

COLLECTIVE AGREEMENT

entered into between



SIMMONS CANADA INC.

Kirkland Quebec.

(hereinafter called the « Company »)

and

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UNITED STEELWORKERS OF AMERICA

IWA COUNCIL LOCAL 1- 1000

(hereinafter called the « Union »)

May 14, 2004 to May 13, 2007

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Agreement entered into this May 12, 2004
between
Simmons Canada Inc., Kirkland, Quebec
(hereinafter called the "Company")
and
I.W.A. Canada C.L.C., Local 400
(hereinafter called the "Union")

ARTICLE - 1 - PURPOSE OF THE AGREEMENT

1.01 The purpose of this Agreement is to establish mutually satisfactory relations between the employer and its employees, to provide the mechanism for the prompt and equitable disposition of grievances, and to establish and maintain satisfactory working conditions, hours of work and wages for all employees who are subject to the provisions of this Agreement. The parties will endeavour to work harmoniously to further their mutual interests.

ARTICLE - 2 - RECOGNITION

- 2.01 a)** The Company recognizes the Union as the sole and exclusive bargaining agent for all employees within the meaning of the *Labour Code*, save and except supervisors, office employees, clerical employees, sales representatives, the security coordinator, the janitor, the traffic coordinator, the person in charge of the material plan and inventory and the quality assurance coordinator.
- b)** Should any of the present operations at the Kirkland plant be moved to a location in Quebec outside of the boundaries of Kirkland, this Agreement shall be extended to cover such location.
- c)** Should the Company transfer operations or departments from the Kirkland plant as outlined in (b) above, employees engaged in such operations or employed in such departments shall, if they **so** desire, be employed at the new plant with their full company seniority and vacation rights as provided for in this Agreement, and any pension rights he or she holds.
- d)** If the Company decides to move all its operations to another location, it shall advise the Union and the employees, in writing, at least three (3) months before the date of the move, except in circumstances beyond the Company's control or for unforeseeable events.
- e)** If an Employee or Employees do not wish to be employed or *to* maintain their seniority rights, said employee shall be given 40 hours at their regular

hourly rate per year of seniority completed up to a maximum of 1040 hours if the Company moves its operations.

ARTICLE - 3 - USE OF TERMS

- 3.01 a)** The feminine or masculine gender may be used interchangeably throughout this Agreement; wherever one gender is used, it shall be construed as meaning the other, if the facts or context require.
- b)** Wherever the singular is used, it shall be construed as meaning plural, if the facts so require.

ARTICLE - 4 - MANAGEMENT RIGHTS

4.01 The Union acknowledges and agrees that the Company shall continue to exercise all of the rights, power and authority to manage its plant and business and to direct the working forces except as otherwise abridged or surrendered by the express provisions of this Agreement. Without restricting the generality of the foregoing, the exercise of such rights by the Company shall include but not be limited to:

- a)** the right to maintain order, discipline and efficiency;
- b)** the right to hire, direct, promote, demote, dismiss, classify, transfer, layoff, recall and suspend or otherwise discipline employees; however, a claim by an employee that he has been dismissed or disciplined without reasonable cause or to have been improperly classified, transferred, laid off or recalled may be the subject of a grievance and dealt with in accordance with the grievance settlement procedure;
- c)** the right to make, enforce and revise rules and regulations relating to discipline, the general conduct of employees, and reasonable safety rules. A copy of such rules and regulations will be provided to the Union;
- d)** the right to determine the location and extent of the operations and their commencement, expansion, reduction or discontinuance, the number of personnel required at a given time, the standards of performance of employees, the schedules of work, including the schedules of overtime work to be performed, schedules of vacations, the services to be performed and methods, procedures, machinery and equipment in connection therewith, the engineering and designing of products, the control of materials and parts to be incorporated in the products to be produced, and the subcontracting of work.

4.02 The Company agrees that these rights will not be exercised in a manner inconsistent with the express provisions of this Agreement.

4.03 The employees of Simmons Canada Inc. agree not to undertake any business or other employment which might either interfere with their performance of the tasks they must perform for Simmons Canada Inc. or which could represent a conflict of interest with the business of Simmons Canada Inc. Furthermore, the employees of Simmons Canada Inc. agree not to hire their services out to any physical person or legal entity or body organisation whose commercial or business activities are similar to those of Simmons Canada Inc. without first obtaining Simmons Canada Inc.'s written authorization. Failure to comply with the provisions of this Article will entail disciplinary measures, including possible dismissal.

ARTICLE - 5 - UNION SECURITY

- 5.01 a)** The Company agrees that it is a condition of employment for all new employees to become and remain members in good standing of the Union.
- b)** There shall be no interference or attempt to interfere by the Company with the operations of the Union.
- c)** The Employer shall deduct from every employee any dues, initiation fees or special assessments levied in accordance with the Union Constitution and By-Laws of I.W.A. Canada C.L.C., Local 1-400. Deductions shall be made from each payroll cheque and a cheque for each calendar month shall be forwarded to the office manager of the Union the 15th of the month following the month during which these deductions were made. A listing drawn up by the Company will be provided to the Union providing, in alphabetical order, full names, addresses, date of hire, and the individual amounts for each employee as well as the totals with each payments.
- d)** The Union shall indemnify and save the Company harmless from any claims, suits, judgements, attachments and from any form of liability as a result of making such deductions in accordance with this Agreement or the written direction of the Union, and the Union will refund directly to all employees any amount for which wrongful deductions were made by the Company in accordance with the written notification by the Union.
- e)** Union dues deductions will be included on Employee T-4 slips.

5.02 There shall be no Union activity on the Company premises, except as provided for in this Agreement, as well as referendum polls, votes (ex.: Committee) which will be allowed to be held at the Employee's cafeteria with the written permission of the Company. The Company shall be given a notice of no less than five (5) days.

ARTICLE - 6 - STRIKES AND LOCKOUTS

6.01 The Union and the Company agree that during the term of this Agreement there will be no strike or lockout. The words "strike" and "lockout" shall have the meanings ascribed to them in the *Labour Code* (Quebec).

ARTICLE - 7 - GRIEVANCE PROCEDURE

7.01 Where a dispute arises between the parties relating to the interpretation, application or administration of this Agreement including any question as to whether a matter is arbitrable, or where an allegation is made that this Agreement has been violated, then the dispute shall be settled in the following manner.

7.02 An employee having a complaint should discuss it with his department supervisor first accompanied by his Union Steward or a Union Grievance Committee member. If no settlement is reached, the matter may be formalized as a grievance and be dealt with as follows.

- a) Where an employee has a grievance, the employee and a grievance committee member or Shop Steward shall submit it in writing to his department supervisor and sign it within ten (10) working days of the occurrence of the events giving rise to the grievance. His department supervisor shall give his answer in writing to the employee and to the Union Representative of the grievance within five (5) working days of receipt of the grievance. The grievance shall indicate the facts justifying same and the settlement sought.
- b) Within five (5) days following the receipt of the decision rendered in section 7.02a), the Union may present the grievance to the Director of Human Resources whom shall meet the head of the department involved, the Union Grievance Committee and the Service Representative of the Union at a mutually agreed date to consider the grievances. The employee and the Shop Steward involved in the grievance may also be present if they so desire.

The Director of Human Resources renders a decision in writing within ten (10) days of the date of the meeting.

- c)** If the parties fail to settle the grievance or if the Company does not render its decision in the specified time period mentioned in 7.02b), either party may refer the dispute, in writing, to arbitration within twenty (20) days of the decision.

7.03 Time limits in this Article may be extended by mutual written agreement between the parties.

7.04 Where either the Union or Management has a difference with the other party relating to the interpretation, application, or administration of this Agreement, including any question as to whether a matter is arbitrable or where an allegation is made that this Agreement has been violated, the grievance shall be presented in writing, indicating the facts giving rise to the grievance and the reparation sought, to the other party within ten (10) working days of the circumstances giving rise to the grievance. A meeting will be held within five (5) working days after receipt of the grievance between representatives of the Company and the Union and the grievance shall be answered in writing within five (5) working days of said meeting.

