Company is doing business, the Company will not ask its employees to perform any labour they do not ordinarily perform.

ARTICLE 12: RESERVATIONS OF MANAGEMENT

1. The Company retains the right to select its employees, to layoff, hire, discharge, transfer, demote, promote or discipline them; provided that a claim of discrimination against any employee may be the subject of a grievance and dealt with as hereinafter provided.
2. The Union recognizes the exclusive right of the Company to operate and manage its business in all respects, subject to the provisions of this Agreement.
3. The Company also reserves the right to supplement and alter from time to time, rules and regulations to be observed by the employees, said rules and regulations not being inconsistent with the provisions of this Agreement.

ARTICLE 13: GENERAL HOLIDAYS

1. (a) The following days shall be considered General Holidays for which employees shall receive eight (8) hours' pay if no work is performed:

First Monday in August	Thanksgiving Day
Good Friday	Remembrance Day
Victoria Day	Christmas Day
New Year's Day	Boxing Day
Dominion Day	Labour Day

In addition to the above ten (10) General Holidays, each employee shall receive a guaranteed eleventh floating holiday in each calendar year of the Agreement, and the total of the holidays shall not exceed eleven (11) in any one (1) year of the Agreement. This may be taken by each employee in conjunction with his normal days off, at different times for each employee, or may be given to all employees at the same time through a plant shutdown, at the Company's discretion.

Should a General Holiday fall on a non-working day and/or on an employee's days off, the employee will be entitled to an alternative day off with pay which shall be a day immediately preceding or immediately following his regular weekly days off.

- (b) All General Holidays will be taken in conjunction with consecutive days off.
2. To qualify for the above holidays, the employee must have been on the Company's payroll for not less than thirty (30) days, and also must have worked his scheduled shift on his last working day before the holiday and shall work his scheduled shift on his first working day after the holiday. Any employee required to work on any of the above holidays shall receive, in addition to the above, time and one-half (1-1/2) for the actual hours worked.
3. Exceptions to not working the scheduled shift before or after the holiday shall be:
 - (a) verified illness, quarantine, or accident;
 - (b) death in the immediate family;
 - (c) jury duty;
 - (d) leave of absence with Management's approval.

The above-listed exceptions shall not exclude the employees from receiving their regular General Holiday pay.

ARTICLE 14: ANNUAL VACATIONS

1. All employees covered by this Agreement shall be entitled to vacations with pay on the following basis:
 - (a) Two (2) weeks: Every employee who completes one (1) year of continuous service is entitled to a vacation of two (2) weeks. Vacation pay is calculated on a basis of

four percent (4%) of gross wages earned during the previous calendar year, or two (2) weeks' pay, whichever is the greater.

- (b) Three (3) weeks: Every employee upon completion of three (3) years of continuous service is entitled to a vacation of three (3) weeks. Vacation pay is calculated on a basis of six percent (6%) of gross wages earned during the previous calendar year, or three (3) weeks' pay, whichever is the greater.
 - (c) Four (4) weeks: Every employee upon completion of ten (10) years of continuous service is entitled to a vacation of four (4) weeks. Vacation pay is calculated on a basis of eight percent (8%) of gross wages earned during the previous calendar year, or four (4) weeks' pay, whichever is the greater.
 - (d) Five (5) weeks: Every employee upon completion of fifteen (15) years of continuous service is entitled to a vacation of five (5) weeks. Vacation pay is calculated on a basis of ten percent (10%) of gross wages earned during the previous calendar year, or five (5) weeks' pay, whichever is the greater.
2. In the event that the employee's employment with the Company should be terminated before he has completed the amount of working time necessary to entitle him to the vacation time off, referred to in section 1, he shall be remunerated, in place of time off, at the rate of four percent (4%), six percent (6%), eight percent (8%) or ten percent (10%), as the case may be, of the gross pay earned by that employee during the portion of the year that he has worked.
 3. Choice of vacation period shall be on a seniority basis, until all the employees have their dates set. The dates for vacation time off shall be set far enough ahead so that all employees shall have at least twenty-one (21) days' advance notice of their vacation period. Before leaving for their vacation, all employees shall be given their vacation pay for the period of vacation they are taking.
 4. Vacations will insofar as possible be scheduled at times desired by the employees.
 5. Should any General Holiday or holidays occur during the period of an employee's annual vacation, the said annual vacation shall be extended by the corresponding number of days with pay.

