Labour Agreement

2011-2014

BETWEEN

Flexstar Packaging Inc.
13320 River Road
Richmond, BC
(Hereinafter referred to as “the Company”)

PARTY OF THE FIRST PART

AND

LOCAL 5, PULP AND PAPER WORKERS OF CANADA
#707 – 12th Street
New Westminster, B.C.
(Hereinafter referred to as “the Union”)

PARTY OF THE SECOND PART
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Article 1 - Purpose

1.01
This agreement is undertaken to provide for an orderly working environment between the Company and its employees through the Union.

1.02
The parties understand that it is in the interest of all concerned that the Company efficiently produces a good product in sufficient quantities to permit it to maintain its competitive position. The parties further understand that flexibility and personal responsibility in our labor force is a key factor to the success of the focused operation. The Company will create crews responsible for all production-related activities. Crew members will be required to move to specific production areas when needed, as directed by the Supervisor, Lead Hand or other Company personnel. The Company reserves the right to adjust the aforementioned format relative to specific business needs.

Article 2 - Recognition and Relationship

2.01
The company recognizes local 5 of the Pulp, Paper, and Woodworkers of Canada as the sole bargaining agent representing all hourly employees of the company, located at 13320 River Road, Richmond, BC

2.02
The term "employee" as used herein means all hourly employees on the payroll represented by the Union as defined above.

2.03
The third person masculine gender when used throughout this Agreement shall be understood to mean the third person masculine and feminine gender.

2.04
The Union agrees that its officers, members, agents, or the Union itself shall not hold meetings on Company premises or engage in any Union activity on Company time or during working hours without prior permission from the Company.

2.05
The Union will undertake to instruct all its officers and members of committees to cooperate fully with the Company and with all persons representing the Company in any capacity in carrying out the provisions of this agreement. The Union recognizes the Company’s right to make improvements and changes in production methods and/or work assignments to improve the efficiency of the Company’s production.
The Company undertakes to instruct its salary staff on the interpretation of this agreement and to require them to co-operate with the union in carrying out the provisions of this agreement.

The Union and the Company recognize that there will be occasions when salary employees will be required to perform the duties normally performed by hourly employees. The intent is to not displace a regular hourly employee but to ensure the smooth and efficient operation of the company.

Article 3 - Management Rights

3.01

The Union recognizes that the functions of managing and operating the plant rest solely with the Company. The exercise of these functions of management shall be in accordance with the provisions of the agreement.

Article 4 - Union Security

4.01

Any employee who, at the date of this agreement is a member of the Union, or any employee who hereafter becomes a member of the Union, shall, as a condition of continued employment, maintain membership in good standing.

4.02

All new employees hired after the signing date of this agreement shall become members of the Union within five (5) calendar days after date of hire.

4.03

Any employee who fails to maintain his membership in good standing in the Union, by reason of failure to pay dues or assessments shall be discharged from employment after seven (7) days written notice to the Company by the Union of the employee’s failure to maintain his membership in good standing. The union agrees to hold the company harmless against any claims made in the execution of this article

Article 5 - Dues Payment

5.01

The Company agrees to deduct and remit dues from each employee according to the rules laid out in Section 16 of the Labour Relations Code of British Columbia.
5.02

All deductions shall be remitted to the Union once a month with a written statement containing the names of the employees from whom deductions were made and the amount of the deduction.

5.03

In the event the amount of the deduction is to be increased during the term of this agreement, the Company shall be given thirty (30) calendar day’s notice and the deduction shall be adjusted accordingly thereafter.

5.04

The Company agrees to deduct all assignments and assessments as requested by the Union within thirty (30) days of receipt of said request in writing by the Financial Secretary of the Union. The Union agrees to hold the Company harmless against any claim which may be made by reason of these deductions.

5.05

The Company shall incorporate the yearly dues total on the employee’s T4 statement.

Article 6 - Union Representation

6.01

The Union shall elect from its members a plant committee as set out in Local 5 PPWC Bylaws Article VI (a) – Unit Committee and Elections.

6.02

Available members of the Union plant committee will be afforded time off with pay during their regularly scheduled working hours to perform the duties of the plant committee, provided permission is obtained from their supervisor before leaving their work. The Company agrees that such permission will not be unreasonably withheld and the Union agrees such privileges will not be abused.

6.03

Members of the plant committee, who attend meetings arranged at Company request between management representatives and the plant committee from time to time for discussion of mutual problems or exchange of information other than contract negotiations, will be paid at their respective scheduled rates on a straight time basis for actual hours spent in such meetings. Members of the plant committee who continue in such a meeting beyond their normal scheduled quitting time will be paid for the time involved over regularly scheduled working hours at straight time for the actual additional time.
The Company agrees to grant any reasonable leave of absence without pay to the officers or their alternates of the Union local, to attend conventions or meetings which are the business of the local. Upon written request to the Production Manager or a designate in his absence, one week in advance stating the number of days of leave of absence required, the Company agrees to grant such reasonable leave of absence by written permission. Such leaves of absence will not affect seniority or Company service credit unless in excess of the limits set down in Article 16. If the leave of absence is to exceed five (5) working days, the Company will require one month's prior notification.

**Article 7 – Seniority**

7.01

The union and the company agree that all prior seniority and company services earned prior to April 1, 2005 has been eliminated through the lawful severance process from the previous owner, in accordance with the laws of British Columbia. A seniority list was established on April 4, 2005 (first day of operations for FLEXSTAR).

7.02

Plant Seniority shall be defined as the last day of hire, for all new employees hired on the same day a draw will take place to establish seniority.

7.03

The principle of plant seniority shall apply for job postings, layoff and recall, provided the employees concerned have the ability and qualifications to perform the necessary requirements of the job. Whenever practical, the Company will notify the Union plant committee if this process is deviated from.

