

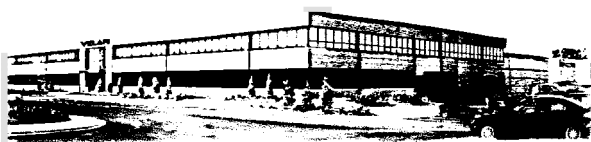
Collective labour Agreement



CSN

**LE SYNDICAT NATIONAL
DES EMPLOYÉS DE VELAN**

VELAN



May 1, 2009 to April 30, 2012
01770(10)

**COLLECTIVE LABOUR AGREEMENT
BETWEEN
VELAN INC.
AND
SYNDICAT NATIONAL DES EMPLOYES DE
VELAN (CSN)**

MAY 1st, 2009 to APRIL 30, 2012.

RECEIVED
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1 04 For the term of this agreement, no worker outside of the bargaining unit including subcontractors will be authorized to perform work on the Company's premises normally carried out by a worker of the bargaining unit, nor will be allowed to use machinery, equipment or tooling normally used by workers in the bargaining unit, including employees with seniority rights but are laid off, except in the following cases;

- a) Installation of new equipment, construction, major repairs, production research, training of employees, maintenance of buildings and in cases where there is no necessary equipment or no technical competence, in such cases the Company will have to provide justifications (proofs).
- b) The Company will inform the union, at its request, of the reasons to why the work is being performed by outside workers.

1 05 Unless a contrary agreement with the union, the Company's representatives, supervisors, and foremen will not work in any classification covered by the bargaining unit for the purpose of making actual normal work except:

- a) For research and experimentation.
- b) For training operators who must be present during the training

- c) In emergency cases only to maintain production, when there is no qualified employee or worker available, or when no one is willing to do the work, and to safeguard the Company's property.
- 1.06
- a) Any clause of this agreement which is contrary to an order-in-council, a provincial or federal law, presently in force or becoming in force hereafter, shall be considered null and void without affecting the other clauses of this agreement. Nevertheless, in such case, the Company will meet the union within thirty (30) days of the application of such law, to negotiate with the union the application of such law.
 - b) Appendices 'A', 'A-1', 'C 1' and 'C 2'. Annexes hereto form an integral part of this agreement.
- 1.07
- This collective agreement applies in the plants when any of the following situations occur:
- a) Opening of a new plant in the province of Quebec in order to manufacture, in part or in full, any type of valve;
 - b) Moving, in part or full, of any one of the plants covered by the accreditation certificate in the province of Quebec.
 - c) In cases of the opening of a new plant, or partial or total moving of, the Company will give a six (6)

months notice to the union. The parties agree to negotiate the transfer and hiring conditions three (3) months prior to such opening or moving.

- d) If the Company moves one or more of its plants out of the province of Quebec, the prior notice will be the one prescribed by the Minister of Labour of the province.
- e) In cases of complete closure and in cases of moving one of the plants noted in the accreditation certificate, a joint committee composed of three (3) representatives from each part will be established. This committee will have the mandate to make recommendations to management, on dispositions to take in view of the situation. This committee will avail themselves of the resources of government authorities provided in these situations. It is understood that these recommendations may include departure indemnities for the affected employees.

ARTICLE 2 PURPOSES AND COOPERATION

2.01 Purpose

The purpose of this agreement is to promote good understanding between the Company, the union and all other employees of the Company.

- a) To favour fair work while eliminating loss of time and material, to promote the safety of the employees and to improve working conditions in general.
- b) On the other hand, to promote and ensure good human relations between foremen, workers and other employees of the Company.
- c) To provide a wage scale, hour regulations, working conditions, as well as classifications, which do justice to everyone.
- d) The whole as set forth in this collective labour agreement.

2.02 **Cooperation**

The Company agrees to treat all employees with justice, courtesy, and consideration and without any kind of discrimination. The employees agree to put in a fair day's work.

- 2.03 a) The Company will supply three (3) notice boards (4' x 4') per plant, each properly located and accessible to all employees. At least one notice board per plant shall be covered with glass and locked. Notices posted will refer to Union activities only.
- b) The notices must bear the official seal of the union or the signature of a union officer. A copy

will be sent to the Human Resources department and given to the concerned Plant Manager.

2.04 **Strike/ Lock-out**

During the term of this agreement, the union agrees not to cause or endorse a strike and the Company agrees not to cause or endorse a lock out.

2.05 **Stop Signal**

It is agreed that employees must remain at their work station until the signal is given at the end of each work period.

- a) The Company will grant five (5) minutes paid at the end of each shift to wash up and change
- b) For 2nd and 3rd shift the Company will grant five (5) minutes paid at the end of their shift, or at the end of overtime, to wash-up and change.
- c) Upon the request of an employee and if the permission is granted **by** his foreman the time needed to clean up the machinery and the working area will not be included in the established working standards.

2.06 The Company will grant day shift workers two (2) paid rest periods of ten (10) minutes each, per day.

- a) For the day shift the first rest period will be between 9:00 and 9:10 a.m. The second rest period will be between 2:00 and 2:10 p.m.
- 2.07 The second and third shifts will be entitled to a paid rest period of thirty (30) minutes their meal.

ARTICLE 3 MUTUAL RIGHTS

- 3.01 The Company acknowledges the union as the sole labour body authorized to negotiate with it, for and in the name of Company's employee(s) governed by this agreement, all matters pertaining to wages and other working conditions provided for under the provisions of this agreement.
- 3.02 Without prejudice to the provisions of this agreement the union acknowledges that it is the Company's right to manage and control business, plants, operations, methods and personnel.
- 3.03 On the other hand the Company recognizes that the exercise of the above mentioned rights does not release it from its obligations towards the employees in compliance with their rights, as set forth in this agreement.
- 3.04 **All** foremen and management personnel shall be bound by the agreements or understanding concluded by the parties hereto.

3.05 **Discrimination**

It is understood that, the Company, the union and their members will not practice any discrimination against an employee in conformity with the Quebec and Canada Charter of Rights.

ARTICLE 4- COURSES

4.01 **Courses**

An employee who wishes to take proficiency courses in public institutions the diplomas of which are recognized by the provincial government or by the Industry in general, may through his union, ask the Human Resources Manager for financial aid from the Company. The Company shall submit a copy of any related document to the union.

4.02 If the Company agrees to grant the request and approves the proposed courses, it will reimburse the employee the full cost of such course including related expenses.

4.03 To be entitled to a reimbursement the employee will have to submit to the Company evidence that he effectively took the courses and obtained satisfactory marks in his exams.

4.04 The studies in question must be on matters related to the employee's classification or on

matters, which will allow him to better his position within the Company.

- 4.05 The union agrees to cooperate in the establishment of these proficiency courses by recommending to its members to participate and take such courses.
- 4.06 The Company will cooperate with the union so as to avail itself at all times of the services offered by the Manpower Departments of both the provincial and federal governments.
- 4.07 **Classification For New Machines**
(New classifications not in this agreement.)
- a) If after the signing of this agreement, new machines are introduced for which no classification is foreseen in this agreement, the Company, before applying these operations will meet the union immediately to negotiate the description and wage rates of the classification involved, taking into account the wage rates of this agreement.
 - b) The new machines (new classifications) will be assigned according to the posting procedure (13.07).
- 4.08 Failing agreement on clause 4.07 of this article, the Company may apply the classification and the

wage rate it proposes and the union may present a grievance. The Company will submit in writing the necessary justification (proofs).

4.09 Technical or Technological Changes to Existing Classifications

- a) In case of a technical or technological improvement to working procedures of existing classifications the Company must, in conjunction with the union, do everything possible in order to allow the affected employee to adapt himself to the said technical or technological improvements.
- b) Should a classification be abolished due to a technical or technological change, the affected employee will be assigned to a similar or comparable classification taking into account his seniority, basic qualifications, and this without any loss of salary.

4.10 The Company will give the necessary training agreed upon by the two parties to the employee directly affected as per article 4.09 a) in order that he may adapt himself to the conditions of technical or technological changes

4.11 If a new machine is introduced due to the deterioration of another machine within the same classification, the Company agrees that the affected employee will have priority to fill such a

classification without any loss of salary. Should the opposite occur, any new machine would be assigned according to the posting procedure (13.07).

4.12 Probation Period For New Employees
(Classifications 2-1 to 9-1)

As of the signing of this agreement, a period of seven-hundred twenty (720) worked hours (including overtime hours) shall apply to all employees who are newly hired in the classifications set forth in Appendix 'A' (all classifications 2 1 to 9 -1 inclusively)

- a) All employees hired in of the above classifications will receive the starting rate as set forth in Appendix 'A-1'.
- b) As soon as they become regular employees they will receive the regular rate of their classification.

ARTICLE 5- HEALTH AND SAFETY

5.01 The Company and the union shall maintain a joint health and safety committee in each of the plants.

- a) This committee shall be composed of two (2) representatives per plant for each party. One of the union representatives will act as a prevention

representative. Said representative will remit their activity report to the joint health and safety committee.

- b) A union representative and a representative of the Company will inspect and study the health and safety problems in the concerned plant and shall make recommendations to the joint safety committee.

c) **Committee Functions**

The joint committee has decisional powers and will see to the observance of the rules and regulations on safety and health stipulated in the Quebec law. Such rules and regulations form an integral part of this labour agreement. Any employee or the union could issue a grievance by virtue of such laws or by virtue of the existence of any condition or dangerous situation detrimental to the health and safety of the workers.

Such committee will also inquire on all accidents with injury or material damage and on any incident, which can or could involve injury, illness, or material damages.

d) **Prevention Representative**

Union representatives will be granted time to perform their functions in accordance with

applicable laws and article 14.04 of collective agreement.

- 5.02 a) The committee shall meet once (1) a month, or as needed, at the time established by both parties.
- b) The mutually accepted recommendations concerning dangers of accidents on machinery or equipment must be carried out immediately and diligently by the Company representatives and the employees concerned.

In these cases, such employees will have to avoid these machines, equipment and dangerous location.