ARTICLE 15: LEAVE OF ABSENCE

1. The Company shall grant leave of absence to employees for good cause, including illness or accident, and will grant leave of absence to enable one (1) employee of the Company to serve as a delegate to Union meetings or conventions.
2. If leave of absence is granted to an employee who has been elected to a full time office in the Union, such leave will not extend beyond the term of office.
3. All leaves of absence must be given in writing.

ARTICLE 16: GRIEVANCE PROCEDURE

1. In the event of a grievance or dispute arising out of the interpretation, application, or alleged violation of this Agreement, it will be settled in accordance with the following procedures.

Any grievance which is not presented within thirty (30) days following the event giving rise to such grievance shall be forfeited and waived by the aggrieved party.

2. Grievance to be discussed by the employee(s) concerned with the Shop Steward and the employee's Supervisor. The Supervisor shall give an answer within two (2) working days. If such answer is not satisfactory to the grievor, then the next step of the Grievance Procedure shall be immediately invoked.
3. The grievance shall be reduced to writing and presented to the representative designated by the Company and discussed by the Union Representative with such Company representative. If no satisfactory solution is reached at this stage, either party may, within ten (10) days of cessation of the discussion, refer the matter to Arbitration.

ARTICLE 17: ARBITRATION PROCEDURE

1. In the event of grievances rising from differences of interpretation, application, operation of, or any alleged violation of the Agreement, between the Company and the Union relative to this Agreement, the men shall continue to work until such grievances are settled. The said grievance shall, if possible, be adjusted between the representatives of the Company and the representatives of the Union.
2. If the said grievance cannot be adjusted, it shall be submitted to an Arbitration Board. The Board shall consist of three (3); one (1) representative selected by the Company and one (1) representative selected by the Union. These two (2) representatives shall within four (4) days select a third party who shall be a disinterested person who shall be chairman.
3. In the event of the failure of the two (2) representatives to agree upon a chairman, he shall be appointed by the Honourable Minister of Labour of the Province of British Columbia. The decision of the majority of the Board shall be final and binding on all parties. The said Arbitration Board shall forthwith sit, hear the parties and their representations and determine its award to the parties within fifteen (15) days from the date the chairman is named, or within such longer period as the parties may agree to.
4. Each party hereto agrees to forthwith pay to the chairman one-half (1/2) his fee and of the stenographic and secretarial expenses.
5. Arbitration Boards shall not have any power to alter or change any of the provisions of this Collective Labour Agreement, or to substitute any new provisions for any existing provisions, or give any decision inconsistent with the terms of this Collective Labour Agreement.
6. The Parties may mutually agree that a sole arbitrator be appointed in place of a three (3) person board. The decision of the sole arbitrator shall be deemed to be the decision of the Board and shall be final and binding. All expenses incurred by the sole arbitrator shall be paid equally by the Parties. Each Party shall pay its own costs.