7.04

The Company shall maintain a plant seniority file and a recall file and such files shall be available at all reasonable hours to the employees and the Union. The company will also maintain a skill set file, which will be used when determining ability and qualifications.

7.05

A newly hired employee shall be considered a probationary employee until such employee has worked 720 hours. Employees will receive credit towards completing their probationary period for one-half (1/2) of the hours worked as a temporary employee.

7.06

Probationary employees who remain employed shall be given an oral progress report by their department manager. The oral progress report shall be given in the presence of a shop steward. The report shall be given between the 320th and 400th hour worked.
An employee shall cease to have Plant seniority if the employee:

1) quits or resigns; or
2) is discharged; or
3) is laid off for a period exceeding recall provisions; or
4) fails to report for work or to make satisfactory explanation to the Company for his absence during three (3) consecutive working days of his regular working schedule.

This will not limit Management’s right to terminate a probationary employee whom they consider to be unsatisfactory at any time during the probationary period.

The following positions will be posted: Press Helper, Extrusion Helper, Relief Laminator Operator, Relief Bag Operator, Proofer, Slitter Operator and Ink Blender. All other positions will be filled through Lines of Progression or hiring.

Positions will be posted for a period of seven days. Once the posting period is complete one member of the Union and a Management Representative will open the posting box and list the employees who answered the posting in seniority order. Employees going on vacation that want to be considered for any postings that occur while they are away will fill out a form and place it in the locked posting box before they leave on vacation.

For all posted jobs the most senior employee will have the right to accept the posted position provided they are qualified and able to perform the necessary requirements for the job. If they are not qualified, a training period of up to 360 hours will be provided for the employee to attain the skills needed to qualify for the open position. During the trial period, an employee may return to his former job, or be returned by management with no loss of seniority.

Employees who apply for a posting and successfully obtain the job posting will not be able to apply for another posting for a period of 1040 hours (straight time hours of work). Employees who apply for a posting and are successful in obtaining the job posting will, however; be allowed to apply for “Relief Operator Positions” and any new positions that are created.

In the event the senior employee does not take or is removed from the posted position the next most senior employee will be eligible to accept the posting. This process will continue until all the candidates on the list are exhausted or six months from the date the posting closed has lapsed, whichever occurs first. In the event that the posting isn’t filled through this process or no one answers the posting the Company will hire for the position.

Job posting will be awarded within 2 months. If not awarded within 2 months the job will be reposted.

The Company will post the successful candidate.
There will be five lines of progression as follows:

1. Press Operator  
   Press Helper  
2. Extrusion Operator  
   Extrusion Helper  
3. Laminator Operator  
   Relief Laminator Operator  
4. Bag Machine Operator  
   Relief Bag Machine Operator  
5. Proofing  
   Plate Making

When an Operator vacancy occurs the most senior (Line of Progression) person will be moved up to fill the vacant position. Employees who post into a line of progression will be required to move up the line once he is chosen to fill a vacancy. In the event the most senior person does not have the skills and ability to move up DURING HIS 45 DAY TRAINING PERIOD. (If the senior employee has been in the Department for less than one year he will have the option to accept or decline the position without penalty) he will be bypassed and the next most senior (Line of Progression) person will move up.

Employees who cannot move up after two attempts will be removed from the line of progression. The employee that cannot move up on the first attempt will have the option of taking the second attempt whenever it comes available; however, they cannot be required to make the second attempt for a period of one year from the first attempt. They will be moved to slitting, bag packing or proofing based on their seniority and qualifications. The intent is to place the employee in the most senior position they are qualified for at the time they are removed from the line of progression.

Employees can request to be frozen in the line of progression; however, they must provide a bonafide reason in writing. The number of people that will be frozen in any line of progression will be: Press 2 helpers and 1 proofing. This will not include employees who are in a relief position.

7.10

When a position opens the most senior employee will have the right to accept the position provided they are qualified and able to perform the necessary requirements for the job. If they are not qualified, a training period of up to 360 hours will be provided for the employee to attain the skills needed to qualify for the open position. During the trial period, an employee may return to his former job, or be returned by management with no loss of seniority.
Article 8 - Temporary Employees

8.01

The parties recognize the Company’s need for the use of temporary employees and agree that it is necessary to have a separate classification for such employees. The following terms apply to their employment with the Company:

a) A temporary employee is defined as a person hired to provide additional work for the purposes of seasonal peak workload demands, vacation leave, work backlogs, and replacement of regular full time employees due to leave of absence, illness or accident. It is understood that these positions will not affect the security of the permanent workforce.

b) It is recognized by both the Union and the Company that the use of students and/or interns, will be in the best interests to the on-going growth of the Company. It is understood that these positions will not affect the security of the permanent workforce.

c) Temporary employees shall not be used by the company if regular full time employees who are laid off with recall rights are available for work.

d) Any temporary employee who accumulates 900 hours within a 6 month period will be offered full time regular employment.

Article 9 - Layoff and Recall

9.01

In the event of a curtailment of the work force in the plant, the order of lay-off will be:

a) Students / interns / temporary part-time employees (with the exception of maintenance)

b) probationary employees (with the exception of maintenance)

c) permanent employees (with the exception of maintenance)

d) maintenance employees

9.02

Curtailment

a.) In the event of curtailment an employee in a line of progression will revert down the line to a job previously held to which his line of seniority entitles him and will be paid the rate of the job he can command; however, his wage rate will not decrease more than $2.50 per hour for a period of 60 days.

b.) An employee without sufficient line of progression seniority to remain on any job in the line of progression shall be entitled to immediately bump into the highest wage level for which he has the skills and abilities. For clarification this means that the employee will be able to do
the job with one day of familiarization. This language will also apply to employees who are not in a line of progression but get bumped from their normal job.

c.) In the event an employee cannot bump as per b.) above then they will immediately bump the most junior employee in the plant for a period of 60 days in a rolling calendar year. During this 60 calendar days the employees wage rate will not decrease more than $2.50 per hour.

d.) After the 60 days outlined in c.) above the employee will be allowed to bump into the following positions using his plant seniority:

Press Helper   Extrusion Helper   Proofer   Slitter Laminator operator, Bag machine operator, Bag Packer

The employee will be paid the rate of the job he can command.

