

SERVICE AGREEMENT

BETWEEN

THE NATIONAL MAINTENANCE COUNCIL FOR CANADA

AND

ALL CONTRACTORS WORKING ON

**SERVICE, REPAIR, REVAMP,
RENOVATION AND UPKEEP**

**OF THE PULP AND PAPER MILL
AND
NELSON MIRAMICHI GROUND WOOD MILL**

OWNED BY

UPM MIRAMICHI INC.

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SERVICE AGREEMENT

This Agreement is entered into this 22nd, day of March 2006

By and Between

Those Employers described in Appendix "B"

hereinafter referred to as the "**COMPANY**"

and those International Unions who compose
the National Maintenance Council for Canada

hereinafter referred to as the "**UNION**"

For the purpose of service, repair, revamp, renovation and
upkeep work for

UPM MIRAMICHI INC, MIRAMICHI, NEWBRUNSWICK

hereinafter referred to as the "**OWNER**"

The Council is composed of the International Unions as listed in Appendix "A".

Whereas the Company is engaged in the business of plant service (as defined in Article 5) with miscellaneous industries, and this work is of importance to the Unions herein listed, and it being recognized there is an essential difference in the conditions required to perform this type of work, the Council on behalf of its affiliates herein listed, with the Company, wish to enter into an agreement for their mutual benefit covering work of this nature.

Whereas the Member Unions have in their membership throughout the area members competent and qualified to perform the work of the Company.

Whereas the Company has employed and now employs members of the Member Unions on service work recognized by the Unions of the AFL-CIO as being within the jurisdiction of said unions.

Whereas, in order to ensure relative equity and uniform interpretation and application, the Unions, through the duly appointed and constituted Council for Maintenance in Canada, wish to negotiate and administer the said Collective Agreement in concert, each with the other, and all with the Company.

Whereas the Company and the Council desire to mutually establish hours of work and working conditions for the Employees on an area basis to the end that satisfactory conditions and harmonious relations will continue to exist for the benefit of both parties to this Agreement.

Whereas the Company and the Council agree that due to the particular nature of the work covered by this Agreement, there shall be no lockouts or strikes during the life of the Agreement, and provisions must be made to achieve this end.

Whereas, it is recognized that all Employees covered by this Agreement, shall have the protection of all existing Federal, Provincial and Local laws applicable to Employees in general, any provisions in this Agreement which are in contravention of any Federal, Provincial or Municipal regulations or laws affecting all or part of the limits covered by this Agreement shall be suspended in operation within the limits to which such law or regulation is in effect. Such suspension shall not affect the operation of any such provisions covered by this Agreement, to which the law or regulation is now applicable. Nor shall it affect the operation of the remainder of the provisions of the Agreement within the limits to which law or regulation is not applicable.

All references in this Agreement to the masculine gender should also apply to the feminine gender.

It is, therefore, agreed by the undersigned Company and the undersigned Unions that in consideration of the mutual promises and covenants contained herein, the Service Agreement be made as follows:

1.000 RECOGNITION:

1.100 The Bargaining Unit under this Agreement shall comprise all Employees of the Company, coming under the jurisdiction of the Council Members signatory to this Agreement, now employed and employed in the future for service work (as defined in Article 5) at the Owner's plant site(s).

2.000 THE COMPANY AND THE UNIONS:

2.100 Recognize the Council as herein duly constituted for the purpose of bargaining collectively and administering this Agreement for the members of the affiliated Unions.

2.200 Agree to bargain collectively with the Council and to be governed by the terms of this Agreement and by all lawful settlements of disputes and grievances made pursuant thereto.

2.300 Agree that the jurisdiction recognized therein for each Union shall be the jurisdiction recognized by the AFL-CIO, provided, however, that if they or the Unions are unable to agree upon the Union which is to have jurisdiction over any group of employees, the Company will recognize one as having jurisdiction until such time as the Claimant Unions agree upon another. The work of any trade not party to the Agreement will not be interfered with by those party to the Agreement. The trades will not interfere with the decision of the Company to assign work.