ARTICLE 18: GENERAL PROVISIONS

1. Any employee reporting for work and no work is provided shall receive a minimum of four (4) hours' pay.
2. When an employee meets with an accident provided he has started his day, he shall be paid his full day's wages for the day of the accident.
3. No employee who, prior to the date of this Agreement, was receiving more than the rate of pay in the attached Schedule, or working less hours than stipulated in this Agreement, or any other conditions of employment, shall suffer a reduction in wages or increase in hours because of the adoption of this Agreement.
4. Wages shall be paid weekly or bi-weekly, except where otherwise agreed to by the majority of the employees. They shall be paid in such a way as to eliminate needless waiting on the part of the employees. Employees will be given a proper statement of all hours, indicating overtime hours, earnings and deductions, covering each pay period.
5.
 - (a) All employees shall be supplied with uniforms and/or coveralls; same to be supplied and laundered free of charge to the employees.
 - (b) Boot Allowance: The Company will pay **one hundred and thirty dollars (\$130.00)** towards the purchase of safety shoes, once each year, upon presentation of a receipt. Half of the unused portion can be carried over to the next contract year up to a maximum of **sixty-five dollars (\$65.00)**. These shoes must be worn at work to be entitled to receive this allowance, as all employees are required to wear same.
 - (c) Wherever they are required to be used on the job, the Company shall supply, free of charge, adequate rubber clothes, rubber boots and gloves.
6. The Company agrees to provide:
 - (a) Proper washing facilities, which shall include hot and cold water, hand cleanser, towels and wash basins.
 - (b) Clothes closets of a suitable size for the protection of employees' clothes and personal belongs.
 - (c) Lunch space of a sufficient size to accommodate the staff. The Company also agrees that the plant shall be heated and adequately ventilated.
 - (d) Adequate first-aid equipment should be made available and appropriately maintained at all locations, in accordance with Workers' Compensation Board requirements. Shop Stewards have the right to draw attention to a responsible person should this equipment become inadequate.
7.
 - (a) Tool Insurance:

The Company shall provide, at its expense, tool insurance coverage to each eligible employee in the amount of twenty thousand dollars (\$20,000.00) for all employees.

The employee will supply a tool list upon request for the purpose of tool inventory. This shall be an All Risk policy.

(b) Tool Allowance:

All mechanics shall receive a tool allowance of one percent (1%) per hour for all hours worked which shall be added to their wage rate.

8. Employees required to report for work outside the Company's premises shall be paid for all travelling time, plus transportation and incidental necessary expenses.
9. Employees required to report for work outside the city limits, which necessitates them being absent from their homes overnight, shall be paid travelling time up to a maximum of eight (8) hours in each twenty-four (24) hours required to travel to and from the job, plus all transportation, hotel and meal expenses. In addition, a premium bonus of twenty-five cents (25¢) an hour shall be paid to the employee(s) for all time actually spent on the job. Provided that it is agreeable to the employees concerned to travel on Sundays or holidays, it is understood that the rate for travelling time be at straight time.
10. When outside trucking equipment is required, the Company agrees to the principle of using only that equipment manned by employees of a legitimate trade union, subject to the ability of that equipment to provide the required service at competitive costs.
11. Except in case of emergency, the hiring of outside equipment shall not be done in such a manner as to interfere with or discriminate against the seniority status of the Company's employees. Such additionally contracted, sub-contracted, or hired outside cartage work must be performed in compliance with the Articles of the Agreement.
12. Should any part hereof or any provisions herein contained be rendered or declared invalid by reason of any existing or subsequently enacted legislation or by any decree of a court of competent jurisdiction, such invalidation of such part or portion of this Agreement shall not invalidate the remaining portions, and such remaining portions shall continue in full force and effect.
13. In the event that any Article or section is held invalid or enforcement of or compliance with which has been restrained, as above set forth, the parties affected thereby shall enter into immediate collective bargaining negotiation, upon the request of either party, for the purpose of arriving at a mutually satisfactory replacement for such Article or section during the period of invalidity or restraint.

If the parties do not agree on a mutually satisfactory replacement, they shall submit the dispute to the procedure as outlined in Article 16.
14. A fifteen (15) minute uninterrupted (whenever possible) rest period will be given within each four (4) hour work period.
15. The Company will provide a bulletin board for the posting of this Agreement and for such notices that the Union from time to time may wish to post. The said notices to be posted by an elected or an appointed Shop Steward of the Union.