For clarification the employee will be able to command the most senior position in the Line of Progression using his plant seniority and the most junior person in the Line of Progression will fall out of the line.

e.) An employee re-assigned as the result of curtailment will not establish any other Line of Progression or position seniority, but will retain all seniority held at the time of the curtailment.

9.03

The company agrees to give a minimum of two (2) days notice of impending layoff, except in situations beyond the control of the Company, arising from an emergency situation such as fire, equipment failure, material or manning shortage, etc.

9.04

Seniority Retention

Any employee who is laid off shall be retained on a recall list for a period of 12 months. Seniority shall cease when an employee’s recall rights expire or upon discharge or resignation.

Whenever practical, the Union plant committee will be notified in advance when an employee’s recall rights are to expire.

9.05

Benefit Retention

Laid-off employees shall retain the Company benefits package as set forth in the employee handbook for a period of six (6) months from the date of lay-off. Employees who continue to be laid-off after six (6) months will have the option of pre-paying the benefits package premium. This payment must be submitted to the Company by the affected employee(s) each month, 15 days prior to the due date of the premium as set forth by the Benefits Supplier/Administrator.
Recall Procedure

a) Recall procedure will be done in accordance with seniority as per 7.03.

b) Failure of a laid-off employee to report for work or make satisfactory arrangements with the Company within three (3) calendar days after either personal notification to such employee, or after written notification to such employee by registered mail, telegram or messenger has been sent by the Company to his last known address shall be considered as a declination of an offered job and he shall be removed from the recall list.

9.07

Failure of the Company to layoff or recall employees as described above will result in the lost regular straight time pay excluding premiums to be paid to the employee.

Article 10 - Hourly Employees Transferred to Staff

10.01

Nothing in this agreement shall restrict the Company in any way in the transfer or promotion of employees to positions not covered by this agreement.

10.02

Any employee promoted to a supervisory or staff position which removes him from the bargaining unit shall accumulate his plant seniority within the bargaining unit for a period of up to 4 months only, during which time he shall maintain his Union membership.

10.03

The Company can transfer bargaining unit employees to provide temporary relieve for staff positions. An employee who is transferred to provide relief will continue to retain their seniority and Union membership for a period of up to a total of 4 months per calendar year.

Employees who agree to provide relief may be paid a premium, which will be determined at the time of the relief.

If more time is needed the Company will meet with the Union and come to a mutual agreement. No reasonable request will be denied.

The company will inform the Union if such a transfer to a staff position is required.

The affected employee will submit a copy of his weekly timesheet to a member of the Union Committee until such time that he returns to the bargaining unit.
Article 11 - Plant Closure

11.01

A permanent employee terminated as a result of a permanent planned closure of the plant shall be given a minimum of twelve weeks notice.

Such employee shall be entitled to a severance allowance of one week's pay for each year of employment (since the last date of hire) based on the last date of continuous service computed on the basis of forty (40) straight time hours at the employee's regular rate. The maximum severance allowable being thirty-five (35) weeks pay.

Article 12 - Hours of Work

12.01

The “standard” shift schedule will be eight (8) hours per day or forty (40) hours per week. The shift schedule will be made up of five (5) consecutive shifts followed by two scheduled days off. The Company will endeavor to follow these guidelines whenever possible but there may be occasions where some deviation is required. This does not prevent the company from curtailing or recalling in mid-week due to business requirements.

12.02

The Company agrees to make a determined effort to schedule “standard” shift operations in accordance with the schedule set out below.

<table>
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<tr>
<th>Alternating 8 Hour Schedule:</th>
<th>Nights</th>
<th>10:30 PM – 6:30 AM</th>
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<td>6:30 AM – 2:30 PM</td>
<td></td>
</tr>
<tr>
<td>Afternoons</td>
<td>2:30 PM – 10:30 PM</td>
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</tbody>
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The week shall commence on Sunday at 10:30 PM.

<table>
<thead>
<tr>
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<th>Days</th>
<th>6:30 AM – 6:30 PM</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Nights</td>
<td>6:30 PM – 6:30 AM</td>
</tr>
</tbody>
</table>

The week for the 12 Hour Schedule shall commence on Monday at 6:30 AM.

Mutual shift changes will be permitted without penalty when requested by the employee and approved by the supervisor.

12.03

For the “standard” shift schedule, production crews shall operate in a two (2) week rotation following an alternating schedule. Specific hourly schedules will be determined and may be changed by the Company. It is agreed that operation conditions and production requirements may require changes to be made regarding scheduled hours or shifts and that the Company will discuss with the Union and give serious consideration to suggestions of the Union as to the proposed shift changes.
The regular hours of work for a “continuous” shift schedule will be twelve (12) hours per day. The shift schedule will be made up of seven (7) shifts of twelve (12) hours each, within a fourteen (14) day period. The Company will endeavor to follow these guidelines whenever possible but there may be occasions where some deviation is required. The company will consult with the union committee when deviation is required.

For continuous shift schedule, crews shall operate on consecutive cycles of:
- 2 day shifts – 2 days off – 3 day shifts – 2 days off – 2 day shifts – 3 days off
- 2 night shifts – 2 days off – 3 night shifts – 2 days off – 2 night shifts – 3 days off
Specific hourly schedules will be determined and may be changed by the Company.