- c) The committee will follow the carrying out of the accepted recommendations taking into account their priority.
- 5.03 The Company will grant a leave, with pay, for a period of three (3) days, per civil year, to one (1) union representative per plant, chosen among members of the Health and Safety committee, in order that he may receive training in accident prevention and industrial illness. If a trained representative quits, another representative will have the same rights.
- 5.04 a) both parties agree to cooperate to the fullest extent in order to promote good health, ventilation and safety conditions in the plants.

- b) The Company shall maintain buildings, machinery and equipment in good hygienic and safe conditions.
- 5.05
- a) The union acknowledges that it is the Company's right To establish or change if necessary, the rules and regulations relative to safety, policy against violence and harassment at work, order, and the general operations of the Company.
 - b) It is understood that these rules and regulations shall not come into conflict with the terms of this agreement. If changes are made to the mentioned rules and regulations, the Company agrees to inform in advance the union thereof and to discuss such changes with the union before they are implemented.
 - c) The Company will see to it that the rules and regulations be respected by all those inside the premises.
- 5.06
- a) The Company agree to improve and maintain adequately its ventilation system in its plants in compliance with industrial standards.
 - b) The Company agrees to provide and maintain in good working condition special ventilators in the welding sections of the plants.
 - c) The Company agrees to maintain in its plants a heating system in compliance with industrial standards.

- 5.07 The Company agrees to put at the disposal of all employees, and this at all times without exception, hot water, tissue paper, good quality soap, and other sanitary material in adequate supply chosen by the joint health and safety committee. It will maintain an adequate number of lavatories and will see to it that each employee has a locker; these premises will be properly ventilated, kept clean and in good working condition.
- 5.08 a) When an employee, upon his doctor's written recommendation, must change work for medical reasons, the Company and the union will meet to discuss the case and find a solution, taking into consideration the seniority and basic qualifications of the concerned employee.
- b) This solution may imply assigning to a position without going through the posting procedure, but this assignment cannot be to a higher classification,
- c) It is agreed that the concerned employee will not suffer any loss of salary following the application of the solution.
- d) It is understood that any employee assigned to a different classification for medical reasons, as provided above, will have the right to return to

his previous classification provided that he brings a written medical attestation to this effect.

5.09

The Company agrees that, if an employee sustains an occupational injury/ illness on the Company's premises:

- a) The Company will provide him, or pay for the transportation appropriate to his case, and pay him for the working time lost in order to be treated by a doctor, or at the hospital.
- b) Following his return to work, if the employee has to return to the hospital or to the doctor's, the Company will pay for the time lost provided that he justifies his absence.
- c) Nevertheless, if such absence, paragraph b), is for a period exceeding three (3) hours, the employee must request a letter from the doctor or the hospital confirming said absence.
- d) Employees will not lose any benefits, however, it is not the purpose of the provisions of this article to have the Company pay, if the said time may be reimbursed by C.S.S.T.

5.10

Employees of the bargaining unit, appointed by the Company, to handle first aid will receive a premium of seventy-five (0.75¢) cents per hour additional to their regular hourly rate,

provided that they are qualified with the financial assistance of the Company.

- a) It is understood that employees appointed to handle first aid will keep their premium for the duration of their certificate, regardless if they are transferred of shift, however they must make themselves available in case of need.

5.11 It is understood that all employee in the bargaining unit shall wear smocks, shirts, slacks or uniforms, in good condition.

- a) The Company shall pay for the total cost of up-keeping such clothing. Clean clothing will be distributed to each employee once a week.

5.12 a) All employees must wear ordinary or prescribed safety glasses, supplied free by the Company. These glasses will be chosen as per recommendations of the joint health and safety committee. The necessary eye examination required by this article will be at Company's cost.

- b) The prescribed safety glasses will be supplied one (1) pair per year by the Company medical service.
- c) These safety glasses, which must comply with the law, will be best suited for the plant employees.

d) As for the probationary employees, they will be reimbursed, as they become regular employees.

- 5.13 a) The Company will supply, free of charge, safety shoes, which are obligatory, to all employees. The safety shoes will be chosen as per recommendations of the joint health and safety committee.
- b) One (1) pair of safety shoes will be supplied once a year based on the date employees received their last pair.
- c) These safety shoes, which must comply with the law, will be the best suited for employees need.
- d) As for probationary employees, they will be reimbursed, as they become regular employees.

5.14 The Company, upon recommendations of the joint health and safety committee, will offer to all employees and at its expense an anti flu vaccination once a year in the fall.

5.15 Any government inspection, study, research inquiry on the health and safety of workers shall be made in the presence of a safety committee member, chosen by the union. Any report of such inspections, studies or inquiries will be given to both parties.

- 5.16 The Company agrees to pay and maintain in good condition, all health and safety supplies; on the other hand, employees shall not cause intentional damages to the safety equipment.
- 5.17 All the stipulations (clauses) of this article shall, if necessary, subject to the grievance procedure.

ARTICLE 6 WORKING HOURS

- 6.01 The regular workweek shall be forty (40) hours from Monday to Friday inclusively and the regular workday shall be eight (8) hours, as set forth in Appendixes 'C 1' and 'C 2'.
- 6.02 In the event of a reduction of weekly regular working hours, such reduction shall be carried out with full compensation; it means that the employee will continue to receive full pay as if he had worked forty (40) hours per week.
- 6.03 **Shift Transfer**
- a) Shift transfers, in each plant, done for production operations needs, are voluntary, by seniority, by classifications and by plant (not combined). If there are no volunteers, the Company will assign the least senior employee in the classification of the concerned plant. The transferred employees will be advised at the end of the week, and;

- b) It is agreed that employees will not suffer any loss of salary for hours not worked during the regular week due to such shift transfers as specified in Appendix 'C'.

If the notice mentioned above cannot be respected, the Company will pay time and a half for the first shift concerned.

6.04

Plant Transfer

Plant transfers are made for production operations needs. These transfers are first offered by plant seniority and by classification. If there are no volunteers the Company will assign the least senior by classification within the concerned plant. Employees transferred will be given one (1) week written notice, except in emergencies cases and the foreman will be responsible for providing him with a locker without delay;

- a) It is agreed that the employees concerned will not suffer any loss of salary for hours not worked during the regular week due to such transfer.

If the notice cannot be respected, the Company will pay them, besides their regular salary of the day, one (1) hour calculated at their regular rate, including the shift premium and the seniority premium, if applicable, for each transfer of this kind.

- 6.05 Should management neglect to notify an employee that he is not to report to work at least one (1) hour before his regular shift, and the employee reports to work, and if for reasons even beyond the Company's control, no work is available, the Company will pay the said employee four (4) hours at his regular rate provided that said employee accepts any work assigned to him.
- a) In the event of a power failure, the Company guarantees a minimum pay of two (2) hours at the regular hourly rate of the employee if he is or comes to work.
- 6.06 a) Seniority provisions will not apply when an employee is assigned to the same classification, inferior classification or a similar one within the same wage scale in the event of machine breakdown or lack of work in his classification, for a period not to exceed five (5) working days. The concerned employee will maintain the salary rate of his regular classification.
- b) When the Company transfers an employee for a period of one (1) week or more, of plant department or classification, the transfer will be in accordance with dispositions provided in article 6.03 and 6.04. In these cases. the

Company will notify, in writing, the employee and the union department delegate. If there is a change of department, the employee concerned shall report to the foreman of the department he is transferred to.

ARTICLE 7 OVERTIME

7 01 The Company acknowledges that overtime shall be carried out on a voluntary basis, except for maintenance employees in order to maintain operation and prevent any serious damage to the plants. If there are no volunteers among the maintenance employees, the one with the least seniority will be required to work overtime.

7.02 Employees called upon to work overtime outside their regular working hours will be paid as follows:

- a) For the first three (3) hours of overtime, the Company shall pay time and a half (1½) and thereafter double time for all overtime from Monday to Friday
- b) **As** of the sixteenth (16th) hour worked outside the regular hours, the employee will be paid double time. Nevertheless, any work outside regular working hours will be limited to twenty (20) hours per week There could be exceptions

in the case of maintenance employees. It is understood that any work done beyond the eight (8) first hours on Saturdays will be paid double time.

- c) However, when a Saturday immediately precedes or follows a paid statutory holiday, double time will be paid for all hours worked.
- d) Except for emergencies or unforeseen situations during the regular workweek, employees could be asked to work overtime either before or after their regular schedule depending on the case. However there cannot be a combination of the two (2) situations.
- e) When there are three shifts the overtime schedule on Saturday will begin: Friday 11:30 p.m. to Saturday 5:30 a.m., Saturday 5:30 a.m. to 11:30 a.m., Saturday 11:30 a.m. to 5:30 p.m.

7.03 **Recall**

For maintenance department and emergencies, if an employee is called back to work during the week, or on Saturdays,

- a) The Company shall pay him a minimum of three (3) hours at time and a half (1½), and thereafter, double time for any hours worked in excess. The Company will also pay for the employee's

transportation and meal after three (3) hours of overtime.

- b) If an employee is requested to work beyond his regular working hours and such overtime is not provided for in the preceding paragraphs, the Company shall pay him his hours worked as stipulated in paragraph a).

7.04 It is understood that any employee cannot work more than twelve (12) consecutive hours within a period of twenty four (24) hours.

7.05 Any work performed on Sunday shall be considered overtime and paid for at double (2) time.

7.06 An employee asked to work on a paid statutory holiday should be paid double time in addition to the payment of the said holiday.

7.07 Overtime is offered equitably to employees performing the same kind of work, by classification, department and shift.

- a) All employees accepting or refusing to work overtime will sign a form presented to them by their respective foreman at least one hour before the end their shift.
- b) The Company remits a copy of the list of employees who have worked overtime during

the preceding month to the grievance committee during the first week of the following month.

- c) If a complaint is filed about the distribution, the Company will have two (2) months to re-establish equitability.

7.08 When there are more than twelve (12) employees working overtime on Saturday, or Sunday, or during holidays., in one of the plants, the union has the right to nominate a representative among these employees that day.