The following items must be posted on said notice board:

- (a) A copy of this Agreement;
 - (b) A valid seniority list to be revised every six (6) months and a copy to be sent to the Union.
16. In case of death in the immediate family, the employee affected shall be granted compassionate leave of absence with full pay for three (3) days. Immediate family means: husband, wife, mother, father, children, sister, brother, mother and father-in-law. In case of sister and brother-in-law, grandparents and step-parents one (1) day leave of absence with pay shall be granted to attend the funeral or up to three (3) days with pay for making the actual funeral arrangement and attending of funeral.
17. Duties which normally come under the jurisdiction of the bargaining unit shall not be performed by other employees of the Company while regular employees are available and willing to work whether such work is required during the regular hours of employment or otherwise.
18. The Company agrees to pay a full day's pay for each day an employee is required to serve and does serve on any jury or if subpoenaed as a witness for the Crown. However, the employee will be required to turn in to the Company, the jury fees in order to receive the compensation above provided. It is understood employees must make themselves available for work when not required to be in attendance as jurors.

ARTICLE 19: HEALTH AND WELFARE

1. (a) The Company shall provide and maintain, Medical, Dental, Extended Health Benefits, Weekly Indemnity, Group Life and Accidental Death & Dismemberment and is hereby affixed to this Collective Agreement, reference, Great West Life - Weekly Indemnity; MSP Group #4036901 and MSA Group #03690. The Company shall supply to the Union a copy of the coverage as per the employee's manual.
- (b) Medical coverage is paid on a 50/50 net employee/employer split as has been practised in the past.
- (c) Long Term Disability coverage shall be offered to all employees as per Kal Tire arrangements. Employees shall pay for such coverage.

2. Sick Time:

The Company shall grant sick leave credits to each employee. These credits shall be granted on the following basis:

- (a) Each employee covered by this Agreement shall be granted twelve (12) days sick leave per service year on the basis one (1) day per month.
- (b) The Company shall, to the extent that sick leave credits are available, pay to an employee who reports sick on a regular work day, the equivalent of the wages he would have earned at his classified rate of pay for his normal hours of work and reduce his sick leave credits by the number of hours that correspond with the number of hours that he would have normally worked.

- (c) Sick leave shall be granted for an employee's personal use only.
- (d) An employee who reports sick during any day will have his sick leave allotment reduced by the number of hours not worked during that day.
- (e) Sick time is not to be used for any purpose other than legitimate illness.
- (f) It is the responsibility of an employee to immediately notify his department supervisor of absence due to illness. If there is no notification, absence may be considered absence without pay.
- (g) In computing time served with the Company for the purpose of determining eligibility for sick time with pay, it will be governed by an employee's commencement date with the Company. Sick time shall not be accumulative from year to year.
- (h) No pay or allowance will be made in lieu of sick time.
- (i) The Company may request a doctor's certificate to verify an employee's illness.

ARTICLE 20: INSPECTION PRIVILEGES

An authorized agent of the Union shall have access to the Company's establishment during working hours for the purpose of adjusting disputes, investigating working conditions, and ascertaining that the Agreement is being adhered to. Such access will be subject to approval from a Company representative which will not be unreasonably withheld.

ARTICLE 21: SHOP STEWARDS

1. There shall be a Shop Steward appointed, if the Union so wishes to see whether the members of the Union and the Company live up to the provisions of this Agreement, and to report any infractions of such provisions to the Manager, who shall promptly deal with same. Such Shop Steward shall be appointed by the Union and shall be an employee of the place in which he is a Steward. There shall be no discrimination against the Shop Steward for lawful Union activities.
2. The Shop Steward shall have no authority to alter, amend, violate or otherwise change any part of this Agreement.
3. The Company will recognize the Shop Steward selected in accordance with the Union rules and regulations as the representative of the employees in the respective groups or departments for which they are chosen, and hereby recognizes that the power to appoint and removal thereof is solely vested with the Union. The number of Stewards will be consistent with the need.
4. The Union will advise the Company of the identity of all Stewards and will also give notice within twenty-four (24) hours of any new appointment or removal thereof.
5. Shop Stewards shall be allowed to take up grievances during working hours, providing this does not interfere with the operation.