In shift operations an employee must remain on the job until he is properly relieved. Employees will be relieved as quickly as possible and in no event will be required to remain on the job more than four (4) hours beyond the completion of their scheduled shift for the Standard schedule and 2 hours beyond the completion of their scheduled shift for the Continuous schedule.

The Union and the Company understand that flexibility of all schedules is a key factor in the success of the operation. The Company reserves the right to alter such schedules based on business requirements but not without reasonable notice. The Company will discuss with the Union and give serious consideration to suggestions of the Union as to the proposed shift changes.

8 Hour Shifts Employees on 8 hour shifts are entitled to one (1) 15 minute break period before and one (1) 15 minute break after the ½ hour lunch break. If the person had to work overtime then he would be entitled to another 15 minute break at the end of the regular 8 hour shift and another 15 minute break each 2 hours after that.

a) 12 Hour Shifts
Employees on 12 hour shifts are entitled to two (2) 15-minute breaks, a ½ hour lunch break and then two (2) more 15-minute breaks. If the person had to work overtime then he would be entitled to another 15 minute break at the end of the regular 12 hour shift and another 15 minute break each 2 hours after that.

The time of paid lunch and break periods may be scheduled by the Company or Lead Hand in order that the plant may be operated continuously. Employees will be expected to cooperate fully in providing the necessary relief. If an employee cannot take breaks at the normal time it may be taken when operations permit.
Article 13 - Overtime

13.01

Overtime for “Standard Shift” hourly employees will be paid at the rate of time and one half (1 ½) the employee’s hourly rate for all hours worked in excess of 40 hours per week or 8 hours per day. The overtime rate will increase to two (2) times the employee’s hourly rate once 8-hour overtime has been worked in the affected week. This is a cumulative total.

13.02

a) Overtime for “Continuous Shift” hourly employees will be paid at the rate of double the employee’s hourly rate for all hours worked in excess of twelve (12) hours per day. Employees working on a scheduled day off will be paid at the rate of time and one-half (1 ½) the employee’s hourly rate. Employees are not eligible for overtime on a scheduled day off if they did not complete their scheduled work week. The overtime rate will increase to two (2) times the employee’s hourly rate once 8-hours overtime has been worked in the affected week. This is a cumulative total.

b) Employees on twelve hour shifts work an average of forty-two (42) hours per week. One week consists of three (3) twelve hour shifts (a total of 36 hours) and the other week consists of four (4) twelve hour shifts (a total of 48 hours). When working the three shift week, employees will be paid for 34 straight time hours and 2 hours at the overtime rate of time and one-half (1-1/2). When working the four shift week, employees will be paid for 46 straight time hours and 2 hours at the overtime rate of time and one-half (1-1/2). An employee will be paid at the overtime rate unless the employee did not work all scheduled hours due to an unpaid leave, illness or accident.

13.03

Where practicable each Production crew be required to absorb the work for the unscheduled absence of one crew member, provided the necessary skills are available within the crew. In the event the required skills are not available or there is more than one crew member absent, overtime can be scheduled to fill the second position following the established overtime rotation. Machinery will only be operated at proper crewing levels that emphasize safety.

13.04

When overtime is required it will be allocated on a rotational basis provided the employee has the qualifications required. A sign-up sheet will be posted for scheduled overtime for the week. It is the responsibility of the employees to make it known that they are available for overtime during that week.

An Employee will not lose his OT position on the rotation list if he is asked during his shift to stay OT at the end of his shift and he is unable to do so.

An EE will not lose his OT position if he works a 4 hr (or less) shift.
13.05

If overtime requirements cannot be filled on a voluntary basis as outlined above, the work will be scheduled to the most junior qualified employee.

13.06

Overtime is calculated using the wage rates outlined in Appendix A only. For clarification premiums are not included.

13.07

An employee, who is called in for emergency work, as requested by the Company, will be paid a minimum of four (4) hours pay at the overtime (1 ½) rate.

13.08

When an employee is unexpectedly required to stay more than 2 hours past the end of his current regular shift, he will be paid a $10.00 meal allowance. Whenever practical, this will be paid to the employee at the end of his regular shift.

13.09

a) When an employee who has completed his probationary period works overtime or acquires Statutory Holiday pay, he shall be entitled to bank this time in lieu of pay provided that the amount to be banked is a minimum of one (1) hour and this time is accumulated over no more than one (1) regular work week.

b) This banked money will be paid out at these times only:

1) RRSP – Annually at the end of a calendar year.
2) Cash payout – The payment will be made on the next pay period following the written request.
3) Lay-off payout – To cover the pay period concerned.
4) To cover time lost due to a planned shutdown (excluding planned summer shutdown).
5) To cover time lost due to illness.
6) To cover up to 4 approved absent days for employees who work continuous 12 hour shifts, and 5 approved absent days for employees who work standard 8 hour shifts in a calendar year provided approval is requested and granted and the company is given 10 days notice in writing.

c) All banks will be paid out with the exception of 40 hours at the end of every calendar year to either cash or RRSP.

If you would wish for all banks to be paid out, you must submit in writing by December 1st.

d) All employees must stipulate on the affected time sheet the disposition of any eligible banked time. Failure to do this will result in zero (0) hours being banked.
Article 14 - Plant Holidays

14.01

The following holidays will be paid holidays subject to the conditions set forth in this agreement:

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<th>New Year's Day</th>
<th>Thanksgiving Day</th>
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<tr>
<td>Good Friday</td>
<td>Remembrance Day</td>
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<tr>
<td>Victoria Day</td>
<td>Christmas Eve Day</td>
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<tr>
<td>Canada Day</td>
<td>Christmas Day</td>
</tr>
<tr>
<td>B.C. Day</td>
<td>Boxing Day</td>
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<tr>
<td>Labour Day</td>
<td></td>
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</tbody>
</table>

Plant holidays falling on a Saturday will be observed on the preceding day. Plant holidays falling on a Sunday will be observed the following day. When Christmas or Boxing Day falls on a weekend, the holiday or holidays will be observed either the preceding Thursday/Friday or the following Monday/Tuesday in line with community practice.