3.000 UNION SECURITY:

- 3.100 All Employees under this Agreement, as a condition of employment, shall be members of or secure membership in the Member Union of the Council and maintain such membership in good standing.
- 3.200 The Company will co-operate with the Member Unions in providing employment to their members and the Unions agree to assist the Company by all means in their power to secure necessary skilled and competent workers.
- 3.300 When any Member Union cannot supply qualified men within forty-eight (48) hours of the date requested, (Saturday, Sunday and holidays excluded), then the Company may secure other qualified men who must immediately apply for membership in the respective Unions before commencing work.

4.000 SCOPE OF WORK:

- 4.100 The scope of this Agreement covers all work of a service nature (as defined in Article 5) assigned by the Owner to the Company and performed by the Employees of the Company covered by this Agreement, within the limits of the Owner's plant site (s).
- 4.200 The scope of this Agreement does not cover work performed by the Company of a new construction nature which is work required to erect new facilities in which event, the work shall be done in accordance with existing building construction agreements.
- 4.300 The Council and the Company understand that the Owner may, at his discretion, choose to perform or directly sub-contract work for any part or parts of the work necessary in his plant.
- 4.400 All sub-contractors to the Company under this Agreement shall abide by the terms and conditions of this Agreement, and said sub-contractor(s) will recognize Article 3.000 as contained in this Agreement.

5.000 DEFINITIONS:

- 5.100 Service shall be defined as any work (includes repair, renovation, revamp, upkeep, etc.,) performed within the limits of a plant property, or other locations related directly thereto on existing structures or equipment to keep a manufacturing, industrial or utility plant or facility and/or its equipment and machinery operating.
- 5.200 The term "existing facilities", used within the terms of this Agreement is limited to a constructed unit already completed and shall not apply to any new unit to be constructed in the future,

even though the new unit is constructed on the same property or premises.

5.300 In the event a dispute arises as to whether a work operation is new work or work falling within the scope of this Agreement, the matter shall be referred to the National Maintenance Council for a decision.

5.400 The term "Area Labour Agreement" or such term shall mean the existing Labour Agreement under which members of any of the International Unions who are members of this Council are employed in construction in the area where work under this Agreement is being performed.

6.000 **GRIEVANCES:**

6.100 All grievances, other than those pertaining to jurisdiction will be handled in the following manner.

Step 1:

Between the Company's Supervisor and the Union Steward at the job site.

Step 2:

Between the Member Union Representative and the Company's Supervisor at the job site.

Step 3:

Between the International Union Representative and the Labour Relations designate of the Company.

Step 4:

If the parties are unable to affect an amicable settlement or adjustment of any grievance or controversy, such grievance or controversy shall be submitted for settlement between a Committee of the National Maintenance Council and Senior Officials of the Company with a decision to become effective immediately.

Step 5:

Failure at Step 4 above to reach a decision shall constitute a basis for a submittal of the question to arbitration for a binding decision. Arbitration procedures will follow the provisions of the National Maintenance Agreement, New Brunswick Intermittent Version.

All grievances shall be filed within ten (10) calendar days after the alleged grievance has arisen. Grievances shall be appealed to the next higher step within ten (10) calendar days after the meeting in the lower step.

7.000 UNION REPRESENTATION:

- 7.100 The designated Union Representative of the Member Union shall be permitted to visit on the job after reporting to the senior Representative of the Company on the job, but will not interfere with the progress of the work.
- 7.200 Whenever security regulations prevent access to any job or project, the Company or its Representative, will give all possible assistance to the Union Representative in obtaining the necessary pass or permission to gain access to such job or project.

8.000 STEWARDS:

- 8.100 A Steward shall be a qualified worker appointed by a Member Union and confirmed in writing to the Company when designated as a Steward and also when ceasing to act as Steward. Duties shall be to deal with grievances and such matters normally handled by a Union Steward subject to the terms of this Agreement.
- 8.200 At lay-off, the appointed steward will be one of the last two (2) employees on the job, provided he is qualified to do the work at hand.
- 8.300 Prior to termination of a Steward for any reason, the Company will notify the Local Union Office.