7.09 Any employee working more than one (1) hour overtime, but less than three (3) hours, shall be granted:

- a) A fifteen (15) minute paid rest period from 3:25 p.m. to 3:40 p.m. for the day shift, and from 11:25 p.m. to 11:40 p.m. for the evening shift. Such employee will also receive an amount of four (\$4.00) dollars, as a lunch premium, this premium shall be added to his weekly pay cheque.
- b) Any employee who works more than three (3) hours overtime shall be granted a twenty five (25) minute paid lunch period. The Company shall supply the lunch.
- c) The four (\$4.00) dollars, lunch premium specified in paragraph 'a' applies on Saturdays and Sundays.

ARTICLE 8 LEAVE OF ABSENCE FOR UNION ACTIVITIES

- 8.01 Employees authorized by the union may leave their work in order to participate in union activities, without pay for time lost.
- a) For one (1) day of absence, they must advise, in writing, their foreman.
 - b) For absences of more than one (1) day, the Human Resources Manager must be advised in writing three (3) working days in advance.
 - c) The total of such absences for union members shall not exceed two hundred (200) working days per year; this total does not include absences that result from negotiations and the application of the collective agreement. However, in exceptional cases, these limitations shall **be** extended following an agreement between both parties.
 - d) The foreman concerned should always be advised as early as possible before a member of the committee leaves work.
 - e) The Company maintains the salary during those absences and the union will reimburse the gross amounts to the Company every three months. The Company will pay the fringe benefits.

8.02 The Company will pay the salary of one (1) union representative, for a period of five (5) days for every two (2)-contract years in order to attend to different union congress.

- a) To be entitled to this payment, the union will submit a written request to the Human Resources department.

8.03 **Leave of Absence without Pay for Personal Reasons**

An employee who wishes to take a leave of absence without pay may submit a written request along with the reasons to the Human Resources department, on the form provided, at least 30 days before the leave begins.

The Company may grant such leave of absence for valid and important reasons, provided it does not interfere with the plant operation, and this, without any loss of seniority.

- 1) An employee with at least one (1) year of seniority and less than three (3) years may obtain one week of absence without pay within the said period.
- 2) An employee with three (3) years or more of seniority may obtain one (1) week of absence without pay in each two (2) year period.

- 3) If this leave of absence is not taken in the above period, it accumulates up to a total of three (3) weeks maximum.
 - a) In case of death in the immediate family, such leave of absence shall be granted immediately
 - b) The union secretary shall receive a copy of such request as well as a copy of the Company's reply.
 - c) Unless contrary agreement, leaves of absence without pay will be limited to twelve (12) employees in one plant at the same time during the annual vacation period.
 - d) The Company may extend such leave for valid and important reasons and the union will **be** notified in writing of such extension.
 - e) All requests made in accordance with the above article must receive a reply from the Company within fifteen (15) days following the request.
 - f) The company will maintain the payment of group insurance premium, for employees on leave of absence, provided that these employees pay their part, before leaving for such leave of absence

8.04 **Marriage leave**

An employee will be allowed one (1) day leave of absence with pay for the day of his marriage.

He will also be entitled to a leave of absence, without pay, for a period of two (2) weeks for this occasion provided that he advises the Company two (2) weeks in advance.

For the purpose of this article, employees scheduled to work Friday, on third (3rd) shift will be allowed to take such day, with pay.

8.05 **Jury Duty Leave**

An employee convened by the court or an administrative tribunal in order to eventually serve for jury duty or as a witness, or assigned for jury duty or as a witness in cases which he has no part of, will receive the difference between the salary he would normally have received and the compensation he will receive as juror or witness.

To be entitled to this salary, the employee shall inform the Company as soon as he receives the convocation and submit to the company pertinent proof susceptible to establish the amount the Company owes him.

8.06 Any demand for leave of absence is automatically granted in the event of convictions for infractions to the highway codes. However, in this case, all monetary benefits provided or not provided by this agreement, are automatically suspended.

ARTICLE 9 PAID LEAVES

9.01 Funeral Leave

All regular employees will receive their full pay, equivalent to one normal working day in the following circumstances:

- a) In the event of the death of the spouse, a child or parents, up to five (5) days, including the day of the death or the day following the death, provided that they are working days.
- b) In the event of the death of parents-in-law, brothers or sisters, up to three (3) days including the day of the death or the day following the death, provided that they are working days.
- c) One (1) paid day, for the funeral, will be granted, provided that it is a working day, for the following (death);
 - Grand-parents of the employee or spouse
 - Brother-in-law and sister-in-law of the employee or spouse
 - Uncles and aunts of the employee
 - Grand-children of the employee
- d) In order to be eligible for these benefits employees must justify their absences.
- e) Two (2) additional days, with pay, are granted,

to attend the funeral of the spouse, a child or parents, that occurs more than six hundred (600) Km. from the employee residence.

9.02 **Floating Days**

Regular employees, who have completed one (1) year of continuous service on January 1st of each year, are granted a credit of five (5) floating days.

However:

- a) employees completing one (1) year seniority on March 1st are entitled to four (4) floating days for the period of March 1st to December 31st of the same year;
- b) employees completing one (1) year seniority on May 1st are entitled to three (3) floating days for the period of May 1st to December 31st of the same year.
- c) employees completing one (1) year seniority on August 1st are entitled to two (2) floating days for the period of August 1st to December 31st of the same year
- d) employees completing one (1) year seniority on October 1st are entitled to one (1) floating days for the period of October 1st to December 31st of the same year.

- e) employees absent for industrial sickness or accidents, upon their return to work, do not lose any benefits.
- f) employees will receive the payment of floating days, not taken, in the second week of January.
- g) upon retirement, resignation or death, employees or their beneficiaries will be paid the balance of floating days not taken.
- h) casual days are paid at the rate in force at payment date.
- i) casual days may be taken as whole days or half days

9.03

Maternity/Paternity/Adoption leave

An employee will be granted a leave for a total of five (5) days, two (2) with pay and three (3) without pay, in the event of a birth or adoption of a child.

- a) The Company will grant a paternity or adoption leave, without pay, as per the established laws, to employees that apply. Employees, upon their return, will resume the function, which they had prior to their leave.
- b) **All** benefits, recognised by law, will be extended to the employee during his leave.

ARTICLE 10 STATUTORY HOLIDAYS

10.01 The Company grants all regular employees a total of thirteen (13) paid statutory holidays.

a) The six (6) paid holidays are:

Patriots Day

St. John the Baptist Day

Canada Day

Labour Day

Thanksgiving Day

Good Friday

and seven (7) other paid holidays will be taken as follows:

	Closed From	To
1st year 2009/2010	December 24, 2009	January 1, 2010 (Inclusively)
2nd year 2010/2011	December 24, 2010	January 3, 2011 (Inclusively)
3rd year 2011/2012	December 24, 2011	January 3, 2012 (Inclusively)

b) The Company agrees that if Canada Day and St. John the Baptist day falls on a Saturday, these statutory holidays will be observed and paid the preceding Friday. If these statutory holidays fall on Sunday, they will be observed and paid the next Monday.

10.02 a) Employee will have the right to be paid for such holidays, provided that he has worked his last normal shift the day immediately preceding or following the said holiday (during the regular working week), unless the employee is absent because of illness or for a reason beyond his control; in cases where an employee has not worked his last normal shift the day preceding and the day following holiday, he will have to present a medical certificate or other proof to justify his absence; failing this, he will not have the right to be paid for such a holiday.

b) An employee who has lost his rights to be paid for a statutory holiday by arriving more than four (4) hours late at work because of reasons beyond his control may claim the payment for such a statutory holiday from the Company. The union and the Company shall settle the claim.

10.03 The Company grants the payment for a statutory holiday to an employee who is absent from work on one of the shifts for the following reasons:

- a) Death of a member of the employee's family such as stipulated in clause 9.01 of Article 9.
- b) Written authorized leave of absence from the Company or leave of absence for union activities; jury duty as juror or witness, however, in the last case concerned employees must take the holidays before returning to work.

10.04 In cases of sickness, accident, industrial or not, employees will be entitled to these paid holidays during the six (6) months following the illness or accident; in cases of lay off, the concerned employees will be entitled to these paid holidays during the thirty (30) working days preceding the lay off or if they are recalled to work, within the thirty (30) working days following.

Employees must take these holidays at a time agreed between the parties.

10.05 When a paid statutory holiday coincides with a day of an employee's annual vacation, this holiday will be added to his vacation and the employee will be entitled to one (1) additional paid day.

10.06 **Postponed Statutory Holidays**

When one of the paid statutory holidays mentioned in clause 10.01, is deferred to

another date, either **by** provincial or federal proclamation, the expression "paid statutory holiday" shall apply to the new date mentioned in the proclamation.

ARTICLE 11 ANNUAL VACATION

11.01 Employees are entitled to annual vacations based on the years of seniority they will have on May 31st of each year, calculated on their gross annual earnings, in the following manner:

Years of Service	Number of Weeks	Percentage
Less than one (1) year	1 day per month (Max. 10 days)	4%
1 but less than 5 years	2	4%
5 but less than 10 years	3	7%
10 but less than 13 years	4	8%
13 but less than 20 years	4	9%
20 but less than 25 years	4	10%
25 years plus +	5	13%

- 11.02 Vacations are paid the Thursday preceding the scheduled vacation. (Any error will be corrected before the employee leaves for vacation.)
- It is agreed that the employee will only be given a vacation pay in proportion to the time taken for vacation.
- As of the 3rd week of June, the Company will advise all employees of their total cumulative salary earned between June 1st and May 31st.
- 11.03 In case of final termination of employment, employees shall be paid in proportion to the period of time worked, since the anniversary date of their hiring and according to the pay method used to calculate their full vacation.
- 11.04 Regular employees absent due to illness or accident are considered as having worked for the vacation pay calculation for the first nine (9) months of absence.
- 11.05 The annual vacation period, for the following three (3) years will be:
- | | |
|------|------------------------------|
| 2009 | week of July 20 and 27 |
| 2010 | week of July 19 and 26 |
| 2011 | week of July 25 and August 1 |

- a) Vacation shutdown (closing) may be for at least two (2) consecutive weeks (maximum three (3) weeks) for the majority of employees.
- b) In case of necessity, the vacation period as mentioned in the heading of this clause may be changed in agreement with the union.
- c) In order to comply with the operation needs the Company could fulfill it's needs by requesting employees to work during this period taking into account voluntary demands, by seniority, if there are no volunteers the employees with the least seniority within the classifications will be required to work.
- d) The plant shutdown, for the vacation period shall not be considered a reduction of the regular workweek or a lay-off as defined herein.