ARTICLE - 8 - ARBITRATION

8.01 Failing settlement under the grievance procedure of any grievance which concerns the interpretation, administration or alleged violation of this Agreement, the grievance may be referred in writing by either party to a sole arbitrator. If no written request for Arbitration is received within twenty (20) working days after the final decision is given under the grievance procedure, the grievance shall be deemed to be settled or abandoned.

8.02 No matter shall be submitted to Arbitration which has not been properly carried through the appropriate stages of the grievance procedure.

8.03 a) The following arbitrators, designated by the parties, shall be appointed in turn as arbitrator of grievances referred to arbitration:

- 1) Mtre. Andre Sylvestre
- 2) Mtre. Carol Jobin
- 3) Mtre. Alain Corriveau
- 4) Mtre. Lyse Tousignant

- b)** If the arbitrator to whom the grievance has been referred is unable to hear same, for any reason whatsoever, the grievance shall be referred to the next arbitrator;
- c)** Never more than one grievance shall be referred to an arbitrator, except if the parties have agreed thereto;
- d)** If the grievance referred to an arbitrator is settled or withdrawn, no other grievance shall be referred to him until his turn comes following paragraph a) above;
- e)** If one of the arbitrators designated in paragraph a) above declines or becomes unable to act for the term of this Agreement, the parties shall agree to replace him by mutual agreement;
- f)** The arbitrator to whom a grievance has been referred shall schedule a hearing date within five (5) months following the day of receipt of such mandate. If he is unable to do so, the grievance shall be referred to another arbitrator following the procedure described in paragraph a). If none of the arbitrators mentioned in paragraph a) are available in this time period, the parties shall attempt to designate another arbitrator. If the parties fail to agree thereon, one of the parties may, within ten (10) working days of a written notice by one of the parties to the effect that no agreement is reachable, ask the Quebec Labour Minister to appoint an arbitrator. If none of the parties act in this time period, the grievance shall be deemed to be settled or abandoned;
- g)** In the case of a grievance subject to Art. 8.08, the arbitrator who is available first shall be appointed.

8.04 The arbitrator shall not have power to alter, modify or change any of the provisions of this Agreement or to substitute any new provisions to any existing provisions, nor to give any decision inconsistent with the terms and provisions of this Agreement.

8.05 No person shall be selected as arbitrator who has been directly involved in any attempt to negotiate or settle the grievance.

8.06 Each of the parties to this Agreement will jointly bear the expenses of the arbitrator.

8.07 The proceedings before the arbitrator will be expedited by the parties and the decision of the arbitrator shall be final and binding upon the parties.

8.08 GRIEVANCE RELATED TO DISMISSAL

A grievance concerning a dismissal, a termination or a suspension, or a grievance by a laid-off individual claiming a layoff out of seniority is to be presented in writing within ten (10) working days after the employee is dismissed, terminated, suspended or laid off. Failing settlement, the dispute may be referred to arbitration.

8.09 It is the wish of the parties to this Agreement that the arbitrator shall endeavour to render a decision within thirty (30) calendar days following the end of the arbitration hearing.

ARTICLE - 9 - DISMISSAL AND DISCIPLINE

9.01 No employee shall be dismissed, disciplined or demoted except for just and sufficient cause.

9.02 An employee is entitled to be accompanied by a Union shop steward of his choosing, provided said shop steward is on the Company premises when the employee is interviewed in the course of a formal disciplinary interview with a supervisor or person above the rank of supervisor. If the discussion takes place in the course of a formal disciplinary meeting, the supervisor shall advise the employee of this situation and inform him of his right to be accompanied by a Union shop steward. Upon notice from the employee that he wishes to be accompanied by a Union shop steward, the Company will set the date, time and place of such meeting, all the while allowing sufficient time for the employee to secure the presence of a Union shop steward or Staff representative.

9.03 Any employee may have access at any time to his employment file.

9.04 a) All warnings and reprimands and other negative remarks shall be removed from an employee's employment file nine (9) months after they are dated and such warnings, reprimands and other negative remarks shall not be used against the employee thereafter. All suspensions shall be removed from an employee's employment file nine (9) months after they are dated and shall not be used against the employee thereafter.

b) Any notice or disciplinary action which is intended to form part of an employee's employment file shall be given in writing with a copy to the employee before the disciplinary action is enforced. In the event of written

warnings, suspensions or dismissals, a copy shall also be given to the Union within 24 working hours.

9.05 Disciplinary measures shall take into account the principles of progressive discipline.

9.06 It is agreed that there shall be no discrimination, interference, restriction, coercion, harassment, intimidation, or stronger disciplinary action exercised or practised with respect to an employee by reason of his age, race, creed, colour, national origin, political or religious affiliation, gender, sexual orientation, or membership or activity in the Union.

ARTICLE - 10 - NON-BARGAINING UNIT EMPLOYEES PERFORMING BARGAINING UNIT WORK

10.01 Supervisors and persons above the rank of supervisor shall not perform bargaining unit work.

10.02 The parties agree that supervisors shall have the right to train bargaining unit employees in bargaining unit work. It is further agreed that supervisors shall have the right to perform bargaining unit work during an emergency. An emergency shall mean an unforeseeable event that is beyond the Company's control. In emergency cases, the Company shall inform the workshop committee.

ARTICLE - 11 - CONTRACTING OUT

11.01 No employee shall be laid-off, terminated, or have their regularly scheduled work day or week reduced as a result of contracting out. This article does not intend to limit the opportunity of overtime work.

11.02 Notwithstanding 11.01, both parties agree that, due to the nature of customer demand, contracting out of production work, for reasons including but not limited to equipment breakdown, may be necessary.

11.03 Notwithstanding 11.01, the Company may contract out work when sufficient skilled (fully trained) employees are not immediately available to satisfy customer demand.

ARTICLE - 12 - COMPLIANCE WITH PROVINCIAL LEGISLATION

12.01 In accordance with its responsibilities, the Company agrees to abide by the Occupational Health and Safety Act (Quebec), the Labour Standards Act, the Industrial Accidents and Occupational Diseases Act, and all other provincial legislation.

ARTICLE - 13 - UNION REPRESENTATION

13.01 The shop stewards whose names shall be provided by the Union in writing shall have reasonable time off from work to assist in the carrying out of the terms and provisions of this Agreement and the settlement of grievances and complaints to prevent violation of this Agreement. The list shall be provided by the Union every 12 months, or more frequently if changes are made to the list.

13.02 The Union recognizes and agrees that the shop stewards have regular duties to perform in connection with their employment and, therefore, the business of administering this Agreement will be attended to with the least possible interference with production.

13.03 Shop stewards will ask permission from the department supervisor before leaving their regular work duties. Such permission to leave their regular work duties shall not be unreasonably denied.

Upon resuming their duties shop stewards shall notify the department supervisor.

One shop steward shall be assigned to a grievance.

13.04 The four shop stewards shall be the top four elected officers of the bargaining unit forming the grievance committee. It is the Union responsibility to designate a maximum of one (1) shop steward per working shift. The Union will notify the Company in writing of the names of the shop stewards and will notify the Company of any changes.

13.05 No general membership meetings shall be held on Company time or premises unless the Company grants permission. Shop stewards shall have completed their probationary period.

13.06 A separate contract bargaining committee consisting of four individuals who may not necessarily be the shop stewards previously mentioned in this Article shall have as its duties the negotiation of a renewal of this Agreement. The Union shall notify the Company in writing of the names of the members of the contract bargaining committee.