14.02

To be eligible for holiday pay, a new employee must have been employed by the Company for 30 calendar days.

14.03

It is the intent of the Company to protect employees against loss of straight time pay for the holidays listed in Section 14.01.

14.04

The payment of holiday pay for the plant holidays outlined in Section 14.01 is subject to the following conditions:

a) The employee must work on the last scheduled day preceding and then next scheduled day following the plant holiday on which work is scheduled by the Company. Absence on one of these days may be excused by the Company because of serious misfortune, conditions over which the employee has no control, or an approved written leave of absence granted by his department supervisor.

b) An employee on non-occupational accident and sickness insurance, L.T.D.I., W.C.B. or temporary layoff will also qualify for a holiday allowance if he has worked fifty-six (56) hours, or more in the sixty (60) days immediately preceding the holiday.

14.05

An employee, who works on any of the holidays named in Section 14.01, shall be paid for all hours worked at time and one half (1 ½) times his basic hourly rate, plus the applicable holiday allowance.
14.06

Holiday pay shall consist of eight (8) hours straight time pay except as specified below. For employees on the compressed work week schedule who lose a scheduled shift(s) of work due to a planned shutdown for a Statutory holiday, holiday pay shall consist of twelve (12) hours straight time pay.

14.07

If a Recognized Holiday falls within the employee's vacation period, the employee and the Company will mutually agree to have one (1) day added to the vacation period, or it may be used as an agreed random day.

Article 15 - Vacations

15.01

New Employees Hired After April 3, 2011

Effective April 3, 2011, all new employees will be eligible for two weeks' vacation per year after working 2080 hours.

Vacation will follow the rules below:

Year 2 = 2 weeks (or prorated amount)
Years 3-6 = 3 weeks
Years 7+ = 4 weeks

Effective date of ratification an employee who does not work 1560 hours in one year shall have their vacation prorated. The straight time hours worked on overtime will count as hours worked for the purpose of calculating the 2080 hours and subsequent years. Absences of less than six (6) months due to illness or injury will count for the purposes of calculating the 2080 hours and the subsequent years. An employee who does not work 1560 hours in their first year will receive a prorated entitlement based on the time worked for the following year. The vacation year will be from January 1 to December 31. Vacation benefits must be used in a calendar year and cannot be carried over.

Current Employees

All current employees as of March 31, 2011 are entitled to at least three (3) weeks' vacation.

Year 2 = 3 weeks (or prorated amount)
Years 3-6 = 3 weeks
Years 7+ = 4 weeks

Pre-ratification employees shall be entitled to vacation provided that they have worked 1040 hours in any vacation year consistent with the current collective agreement. The straight time hours worked on overtime will count as hours worked for the purpose of calculating the 2080 hours and subsequent years. Absences of less than six (6) months due to an illness or injury will count for the purposes of calculating the 2080 hours and the subsequent years. An employee who does not work 1040 hours in their first year will receive
a prorated entitlement based on the time worked for the following year. The vacation year will be from January 1st to December 31st. Vacation benefits must be used in a calendar year and cannot be carried over.

If there is a possibility of a Shut Down after the Christmas holidays, the company will give as much notice as possible during the month of December. It is also understood that this decision comes from what our customers’ requirements are and our backlog.

15.02

Vacation pay will be based on forty (40) hours of straight time at the employee’s current permanent base rate per week of entitlement rate or 2% of the previous year’s earnings per week of entitlement, whichever is greater.

15.03

Vacation scheduling will be coordinated to ensure production needs are met. A vacation seniority preference list will be made available by January 15. The most senior employees within the bargaining unit will have first choice for vacation dates. If an employee elects to divide his vacation into more than one period (of not less than one week each without management approval) the senior employees will be permitted to select their second or succeeding vacation periods in accordance with their Union seniority after all other employees have had their first choice for vacation dates.

One week's vacation (5 days) can be used as single days and the remaining vacation time must be used in blocks of 5 days (Monday to Friday).

Employees must indicate their vacation dates by February 15 to exercise their seniority preference.

After February 15th vacation and DOT request will be answered within 2 working days of receipt. Vacation and DOT cannot be denied if no other employee(s) is (are) scheduled for vacation in the affected department and 10 days notice is given.

Relief for non Union staff by Union members will not affect the approval of vacation time off for Union members provided that their request are submitted not later than February 15th.

Note: All requests for time off must be physically given to a supervisor. The maximum number of members that can be off per department:

Press operator 1
Press helper 1
Proofing/platemaking 1
Ink blending 1
Extrusion 1
Lamination 2
Slitting 2
Bag1
Maintenance 1
A plant holiday observed by the Company which occurs during a vacation period entitles an employee then on vacation to equivalent additional time off, if he would have been scheduled to work on that day, had it not been a holiday.

Article 16 - Leaves of Absence

16.01

A leave of absence shall be understood to mean an absence from work requested by an employee for reasons which are good and sufficient in the opinion of the Company (other than sickness or occupational injury) and consented to by the Company, covering a definite period of time.

16.02

Leaves of absence are valid only after granted in writing, of which one copy shall be given to the employee, and one copy retained in the employee's file in the office of the Company.