11.06 The dates of the said vacation period will be posted the latest by March 1st. The Company will ask all employees the dates on which they want to take their vacation, and the vacation planning will be finalized before April 1st. The dates chosen by employees will not be changed unless valid reasons accepted by the Company.

The Company will remit a copy of the list to the union on April 1st.

- 11.07 Employees working during the vacation period will have to take their vacations before or after the aforementioned period.
- A copy of the list of employees working during the above mentioned vacation period would be given to the Union.
- 11.08 Vacations are not cumulative and must be taken during the period of June 1st to May 31st of each year. The Company will give to the union within the thirty (30) days following the regular vacation period, a list of all employees with their names and vacation taken or left to be taken.
- 11.09 An employee who is unable to take his vacation on the scheduled dates due to illness or accident incurred before the beginning of his vacation or during his vacation must take his vacation before returning to work unless a contrary agreement between the parties.
- 11.10 An employee on vacation who is unable to resume work, at the established date, due to illness or accident, must, within the shortest delays submit to the company the pertinent medical documents in order to justify his absence.

ARTICLE 12 – WAGES

- 12.01 The hourly rates for employees covered by this agreement, as well as their classification and their wage scale are those shown in Appendixes A, and A 1, which form an integral part of this agreement.
- 12.02 a) Present hourly wage rates which are higher than the rates foreseen in this agreement shall not be reduced when this agreement comes into force. However, as of the signing of this agreement, unless contrary agreement with the union, the Company agrees to discontinue the practice of giving preferential bonus or preferential wage rates.
- b) **Bonus**
- Piecework or individual bonus shall be on a voluntary basis.
- 12.03 The group leader belongs to this bargaining unit and his duties are as follows:
- a) To transmit detailed and general instructions given **by** his immediate supervisor to the group of employees of the classification concerned, to train, help, and counsel employees in this department.
- b) The group leader is appointed by the Company among employees of his department in consultation with the union.

- c) A group leader receives a premium of seventy-five (\$0.75) more than the highest paid employee within his group, at time of his appointment.
 - d) A group leader has no disciplinary authority.
 - e) The names of the group leaders will be posted on the bulletin.
 - f) Once appointed, the group leader does not lose his premium, unless he is promoted, transferred, department closure, or when he does not perform these duties following a two (2) weeks written notice.
- 12.04 Any employee called upon to perform work in a classification higher than his own for one (1) consecutive hour or more will be entitled to the maximum rate of this higher classification for the time it takes to perform the work, provided that the Company does not make a practice of it.
- 12.05 Under normal operating conditions, any employee who is called upon to perform work in a classification lower than his own will continue to receive the rate of his regular classification, provided that the Company does not make a practice of it.

- 12.06 Salary is paid by direct deposit on Thursdays, except for emergencies. The foreman or another representative of the Company will give the direct deposit slip to the employees on Thursday before noon. For evening shift employees on Wednesdays during the first four (4) hours of their shift. Night shift employees on Thursday mornings at the beginning of their shift.
- 12.07 The following information's shall be written on the employee's direct deposit slip:
- a) employee's surname and given name
 - b) date and pay period
 - c) wage rate
 - d) regular hours
 - e) overtime hours
 - f) premiums paid
 - g) bonus paid
 - h) gross salary
 - i) deductions made
 - j) net amount paid
 - k) employee's classification
 - l) collective RRSP

- 12.08 If an error has been made in the pay of an employee, he will be allowed to have this mistake corrected through his foreman during his regular working hours and the correction will appear on his next pay in a guaranteed way. If the amount is greater than \$100 it will be processed separately.

ARTICLE 13 SENIORITY

- 13.01 For the purpose of this agreement, the term seniority refers to the duration of employment of an employee when he completes his probation period, provided at 13.02, and gives him the rights foreseen in this agreement.

13.02 Seniority Acquisition

- a) A new employee is on probation until he has completed seven-hundred twenty worked hours (720) (including overtime hours). At the end of this probation period, he becomes a regular employee and will have the right to his seniority as of the first day of his hiring which will be calculated retroactively to the start of his probation.
- b) However, the probation period could be extended following an agreement between the parties. If there is no agreement, paragraph 'A' will apply.

- 13.03 When there is a lay off, employee seniority accumulates and is maintained as follows:
- 1) less than seven-hundred twenty worked hours (720)(including overtime hours) no seniority.
 - 2) seven-hundred twenty worked hours (720) (including overtime hours) but less than two (2) years, up-to actual time worked.
 - 3) two (2)years to twenty (20)years, thirty six (36) months.
 - 4) twenty (20) years and more, forty eight (48) months.

An employee absent because of illness or accident will continue to accumulate seniority. However, such employee will be subject to the normal lay off procedure.

13.04 **Seniority Loss**

Employees will lose their seniority in the following cases:

- a) When an employee voluntarily resigns by sending a letter to the Human Resources Department.
- b) Motivated discharge, subject to the grievance procedure
- c) After a lay off, if an employee does not report to the Company within the five (5)working

days following a recall, unless the employee is physically unable to report within the prescribed period of time.

- d) Absence without authorization for three (3) working days, and does report on the fourth (4th) day of absence, except if he is physically unable to communicate with the Human Resources Department of the Company.
- e) After an absence of more than forty-eight months for reasons of professional illness, or, notwithstanding the preceding articles, if an employee is declared invalid (SAAQ, group insurance) or consolidated (CSST) the delay ends at time of the final decision.
- f) In the event of (c) or (d) the employee must be advised immediately by registered mail at his last known address. The union secretary receives a copy of the letter.
- g) A grievance could be issued in accordance with the grievance procedure.
- h) Any employee who is discharged or leaves the Company will receive along with his pay cheque, a letter attesting his duties as well as the duration of his employment.

13.05 **Lay-Off**

In cases of lay off, following reduction of work or in cases provided by letter of agreement No. 3, combined plants seniority will apply. Employee with the least combined plants seniority's will be the first to be laid off.

- a) Ten (10) working days before employees receive their lay off notice, the Company will meet the union to discuss the terms of the lay off.
- b) The concerned employees will receive a written notice at least five (5) working days before said lay off. The Company remits a list to the union, of the names of the concerned employees. Failing such notice the Company will pay the equivalent in salary.
- c) Employees laid off receive, along with their pay cheque, a letter attesting to his duties within the Company as well as the duration of their employment.
- d) Employees displaced because of a lay off will continue to receive the wage rate of the classification they had before they were displaced.

13.06 **Recall-Regular Employees**

In the cases of recall following a lay off;

- a) The Company shall call back the employee's laid off in the reverse order, applying the combined plant seniority in the classification the employee had prior to his lay-off or in a lower classification. Employees will have one (1) choice amongst the available positions, provided he can fulfil the normal requirements of the classification. A copy of the available positions will be remitted to the union.
- b) Recalls will be done by registered letter to the last known address, with a copy to the union.
- c) It is understood that an employee laid off and then re-called to a classification lower than the one he had when he was laid off, will retain the rights acquired in his regular classification, which means that if there is a vacancy in such classification, he will have priority to return to it.

d) **Right to Refusal**

Employees called back to a classification lower than the one he had before he was laid off may refuse such Classification. In such case, he loses his right to recall in lower classifications unless he notifies the Company by letter that he wishes to accept such lower classification.

- e) This does not affect the employee's seniority, nor his right to return to the classification he had before he was laid off.

- f) In this article, the parties agree that the objective of the recall procedure is, under no circumstances, to re-call a concerned employee to a classification higher than the one he had.
- g) Laid off employees that accept the re-call of a position in a lower classification, will be paid the hourly rate of the lower classification and will be entitled to a familiarization period of ten (10) working days in order to comply with the established production standards.

13.07 **Vacant Position**

- 1) Vacant position; Is considered as such, namely, any unoccupied position following a departure for retirement, a voluntary departure, a dismissal, creation of a new position, or any position in a new classification.
- 2) In cases of vacant or new positions the following procedure will apply:
 - a) Before hiring new employees, and if working conditions justify it, the company must post any vacant position within 30 calendar days following the vacancy or creation, for six (6) working days. The posting will include a detailed description of the vacant or new position. A copy of the notice will be given to the union representative. It is agreed that there will be no postings during the vacation period.

The company agrees to remit the status of vacant positions to the union upon their demand. The union may ask to reduce the 30 calendar days delays herein mentioned.

- b) Employees wishing to apply for a vacant position must submit an application to the Company during the above-mentioned posting period. A copy will be given to the union representative
- c) For the applicant that meets the normal requirements, practical and/or theoretical tests could be required. These tests, established by the Company, in collaboration with the union, comply with the requirements of the position and are available in French and English, as requested by the employee. These tests must take place in the two (2) weeks following the end of the posting process at the latest. A union representative must be present during the tests.

All candidates that fail two tests within the same classification, their future applications will not **be** retained unless they provide proofs/ justifications that courses related to the concerned position have been taken, and positive results obtained.

However, notwithstanding the preceding text, the notion of the two failed tests will not apply in classifications where courses in recognized schools are not available.

- d) The results of the tests must be given within five (5) working days following the taking of the test. The union will have access to the tests taken by the candidates in order to verify the results.
- e) The candidate with the most seniority that meets the normal requirements of the posted position, and passes the required tests, will then have the right to a familiarization period of ten (10) working days. During this period the candidate may decide to return to his original position. At the end of the familiarization period the employee that obtains the vacant position will receive the regular hourly rate of the new classification, retroactively to the first day of familiarization. If the position is not granted, at the end of the familiarization period the burden of proof will be the responsibility of the company.
- f) If the Company decides to assign someone temporarily to the vacant or new position, it will be the most senior qualified applicant.
- g) If no applicant is chosen for the posted vacancy, the Company may assign a person of its choice to the vacant position within three (3) months of the posting date, otherwise the Company will have to post the job vacancy once again before assigning it.