9.000 WAGES:

- 9.100 Wage rates for service work shall be 95% of those as set forth in the Area Labour Agreement of the Member Union where such work is to be performed and shall be paid to all Employees under the terms of this Agreement, and wages shall be paid weekly by cheque or other legal tender.
- 9.200 When zone type wage structures are provided for in Area Labour Agreements in the area and are otherwise applicable in the area of the project, the project for the purposes of this Agreement will be considered as if it was within the area of the base zone rate, unless otherwise provided for in this Agreement.

10.000 BENEFITS & OTHER MONETARY FUNDS:

- 10.100 Vacation Pay & Statutory Holiday percentages/payments, Welfare Funds, Pension Funds, Apprentice Training Funds and other Union and Employer Monetary Funds called for in the Area Labour Agreement(s) shall be paid in accordance with the said Labour Agreement(s) except that no funds shall be paid on a basis which exceed the straight time and overtime provisions of this Agreement.

10.200 The Company and all Sub-Contractors to this Agreement shall pay ten cents (\$0.10) per hour earned into an Administration Fund as approved by the National Maintenance Council for Canada to properly transact and maintain its business. This amount shall be remitted monthly to the office of the Executive Director.

11.000 COMPENSATION INSURANCE:

11.100 For all Employees covered by this Agreement, the Company shall provide Workers' Compensation and other protective insurance as may be required by law.

12.000 HOLIDAYS:

12.100 All time worked on the following holidays shall be paid at the rate of double time.

New Year's Day, Heritage Day (if and when proclaimed), Good Friday, Victoria Day, Canada Day, New Brunswick Day (1st Monday in August), Labour Day, Thanksgiving Day, Remembrance Day, Christmas and Boxing Day.

12.200 Should any of the above listed holidays occur on a Saturday or Sunday, such holiday shall be observed on the Monday or Tuesday following unless changed by mutual agreement between the Company and the Union Representative.

13.000 REPORTING TIME:

13.100 When an Employee reports for work, unless previously advised there is no work available, he shall be entitled to two (2) hours pay at the appropriate day or shift rate.

13.200 The work contracted will not be less than the equivalent of eight (8) hours at straight time pay per newly referred qualified Employee.

14.000 TRAVEL AND SUBSISTENCE:

14.100 There shall be no room & board, travel allowance, mileage or pay for travel time applicable under this Agreement. The Company may however, under certain geographical and other conditions associated with some plant locations, pay an amount toward subsistence costs.

14.200 Eligibility for subsistence allowance in Article 14.100 will be based on a demonstrated need as jointly agreed among the applicable Union Business Manager, the Company and the Owner prior to commencement of work, and on a duly completed written application per Appendix "C" Application for Subsistence.

15.000 WORK BREAKS:

15.100 It is agreed that all Employees covered by this Agreement will be permitted ten (10) minutes in each half of their respective shifts to drink coffee or refreshments on the job in the area or areas designated by the Company. It is, however, understood that this shall be done in such a manner that will not stop the normal operation of the job.

16.000 WORK HOURS PER DAY, OVERTIME, SPECIAL ALLOWANCE AND OVERTIME MEALS:

16.100 Eight (8) hours per day shall constitute a day's work and forty (40) hours per week, Monday to Friday inclusive, shall constitute a week's work. The regular starting time shall be eight (8) o'clock a.m., and the regular quitting time shall be four-thirty (4:30) o'clock p.m.

It is recognized that the standard work day of eight (8) hours and the forty (40) hour work week may, at the Owner's request, be altered where there is a requirement to interface with the Owner's work force. In such situations, Employees will work the Owner's compressed work week hours of work, provided that the equivalent of a forty (40) hour work week will be achieved during the compressed work week cycle.

If the Employee is not given the opportunity to complete the compressed work week cycle, he will be paid at the prevailing overtime rate for all time worked beyond eight (8) hours per day during that cycle. Hours worked in excess of the compressed work week regular hours will be paid for at overtime rates in accordance with the conditions specified in Article 16.300. Specific overtime payment conditions will be established at the commencement of each compressed work week occurrence.