- 13.07** The representative of the Union has the right to visit the plant and to meet with an employee to discuss lawful Union matters provided he has advised the Company in advance.
- 13.08** Pay for shop stewards and contract bargaining committee members while attending to Union business shall be governed by Article 38.
- 13.09** The Company will supply an office to the Union. The Union president will be released four **(4)** hours with pay on Fridays for Union duties.
- 13.10** The Company agrees to the principle of a Union flag.

ARTICLE - 14 - NEW EMPLOYEES

- 14.01** After completion of a probationary period, a new employee is granted one (1) paid thirty (30) minute meeting with either the Union Chairperson or a representative of the Union. This meeting will take place during the week following the completion of the probation. Fifteen (15) minutes for Health and Safety Union Chairperson at the first day of work of the new employee.

ARTICLE - 15 - HOURS OF WORK AND OVERTIME

- 15.01** The normal hours of work will be eight (8) hours per day Monday through Friday, inclusive, representing a normal work week of forty **(40)** hours. It is understood that this shall not constitute a guarantee of hours of work per day or days of work per week or for any period whatsoever.

Normal day and evening shifts will be:

07:00 to 15:10:

(One **(1)** fifteen-minute paid break, an unpaid thirty-minute lunch break, no wash-up period and no second break.)

15:10 to 23:20:

(One (1) fifteen-minute paid break, an unpaid thirty-minute lunch break, no wash-up period and no second break.)

Normal night shifts are:

Sunday, 22:25 to 07:00

(One **(1)** fifteen-minute paid break, an unpaid thirty-minute lunch break, no wash-up period and no second break.)

Monday through Thursday, 23:20 to 07:00
(One **(1)** fifteen-minute paid break, an unpaid thirty-minute lunch break, no wash-up period and no second break.)

although any one or more of these shifts may be discontinued.

Only employees hired after December **31, 1996** will be required to work the night shift. First choice will be offered to employees hired before December **31, 1996** on a voluntary basis.

In the event of a reduction in the workforce, it is agreed that employees on the night shift, if any, will be laid off first, after students and probationary employees.

With the mutual consent of the Company and the Union additional shifts can be created.

15.02 If the Company requires employees covered by this Agreement to work past their eight (8) hour shift, overtime hours shall be calculated on a daily basis. This overtime shall be paid at the rate of time and one-half (**1 1/2**) an employee's regular hourly rate for the first four (**4**) hours. Overtime in excess of four (**4**) hours of an employee's regular scheduled shift will be paid at double time. Saturdays' overtime hours shall be paid at the rate of time and one-half (**1 1/2**) an employee's regular hourly rate for the first five (5) hours and double the employee's regular hourly rate after five (5) hours of overtime. Sundays' and Statutory Holidays' overtime hours will be paid double the employee's regular hourly rate.

15.03 Any employee who reports for work as usual and is sent home because no work is available shall be paid six (**6**) hours at his base rate provided such lack of work is not caused by an Act of God or any unusual events beyond the control of the Company.

15.04 It is recognized that a reasonable amount of overtime is necessary for the efficient operation of the Company. Overtime work will be limited to a minimum. When overtime is required, it shall be divided as equally **as** possible among qualified employees. The following selection procedure will take place for all scheduled overtime:

Every morning, a schedule for the work week will be posted on the bulletin board in each department (as itemized in Schedule C to the Agreement). The schedule will show all positions in the department and, insofar as possible, the number of employees required for overtime in such positions.

Employees wishing to work overtime in the positions for which they are qualified shall indicate their availability by signing their name on the calendar. Employees qualified for positions in departments other than their own and who are available for overtime work shall indicate their availability on a daily basis by signing the schedule in the relevant department.

Schedules will be removed daily four (4) hours prior to the end of each work shift in order to assess the availability of manpower versus the overtime requirements needing to be filled. Confirmation of the overtime work will be given to the selected employees no later than an hour and a half prior to the end of the work shift on the day the overtime is required.

Distribution of overtime shall be in the following order:

- 1) The most senior employee holding the position for which overtime is required, provided the employee has completed his normal shift and has indicated his availability by signing up for overtime for such day.
- 2) In descending order of seniority among the qualified employees in the department which required overtime who have indicated that they are available for overtime on that day.
- 3) In descending order of seniority among the qualified plant employees who have indicated that they are available for overtime on that day.

Employees who indicate that they are available for overtime must first fill the overtime needs of their own department before filling such needs in other departments.

Overtime worked by each employee will be entered in a register designed for such purpose and once an employee has completed eight (8) hours of overtime, further distribution of overtime will commence with the next employee in the department who has indicated he is available. The hours entered in the register will be compiled monthly but will not accumulate from one month to the next.

If an employee declines to work overtime on a day for which he indicated he was available, the hours not worked will be entered in the register as "refused", but they will be included in the employee's monthly total for purposes of overtime distribution. However, the hours will not be valid for cases of assigned overtime.

The Company and the Union acknowledge the principle that overtime is distributed to employees who indicate that they are available, and that it is voluntary. However, both parties recognize the need to meet the requirements of the customers and that there are certain constraints in connection with a "just in time" operations cycle. When overtime is required and no qualified employee has indicated that he is available or an insufficient number of qualified employees are available to meet the needs, overtime shall then be assigned to a qualified employee having the lowest number of assigned overtime hours in the overtime register over the last two (2) weeks, in increasing order of seniority among the qualified employees.

Assigned overtime hours shall also be entered in a register designed for such purpose and, when an employee has reached four (4) hours of assigned overtime, the next assignment of overtime hours will be given to the next qualified employee in increasing order of seniority. Assigned overtime hours shall be compiled every two (2) weeks and shall not be cumulative.

Overtime hours shall only be given to those employees who have indicated that they are available, except in cases where an insufficient number of employees have indicated that they are available; in such instances overtime shall be by assignment. There shall be no monetary claims or grievances arising from the Company's failure to offer or distribute overtime to an employee who has failed to sign up for his availability on the schedule posted for such purpose.

For the purpose of interpreting this Article, the terms "4 hours" and "8 hours" shall be used strictly as a point of reference in order to ensure the fairest possible distribution of voluntary or assigned overtime work among the employees and not for the purpose or intention of dividing overtime hours for any position among more than one employee.

ARTICLE - 16 - BREAKS AND WASH-UP

- 16.01 a)** Breaks and wash-up periods are those provided for in article 15.01 of this Agreement.
- b)** When an employee is to work overtime at the end of his regular shift, he will get a 15-minute break, when the overtime exceeds two hours. If the overtime exceeds four hours, the employee will have a 20-minute paid meal break.

ARTICLE - 17 - MEAL ALLOWANCE

17.01 When an employee is to work overtime hours at the end of his regular shift, he shall receive ten dollars and fifty cents (\$10.50) as meal allowance if the hours of overtime exceed two (2) hours. Effective on the third year of this agreement, the meal allowance will be in the amount of eleven dollars (\$11.00).

ARTICLE - 18 - PROBATIONARY PERIOD

18.01 Employees shall be regarded as on probation for the first 60 days worked from their last date of hire. Upon completion of the probationary period, the employee's seniority shall be retroactive to the date of hire. If more than one employee is hired on the same date, seniority shall be determined by alphabetical order using the employee's family name, as they appear on the payroll.

In the event that the probation period of an employee is interrupted because of a shortage of work and that this employee is re-hired after the said shortage, then the calculation of the number of days worked will continue where it was interrupted prior to the work shortage, provided that the interruption of work is less than sixty (60) days. If the period is longer, then the re-hired employee shall redo his whole probation period.

18.02 During the probationary period, the employee may be dismissed if judged unsuitable by the Company and the employee shall not be entitled to take advantage of the grievance procedure and arbitration.

ARTICLE - 19 - SENIORITY

19.01 Seniority shall mean an employee's total length of service with the Company, in the bargaining unit or from date of hire, whichever is the greater.