- h) If the working conditions have changed the posting is cancelled. A notice to this effect is posted and written reasons will be given to the union.
- 3) Temporary vacant position; Is considered as such, namely, any unoccupied position following an absence due to sickness, accident or parental leave.
- 4) These temporary vacant positions are assigned as per the procedure set forth on letter of agreement No.3.

13.08 **Promotion Definition during Job Vacancies**

A promotion constitutes:

- 1) Nomination within the groups of classifications listed in Appendix, 'A' which involves a higher salary.
- 2) Nomination from the evening shift to the day shift within the same classification.
- 3) Nomination from the night shift to the evening or day shift within the same classification.
- 4) Nomination from one classification to another within the same group which could be made after agreement between both parties, provided that this transfer is made to allow the concerned

employee to attain a classification in a higher group in the future.

- 13.09 In cases of replacements due to illness, accidents, or vacations, employees will return to the classification they had prior to their absence.
- 13.10 Employees assigned to a position excluded from the bargaining unit, may, within a period of three (3) months following their nomination, reinstate their classification without loss of seniority, provided they pay their retroactive union dues.
- a) After the said periods, provided in a), they may return to the bargaining unit provided that they do not displace anyone, however, no seniority will be recognized.
 - b) It is agreed that the delays provided above could be extended following an agreement between the union and the company.
- 13.11 The Company will provide the union
- a) Within thirty (30) days following the signing of this agreement, a list of all employees covered by this agreement including their seniority and addresses.
 - b) a revised list will be supplied every four (4) months.

- c) if needed, a list of all union personnel movements will be given to the union. A union official upon reception must sign these documents.
- 13.12 Grievances issued for layoffs and recalls will be settled in accordance with the grievance procedure provided in article 15 of this agreement.
- 13.13 Under normal conditions, as of their nomination and for the term of their office, officers of the union Executive Committee will not be transferred between plants.

ARTICLE 14 UNION REPRESENTATION

- 14.01 a) The Company agrees to recognize, as official representative of the union, a twelve (12) members executive committee including the president.
- b) The members of the executive committee will be paid at their regular rate for all the time devoted in meetings with representatives of the Company.
 - c) The president of the union shall be of office on all committees foreseen in this labour agreement in addition to the number of representatives provided.
- 14.02 The Company furthermore agrees to recognize a grievance committee, composed of three (3)

members among those of the executive committee whose duty is to carry out inquiries in view to submit and discuss with the Company complaints or grievances in order to settle them by friendly agreement.

If required and upon a decision of the union, another member of the executive committee could replace one of the regular members of the grievance committee.

The members of the grievance committee will be paid at their regular rate for all the time devoted to activities defined in the heading of this article.

- 14.03 The Company acknowledges that the union has the right to name seven (7) shop stewards. The union will forward a list of their names to the Company as soon as possible following the signing of this agreement. The number of shop stewards should be proportional to the number of employees of the plant.
- a) Department shop stewards will carry out their duties exclusively within the territory of their jurisdiction. If a shop steward is absent from the plant, another shop steward may act on his behalf
 - b) Following the signing of this agreement, the union may name one additional shop steward for every twenty five (25) new hired employees.

- 14.04 a) All committees members and shop stewards, excluding the members of the grievance committee, advise their foreman before leaving and upon their return and will punch their time cards each time they leave and come back from union activities and movements between plants and will indicate, on their production card, the card, the reasons for absence without, however, making an activity report.
- b) For shop stewards, the foreman must grant the permission, except if, because of utmost urgency, they are kept working; in such cases, the president of the union or his substitute will be informed and will attend the meeting on their behalf.
- c) If these meetings continue or if they are scheduled after regular working hours, the Company will pay the concerned employees time and half (1 ½) for all hours spent at these meetings.
- d) Members of the grievance committee advise their foreman before leaving and upon their return from union activities and will indicate on their time cards the total hours of the day and the reasons devoted to these union activities. Members of said committee will only punch their

time cards when they leave and come back from activities in another plant.

- 14.05 It is agreed that union officers and shop stewards must be regular employees actively employed by the Company.
- 14.06 Within fifteen (15) days of the signing of this agreement, the union will advise the Company, in writing, of the names of representatives on all committees and shop stewards; the union will also advise the Company of any changes in committee members or shop stewards in the future, in writing.
- 14.07 The Company and the executive committee of the union will meet at the request of either one of the parties following a written notice given one (1) week prior to such meeting. The notice must include the agenda. These meetings shall take place at least four (4) times a year and every time it is necessary at the request of either one of the parties, after a one hour notice in the event of emergency meetings.
- 14.08 If the union requires the services of an outside representative, the Company agrees to accept him as the official representative of the union and a member of the executive committee and this without loss of salary may accompany him.

- 14.09 The Company acknowledges a negotiation committee made up of five (5) members. These members will be released with pay for all negotiations and conciliation meetings. Furthermore, the company agrees to pay, for a period of three (3) days, the negotiation committee for the preparation of the project for the renewal of the labour agreement
- 14.10 The Company grants a leave of absence for a period of twelve (12) months, to any employee designated to fulfill a full time technical advisor position. The demand must be presented, in writing, to the Company at least fifteen (15) days prior to the start of such absence.

Upon his return to the bargaining unit, within the twelve (12) months of his nomination, the employee will return to the position he held prior to his leave of absence. After the period of twelve (12) months the employee will lose all his rights within the bargaining unit.

The Company grants a leave of absence to any employee in order to take an elected position within CNTU or its affiliated organisms. The leave of absence will continue as long as the employee maintains his elected position.

The demand must be presented, in writing, to the

Company at least fifteen (15) days prior to the start of such absence.

Upon his return to work, the employee will return to the position he held prior to his leave of absence.

It is understood that salary along with all benefits provided by the Collective Labour Agreement are suspended. In both cases, it is understood that seniority will continue to accumulate during the absences. However, these employees will be subject to the normal lay-off procedure.

ARTICLE 15 GRIEVANCES SETTLEMENT

15.01 The following procedure will apply in cases of individual, collective or union grievances.

15.02 A technical error in the written presentation of a grievance will not automatically entail the nullification of the grievance.

If an agreement is reached at one stage or other of the grievance procedure, such agreement shall be stated in writing and signed by both parties.

First Stage

An employee, accompanied by his union representative, discusses the misunderstanding with the foreman, if not settled, the following procedure shall apply:

a) **Second Stage**

The employee, accompanied by his union representative, will submit after inquiry, the grievance in writing to the production manager and this, within ten (10) working days from the date on which the grievance originated or became known. If the production manager does not settle the grievance within two (2) working days, the union shall bring the grievance to the following stage.

b) **Third Stage**

If the grievance is not settled at second stage, the grievance committee then presents it to management within the three (3) following working days. A joint inquiry, if considered necessary by either one of the parties, will take place. Management will make its decision known within three (3) working days following the presentation of such grievance or meeting (joint inquiry), if it takes place as stipulated in this clause. If management does not settle the grievance, the union will proceed bring the grievance to the following stage.

The meetings at third (3rd) stage will be held in each plant at an appropriate place, suitable to both parties.

c) Failing agreement at the preceding stage, the union reserves the right to notify the Company within the next sixty (60) days of its intention to submit such grievance to arbitration.

15.03 If a grievance involving a monetary issue is well founded, the Company will reimburse the concerned employee any wages due from the date on which the grievance originated plus interest as provided by the Labour Code.

15.04 Any employee who makes a grievance will be allowed to attend meetings at any stage of the grievance procedure upon his request, the request of the union or the Company.

15.05 Answers to grievances shall be given either in French or in English, whichever language the employee uses or understands.

ARTICLE 16 DISCHARGE SUSPENSION DISCIPLINARY MEASURES

16.01 Any discharge, suspension, or other disciplinary measure may be subject to a grievance starting at the second (2nd) stage of the grievance procedure within the next ten (10) working days.

16.02 Employees dismissed, suspended, or subject to other disciplinary measures must receive a notice relative to the cause within the five (5) working

days following the decision, and the union shall receive a copy of this notice immediately.

- a) The first and second written warnings and those following must be given to the concerned employee by his foreman in the presence of the concerned delegate.
- b) The last written warning shall be given by management in the presence of the grievance committee.

16.03 No disciplinary report made by the Company concerning an employee shall be filed in his record nor shall be invoked against him in the exercise of his rights, unless he has been expressly warned thereof by his immediate supervisor. The union shall be advised by receiving a copy of the written document.

- 16.04 a) Any employee who has spent ten (10) consecutive months without a disciplinary measure filed in his record shall see any previous disciplinary report rendered null and void, and no such disciplinary report may be invoked against him in the future.
- b) However, the employee, through his union, upon a written request, will receive a nullification of the disciplinary measures filed in his record provided that he has shown an improvement within a period of six (6) consecutive months.

ARTICLE 17 ARBITRATION

- 17.01 Arbitration shall be in accordance with the Quebec Labour Code:
- a) The report of the arbitrator constitutes award.
 - b) In all cases, the award binds the parties.
 - c) The arbitration award shall be sent to each party, in writing, within thirty (30) calendar days following the last arbitration hearing.
- 17.02 Under no circumstances shall the arbitrator be empowered to add, remove, or amend provisions of this agreement.
- 17.03 When grievances having been declared well founded, result in a re adjustment in wages or classification, the resulting retroactivity shall always be calculated from the date on which the grievance originated.
- 17.04 If an employee is no longer in the employment of the Company when his grievance is settled, and provided that the said grievance is an alleged violation of clause 12.01 wage rates:
- a) Any retroactivity shall be calculated from the date on which the grievance was submitted until the date he left the service of the Company.
 - b) Or until the date his wages or classification was re adjusted.

- c) Or until the date his hourly wage rate or his classification became equal or superior to that which was claimed by virtue of his grievance.