16.200 When two (2) or three (3) shifts are employed, the first or day shift shall be established on an eight (8) hour worked basis, the second or afternoon shift shall be on a seven and one-half (7 1/2) hour worked day basis, and the third or night shift shall be established on a seven (7) hour worked day basis. The pay for a full shift on each of the above shifts shall be eight (8) times the hourly wage rate. A shift allowance of \$0.50 per hour on the afternoon or second shift and a \$0.75 per hour shift allowance on the night or third shift shall be applicable. In the event an Employee works less than the established hours for a shift, he shall receive a proportionate part of the shift allowance, if any, based on hours worked. Second and third shifts shall work over into Saturday a.m. on the above basis in order to complete their shift.

Shift allowance is applicable to regular hours only; it is not paid on overtime.

It is understood the lunch breaks are unpaid.

Each shift Employee must be scheduled for a minimum of three (3) consecutive work days. Should the shift be cancelled prior to completion of the three (3) consecutive work days, affected Employees will be paid at applicable overtime rates for all hours worked outside the regular work day, as specified in Article 16.100.

16.300 All time worked before and after the established work day of eight (8) hours, Monday through Friday, shall be paid for at the rate of time and one-half (1 1/2) for the first four (4) hours of overtime. Any overtime beyond the first four (4) hours shall be paid at the rate of double time.

Except as provided for in Article 16.200 all time worked on Saturdays will be paid at the rate of double time.

All time worked on Sundays and Holidays shall be paid for at the rate of double time.

16.400 Employees shall be at their posts prepared to start work at the regular starting time.

16.500 By mutual consent of the Company and the Union Representative, the starting and quitting times of any shift, including day work, may be changed for all or any portion of a particular job. For the purpose of this Article, the standard work day of eight (8) hours for the job or portion thereof to which any such change of starting time applies shall begin with such agreed starting time.

16.600 Overtime Meals: When an Employee works overtime at the conclusion of and continuous with the regular work day defined in Article 16.100 and 16.200, he shall be entitled to a meal allowance when overtime work exceeds two (2) hours.

When extension overtime can reasonably be expected to exceed two (2) hours, the first (1st) meal break may be advanced to the conclusion of the normal workday. Subsequent meal breaks will be approximately each four (4) hours thereafter. It will be the prerogative of the company in conjunction with the Business Agent to arrange meal breaks for efficiency and convenience of the job as well as to match the hours of work and breaks with those of the Owner's employees.

When an Employee works Scheduled Overtime (work performed on Saturdays, excepting shift work defined in Article 16.200, Sundays and Holidays) he shall be entitled to a meal allowance when overtime work exceeds eight (8) hours.

When an Employee works Call-Out Overtime (overtime work performed other than continuous with the regular work day or

scheduled overtime) he shall be entitled to a meal allowance when overtime work exceeds four (4) hours.

Entitlement to subsequent meal allowances will occur at approximately four (4) hour intervals during continuing overtime. No entitlement shall occur at the conclusion of overtime.

All overtime meal breaks will be twenty (20) minutes in duration and will be paid for at the applicable overtime rate. However, in calculating entitlement to a meal, the twenty (20) minute break shall not count as overtime work.

The Company's obligation in respect to a meal entitlement shall be discharged by:

- a) Provision of a meal up to \$16.00
- b) Payment in lieu at the rate of \$16.00

Meal entitlement payments will be increased to equal payments made to the Owner's employees.

17.000 **TRANSPORTATION:**

17.100 At plant locations where private transportation is not permitted, the company shall furnish transportation that provides shelter from inclement weather from the gate to the job site and back to the gate, when said distance is one-half (1/2) mile or more. If transportation is required, the Company shall transport employees to the point where such employees were picked up not later than ten (10) minutes after the shift. When employees are transported to the pick-up point after the ten (10) minutes noted above overtime will apply.

18.000 **SAFETY:**

18.100 The Employees covered by the terms of this Agreement shall at all times while in the employ of the Company be bound by the safety rules and regulations as established by the Owner, Company, applicable Council Member Area Agreement, or applicable Safety Laws.