19.02 a) In all cases of promotions, downgrading or upgrading, the decision shall be based on the plant length of service basis, provided the employees involved have the skills and abilities to undertake jobs that are held by employees with less seniority.

b) In cases of lay-off exceeding five (5) consecutive working days, seniority shall prevail. It is understood that employees with the most seniority and who are qualified to bump an employee with less seniority shall be entitled to do it at time of layoff.

When an employee has the seniority, but does not have the skills to bump, training shall be given to this employee in order to enable him to bump the employee with the least seniority in the plant when a lay-off is to exceed **five** (5) consecutive working days. If training cannot be taken because of physical limitations, the employee will be able to bump the next most junior employee in the plant.

- c)** Vacation scheduling will be done by seniority, by classification within the department. Distribution of overtime work shall be as per Art. 15.04 entitled "Hours of Work and Overtime".

19.03 The Company will prepare and post on the Union bulletin board an accurate and updated seniority list every 3 months or after any major changes. The Company will notify the Union of any changes to the list within 7 calendar days.

19.04 An employee shall lose his seniority and his employment will be terminated in the event that

- a)** The employee is dismissed for just and sufficient cause and not subsequently reinstated.
- b)** The employee voluntarily leaves his employment with the Company.
- c)** The employee is laid off for more than 20 months, or if he is laid off for **less** than 20 months and he fails to return to work on the date the Company has asked him to return, either by telephone or in writing, unless he gives to the Company in writing, **valid** reasons for his inability to do **so**.

Where there are 8 or more hours of work, the Company shall contact the employee by telephone or in writing and in such cases the employee must return to work. If an employee cannot be reached by telephone, in the presence of a shop steward, the Company shall telephone the next qualified employee on the recall list.

It shall be the duty of each employee to notify, in writing, the Human Resources Department promptly of any change in address, telephone number, marital status and dependents. The employee must supply the Company with a current telephone number where he can be reached.

If an employee fails to do this, the Company will not be responsible for failure of a notice to reach such employee and/or any other problems which may arise from it.

- d)** If the employee overstays a leave of absence granted by the Company by more than two working days without securing an extension of such leave with the Company.
- e)** If the employee absents himself from work for more than three working days without notice to the Company and without being able to justify this absence to the satisfaction of the Company.
- f)** If he is absent for a continuous period of 20 months due to an illness or an injury or if he is absent for a continuous period of 24 months due to an occupational illness or injury.

ARTICLE - 20 - LAYOFF

20.01 The Company will notify the Union in writing of any layoffs.

20.02 Seniority shall prevail in every case of layoffs exceeding five (5) consecutive working days. An employee who is laid off may bump another employee with less seniority, provided he has the required skills and abilities to immediately perform all of the tasks required for the position. An employee laid off must first bump in his department and after in the plant if he has the skills and abilities.

When a laid-off employee does not have the skills and abilities to bump an employee with less seniority in his department or in the plant, he can then bump the employee with the least seniority in the plant and the Company shall give the proper training. If training cannot be taken because of limitations in terms of physical capabilities (strength), the employee will be able to bump the next most junior employee in the plant.

The Company will designate a competent trainer, among the active employees or among the employees who are on layoff, to train the employee who has exercised his bumping right. During the training period, the Company may keep the bumped employees at work to either be a trainer, or to execute the work during the training period of the trainee, depending on the particularities of the situation. It is understood that the training period referred to above shall be until the trainee attains 50% of the learning curve of the job. Learning curves will be made available to the Union. It is also understood that in the cases where the laid-off employee is staying at work during the training period of the trainee, he will not be assigned to other duties than those mentioned in this paragraph, will not stay at work beyond the training period and will be laid off afterwards.

A laid-off employee cannot bump a truck driver or a mechanic. A laid-off employee shall be entitled to bump once per layoff.

In the case of layoffs of less than five (5) consecutive working days, the laid-off employee can bump an employee with less seniority if he has the skills and abilities to perform immediately all the tasks of the position for which he wants to bump. The laid-off employee must first bump within his department, and then within the plant if he has the skills and abilities.

An employee displaced will go back in the position he was first displaced if the position becomes available; however, if the employee bids successfully on a job vacancy, the above will not apply.

20.03 If it is necessary to reduce the workforce, students will be laid off first. Then, if it is necessary to further reduce the workforce, probationary employees will be laid off first according to their plant-wide seniority. It is agreed that mechanics and truck drivers on probation will not be laid off while on probation unless the shortage of work is in their respective occupations.

20.04 Employees will be recalled by reverse order that they were laid off, employees with the most seniority being recalled first. If they do not have the necessary skills and abilities to immediately perform all the tasks of the position for which they are being recalled to the Company shall offer them training.

For temporary recalls as a result of temporary absences (of less than thirty (30) days) such as illness or vacations, employees will be recalled by reverse order that they were laid off, employees with the most seniority being recalled first provided that they have the skills and abilities to immediately perform all the tasks of the position for which they are being recalled to.

20.05 A recalled employee who accepts training must achieve the apprenticeship curve expected for the relevant position, otherwise he will be deemed to still be on lay-off, less the training period, and will be put back on the recall list. Training for the position will then be offered to the next employee with the most seniority and who is laid off. It is understood that the apprenticeship curve used for recalls will be the same one used for job postings.

If all of the employees on the recall list refused and/or failed the training for a recall position, the Company shall then be entitled to hire outside personnel to fill the position.

A laid-off employee who is recalled to work must return to work, unless he has a valid reason, the grounds of which shall be evaluated based on the

needs of the Company or his right to refuse training for recall. Refusal to return to work for reasons other than as stated in this Agreement will entail **loss** of seniority and termination of employment.

ARTICLE - 21 - JOB VACANCIES

21.01 A vacancy in a permanent job or for an additional job being created in a department will be posted for the entire plant on the bulletin board in the cafeteria for a period of three (3) working days. Copy of this posting **is** to be supplied to the Union. The employees shall apply for the vacancy by filling a form and by depositing it in the Human Resources Department box next to the bulletin board.

An employee who is absent from work may give his proxy to a Union official to apply on a job vacancy on his behalf.

The Company, except for the position of truck drivers and mechanics, shall make its decision in order of seniority which will be given based on skills and abilities required for these positions. It is understood that the successful applicant for a job posting shall receive the proper training and shall not be allowed to apply for a further posting for a period of six (6) months following the date of the original posting. For the position of Closer and Quilter, employees shall not be allowed to apply for a further posting for a period of six (6) months following the date said employee becomes skill to perform all the tasks of the position. The Union is to be given the name of the successful candidate and his classification.

21.02 A vacancy in a permanent job may be filled temporarily for a total period not exceeding thirty (30) calendar days while the posting is being filled.

If a vacancy exists for more than thirty (30) calendar days the position will be considered vacant and the Company must post it if there is work for such a position.

Vacant temporary positions that must be filled as a result of an illness, an accident, a maternity leave or any other type of absence approved by the Company for a foreseen period exceeding thirty (30) calendar days, will be posted as a vacant temporary position. Only the original temporary position will be posted. Such position will be posted as soon as possible after the Company has been made aware that the absence will be for a period of more than thirty (30) days. The skilled employee who has the most seniority and who applied to fill the position will be selected. Once this temporary replacement is over, the selected employee will return to his original position.

21.03 a) It is understood that the Company has the right to assign employees to suit operating requirements. The Company will assign the employee with the skills to immediately perform all the tasks of the position and having the least seniority. In the event that the Company does not assign the employee with the skills to immediately perform all the tasks of the position and having the least seniority, it shall pay to the assigned employee an hourly bonus equivalent to 20% of the employee's hourly base rate plus the indirect bonus, or the average earnings for the last four (4) weeks on his/her job, whichever is greater, for the duration of the placement. This bonus is not to be taken into consideration in the calculation of the hourly rate applicable for overtime work.

b) Notwithstanding paragraph a) above, it is agreed that temporary transfers to jobs whose incumbents are on vacation or on length-determined authorized absences of more than five (5) days and less than thirty (30) days, will be done on seniority basis in descending order (from the employee with the most seniority to the one with the least) among the employees within the same department accomplishing the same tasks. It is understood that the bonus mentioned in paragraph a) above, known as the penalty premium for transfer, will not apply to these cases.