17.05 In the event of disciplinary measures, when the grievance is submitted to an arbitrator, he may:

- 1) Nullify the decision of the Company
- 2) Maintain the decision of the Company
- 3) Render any other fair decision within the circumstances

In the cases of administrative discharges, the arbitrator has the powers mentioned above in 1 and 2 and also to render any other decision.

The dispositions of article 15.03 will apply.

17.06 a) The arbitrator will be chosen as a result of an agreement between both parties; failing agreement, he will be appointed in accordance with the Quebec Labour Code.

b) The first arbitration hearing shall be held at the latest thirty (30) calendar days after the appointment of the arbitrator, and arbitration proceedings shall be completed within sixty (60) calendar days.

17.07 a) During arbitration hearings, the Company will release with pay the necessary witnesses

for the hearing of the case and this, for the time required. Arbitrations will be held on the Company premises.

- b) Employees working on 2nd, and 3rd, shift called to serve, as witness during arbitrations will be remunerated as follows:
- regular rate for time spent in arbitration,
 - time and a half, for time spent in arbitration, if the employee works his full regular shift,
 - regular rate if he does not complete his regular shift.

ARTICLE 18 UNION SECURITY

- 18.01 Any employee who at the signing of the present labour agreement is a member of the union, shall, as a condition of employment, remain a member for the duration of this agreement, unless he is expelled from the union. In such case, he may retain his employment, but he must pay the union dues.
- 18.02 Any new employee must, within ninety (90) worked days of their hiring as a condition of employment, become members of the union and remain members for the duration of the agreement. He will sign to this effect a membership card given by his delegate.

- 18.03 All employees covered by this agreement who are not presently members of the union, and all employees who, in the future, are expelled by the union, shall nevertheless, as a condition of employment, be required to pay the union, the same union dues as any other member of the union.
- 18.04 The Company deducts from employees' wages the amount of the union dues as specified by the authorized association.
- 18.05 Each month, the Company will remit to the union treasurer the member's contributions amount. The remittance will be made within fifteen (15) days of the following month by cheque along with the following information's:
- employee name
 - gross regular salary [excluding overtime and premiums)
 - annual vacation
 - union dues deducted
 - total salaries (excluding overtime and premiums)
- Any changes to union dues amounts must be forwarded to the Company thirty (30) before such change takes place.

ARTICLE 19 BENEFITS/ GROUP INSURANCE

19 01 a) The Company and the union are Co-owners of the group insurance plan. The Company will do internal administration of the plan. Internal administration consists of:

1. Deduction of premiums on employee's salary
2. Remittance of monthly premiums to Insurance
3. Handling of employees claims

Premiums will be shared in the following manner:

65% for the company and 35% for employees for all aspects of the group insurance plan. The employee's premiums portion (35%) will mainly serve to pay for short-term disability coverage in view to maintain a non-taxable benefit.

If the 35% employee's portion deems to be insufficient to cover for the short term benefit the union will have to choose either for a taxable benefit or an increase of their premium participation.

The union may also revise application of employee's portion, at any renewal date.

- b) It is understood that employees absent for sickness or accidents will not have to reimburse the insurance premiums, paid by the Company during their absence.

- c) If, due to a good experience the Insurance Company declares a surplus in the premiums paid, this surplus will be used by the two (2) parties to reduce the premiums of the following years.
- 19.02 The joint group insurance committee is composed of a maximum of three (3) representatives from the company and one (1) union representative per plant. Should a member be absent, a substitute may be appointed.
- 19.03 The Company deducts the employees' contributions, at source, as per the established formula. The insurance Company shall be chosen by the union and the Company.
- 19.04 Upon reception of renewal modalities, retention calculations and experience reports, by the joint committee, a meeting will be held in order the take any necessary decision.
- 19.05 The Company and the union agree to take an insurance broker, which shall meet the members of the committee to give them any information they consider necessary.
- 19.06 The group insurance program applies to all regular employees, in conformity with article 13.
- 19.07 An employee, who has made a claim for weekly indemnity to the group insurance or CSST, does not receive the benefits within two (2) weeks

following the properly submitted claim, the Company, upon a written request, will advance an amount equivalent to four (4) weeks maximum of salary, In these cases the employee agrees, in writing, to reimburse the amount received.

19.08 Monthly and as needed the company will remit to the union the list, issued by the Human Resources, of employees absent due to employment injuries or not.

19.09 **Collective RRSP**

The Company financial contribution is calculated on the base salary, excluding all premiums, multiplied by two thousand eighty (2080) hours.

Eligibility: 2 years seniority = 2 %

4 years seniority = 4.5 %

The Company will continue to contribute to the Group RRSP for all employees absent from work for cause of sickness, accident, and parental leave, for a period of two (2) years maximum.

It is mandatory to contribute to the collective RRSP and the company contribution is conditional to the participation of the employee into the Group RRSP.

The rules and regulations applying to the Group RRSP will be those signed by the two parties and are part of this letter of agreement.

19.10 Retirement

At retirement, the Company will pay employees, which have attained their 60th birthday, and hired before 1988 the amounts of salary equivalent to the number of weeks as follows:

Seniority Date	Number of weeks
1962-02-08	30
1964-09-09	28
1964-12-09	28
1965-02-23	27
1965-04-23	27
1966-03-22	26
1966-05-09	26
1966-07-04	26
1966-07-06	26
1966-10-31	26
1967-07-24	26
1968-12-18	25
1969-01-30	24
1969-10-06	24
1970-07-27	22
1970-08-17	22
1970-10-21	22
1973-02-13	18
1973-09-27	18

1973-10-15	18
1973-10-22	18
1973-11-05	18
1973-11-19	18
1974-01-16	17
1974-09-23	17
1974-12-09	17
1975-02-06	17
1975-02-17	17
1975-10-09	17
1976-04-05	17
1976-06-14	17
1977-04-06	17
1979-10-22	12
1980-04-14	12
1980-04-16	12
1986-04-21	5
1987-07-13	5
1987-08-03	5
1987-08-17	5
1987-08-31	5
1987-09-28	5
1987-11-02	5
1988-01-01 and after	0

ARTICLE 20 PREMIUMS

20.01 Seniority Premium

The Company pays, to all employees that completed their probation period before May 1st 1988 the following seniority premium;

- a) Employees with ten (10) to twenty (20) years seniority: fifteen (\$0.15) cents per hour.
- b) Employees with twenty (20) years of seniority or more twenty (\$0.20) cents per hour

20.02 Shift Premium

All employees working on the regular evening and night shifts, as defined in Appendix 'C1' and 'C2', shall receive the following shift premium:

Evening shift: eighty- five (\$0.85) cents per hour, and

Night shift: one dollar ten (\$1.10) per hour.

20.03 Machine Premium

- a) For the present machines, the working standards on more than one machine will be established in compliance with articles 22.06 to 22.09 and according to the allowances mentioned in article 22.11 and taking into account the nature, actual cycle and safety of the operation.

- b) An employee working on two (2) or three (3) machines, at the maximum, will receive:

Premium for two (2) machines: one dollar \$ 1.00 per hour

Premium for three (3) machines: one dollar twenty-five \$1.25 per hour

A minimum premium payment of four (4) hour will be granted to any employee working on additional(s) machine (s).

If such employees resume work on the additional(s) machine(s) in the afternoon, the premium will be paid for the full shift.

- c) The Company agrees to limit work to three (3) machines, at the maximum, on all new machines installed in the future.
- d) It is agreed that deburring operations, which are included in the working standards, shall not be considered as additional machines.

20.04 When the Company asks an employee to travel from one plant to another, or when union officers are required to travel from one plant to another for the purpose of this agreement, the Company assumes the cost as per the method presently in force.

- 20.05 Any employee who is called upon to work outside of the Company's premises shall be transported back and forth at the Company's expense and on the Company's time. If such employee has to be lodged and fed away from home, it shall be at Company's expense. Furthermore, these employees shall receive fifty (\$0.50) cents per hour more than their regular rate.
- 20.06 A premium of fifty (\$0.50) cents per hour and a lunch will be granted to truck drivers (drivers licence Class 1 or 3) for any trip outside of the province of Quebec.
- 20.07 Any work outside of the plant will be on voluntary basis. Furthermore, the Company will advise the union, in writing, of the names of the concerned employees.

ARTICLE 21 MISCELLANEOUS

- 21.01 a) The names of production supervisors and foremen will be posted on a bulletin board in each department well in view, in order that no doubt exists as to which persons are responsible for each department.

An employee shall not receive work orders from more than one immediate supervisor.

- b) After the signing of this agreement and twice (2) a year thereafter, on May 1st and on November 1st, the Company shall forward the union a list of the names and numbers of employees who reports to each foreman, a copy of which shall go to the secretary. A copy of the departmental list will be posted in each department twice (2) a year.
- c) The union has the right to make photocopies of any official document after advising production manager or plant manager.

21.02 The Company shall install and maintain vending machines for soft drinks, chocolate bars, cakes, sandwiches, coffee, milk, juice, etc. The Company will post in the cafeteria the name of a person who will be responsible for reimbursement claims when the machines are out of order.

21.03 a) At hiring, each new employee should, before starting work, know:

- his classification;
- hourly rate;
- department;
- clock number;
- plant number ;
- shift;
- status;
- have a locker assigned.

- b) A copy of his hiring form will be remitted to the union within the next five (5) days.
 - c) The Company will remit a copy of the collective labour agreement, to the employee as soon as he becomes regular.
 - d) He shall be introduced at the same time to the shop steward of the concerned department.
- 21.04 For any meeting between the parties, executive committee, grievance committee, health and safety committee, the Company shall supply within five (5) working days following such meetings a report of the minutes, the subjects, and the agreements, in French and in English, to be distributed to the members of the committee.
- 21.05 It is strictly forbidden to any employee to collect money in the plants.
- 21.06 **All** postings and notices from the Company shall be both in French and in English.
- 21.07 Students may be hired by the Company, during vacation period, and this, on a temporary basis for a period not exceeding twelve (12) weeks of work, subject to the following conditions:
- a) That a student displaces no regular employee.
 - b) That no student be hired in order to perform production work.