19:000 **APPRENTICES:**

19.100 The Council and Member Unions agree that the needs of plant service may warrant differing apprentice ratios than those established. The Company and Unions, therefore, agree to negotiate such ratios from time to time as the conditions warrant.

20.000 HIRING AND TRANSFER OF MEN:

- 20.100 The Company agrees to hire workers in any territory where work is being performed or is to be performed in accordance with the procedures outlined by each Council affiliate. In reference to the 48 hour rule, Article 3.300 applies.
- 20.200 It is generally agreed the Company has the right to transfer Employees to work locations within the Union's geographic area with the prior permission of the Union Business Manager which will not be unreasonably withheld. Transfers are not permitted to displace existing Employees.

21.000 CREW SIZE, SUPERVISION AND FOREMEN:

- 21.100 The crew size shall be any number of men required to safely perform the work and shall be increased or decreased at the discretion of the Company.
- 21.200 The determination of the number of foremen on service work, and their designation as working or non working foremen, shall be the responsibility of the Company in accordance with the Company's Contract with the Owner. The selection and retention of foremen will be the responsibility of the Company. The appointment of foremen in charge of composite or mixed crews will take into account the nature of the work to be done.

22.000 LOCKOUT AND WORK STOPPAGE:

- 22.100 There shall be no lockout by the Company, and no work stoppages by the Union, however, the Company agrees that it will pay retroactive to the expiration date of the previous area contract any monetary increase of the Area Labour Agreement in the area. In the event of an unauthorized strike, the Union agrees to use reasonable efforts to cause the workers involved to return to work upon receipt of written notice from the Company of the existence of any such strike. This paragraph shall be enforced only to the extent permitted by applicable law.
- 22.200 It is agreed the work force in effect on any site will not be increased or employed on work that is affected as a result of a construction strike or lockout.

23.000 MANAGEMENT CLAUSE:

- 23.100 The Company shall have full right to direct the progress of the work and to exercise all function and control, including, but not limited to, the selection of the kind of materials, supplies, or equipment used in the prosecution of the work, the determination of the competency and qualifications of his Employees, and the right to discharge or lay-off any Employee for just and sufficient cause, provided, however, that no Employee shall be discriminated against. These provisions do not prohibit the Union's right to the peaceful exercise of grievance procedure if in it's judgement the spirit and intent of this Agreement has been violated.

24.000 DURATION AND TERMINATION OF AGREEMENT:

24.100 This Agreement shall become effective March 22, 2006 and will remain in full force and effect until November 30, 2008 and from year to year thereafter unless written notice to terminate or modify the Agreement is filed by either party at least sixty (60) days prior to the expiry date.

24.200 Amendments may be made at any time by mutual consent of the parties.

APPROVED AND AGREED BY THOSE SIGNATORY UNIONS ON
APPENDIX 'A' ATTACHED HERETO AND THOSE EMPLOYERS
SIGNATORY AND LISTED ON APPENDIX 'B' ATTACHED HERETO.

APPENDIX 'A'
SIGNATORY UNIONS

International Association of
Heat & Frost Insulators &
Asbestos Workers.

Sheet Metal Workers International
Association.

International Brotherhood of
Boilermakers, Iron Ship Builders,
Blacksmiths, Forgers & Helpers.

Labourers' International Union
of North America.

International Union of Bricklayers
and Allied Craftworkers

International Union of Operating
Engineers.

United Brotherhood of Carpenters
& Joiners of America.

International Union of
Painters and Allied Trades.

Operative Plasterers & Cement
Masons International Association.

Director of Canadian Affairs
United Association of Journeymen
& Apprentices of the Plumbing &
Pipefitting Industry of the United
States and Canada.

International Brotherhood of
Electrical Workers.

International Brotherhood of
Teamsters.

International Association of
Bridge, Structural and Ornamental
Ironworkers.

APPENDIX 'B'

SIGNATORY EMPLOYERS

The following listed Employers are signatory to the Service Agreement in place at UPM MIRAMICHI INC.