16.03

The Company agrees that it is proper to grant leave to employees who have been elected or appointed to the office in the Union, or who have been nominated, elected or appointed to Federal, Provincial or Municipal office. However, it is not the intention of the Company to grant lifetime leaves of absence. Employees granted a Leave of Absence will retain their benefits during the Leave of Absence unless the office they hold provides similar benefits. The Company will pay the benefit premium costs for the first six months and the Union will reimburse the Company for the duration of the leave.

In the case of an employee being appointed or elected to a full time office or position in his Union, a leave of absence up to six (6) years shall be granted for one (1) employee. Leaves for additional employees may be granted for periods of up to one (1) year.

Employees elected or appointed to Federal, Provincial or Municipal office shall be granted as much leave as is necessary during the term of such office.

Seniority shall accumulate during the period of an employee's leave of absence.

16.04

In the case of absence from work because of sickness or injury, an employee's seniority will accumulate up to twelve (12) months if he returns to work. An employee's plant seniority will continue to accumulate if he returns to work, but absence greater than twelve (12) months will not be credited to Company service for the purposes of vacation.
Article 17 - Bereavement Leave

17.01

The Company will protect an eligible employee from loss of pay during absence due to a death in his immediate family, in accordance with the following regulations:

a) To be eligible for payment under this plan an employee must have three (3) months or more of Company Service Credit.

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

c) An eligible employee will be protected against loss of pay during the time lost from his regularly scheduled hours at his regular base rate subject to the following:

1. The time to be paid for may be any three (3) working days from the day of death through the day after the service inclusive, provided the employee attends the service of the deceased.

2. Payment will be made for time lost but shall not exceed pay for three times the number of hours in the employee's regularly scheduled work day.

3. The hours thus paid for but not worked will be excluded in computing overtime hours.

4. If an employee is called away during any part of the day, bereavement pay will start as of the time of his leaving work, and will continue up to a maximum 24 hours straight time pay.

5. No extra pay allowance will be granted for multiple or simultaneous deaths occurring within any three day period.

6. If an employee is unable to attend the service of the deceased because of distance or other reasons, he will be granted days off with pay for the day before, the day of, and the day after the service if he is normally scheduled to work on those days.

7. Maximum payment is 24 straight time hours in all cases.

d) An employee will not be eligible to receive pay under this plan if he:

1. Has been granted leave of absence without pay for any reason;

2. Is laid off whether temporarily or indefinitely due to suspension of work or lack of work;

3. Is out on strike;

4. Is receiving or has been denied LTD, STD, or WCB.
Article 18 - Maternity and Parental Leave

18.01

The Company shall grant maternity and parental leave in accordance with The Employment Standards Act of B.C.

Article 19 - Jury Duty Pay

19.01

An employee called for jury duty, subpoenaed witness, or as a coroner's witness will be reimbursed by the Company up to the amount of the difference between the payment allowed by the court and the employee's scheduled straight time hourly earnings. Such payment is subject to the following administrative procedures:

a) To be eligible for payment the employee must be kept away from work by reason of being called for jury duty, subpoenaed witness, or as a coroner's witness.

b) An eligible employee shall be paid the difference between the straight time hourly earnings he would have received if he had been employed under his regular schedule and the amount paid to him for court service, provided:

1. The employee furnishes to the Company satisfactory proof from the court for such service, showing date and time served and the amount paid for service.

2. If requested to do so by the Company, the employee reports for work on his regular schedule as promptly as is practical after he is dismissed by the court on any day or released from further court service.

3. Only the numbers of his scheduled work days actually spent in court are to be counted in calculating payments.

c) Hours paid for jury duty will be counted as hours worked for the purposes of qualifying for vacation and for recognized paid holidays.

d) Hours lost from employment when an employee reports for jury duty but is not required to serve shall be paid for by the Company provided the employee returns to the plant for the remainder of his shift without undue delay. However, no wages will be paid if an employee fails to inform the Company by telephone as soon as he becomes aware that no attendance on his part is required that day.

Article 20 - Grievance Procedure

20.01

A grievance is any difference of opinion or dispute between the parties to this agreement with respect to the interpretation, application or alleged violation of this Agreement.
20.02

An earnest effort will be made by both parties to resolve a grievance at the following stages:

Stage 1: Within five (5) days of becoming aware of the issue the employee with the assistance of a shop steward may present the grievance to the Supervisor. The Supervisor must answer the grievance within five (5) days of the meeting.

Stage 2: Within five (5) days of receiving an answer at stage 1, the employee with the assistance of the Union standing committee may present the grievance in writing to the Director of Operations. The Director of Operations must respond in writing within five (5) days of the meeting.

Stage 3: Failing a settlement at Stage 2 the employee with the assistance of a Union counselor and/or Local or National Officer may present the grievance to the President. This meeting must take place within five (5) days of receiving an answer at Stage 2 and the grievance must be answered in writing within five (5) days of the meeting.

For purposes of this clause only, days means working days.

20.03

Discharge and Policy grievances will be initiated at Stage 3.

20.04

Time limits set out in this process may be varied by mutual agreement of the parties.

Article 21 - Arbitration

21.01

Where a difference arises between the parties relating to the dismissal, discipline, or suspension of an employee, or to the interpretation, application, operation, or alleged violation of this agreement, either of the parties, without stoppage of work, may, after exhausting any grievance procedure established by this agreement, notify the other party in writing, by registered mail within fifteen (15) days of receipt of management’s written reply as outlined in Step 3 of the grievance procedure, of the question to be arbitrated.

The Company and the Union will endeavour to agree upon the selection of the Arbitrator. In the event they are unable to agree upon the selection, they will apply to have the Arbitrator appointed under the Arbitration provisions of the Labour Code of B.C.

The Arbitrator shall be restricted to interpreting and applying the provisions of this Agreement and shall have no authority to alter, modify, subtract from or supplement them in any way.