- c) That after twelve (12) weeks of work, student must leave the employment of the Company.
- d) A copy of the hiring form will be remitted to the union as of their hiring.

21.08 The Company agrees to provide the union with adequate offices, including internet and maintenance, one (1) in each plant.

21.09 It is agreed that the normal age of retirement from the Company shall be 65 years.

ARTICLE 22 JOB DESCRIPTIONS AND WORK LOADS

22.01 The Company and the union shall maintain a joint committee for the purpose of job description in case of new classifications and technological changes. The committee shall meet, within fourteen (14) days, at the request of either party.

22.02 This committee is made up of three (3) Company representatives and three (3) union representatives.

- a) The members of the job description committee will be paid according to their regular rate for all the time spent in meetings with representatives of the Company.
- b) If the presence of an outside representative is required in the plant or during meetings of the

committee, he shall have access to the place of employment and the meetings, if requested by the union provided that the Company is advised beforehand and that he is accompanied by a management representative and a union representative.

22.03 The committee will follow the procedure described below unless otherwise agreed by both parties:

- a) The classification definition method they will use will be the same method used while establishing this joint program.
- b) The Company representatives will give the union representatives the list of classifications carried out by members of the bargaining unit.
- c) Including the complete description of each classification appearing in this agreement.

22.04 All classifications carried out by the employees covered by this agreement shall be governed by the provisions of this agreement.

22.05 **Work loads**

Time studies made by the Company to establish workload standards shall be carried out in accordance with the standard procedure approved by the Company and based on article 22.10.

- 22.06 The Company shall use the current standard procedure for work measurement to determine the basic time required by an average and experienced worker to carry out a job under normal conditions and according to the method specified by the Company.
- 22.07 Time standards must be accompanied by a precise description of all the data necessary for their identification and calculation, for example:
Name of department,
Title of operation,
Identification of machinery,
Identification of products, etc.
- A detailed description of the different elements of the operation will be made and explained to the concerned operators before a time study is carried out.
- 22.08 A time study will be made wherever practicable and as soon as a new job is set up and running properly.
- 22.09 The normal level of performance applicable will be the effective level of performance that an average operator working without the stimulus of incentive pay can maintain without undue fatigue.
- 22.10 The following allowances are included in work standards: coffee break, clean up period, fatigue, and personal needs, as provided for in the Company's rules.

- 22.11 The standards established in accordance with standard procedures shall not be changed except in the event of technological changes or changes in material, machinery, tooling, methods, speed and feed of machining, handling of material or machinery, or calculation errors. In case of dispute, the Company will give the reasons for such changes.
- 22.12 The Company and the union agree to recognize under the following conditions,
- a) A representative from the union, to assist workers in order to arbitrate objections to work standards.
 - b) Any objection to a work standard must be set down in writing with a copy to the superintendent, as soon as possible, following the establishment of a work standard.
- 22.13 If necessary, the union representative will have the right, along with the time study man of the Company, to analyse first the times and results tabulated, and will have the right to verify the time study.
- a) If there is no agreement between the parties, the employee may have recourse to a grievance.
- 22.14 The Company agrees to notify through the foreman, the employee conveniently in advance, but not less than one (1) hour in advance, that his work will be time studied.

ARTICLE 23 TEST AND INTERPRETATION

23.01 Within the thirty (30) days following the signing of this agreement, the Company agrees to supply, at its own expense, copies of the collective agreement in booklet form in French and in English to each present and future employee. Within the same period of time, the Company will also supply hundred(100) copies to the union.

- a) A copy of the prototype will be submitted to the union before printing.
- b) The Company, will supply thirteen (13) copies of the labour agreement in an 8½ by 11 format.

23.02 The provisions of this collective agreement must be read and interpreted as a whole:

- a) Any general custom existing at the signing of this agreement although not mentioned herein shall continue to apply unless there has been an agreement to the contrary by both parties.
- b) The union and the Company acknowledge that this agreement constitutes the entire agreement between the parties and that any prior agreement is hereby nullified.
- c) The signed agreement between both parties amending the clauses of the collective agreement in force must be posted. Any amendment to a

clause of the present labour agreement shall not become effective before ratification by a general meeting of the members of the union.

- d) Working conditions foreseen in this collective labour agreement will continue to apply until a new agreement is signed.

23.03 If there is disagreement in the interpretation of the contents of this agreement, the French version shall have priority over the English version.

ARTICLE 24 DURATION OF THE AGREEMENT

24.01 The present agreement will be in effect from May 1st, 2009, until April 30th. 2012, inclusively.


24.02 Either party shall notify the other in writing of its intention to amend or negotiate a new agreement. Such notice shall be sent at least ninety (90) days prior to the expiry date of this agreement.

24.03 There will be no transfer of machines between Granby and Montreal, which could directly result in a lay-off of employees in either one of the plants.

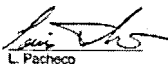
IN WITNESS WHEREOF, the contracting parties have appended their signatures below, under their corporate name, through their authorized representatives in the city of Montreal, Province of Quebec, this 14th day of July, two-thousand-nine.

VELAN INC

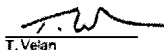
SYNDICAT NATIONAL DES EMPLOYÉS
DEVELAN (C.S.N)



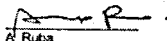
A.K. Velan



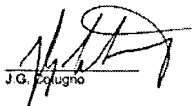
L. Pacheco



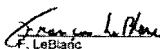
T. Velan




A. Ruba



J.G. Colugno



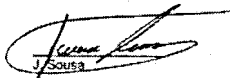
F. LeBlanc



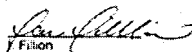
S. Bruckert



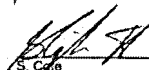
D. Laplante



J. Sousa



Filion



S. Cole

*Fédération de la métallurgie (C.S.N.)

ANNEXE "A"/APPENDIX "A" GROUPE SALARIAL/WAGE GROUP

	Journalier	2-1	Labourer
2	Ébavurage 'B'	2-3	Deburrer 'B'
	Assembleur 'C'	2-4	Assembler 'C'
	Opérateur de nettoyage chimique, parkerizing / Rubberizing	3-1	Chemical cleaning, parkerizing / Rubberizing
3	Aide Magasin	3-2	Stock Helper
	Rodage a machine	3-3	Machine Lapping
	Spot Facer	3-4	Spot Facer
	Inspecteur 'C'	3-5	Inspector 'C'
	Opérateur de monte-charge	3-6	Lift Truck
	Ébavurage 'A'	4-1	Deburrer 'A'
	Assembleur 'B'	4-2	Assembler 'B'
	Peintre / finisseur	4-3	Painter / finisher
	Testeur 'C'	4-4	Tester 'C'
	Soudeur machine automatique	4-5	Automatic Welding Machine
4	Opérateur de perceuse/ Brocheuse	4-6	Drill Operator/ Broach Operator
	Assistant expedition	4-7	Assistant Shipper
	Opérateur rectifieuse 'B'	4-8	Grinder Operator 'B'
	Opérateur de machines automatiques	4-10	Automatic Machine Operator
	Opérateur jet de sable	4-11	Sand Blast Operator
	Assembleur/ Testeur	4-12	Automatic Tester/ Assembler

	Testeur 'B'	5-1	Tester 'B'
	Magasinier	5-2	Stock Keeper
	Opérateur de turret	5-3	Turret Operator
	Opérateur de machines automatiques de grandes valves	5-4	Operator of automatic valve machine for large valves
	Opérateur de fraiseuses	5-5	Milling Machine Operator
	Mécanicien 'B'	5-6	Mill Wright 'B'
5	Expéditeur	5-7	Shipper
	Opérateur de tours parallèles	5-8	Lathe Operator
	Inspecteur 'B'	5-9A	Inspector 'B'
	Inspecteur 'B' (NDT)	5-9B	Inspector 'B' (NDT)
	Chauffeur	5-10	Truck Driver
	Ajusteur d'outil pour machines automatiques	5-11	Automatic machine Tool Adjuster
	Opérateur rectifieuse 'A'	5-12	Grinder Operator 'A'
	Opérateur de C/N verticale	5-13	Vertical N/C Operator
	Opérateur Grand Tour revolvers (4-A & 4-A GAP)	6 1	Large Turret Operator revolvers (4 A & 4 A GAP)
6	Opérateur aléuseuse	6 2	Boring Mill Operator
	Soudeur spécialisé	6 3	Welder Specialist
	Outilleur 'B'	6 5	Tool Maker 'B'

	Assembleur 'A'	7-1	Assembler 'A'
	Tester 'A'	7-2	Tester 'A'
7	Magasinier outillage	7-3	Tool Crib Attendant
	Opérateur à C/N	7-4	N/C Operator
	Régleur 'B'	7-5	Set up man 'B'
	Mécanicien Entretien 'A'	7-6	Millwright 'A'
	Compagnon soudeur	8 2	Welder Journeyman
	Compagnon Tour parallèle	8 3	Lathe journeyman
	Régleur 'A'	8 4	Set up man 'A'
	Compagnon inspecteur (NDT)	8-5A	Inspector Journeyman (NOT)
	Compagnon inspecteur	8 5B	Inspector Journeyman
8	Compagnon électricien	8 7	Electrician Journeyman
	Compagnon mécanicien	8 8	Millwright Journeyman
	Compagnon aléseuse à C/N	8 9A	N/C Boring Mill Journeyman
	Compagnon aléseuse	8 9B	Boring Mill Journeyman
	Plombier	8 11	Plumber
	Outilleur 'A'	8 12	Tool Maker 'A'
9	Maître Électricien	9 1	Master électricien

ANNEXE "A 1"- APPENDIX "A 1"

TAUX A PARTIR DU 1er MAI 2009

RATES AS OF MAY 1st, 2009

(2.25%)

GROUPE	TAUX DÉBUTANT	TAUX RÉGULIER
GROUP	STARTING RATE	REGULAR RATE
2	\$15.63	\$16.49
3	\$15.78	\$16.72
4	\$16.95	\$17.88
5	\$20.40	\$21.41
6	\$20.82	\$21.83
7	\$21.24	\$22.24
8	\$22.08	\$23.03
9	\$24.42	\$25.46