ARTICLE 22: PENSION PLAN OR SEVERANCE PAY

1. Where a Pension Plan is in existence, it shall remain in effect on a voluntary basis.
2. Where no Pension Plan exists, severance pay based on the Employment Standards Act.
 - (a) Employees must have a minimum service of six (6) months as per Employment Standards Act of British Columbia for the purpose of lay-offs.
3. An employee shall receive severance pay after thirteen (13) consecutive weeks on lay-off, but in so doing shall not forfeit his right to recall. The employee shall remain on the seniority list for possible recall. Recall period to be a maximum of six (6) months.

Severance pay shall not be paid in the event an employee is terminated for just cause.

IN WITNESS WHEREOF the PARTY OF THE FIRST PART has hereunto affixed its seal in the presence of its Officers duly authorized therefore, and the PARTY OF THE SECOND PART has hereunto affixed its signatures by its Officers duly authorized therefore.

DATED AT _____ British Columbia, this _____ day of _____, **2003**.

KAL TIRE
(Boundary Road)

INTERNATIONAL UNION OF OPERATING
ENGINEERS - LOCAL 115

SCHEDULE "A": CLASSIFICATIONS / HOURLY WAGE RATES

	<i>Jun. 1, 2003</i>	<i>Jun. 1, 2004</i>	<i>Jun. 1, 2005</i>	<i>Jun. 1, 2006</i>	<i>Jun. 1, 2007</i>
Heavy Duty Tire Serviceman:					
- First six (6) months	19.61	20.00	20.40	20.81	21.23
- Second six (6) months	20.17	20.57	20.98	21.40	21.83
- Third six (6) months	20.72	21.13	21.55	21.98	22.42
- Thereafter: Journeyman rate	21.71	22.14	22.58	23.03	23.49
Alignment Man	23.05	23.51	23.98	24.46	24.95
Heavy Duty Suspension Man	23.75	24.23	24.71	25.20	25.70

First Aid:

The Company shall designate a first aid person for each shift.

Premiums payable as described herein for any employee designated as first aid man, lead hand or working foreman will be paid for the full shift worked by any such employee.

It is agreed and understood that all retroactive pay shall be backdated to June 1st, 1997. This shall apply to all past and present employees.

Heavy Duty Suspension - Clarification:

The Company shall pay fifty cents (50¢) per hour above the alignment rate for those employees working on heavy duty front ends.

Lead Hand:

Lead Hand rate shall be five percent (5%) per hour above the Journeyman's rate of pay.

Foreman:

Working Foreman's rate shall be seven percent (7%) per hour above the Journeyman rate of pay.

First Aid:

When an employee is designated as First Aid Man by the Company he shall receive three percent (3%) per hour above his classification.

Notes:

1. Temporary help may be employed as the occasion arises, with a guarantee of an amount equal to four (4) hours' pay for each time they are called to work.
2. Regular employees under the Schedule may not be laid off during a work week but may be laid off without notice at the end of a work week.
3. When hiring new employees, the Company agrees to credit the employee with proven previous experience in the classification for which he is hired.
4. When any new classification is created, the wage rate therefore shall be settled by negotiation between the Company and the Union.
5. All the above rates constitute minimums for the classifications enumerated.
6. Tools accidentally broken or worn out on the job will be replaced by the Company. Company agrees this clause includes repairs to mechanic's personal 1/2" impacts.
7. Standby Time:

Employees designated for standby time shall receive six (6) hours' pay at straight time for the week Monday through Sunday plus an additional two (2) hours' pay for each General Holiday. These amounts shall be paid regardless of whether or not the employee is actually called out. Standby time shall be on a rotation basis.