If the transfer cannot be done according to the above paragraph, it will be done in accordance with the provisions of paragraph A) above. 21.04 The successful applicant will have a trial period of thirty (30) scheduled working days to demonstrate his ability. The Company may remove any applicant from his duties and return him to his previous duties if the said applicant is not capable of performing at the required standard of efficiency, either during or at the end of the trial period. The Company will then consider the following applicant on the seniority list who is qualified and applied for the original posting. Trial periods may be extended by the Company if appropriate.

21.04 The successful applicant will have a trial period of thirty (30) scheduled working days to demonstrate his ability. The Company may remove any applicant from his duties and return him to his previous duties if the said applicant is not capable of performing at the required standard of efficiency, either during or at the end of the trial period. The Company will then consider the following applicant on the seniority list who is qualified and applied for the original posting. Trial periods may be extended by the Company if appropriate.

21.05 It is understood that following an internal posting, only the following positions will be posted: the position of the selected employee and the position of the employee filling the position of the selected employee will be subsequently

posted. The Company will, at its sole discretion, fill any other position that arises due to the initial posting.

21.06 Due to the nature of the responsibilities and duties of the coordinators, both parties agree that notwithstanding Article 21, the selection of the candidate will be made at the Company's discretion. The Company will post its intention to fill the positions of coordinators in order to enable interested employees to be considered for said position. If no internal candidate meets the position requirements, the Company will be allowed to recruit outside. Coordinators will receive a premium of \$1.00 per hour above and beyond their hourly base rate.

ARTICLE - 22 - REFUSAL TO WORK AND REFUSAL TO CROSS PICKET LINE

22.01 The failure or refusal of any employee to pass through or work behind any picket line lawfully established shall not be deemed a breach of this Agreement, and the Company shall not discharge, discipline or otherwise discriminate against any such employee.

22.02 Notwithstanding Article 22.01, employees shall not have the right to refuse to cross a picket line lawfully established by a Union other than I.W.A Canada C.L.C., Local I-400, Industrial, Wood and Allied Workers of Canada representing Simmons Canada Inc. employees at 17400 Trans-Canada in Kirkland, Quebec.

ARTICLE - 23 - TECHNOLOGICAL CHANGES

23.01 The Company shall notify the Union 30 calendar days before the introduction of new equipment or a change in current equipment that would result in a layoff or termination within the bargaining unit.

When introducing new equipment or changing current equipment, the Company undertakes to train the employees for a reasonable period of time when necessary to operate such new equipment. When a department is subject to technological change, the change job will be offered by seniority to the incumbents of this job within the department.

ARTICLE - 24 - JOB DESCRIPTIONS AND TEMPORARY TRANSFERS

24.01 The Company shall provide the Union with job descriptions for each position in the bargaining unit.

24.02 The Company will comply with the job descriptions given to the Union.

24.03 a) It is understood that the Company has the right to assign employees to suit operating requirements. The Company will assign the skill employee to immediately perform all tasks of the required position and having the least seniority. In the event the Company does not follow this procedure, the Company shall pay to the transferred employee an hourly premium equivalent to 20% of the employee's hourly base rate plus the indirect bonus, or their last four (4) weeks on the job, whichever is greater, for the duration of the transfer. This bonus is not to be taken into consideration in the calculation of the hourly rate applicable for overtime work.

b) Notwithstanding paragraph a) above, it is agreed that temporary transfers to jobs whose incumbents are on vacation or on length-determined authorized absences of more than five (5) days and less than thirty (30) days, will be done on seniority basis in descending order (from the employee with the most seniority to the one with the least) among the employees within the same department accomplishing the same tasks. It is understood that the bonus mentioned in paragraph a) above, known as the penalty premium for transfer, will not apply to these cases.

If the transfer cannot be done according to the above paragraph, it will be done in accordance with the provisions of paragraph a) above.

24.04 An employee may transfer to a non-bargaining unit job with the Company or with the union for a period of one (1) year and continue to accumulate seniority. The employee returning to the bargaining unit within that period will return to his former job, in accordance with the provisions of the collective agreement.

The employee will retain his right to return to the bargaining unit, as described above, providing he continues to pay an amount equal to the amount of the Union dues by authorizing such payroll deduction by the Company who will remit this amount to the union with the monthly union dues.

The job of the employee will be posted on a temporary basis for the period of eligibility to return to the bargaining unit.

ARTICLE - 25 - HEALTH AND SAFETY

25.01 The parties agree to the principle of a healthy and safe working environment. To that end, the Company shall establish working conditions consistent with

a healthy and safe working environment, and shall take all reasonable precautions to protect the health and safety of employees. To further these aims, the Union will appoint two members to work jointly with two members of management on an Occupational Health and Safety Committee. The committee will meet monthly, unless otherwise mutually agreed to, to discuss any unsafe working conditions and equipment and will make recommendations to the Company for corrective measures. The Union members shall be granted one (1) hour, paid according to their hourly base rate, before the regular meeting of the Committee to prepare this meeting. The Company and the Union will comply with all requirements of the **Occupational Health and Safety Act** (Quebec). There will be one Health and Safety representative per shift.

- 25.02** In the event of a serious accident in the plant, one Union member of the Occupational Health and Safety Committee will be able to view the scene along with a Company representative.
- 25.03** Injured workers, unable to finish their shift due to a work related injury, will be paid in full for their shift.
- 25.04** The Company agrees to provide clear lens safety glasses at no cost to the employee when required on the recommendation of the Occupational Health and Safety Committee. **Also**, the Company will pay for prescription lenses when required on the understanding that should the employee leave within the following twelve months, the Company will be reimbursed by said employee.
- 25.05** The Company and the Union agree to promote and encourage the wearing of safety shoes throughout the plant. The Company agrees to pay up to one hundred and ten dollars (\$110.00) annually upon proof of purchase. This amount will be one hundred and fifteen dollars (\$115.00) for the second year and one hundred and twenty dollars (\$120.00) for the third year.
- 25.06** The Occupational Health and Safety Committee shall be informed of all lost time accidents. Investigations will be performed promptly by department supervisors on these accidents and will be made available to members of the committee. A Union representative will be entitled to be present at investigations.
- 25.07** In the event that work assigned to an employee requires the use of special equipment, or protective clothing, such equipment or protective clothing shall be provided by the Company.

ARTICLE - 26 - INSURANCE AND RETIREMENT PLAN

26.01 The Company agrees to pay the following benefits for all employees covered by this Agreement after they have completed the probationary period.

26.02 The Company will pay 100% of the premium for the benefits listed below:

a) Life Insurance and AD & D as follows:

- an-amount equal to the annual earnings as determined based on the hourly rate of the employee

\$5,000.00 for spouse

\$3,000.00 per child

b) Weekly Indemnity - 66 2/3% of weekly earnings to the EI maximum for a maximum period of 26 weeks. The benefit will provide coverage from the 4th day of sickness and the 1st day of hospitalization.

c) Dental

- 100% reimbursement for preventive treatment;

- 50% reimbursement for major restorative work to an annual maximum of \$1,500.00. Fees are based on the C.D.A. schedule of the previous year.

d) Extended Health Care - Direct drug card (deductible of \$0.35 per prescription. This card will also include out-of-province coverage), semi-private hospital room, supplementary health care, eye care to a maximum of \$200.00 every 24 months, children every 12 months, \$10.00 deductible per person or \$20.00 per family unit with 100% reimbursement of the balance.