21.02

The parties to this agreement will bear an equal proportion of the expenses and charges of the Arbitrator.
21.03

After the Arbitrator has been chosen by the foregoing procedure the Arbitrator will hear evidence of both sides and render a decision within fifteen (15) days after he has concluded his hearings. The decision of the Arbitrator shall be final and binding on both parties to this agreement.

21.04

In the case of discharge, demotion, or suspension which the Arbitrator has determined to have been unjust, the Arbitrator shall order the reinstatement of the employee and shall award him back pay. In the case of back pay, should there be any doubt in the opinion of the Arbitrator, the Arbitrator may order all or part back pay as the Arbitrator deems fit.

21.05

Time limits set out in this process may be varied by mutual agreement of both parties.

Article 22 - Disciplinary Action

22.01

Documented individual performance will be used for developing progressive discipline programs up to and including termination if necessary. The Company will investigate and create action plans independently. Any planned disciplinary action will be discussed with the Plant Union representative before any employee meetings occur.

22.02

Any disciplinary action rests solely with the company.

Article 23 - Stoppage of Work

23.01

The Union will not cause and will undertake to dissuade its members from causing and nor will any employee of the Company take part in any strike either sit down, slow-down, stay-in, or any other kind of strike, or any other kind of interference or any other stoppage, total or partial, during the terms of this agreement. The Company will not cause, engage in, or permit a lock-out during the term of this agreement.

Article 24 - Safety and Health

24.01

The Union and the Company agree to cooperate to the fullest extent in promoting safety in the plant. To assist in this mutual purpose, a joint safety committee shall be established in accordance with the WCB act. The safety committee will meet once a month or more frequently if agreed upon.
The general duties of the safety committee shall be directed by plant safety regulations and regulations made pursuant to the Workers’ Compensation Act.

Members of the plant safety committee will be paid their straight time rate when required to attend a plant safety meeting or accident investigation outside their working hours.

24.02

The Company will reimburse an employee for the cost of safety footwear purchased, to a maximum of $135.00 per calendar year, upon presentation of proper receipts. There can be a carry-over for a maximum of two (2) years.

The maximum will be increased to:

- $140.00 effective April 4, 2008
- $145.00 effective April 4, 2009
- $150.00 effective April 4, 2010

Article 25 – Bulletin Boards

25.01

The Company will supply a minimum of two (2) adequately enclosed bulletin boards for the use of the PPWC Local 5 in posting of officially signed bulletins.

Article 26 - Harassment

26.01

The Company and the Union agree that discrimination and/or harassment of any Employee on any basis, prohibited by law, is unacceptable. Every employee has the right to work in an environment of mutual respect, free from discrimination and harassment including racial or sexual harassment. The Union agrees to assist the Company in creating such environment of mutual respect, free from discrimination and harassment. The parties hereto subscribe to the principles of the Human Rights Act.

Article 27 - Contracting

27.01

The company will utilize outside contractors from time to time for work outside the normal production or for instances requiring special skills (certain maintenance activities, etc.). It is not the Company’s intention to cause any regular full-time employee to be demoted or laid off by bringing in an outside contractor to perform the work they normally perform.
Article 28 - Duration, Modification or Termination

28.01

This agreement will terminate April 3, 2014, and it is agreed by both parties that the provisions of section 50 (2) & (3) of the B.C. Labour Relations Code shall be waived. Either party may notify the other in writing within the four (4) months, prior to the expiration date that a renewal or modification is desired. If the notice is not given by either party ninety (90) days or more prior to the expiration of the Collective Agreement, both parties shall be deemed to have given notice ninety (90) days prior to the expiration date. The terms and conditions of this Collective Agreement shall remain in full force until a strike or lockout has commenced or a new Collective Agreement has been negotiated.

IN WITNESS WHEREOF the parties of this agreement declare that it contains responsibilities and obligations for each such party and that in signing the agreement it binds the parties during the agreement and to refrain from doing anything they are expressly forbidden to do by the agreement. The parties further understand and declare that in case any of the provisions of this agreement are now or hereafter inconsistent with, or not in conformity with any applicable public laws, governmental orders, regulations or rulings, such provisions shall be thereby rendered null and void, or applied in such manner as will conform with such laws, orders, regulations or rulings.

SIGNED FOR THE UNION:

_______________________
JAN FOLKERS
UNION COUNSELOR

_______________________
ROY WALLACE
COMMITTEE CHAIRPERSON

_______________________
GORDON WANTKE
SECRETARY

_______________________
DWAYNE MACDUFF
ALTERNATE

SIGNED FOR THE COMPANY:

_______________________
DALE INCE
VICE PRESIDENT-MANUFACTURING

_______________________
RON DOLNY
OPERATIONS MANAGER

_______________________
ROY GOMES
PRODUCTION SUPERVISOR

APPENDIX “A”

WAGE SCHEDULE AND WAGE CLASSIFICATIONS

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APPENDIX “A” Addendum

1. Elimination of Skill Sets

During the 2008 negotiations the parties agreed to resolve all issues related to skill sets by removing them from the collective agreement and replacing them with a rate progression based on hours worked in a position.

It is understood and agreed that this change to a rate progression model in no way diminishes the Company’s current flexibility to crew the plant.

2. Night / Afternoon Shift Premiums

A premium of $0.75 per hour will be paid to those employees working the Night Shift. Night Shift for the “Eight Hour” schedule employees is defined as working from 10:30pm to 6:30am. Night Shift for the “Twelve Hour” schedule is defined as working from 6:30pm to 6:30am.

An employee shall be paid at the rate one and one-half (1.5) times for the first four (4) hours (First (1st) shift only) where a change in the employees posted shift cycle has been made.

3. First Aid Premium

A premium of $0.50 per hour will be paid to those employees that have a current Level 1 or higher first aid certificate.