LETTER OF UNDERSTANDING #1

BY AND BETWEEN:

KAL TIRE
(Boundary Road)

AND:

INTERNATIONAL UNION OF OPERATING ENGINEERS – LOCAL 115

This Letter of Understanding is for two students.

- **Wage rate shall be thirteen dollars (\$13.00) per hour for the first year of employment, fourteen dollars (\$14.00) per hour for the second year of employment, and fifteen dollars (\$15.00) per hour for the third and fourth years of employment. No employee shall be permitted to remain in this student status for longer than four (4) years.**
- Students shall not accumulate seniority and shall be exempt for coverage under the medical and dental provisions of this Agreement.
- Students must be supervised by a Journeyman at all times.
- It is the responsibility of the Company to provide WCB coverage and give general occupational health and workplace safety training and to ensure that the student has all appropriate safety equipment as required by WCB.
- Student placement shall not be made when it will replace a laid off employee. Should a layoff occur during the placement, then the placement shall immediately be terminated.
- With the exception of the student, while the student placement is in effect, an employee who reports for work at the start of his established work week shall be guaranteed five (5) full shifts of work for that week with a minimum pay of forty (40) hours at straight time rates. If an employee does not report at the start of his established work week or if a new employee does not report at the beginning of the work week, then such employee shall receive the same guarantees as outlined above for that portion of the week which they work.
- The Company shall pay forty dollars (\$40.00) per month permit fee for each student to International Union of Operating Engineers Local 115 at no cost to the student.
- Students must be in attendance of bona fide school.
- Duties include light duty tire work; clean and maintain yard and shop. Minimum two (2) hours work each time they are called to work.
- This Letter may be amended upon mutual agreement of the undersigned.

This Letter may be cancelled upon thirty (30) days written notice by either party.

Signed this _____ day of _____, 2003.

KAL TIRE
(Boundary Road)

INTERNATIONAL UNION OF OPERATING
ENGINEERS - LOCAL 115

LETTER OF UNDERSTANDING #2

- DAY SHIFT SCHEDULE -

BY AND BETWEEN:

KAL TIRE
(Boundary Road)

AND:

INTERNATIONAL UNION OF OPERATING ENGINEERS – LOCAL 115

A day shift schedule may be established for two (2) Heavy Duty Tire Servicemen who shall have Sunday and one other non-consecutive day off.

- This schedule shall attract a six percent (6%) premium based on the appropriate hourly rate.
- The Company shall post this vacancy for one (1) week.
- In the event there is more than one applicant, the position shall be filled according to seniority.
- There shall be no layoff of present bargaining unit employees at the Boundary Road location while this Letter is in effect.

This Letter may be amended upon mutual agreement of the undersigned. This Letter may be cancelled upon seven (7) days written notice by either party.

Signed this _____ day of _____, 2003.

KAL TIRE
(Boundary Road)

INTERNATIONAL UNION OF OPERATING
ENGINEERS - LOCAL 115

Kal Tire shall pay the additional amount of two hundred and fifty dollars (\$250.00) for each person who was an employee from the period between February 29, 1999 and March 01, 2000 or a prorated portion for anyone who was only an employee for part of such period of time.

LETTER OF UNDERSTANDING #3

BY AND BETWEEN:

KAL TIRE
(Boundary Road)

AND:

INTERNATIONAL UNION OF OPERATING ENGINEERS – LOCAL 115

WHEREAS both parties recognize that the nature of the Employer's operations requires some overlap in duties and responsibilities and thus management participation of a minor nature in bargaining unit work;

AND WHEREAS both parties also recognize that the intent and purpose of this Letter is to protect the bargaining unit and insure them continuity of employment;

AND WHEREAS both parties also recognize that the intent and purpose of this Letter is to promote the continuity and profitability of the Boundary Road Kal Tire Store;