26.03 The employee will pay 100% of the premium for Long Term Disability coverage. The LTD coverage is compulsory for all employees after one (1) year of service and covers employees to 60% of their earnings to a maximum monthly benefit of \$3,000.00.

26.04 In the event of a layoff all health and welfare benefits will be maintained for 30 calendar days after the employee is laid off.

26.05 Employees in the Bargaining Unit are entitled to participate in the Simmons Canada Inc. pension plan in accordance with the terms of the plan.

ARTICLE - 27 - PERSONAL DAYS

27.01 Employees will be entitled to four **(4)** days off per contract year which may be used either as a sick day or a personal day, depending on the circumstances. Employees wishing to take a day of which is owing to them for personal reasons shall address their request to their supervisor at least one **(1)** week in advance using the form designed for such purpose. Personal days will be granted depending on the operating requirements but will not be unreasonably denied.

ARTICLE - 28 - VACATION WITH PAY

28.01 The basis for vacation pay will be on the gross annual earnings in the twelve **(12)** months from May 1st to the following April 30th immediately preceding the employee's vacation. Vacation is earned in the calendar year preceding the vacation year. Vacation with pay for all employees covered by this Agreement shall be granted on the following basis:

- a)** Employees with less than one **(1)** year seniority, as of April 30th of the vacation year, shall have their vacation pay calculated and granted in accordance with the requirements of the Labour Standards Act (Quebec).
- b)** Employees with one **(1)** year or more seniority, as of April 30th of the vacation year will be entitled to two **(2)** weeks of vacation with pay, such pay being equal to 4% of the total pay of the employee in the year for which the vacation is given.
- c)** Employees with four **(4)** years or more seniority, as of June 30th of the vacation year, will be entitled to three **(3)** weeks of vacation with pay, such pay being equal to 6% of the total pay of the employee in the year for which the vacation is given.
- d)** Employees with nine **(9)** years or more seniority, as of June 30th of the vacation year, will be entitled to four **(4)** weeks of vacation with pay, such pay being equal to 8% of the total pay of the employee in the year for which the vacation is given.
- e)** Employees with seventeen **(17)** years or more seniority, as of June 30th of the vacation year, will be entitled to five **(5)** weeks of vacation with pay, such pay being equal to 10% of the total pay of the employee in the year for which the vacation is given.

As of May 14th, 2006, employees with sixteen (16) years or more seniority, as of June 30th of the vacation year, will be entitled to five (5) weeks of vacation with pay, such pay being equal to 10% of the total pay of the employee in the year for which the vacation is given.

- f) Employees with twenty-three (23) years or more seniority, as of June 30th of the vacation year, will be entitled to six (6) weeks of vacation with pay, such pay being equal to 12% of the total pay of the employee in the year for which the vacation is given.

28.02 Vacations are to be mutually arranged between the employee and his supervisor. A "Vacation Request Form" must be signed and approved at least four (4) weeks prior to taking the vacation and all vacation requests must be submitted by April 15th of each year. Approval of vacation requests will be based so that plant efficiency and customer service will be maintained.

28.03 Employees will take vacations in increments of at least one or more weeks and no more than two weeks may be taken between June 1st and October 1st. Once all of the employees in a department have chosen their vacations and if operations permit, the Company will allow the employees in that department to choose one more week of vacation between June 1st and October 1st, based on seniority. The number of employees and the departments in question will be determined by the Company.

28.04 Employees will not receive pay in lieu of vacation time and employees will not be allowed to carry over vacation from one year to the next unless requested by the Company.

ARTICLE - 29 - STATUTORY HOLIDAYS

29.01 a) The following general holidays shall be paid for if not worked, subject to the conditions hereinafter set forth:

New Year's Day	Labour Day
Good Friday	Thanksgiving Day
Victoria Day	Christmas Day
June 24	Boxing Day
Canada Day	Employees Birthday

If the employee's birthday falls during the week-end, the employee will be entitled to take the preceding Friday.

- b)** Each employee who has completed his probationary period and who is not required to work on any of the statutory holidays shall receive payment at his base rate for the regularly scheduled hours of work on which the holiday is celebrated provided that the employee works the regular day before the holiday and the regular day after the holiday unless authorized by the Company, in writing, to be absent on either or both such days.

29.02 If an employee is requested by the Company to work on any of the foregoing statutory holidays, he will be paid double time for the time worked plus the statutory holiday pay.

Should a general holiday fall during the week an employee is on vacation, an additional day off with pay will be granted on the basis of the foregoing.

ARTICLE - 30 - EDUCATIONAL ASSISTANCE

30.01 Simmons Canada Inc. encourages any employee to continue his education and to further develop his skills. Therefore, the Company will reimburse 100% of the cost of tuition of any Company approved course that the employee successfully completes provided it is related to his job responsibilities. Application forms for educational assistance must be completed and approved before the employee starts the course.

If the employee **is** incapable to finish a course already approved by the Company as a result of a change in his work schedule, the Company will reimburse the employee the cost of tuition paid by the employee for this course.

30.02 The employee **is** to request the educational assistance form through his immediate supervisor. The supervisor will then forward the request to the Human Resources Department.

30.02 If an employee follows a course following a Company request, the Company shall pay the cost of tuition in advance.

ARTICLE - 31 - BULLETIN BOARD

31.01 The Company agrees to supply a bulletin board for the exclusive use of the Union and that it will be placed in the Company cafeteria **so** that employees in the bargaining unit can see it.

31.02 The Union agrees that notices placed on the bulletin board will not contain libellous comments or negative comments concerning any business associated or dealing with the Company.

31.03 The Company will post the minutes of all meetings between the Union and the Management.

ARTICLE - 32 - SHIFT DIFFERENTIALS AND TRAINING PREMIUMS

32.01 An employee whose shift starts between 15:00 and 23:00 shall be entitled to a premium of one dollar and five cents (\$1.05) per hour. As of May 14th, 2006, an employee whose shift starts between 15:00 and 23:00 shall be entitled to a premium of one dollar and ten cents (\$1.10) per hour.

The premium shall be of \$1.25 for employees whose shift starts between 23:00 and 5:00. This premium is not to be considered in the calculation of the applicable hourly rate to be paid for overtime work.

32.02 The Company will identify the employees having the skills and aptitudes needed to train other employees. It is understood that the employees identified to be trainers may decline, at their option.

A premium will be added, to the trainer's hourly base rate, equivalent to either 20% of the hourly base rate plus the indirect bonus or the trainer's averaged earned bonus in his regular job for the four (4) weeks immediately preceding the trainer's assignment, whichever amount is highest, for every hour he is providing training at the request of a supervisor. The premium shall not be taken into account when calculating the hourly rate for overtime purposes.

32.03 Training Fund: The Company will contribute \$0.04 per hour for all the hours worked per employee to the Union Training Fund based on the monthly total of hours worked per employee. This amount is to be increase by one cent each year of the collective agreement until the amount is equal to 1/2% of the base rate of the collective agreement. This contribution shall be paid to the Union by way of a cheque, at the same time union dues are payable, along with a list indicating hours and amounts separately.

ARTICLE - 33 - BEREAVEMENT LEAVE

33.01 Provided an employee has completed his probationary period, in the event of the death of a spouse, a common-law spouse or a child, his mother,

father, brother and sister an employee shall be allowed up to five (5) consecutive working days of absence without **loss** of pay.

33.02 In the event of death in the immediate family, an employee shall be allowed up to three (3) consecutive working days of absence without **loss** of pay. The term "immediate family" shall be deemed to include mother-in-law, father-in-law, grandparents or grandchild of the employee.

33.03 An employee is also allowed one (1) day leave of absence without **loss of** pay for the purpose of attending the funeral of a brother-in-law, a sister-in-law, an uncle or an aunt.

33.04 Employees will be granted an unpaid compassion leave of absence upon reviewing the circumstances and length of time with the Human Resources Manager.