The list may be amended from time to time as service work is awarded by the Owner.

- **SUNNY CORNER ENTERPRISES LTD.**
- **ROSO ENTERPRISES LIMITED.**
- **ON-SITE MECHANICAL LTD.**
- **RAYBURN MECHANICAL LIMITED.**
- **C & E REFRACTORIES.**
- **I-LINE ELECTRIC.**
- **NORTH SHORE INSULATIONS.**
- **ALSTOM CANADA INC. (POWER).**
- **SERGE H. BRIDEAU GARAGE & SCRAP METALS LTD.**

**UPM-KYMMENE SERVICE AGREEMENT APPENDIX 'C'
APPLICATION FOR SUBSISTENCE (ARTICLE 14.200)**

GENERAL: It is agreed between the Company and the National Maintenance Council that Union members who are resident in the immediate geographic area will be employed.
When the Union finds it necessary to employ outside members in preference to resident members, no subsistence is applicable except as herein provided.

QUALIFICATION: The following conditions are necessary to qualify for a seventy-three (\$73) per day worked subsistence allowance. Effective November 1, 2008, this amount increases to \$75.00 per day worked.

- that there are no local union members in the trade (or having the required trade skills) available within eighty (80) road kilometers (one way).
- that the employee is required to travel at least eighty (80) road kilometers (one way) from his/her permanent address.
- that the employee provides lodging information to facilitate after hours contact.
- that this application is duly completed and approved.

EMPLOYEE

APPLICATION: _____
(Please Print) Last Name First Middle

PERMANENT RESIDENCE:	LODGING INFORMATION:
Street & No _____	Name of Hotel/Motel/Boarding House _____
R.R. # & P O Box _____	
City, Town _____	Street & No _____
County, Province _____	City, Town _____
Postal Code _____	Telephone No _____
Telephone No _____	Manager's Name _____

PROOF OF PERMANENT RESIDENCE: Original Documents (not photocopies) are required for Proof of Permanent Residence. These will be verified by the employer, copied and returned. Two (2) of the following are acceptable. Check Two (2).

_____ Income Tax Assessment	_____ N.B. Hospital/Medicare Card
_____ Property Tax Assessment	_____ Unemployment Insurance
	_____ Driver's Licence.

WORK REFERRAL: Employer _____ Work Location (Plant) _____
First Day Work _____ Craft _____ Skill _____
(YY/MM/DD)

I hereby swear the above information to be true and correct and apply for subsistence having met the above qualifications. I understand that the information given is subject to verification and that any subsistence paid based on false information is subject to recovery.

Signature of Applicant: _____ **Date:** _____

UNION BUSINESS MANAGER: I certify that the employee's permanent address is true and correct to the best of my knowledge and is as shown in our records, and that this employee meets the requirements for subsistence in accordance with Article 14.200 and as outlined above.

Union Business Manager/Designee: (Print) _____ Local _____

Signature of Union Business Manager _____ Date _____

COMPANY (EMPLOYER):

I certify the above information to be true and correct to the best of my knowledge, that the above employee qualifies for subsistence and that we were required to bring in the employee as no local union member was available to meet the Owner's requirements.

Permanent Residence original documents verified and copies signed.

(Attach Signed Copies) _____ Yes _____ No

Company Name _____ Date _____

Company Representative (Print) _____ Signature of Rep. _____

NATIONAL MAINTENANCE COUNCIL

ADMINISTRATION FUND

In accordance with Article 10.300, the Employer and all Sub-Contractors to this Agreement shall pay ten cents (\$.10) per hour earned into the Administration Fund of the National Maintenance Council for Canada. This amount shall be remitted monthly by the fifteenth of the following month, along with a listing of the hours and trades being reported. Cheques should be made payable to the National Maintenance Council and forwarded to:

National Maintenance Council for Canada
690 Dorval Drive, Suite 420
Oakville, Ontario
L6K 3W7

ATTENTION: S. M. Smillie
Executive Director

NOTICE TO CONTRACTORS.

All Remittances must include the 15% Harmonized Sales Tax (HST).