4. Service Hours for Qualification of New Rate

The service wage rate progressions referred to in Appendix “A” shall be based on hours actually worked in the particular job. Hours actually worked shall include hours on paid leave. For greater certainty, hours actually worked will exclude absences for unpaid leave and sickness or accident whether covered by W.C.B., L.T.D., or any other sick leave coverage. This shall apply to both regular and temporary employees.

2080 hours = 1 year
4160 hours = 2 years
6240 hours = 3 years

5. Lead Hands

Lead Hands will be chosen by the Company. The Company will consider seniority when making their choice but the decision rests solely with the Company.

6. Pay Rates for Employees Moved From Their Position During their shift

In the event an employee is moved from his position during his shift he will be paid the rate of the job he came from unless the job he is filling is at a higher rate in which case he would get the higher rate.
However, wherever an employee is scheduled on the weekly manning sheet per his Seniority, Qualifications and Plant Workload, then he will be paid the rate covered in 9.02 Curtailment.

APPENDIX B

A profit sharing plan is being offered as a way to recognize superior work performance that contributes to the financial success of the company. A pool will be made available as follows:

<table>
<thead>
<tr>
<th>FLEXSTAR Profit Sharing Plan (Hourly Plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Profit</td>
</tr>
<tr>
<td>Greater than $500,000</td>
</tr>
</tbody>
</table>

Effective April 1, 2012 the Profit Sharing Pool will be 7.0%.

Effective April 1, 2013 the Profit Sharing Pool will be 7.0%.

This will be paid on an annual basis based on final statements as reviewed and approved by Flexstar’s external accountants.

The pool will be distributed equally among all hourly employees who have worked at least 860 hours in the affected fiscal year. An eligible employee must be actively employed by the Company on the last day of the affected fiscal year in order to be eligible to participate in the profit sharing plan.

The “Pool” will be distributed to each employee pro rata based on the number of hours worked by each employee for that year. For greater clarification, hours worked means hours worked, same for straight time and overtime (time and a half is calculation for wage rate, not for hours worked). Regular vacation time and DOT time off is excluded from “hours worked” calculation.

Net profit is defined as profit including interest charges/expenses, tax expense, and depreciation expense following standard GAAP rules. Financial results will be confirmed by the external independent auditors.

The fiscal year is the FLEXSTAR fiscal year which runs from April 1 to March 31.
## APPENDIX C

### Benefit Plan Highlights

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Flexstar Packaging</th>
<th>Monthly Cost to Employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>BC Medical Services Plan</td>
<td>Paid By Employer</td>
<td>Nil (Taxable Benefit)</td>
</tr>
<tr>
<td>Life Insurance</td>
<td>$50,000 Employee</td>
<td>Nil (Taxable Benefit)</td>
</tr>
<tr>
<td></td>
<td>$10,000 Spouse</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$5,000 Each Child</td>
<td></td>
</tr>
<tr>
<td>AD&amp;D</td>
<td>$50,000 Principal amount</td>
<td>Nil</td>
</tr>
<tr>
<td>Optional Life Insurance</td>
<td>Available Voluntary</td>
<td>Optional</td>
</tr>
<tr>
<td>Short Term Disability</td>
<td>Employment Insurance</td>
<td>Nil</td>
</tr>
<tr>
<td>Long Term Disability</td>
<td>67% of Earnings after 4 Months off work</td>
<td>Based on a $35,000 Salary/$40-$50</td>
</tr>
<tr>
<td>Extended Health</td>
<td>$50 Single /$100 Family Deductible</td>
<td>Nil</td>
</tr>
<tr>
<td></td>
<td>Service Reimbursement 80%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Semi- Private Hospital</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Vision - $200/24 months, this limit will be increased to $250/24 months effective April 4, 2010</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Para medicals - $500 Annually per service</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Out of country coverage</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Other Medical Services and Supplies</td>
<td></td>
</tr>
<tr>
<td>Dental</td>
<td>No Deductible</td>
<td>Nil</td>
</tr>
<tr>
<td></td>
<td>80% Preventative Reimbursement</td>
<td></td>
</tr>
<tr>
<td></td>
<td>80% Basic Restorative</td>
<td></td>
</tr>
<tr>
<td></td>
<td>50% Major Services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Basic Services Annual Max. $1250</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Major Services Annual Max. $2000</td>
<td></td>
</tr>
<tr>
<td>Health Spending Account</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>EAP</td>
<td>Program to be in place by Q1, 2006</td>
<td>Nil</td>
</tr>
<tr>
<td>Group RRSP Plan</td>
<td>The Company will provide a Group RRSP with matching contributions of up to 2% of employee contributions. After April 4, 2012 the rate will increase to 2.5%</td>
<td>Individual Choice</td>
</tr>
<tr>
<td>RRSP</td>
<td>Voluntary</td>
<td>Optional</td>
</tr>
</tbody>
</table>
Letter of Understanding # 2

Between: FLEXSTAR Packaging Inc (The Company)

And: Local 5 Pulp, Paper, & Woodworkers of Canada (The Union)

The parties also recognize that as a result of the changes made to Appendix A regarding Base Wage rates, the following people will have Wage Rates “grandfathered” as follows:

Jan Folkers - $19.50 / hour
Gordon Wantke - $19.50 / hour
Norm Kaila - $19.50 / hour
Barry Rodgers - $19.50 / hour
Balbir Johal - $19.50 / hour
Richard Mountain - $19.50 / hour
Ralph Wittenberg - $19.50 / hour

These Base Wage rates will be in place unless an individual goes to a higher paying position or a Wage change occurs as specified in Appendix A.

Date: November 20, 2006

Signed: Marc Bray Jan Folkers
Doug Pulver Steve Lexvold
Kim Kratky
Glenn Jackson

For the Company For the Union