ARTICLE - 34 - UNION LEAVE OF ABSENCE

34.01 Employees who have been elected or otherwise appointed to attend Union conventions, conferences or delegations will be given permission to do so without pay. Written requests will be required by the Company from the Union for such leaves of absence. Such requests must be received at least forty-eight (48) hours prior to the required leave of absence.

ARTICLE - 35 - ADOPTION LEAVE

35.01 The Company will provide such leave and benefits as outlined in the *Labour Standards Act*.

ARTICLE - 36 - MATERNITY AND PATERNITY LEAVE

36.01 The Company will provide such leave and benefits as outlined in the *Labour Standards Act*.

ARTICLE - 37 - JURY AND CROWN WITNESS LEAVE

37.01 When an employee is summoned to, and reports for jury or crown witness duty, he shall be paid the difference between the daily amount received for jury or crown witness service and his base hourly rate, that he otherwise would have received for work which he did not perform. The employee will present proof of service and attendance and the amount of pay received.

ARTICLE - 38 - WAGES

38.01 The following wage increases shall be added to all base rates:

Wage increase for every employee:

May 14 th 2004	\$0.60 per hour
May 14 th 2005	\$0.60 per hour
May 14 th 2006	\$0.60 per hour

Adjustments for mechanics

May 14 th 2004	\$0.40 per hour
May 14 th 2005	\$0.40 per hour
May 14 th 2006	\$0.40 per hour

Mechanics do not participate in the incentive programme.

38.02 Maintenance employees will be paid a skills premium as shown in Schedule "C" except the garbage compactor operator, who shall be paid at the same hourly base rate as production employees.

38.03 The Company will pay for the time lost by shop stewards and committee members at their base rate plus the indirect bonus while they are performing their duties in accordance with this Agreement. If they are required to perform their duties for a complete shift, they will be paid at their base rate plus their average bonus earnings.

ARTICLE - 39 - SPECIFIC STANDARDS AND INCENTIVE PROGRAMME

39.01 NEW INCENTIVE PROGRAMME (KIRKLAND PLANT)

SECTION I

Production standards have been established for all direct labour jobs as described herein below. Such standards may be the subject of a grievance in accordance with the enclosed grievance and arbitration provisions.

The incentive plan does not apply to the maintenance department employees, including the position of coordinator.

SECTION II COMPENSATION

■ DIRECT LABOUR EMPLOYEES

Direct employees who perform at a pace more effective than the standard shall be compensated by a one (1) percentage point addition to base rate for every point of improvement in productivity over the standard.

For example: employee performance

Below 100% of standard:	Classification Base Rate only
104% of standard:	Classification Base Rate + 4% of Base Rate
105% of standard:	Classification Base Rate + 5% of Base Rate
106% of standard:	Classification Base Rate + 6% of Base Rate
108% and above:	Will be paid at the equivalent percent of Base Rate over 100%
e.g. 120% of standard:	Classification Base Rate + 20% of Base Rate

- a. All work without standards and for which standards cannot be set, performed by direct labour employees will be paid at base rate per hour plus 35% of the incentive earned over standard by the total of all direct labour employees in the Plant.

For example:

PLANT EFFICIENCY	COMPENSATION FOR DIRECT LABOUR EMPLOYEES ON WORK WITHOUT STANDARDS
Below 100%:	Base Rate Only
104%:	Base Rate + 1.40% of Base Rate
105%:	Base Rate + 1.75% of Base Rate
106%:	Base Rate + 2.10% of Base Rate
107%:	Base Rate + 2.45% of Base Rate
108%:	Base Rate + 2.80% of Base Rate
Over 108%:	Will be paid additional .35% per 1% increments
e.g. 115%:	Base Rate + 5.25% of Base Rate

- b. Direct workers on downtime and not performing other work will be paid at base rate without any bonus.

2. INDIRECT LABOUR EMPLOYEES

All Warehouse employees, Waste Management employees and other indirect positions will be paid at base rate per hour, but additionally will receive the base rate plus a bonus of 35% of the average bonus earned by the total of all direct labour employees in the plant.

Production and warehouse coordinators will be paid at base rate per hour but will receive a bonus equal to 100% of the average bonus earned by all direct position employees of the plant.

Indirect labour employees will be paid a guaranteed indirect bonus of 12%.

For example:

PLANT EFFICIENCY	INDIRECT COMPENSATION FOR COORDINATORS AND WAREHOUSE AND WASTE MANAGEMENT EMPLOYEES
Below 134.3%:	Base Rate + 12.0%
Over 134.3%:	Bonus increase of .35% per 1% increments
e.g. 140%:	Base Rate + 14.0% of Base Rate
150%:	Base Rate + 17.50% of Base Rate

3. TRAINER PROVISIONS

When an incentive employee is specifically requested to act as a trainer, the employee will receive his hourly base rate plus 20% of his hourly base rate plus the indirect bonus, or average earnings for the last four (4) weeks on his/her job, whichever is greater, for the time spent conducting the training,.

4. TRAINEE PROVISIONS - DIRECT EMPLOYEES

During the time that an employee is on training and providing he maintains the requirements of the learning curve, he will receive his base rate plus the indirect bonus until he reaches 100% at which time the employee will be a direct incentive wage earner.

5. TRAINEE PROVISIONS - INDIRECT EMPLOYEES

During the period of time an employee is on training and providing he maintains the requirements of the learning curve, he will receive his base rate plus the indirect bonus.

**SECTION III
WAGE CALCULATION**

All incentives and bonus payments (both direct and indirect) are to be calculated on a weekly basis.

SECTION IV GENERAL

- 1.** Standards shall remain intact regardless of earnings, except where an operation has been changed due to a revision of method, a change in machinery, a change of material or in the event of an error in data application.
- 2.** "Downtime", provided such is in excess of fifteen (15) continuous minutes, is to be paid at base rate; where teams are involved, downtime will be based on a combined 15 minute period. "Downtime" will be measured from the time it is reported by the affected employee to his immediate supervisor.
- 3.** Contract Allowance for Incentive Standards:
Personal, fatigue, rest and delay = 14%
- 4.** Employees who do not meet the expectations of the learning curve will be offered counselling and may receive, as a result of counselling, additional training.

Those who do not satisfactorily improve to an acceptable level or at an acceptable rate, within a given period, and maintain such level will be subject to disciplinary or other remedial action as the Company deems advisable.

- 5.** For samples specifically requested by a Supervisor, the employee will be given the actual time allowance per operator, per piece, in the mattress assembly and box spring finishing areas.

SECTION V PRODUCTIVITY PLAN GRIEVANCE AND ARBITRATION

- 1.** All complaints arising as to the achievability of any incentive standard may be handled by following the grievance procedure set forth at article 7 & 8 of this Agreement, subject to what is provided herein below.
- 2.** Prior to the introduction of new or revised standards, five (5) working days will be set aside for discussions with the Union on these changes. During this period, information will be provided to the Union on the method of developing or revising those standards and on attempts made to resolve disagreements. For revised standards, the information provided to the Union will include information on the old standard. At the end of the five (5) day period the new or revised standards will be implemented.
- 3.** Before submitting any grievance on a standard, operators will provide a normal effort on the standard for a period of at least ten (10) working days.

4. If, after ten (10) working days from the date on which the standard was implemented, the Union is not satisfied with the standard, the Union shall have the right to submit a grievance.
5. Failure to submit a grievance within forty (40) working days from the date a standard was implemented shall constitute acceptance of the standard and this standard shall not be subsequently grieved.
6. Performances of 100% or better against a standard will confirm the standard to be achievable.