THEREFORE, IT IS AGREED THAT:

1. For the purposes hereof, "the Boundary Road Store" means such store of the Employer as located in such place as of July 30, 1999.
2. A Permit be issued for Boundary Road allowing management to perform a total of forty (40) hours of bargaining unit work each month at the Boundary Road Store.
3. During the period January to September, inclusive, management will be permitted to work an aggregate maximum total of forty (40) hours of bargaining unit work at the Store for each calendar month during such period.
4. During the period from October to December, inclusive, management will be permitted to work an aggregate maximum total of sixty (60) hours of bargaining unit work at each Store for each calendar month during such period..
5. This Permit shall apply to the Manager, Assistant Manager and one Junior Assistant Manager only at each location. No sales or other excluded personnel shall perform bargaining unit work.
6. Overtime shall only be worked by management personnel when all bargaining unit employees who are currently on shift have first been asked to work the overtime.
7. Boundary Road retail outlet shall maintain a minimum of four (4) Heavy Duty Tire Servicemen for this Letter of Understanding to apply.

8. There will be no carrying, over or any other form of crediting in favour of the Employer in the event that the management at the Store does work In any particular calendar month that is less than the actual permitted aggregate maximum total for any such same month.
9. In the event that there are any Union employees of the Employer with a minimum of two (2) years seniority who are on a lay-off at the Store, then management will have its rights to do any work as contemplated herein wholly suspended at such same store until such time as all laid-off employees with such two (2) years minimum seniority are called back to their duties at such store.
10. Management will be responsible to properly record all time worked in the form of ongoing journal entries for each day of each calendar month and to provide regular and unrestricted access to all such records to the duly authorized representatives of the Union. At the commencement of each day such representatives of the Union employees and of management will meet to review all such records for the preceding day and to indicate their mutual agreement concerning the accuracy of such records by each signing-off concerning the same. In the event that there are any disagreements or discrepancies concerning such records, then the same will be resolved by the procedure set forth in the Collective Agreement concerning disputes and arbitration. The totals of the amount of hours worked as verified by such signing-off or arbitration procedures (as the case may be) will be final and binding upon the Employer and the Union.
11. In the event that it is properly established that management has exceeded the permitted aggregate maximum total of hours worked by management, for any particular calendar month, then without prejudice and in addition to any other lawful remedies available to the Union, the Employer will pay equally among all Union employees at such offending store location an amount equal to the call-out rate (minimum of two (2) hours at double time [2x]) for the total amount of any such excessive time worked that calendar month by management.
14. The Union and the Employer acknowledge and agree that any usual proper training of employees by management and any situations where a Union employee expressly and voluntarily requests assistance from management will be excluded from the aforesaid working times that must be recorded.
15. In the event that management at the Store is properly established to have exceeded the permitted aggregate maximum total of working hours for three (3) or more different calendar months within a period of twelve (12) consecutive calendar months, then in addition and without prejudice to any other lawful remedies available to the Union, all of the rights of management contained in the provisions of this Letter of Understanding and the similar Letter of Understanding concerning Boundary Road shall immediately cease and be null and void at all times thereafter in relationship to all Kal Tire stores covered by this Letter of Understanding.
16. The Company shall forward forty dollars (\$40.00) for each location per month (total eighty dollars [\$80.00] per month) as permit fees to the International Union of Operating Engineers, Local 115.

This Letter of Understanding shall remain in place for one (1) year, thereafter if changes are requested, then the requesting party shall provide thirty (30) days' notice. If the parties are able to negotiate mutually agreeable changes to this Letter of Understanding, it shall remain in place. If

changes are not agreed, then upon seventy-five (75) calendar days written notice from either party, this Letter of Understanding shall be cancelled.

Signed this _____ day of _____, 2003.

KAL TIRE
(Boundary Road)

INTERNATIONAL UNION OF OPERATING
ENGINEERS - LOCAL 115