ANNEXE "A 1"-APPENDIX "A 1"
TAUX A PARTIR DU 1^{er} MAI 2010
RATES AS OF MAY 1st. 2010
(2.25%)

GROUPE	TAUX DÉBUTANT	TAUX RÉGULIER
GROUP	STARTING RATE	REGULAR RATE
2	\$15.98	\$16.86
3	\$16.14	\$17.10
4	\$17.33	\$18.28
5	\$20.86	\$21.89
6	\$21.29	\$22.32
7	\$21.72	\$22.74
8	\$22.58	\$23.55
9	\$24.97	\$26.03

ANNEXE "A 1"- APPENDIX "A 1"**TAUX A PARTIR DU 1er MAI 2011****RATES AS OF MAY 1st, 2011****(3%)**

GROUPE	TAUX DÉBUTANT	TAUX RÉGULIER
GROUP	STARTING RATE	REGULAR RATE
2	\$16.46	\$17.37
3	\$16.62	\$17.61
4	\$17.85	\$18.83
5	\$21.49	\$22.55
6	\$21.93	\$22.99
7	\$22.37	\$23.42
8	\$23.26	\$24.26
9	\$25.72	\$26.81

ANNEXE 'C 1'-APPENDIX 'C 1'
HEURES DE TRAVAIL POUR DEUX ÉQUIPES
WORKING HOURS FOR TWO SHIFTS

PREMIÈRE ÉQUIPE (JOUR) FIRST SHIFT (DAY SHIFT)

HEURES DE TRAVAIL WORK HOURS	REPAS LUNCH	HEURES DE TRAVAIL WORK HOURS
7:00 - 11:30	11:30 - 12:00	12:00 - 15:30
10 minutes de pause-café payée	temps du repas non payée	10 minutes de pause-café payée
10 minutes paid coffee-break	lunch time not paid	10 minutes paid coffee-break
9:00 - 9:10		14:00 - 14:10

DEUXIÈME ÉQUIPE (SOIR) SECOND SHIFT (NIGHT SHIFT)

HEURES DE TRAVAIL WORK HOURS	REPAS LUNCH	HEURES DE TRAVAIL WORK HOURS
15 30 - 19 30	19 30 - 20 00	20 00 - 23 30
Pas de pause-café No coffee break	Temps du repas payé Lunchtime paid	Pas de pause-café No coffee break
Heures travaillées 7½ Heures payées 8		Hours worked 7 ½ Hours paid 8

ANNEXE 'C 2-APPENDIX 'C 2'

HEURES DE TRAVAIL POUR TROIS ÉQUIPES WORKING HOURS FOR THREE SHIFTS

PREMIÈRE ÉQUIPE (JOUR) FIRST SHIFT (DAY SHIFT)

HEURES DE TRAVAIL WORK HOURS	REPAS LUNCH	HEURES DE TRAVAIL WORK HOURS
7:00 - 11:30	11:30 - 12:00	12 00 - 15 30
10 minutes de pause-café payée	temps du repas non payée	10 minutes de pause-café payée
10 minutes paid coffee-break	lunch time not paid	10 minutes paid coffee-break
9:00 - 9:10		14:00 - 14:10

ÉQUIPE DU SOIR (2IÈME ÉQUIPE) EVENING SHIFT (2ND SHIFT)

HEURES DE TRAVAIL WORK HOURS	REPAS LUNCH	HEURES DE TRAVAIL WORK HOURS
15 30 - 19 30	19 30 - 20 00	20 00 - 23 30
Pas de pause-café No coffee break	Temps du repas payé Lunchtime paid	Pas de pause-café No coffee break
Heures travaillées 7½ Heures payées 8		Hours worked 7 ½ Hours paid 8

ÉQUIPE DE NUIT (3IÈME ÉQUIPE) NIGHT SHIFT (3RD SHIFT)

HEURES DE TRAVAIL WORK HOURS	REPAS LUNCH	HEURES DE TRAVAIL WORK HOURS
23:30 - 3:00	3:00 - 3:30	3:30 - 7:00
Pas de pause-café No coffee break	Temps du repas payé Lunchtime paid	Pas de pause-café No coffee break
Heures travaillées 7 Heures payées 8		Hours worked 7 Hours paid 8

LETTER OF AGREEMENT

TEMPORARY VACANCIES (REPLACEMENT OF EMPLOYEES ABSENT DUE TO ILLNESS OR ACCIDENT)

No. 1

When regular employees are absent for an extended period of time due to illness or accident, both parties agree that employees may be called back or hired as follows:

- 1) Priority to fill these vacancies shall be given by seniority to regular employees who are on lay-off according to the procedure defined in article 13.06. (Re-call)
- 2) Before hiring new employees the company agrees, following discussions with the union, to assign the vacant position to employees with the most seniority, in the concerned plant and could fulfill the normal requirements of the position.
- 3) If regular employees refuse such position the company may hire new employees for the duration of the absence provided in point no.4. These new employees, other than their hourly rate provided by the Labour Contract, will be excluded from all other benefits, monetary or not, for the duration of the employee's sickness/accident absence, however; benefits provided by Government law will be recognized. These employees will have the right to work on overtime, provided that there are no voluntaries.

When the employees absent because of illness or accident return to work, as the case may be, employees who were called back will return on lay-off or at their position and new employees will be terminated.

- 4) It is understood that if these temporary positions last for more than six (6) months, the parties will meet in order to take a decision. At the end of this meeting the parties will decide if the position should be posted or not.
- 5) If the employee absent due to illness or accident is declared totally invalid by medical authorities, article 13.07 will apply.
- 6) Upon the return of employees absent due to sickness or accident disposition of article 13.05 and 13.06 will apply to regular employees.
- 7) In the cases of parental leave, temporary employees will be hired for the duration of the leave. **At** the end of this period such employee will be terminated.

TEMPORARY EMPLOYEES

No.2

Both parties agree that the Company may hire "TEMPORARY EMPLOYEES" at the following conditions and under the following circumstances:

- 1) Temporary increase of regular workload;
- 2) Special project with a specific deadline;
- 3) The Company shall always advise the union before hiring any "Temporary Employee"
- 4) Should there be a lay-off, "Temporary Employees" shall be laid off first
- 5) No "Temporary Employees" may be hired before all regular laid-off employees are re-called
- 6) "Temporary Employees" shall only be hired in classifications 2, 3 and 4.
- 7) The maximum working period of the "Temporary Employees" will be two thousand eighty (2080) worked hours (including overtime hours)
- 8) The number of "Temporary Employees" shall at no time exceed 10% of the total number of regular employees covered by this Collective Agreement;
- 9) The working hours shall be the hours specified in Appendix C1 and C2 (temporary employees shall not be allowed to work overtime, unless there are no volunteers in the temporary employee classification);

- 10) "Temporary Employees" shall start paying their union dues as of their first week of work;
- 11) The hourly rate of these employees shall be \$14.92 on May 1st 2009, \$15.26 on May 1st 2010 and \$15.72 on May 1st 2011;
- 12) It is agreed that these employees shall not be entitled to any benefits foreseen in the Collective Agreement, except for those foreseen in government laws;
- 13) "Temporary Employees" may apply for vacant positions;
- 14) If these employees obtain a position after having completed seven-hundred twenty worked hours (720) (including overtime hours) at the same position they previously held the probation period, as provided in article 13.02 will be considered completed as of the date that they obtained the position;
- 15) It is agreed that these employees shall not be recalled once their assignment is over, regardless of the duration of such assignment (maximum two thousand eighty (2080) worked hours (including overtime hours) ;
- 16) After completing a period of four (4) months of work temporary employees will benefit of disposition of article 5-13;
- 17) Temporary periods, worked by these employees, will be added to their seniority for vacation calculation provided there was no interruption of service

SUB-CONTRACTS

No.3

If due to work shortage the Company must proceed to a lay-off, amongst its regular employees, it is then agreed not to give any new sub-contract (send material from Velan's plants to other companies for machining) for work normally machined by its employees.

PROBATION

No.4

Probationary employees that have not completed their seven-hundred twenty worked hours (720) (including overtime hours), if they are laid-off or do not meet the normal requirements of the job, will not be recalled back to work in the future.

However, at the request of either party the application of this toward concerned employees could be reviewed in order to find a solution as the situation occurs.

TRAINING PREMIUM

No.5

The company will continue to apply the practice of paying a training premium, presently in force, (lead hand premium \$0.75 X hour) until the two parties agree to introduce a structured and negotiated training system.

TRAINING

No.6.

Both parties recognize the importance of training and agree to cooperate to this scope.

The Company recognizes that technological changes, new work techniques and new process, might require additional training in order to respond or comply with the new methods.

It is understood that employees affected by such changes will not incur any loss of salary or premiums, as defined in annexes C1 and C2 for the time spent on such programs.

Employees asked to transfer shift in order to follow training will be advised seven (7) days in advance.

If such notice cannot be respected the company will pay time and half (1.5) for the first concerned shift.

ARTICLE 5.08

No. 7

The parties agree that the process provided in this article is not intended and will not apply for change of shift recommendations. However these recommendations will be the object of discussions between the parties.

ARTICLE 13.07

No. 8

Employees absent due to sickness or accidents are automatically registered as applied on vacant or new positions posted. However, employees for whom their candidature has been retained must be eligible to take tests, provided in paragraph c of article 13.07, if not, their candidature will not be retained.

ARTICLE 16.02**No.9**

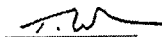
The two parties could meet in order to discuss the disciplinary measure, prior to the employer officially applying it.


ARTICLE 19.12 Progressive Retirement**No.10**


The company accepts in principal. However, the program will be limited to 3 employees by seniority and per plant between the ages of 63 and 65. Modalities of selection and conditions will be established by the two parties.

VELAN INC

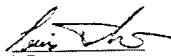

A.K. Velan

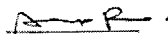

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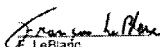

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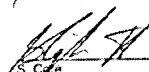

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