SECTION VI DIRECT AN INDIRECT EMPLOYEES

- Direct :**
- POCKET COIL CONSTRUCTION
 - OPEN COIL CONSTRUCTION
 - FOUNDATION CONSTRUCTION AND FINISHING
 - MATTRESS PANEL
 - MATTRESS BORDER (BECHEK OPERATOR)
 - FOUNDATION CASE
 - MATTRESS FINISHING
 - BORDER QUILTER
- Indirect :**
- FEEDER
 - WASTE MANAGEMENT
 - WAREHOUSE (e.g. SHIPPING, RECEIVING and SALVAGE)

SECTION VII COMMITTEE

An incentive programme committee will be created and **will** consist of no more than two employees, members of the Union, and of the President of the plant's Union as well as three representatives of the Company.

Participating employees will be compensated according to the provisions of Article 38.03 of this Agreement.

The Committee's objective is to further and improve communications and to discuss important changes, that could impact the incentive programme or impact the work of employees paid on an incentive basis, before they are implemented.

SECTION VIII

CONCLUSION

This plan provides equal earning opportunity for all employees on the basis of applied skills and effort by each employee. There is no ceiling on production or earnings. The emphasis is on efficiency, quality, and productivity.

ARTICLE - 40 - MISCELLANEOUS PROVISIONS REGARDING MECHANICS, TRUCK DRIVERS, WAREHOUSE EMPLOYEES, SPRING DEPARTMENT EMPLOYEES

The Company will supply four (4) shirts and four (4) trousers per year to mechanics. Mechanics will be responsible for the cleaning and maintenance of these shirts and trousers.

Mechanics will received a tool allowance of two hundred (\$200.00) dollars paid in December of each year on a separate check. The company will continue to replace tools due to normal breakage and normal wear and tear.

The Company will supply uniforms for the truck drivers and will provide cleaning of said uniforms. The Company will provide a list of the items covered by this article.

The Company will provide jackets for shippers and receivers.

The Company will provide two (2) shirts and two (2) pairs of pants per year to pocket coiler operators, to MCA department operators and Bend & Join operators.

ARTICLE - 41 - TERM OF AGREEMENT


- 41.01 a)** This Agreement shall be in full force from may 14th , 2004, until May 13th, 2007 and from year to year thereafter unless either party gives notice in writing to the other of termination or of amendment not more than ninety (90) days, and not less than thirty (30) days prior to the date of expiration.


- b)** Notwithstanding the foregoing, the working conditions contained in this Collective Agreement shall remain in force following the expiration of the Collective Agreement until one of the parties exercises its strike or lock-out rights.


Signed on this 29th day of September 2004.

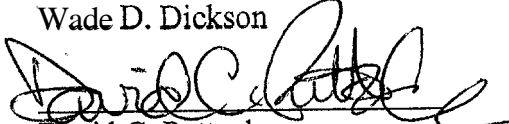
Simmons Canada Inc.
Kirkland Quebec .

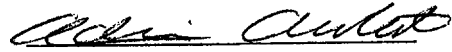
I.W.A. Canada Local 400

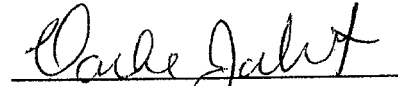

Paul A. Boulanger



Lucie Caouette

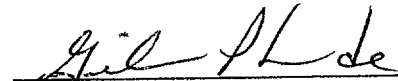

Wade D. Dickson

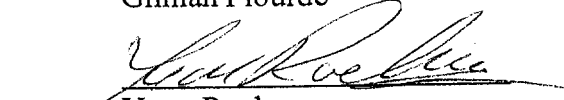

David C. Puttock


Adrien Aubut


Darlene Jalbert


Mario Malenfant


Gilman Plourde


Yvon Rochon

SCHEDULE A

BASE RATE INCREASE SCHEDULE

A) May 14th, 2004

PRODUCTION EMPLOYEES (direct)	Entry Rate	\$17.78
PRODUCTION AND WAREHOUSE COORDINATORS	After three months	\$18.31
	After six months	\$18.83
INDIRECT EMPLOYEES	Entry Rate	\$18.38
	After three months	\$18.91
	After six months	\$19.43
MAINTENANCE EMPLOYEES (mechanics)	Entry Rate	\$24.37
	After three months	\$24.90
	After six months	\$25.42
MECHANICS' COORDINATORS	Entry Rate	\$24.97
	After three months	\$25.50
	After six months	\$26.02

B) May 14th, 2005

PRODUCTION EMPLOYEES (direct)	Entry Rate	\$18.38
PRODUCTION AND WAREHOUSE COORDINATORS	After three months	\$18.91
	After six months	\$19.43
INDIRECT EMPLOYEES	Entry Rate	\$18.98
	After three months	\$19.51
	After six months	\$20.03
MAINTENANCE EMPLOYEES (mechanics)	Entry Rate	\$25.37
	After three months	\$25.90
	After six months	\$26.42
MECHANICS' COORDINATORS	Entry Rate	\$25.97
	After three months	\$26.50
	After six months	\$27.02

C) May 14th, 2006

PRODUCTION EMPLOYEES (direct)	Entry Rate	\$18.98
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PRODUCTION AND WAREHOUSE COORDINATORS	After three months	\$19.51
	After six months	\$20.03
INDIRECT EMPLOYEES	Entry Rate	\$19.58
	After three months	\$20.11
	After six months	\$20.63
MAINTENANCE EMPLOYEES (mechanics)	Entry Rate	\$26.37
	After three months	\$26.90
	After six months	\$27.42
MECHANICS' COORDINATORS	Entry Rate	\$26.97
	After three months	\$27.50
	After six months	\$28.02

**SCHEDULE B
DIAGRAM**

DEPARTMENTS

SKILLS

FINISHING AND ASSEMBLY

Closing
Hogring (Mattress)
Box Spring Upholstery
Frame Making.
Construction Assembly
Finishing Coordination
Feeding
Box Spring Coordination

SPRING

Pocket Coil Hogring
Hot Melt Assembly
Machine Coil Assembly (MCA)
Edgewire Attach
Edgewire Bend and Join
Pocket Coiler

CUT & SEW

Quilting (Mattress)
Overedge and Flange
Non Flip Casing
Hi-loft pillow top Assembly
Ruffler
Border Quilting
Border Making (Bechek Labels, Fabric handle)
Box Case Sewing
Tick Cage Coordination
Cut & Sew Coordination
Cut Rolls Coordination
Cut & Sew Feeding

MATERIAL HANDLING

Shipper
Receiver
Forklift operation
Recuperation (Salvage)
Recycling operation

TRUCK DRIVER

Class A License Truck Driver

SCHEDULE C

BASE RATE + \$2.50

***With Diploma
(or the equivalent)***

MECHANIC OR MACHINIST (WITH
DIPLOMA) PLUS BOTH NON-
REGULATED TRADES (SPRING MAKER
AND SEWING MACHINE)

BASE RATE + \$1.50

***With Diploma
(or the equivalent)***

MECHANIC OR MACHINIST (WITH
DIPLOMA) PLUS ONE OF EITHER NON-
REGULATED (SPRING MAKER OR
SEWING MACHINE)

OR

Without Diploma

BOTH NON-REGULATED TRADES
SPRING MAKER AND SEWING
MACHINE

OR

With Diploma & licence

ELECTRICIAN (INTER-PROVINCIAL
ELECTRICIAN LICENSE) PLUS
ELECTRONICS PROGRAMME

OR

With Diploma & licence

INDUSTRIAL ELECTRICIAN (INTER-
PROVINCIAL LICENSE)

MAINTENANCE (without premium)

- ▶ Garbage compactor operator

SCHEDULE D

To the current Collective Agreement between Simmons Canada Inc. and I.W.A. Canada C.L.C., Local I-400. (Industrial, Wood and Allied Workers of Canada)

The Parties agree that the provisions of the current Collective Agreement shall not apply to the students employed by the Company, but that they are required to pay the Union an amount equal to the Union dues provided for under the collective agreement.

Students are allowed to work for the Company from the month of April through mid-September of each year.