

**LABOR AGREEMENT**

**Between**

**Arizona Chemical, a Kraton Corporation**

**Savannah, GA**

**And**

**LOCAL 1391**

**OF THE**

**INTERNATIONAL BROTHERHOOD OF**

**ELECTRICAL WORKERS**

**Affiliated With**

**The AFL-CIO**

**June 1, 2016 – May 31, 2019**

**KRATON**



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## AGREEMENT

Made and entered into between Arizona Chemical, a **Kraton Corporation**, hereinafter called the Company, and Local Union 1391 of the International Brotherhood of Electrical Workers, affiliated with the A.F.L.-C.I.O., hereinafter called the Union.

WITNESSETH:

WHEREAS, the parties hereto desire: To establish a standard of conditions under which the employees shall work for the Company during the term of this Agreement; and to provide for rates of pay, hours of work, and other conditions of employment for such employees to the end that their mutual relations may be regulated with a degree of security and harmonious cooperation; and to provide procedure for the prompt and equitable adjustment of all grievances and disputes that may arise during the term of this Agreement; and to ensure a profitable operation of the plant.

NOW THEREFORE, in consideration of the mutual promises and agreements herein contained, the parties hereto agree as follows:

### ARTICLE I – General Conditions

#### Section 1. Recognition

The Union is hereby recognized as the exclusive collective bargaining agent with respect to rates of pay, hours of work and other conditions of employment for all employees of this Company at the Savannah, Georgia, Plant (as certified by National Labor Relations Board in Case Number 10-RC-2315, dated May 1, 1953), and listed in the classifications shown on the Wage Rate Page(s) of the document and made a part hereto.

#### Section 2. Union and Union Business

The Company agrees not to discourage or encourage Union membership or interfere in any way with the exercise, by employees, of their legitimate rights to join and be active in the Union.

In the event the International Union requests the services of an employee, such employee will be granted a leave of absence from work without loss of seniority for a period of up to 12 months. The International Union will not request the services of more than one employee during a contract year. In addition, if the Local Union requests the services of an employee to conduct Local Union business, such employee shall be granted time off without loss of seniority for a period of up to 15 days. If the Union should find that a longer period of time is necessary to transact Local Union business and should request the Company for an extension, the Company agrees to give such request very careful consideration. In all cases, the Company reserves the right to limit the number of Arizona Chemical, **a Kraton Corporation**, employees away on Union business at any one time for more than 1 week at a time.

The present practice with regard to the handling of grievances by the Union Stewards will be continued. This includes the granting of permission to the appropriate Union Steward the necessary time at an appropriate period to leave his job for this purpose.

Representatives of the International Union will be granted authority for admittance to the plant by application, upon the occasion of each visit.

### Section 3. Continuous Operations

It is agreed that there shall be no strikes or lockouts during the period of this Agreement.

The Union will not authorize any strike, sympathy strike, walkout, slowdown, or other interruption of work and, if the threat of any such occurrence shall come to the Union's attention, it will endeavor to avert it.

### Section 4. Wages

A copy of the wage rate schedule is attached as EXHIBIT "C", and same shall remain in effect throughout the life of this Agreement, unless changed by mutual consent of the signatory parties at a meeting duly called on 30 days written notice, by either of the parties signatory hereto, to the other party.

If a new job is created, the Company may set a temporary rate therefore; but the regular rate will be negotiated with the Union. The regular rate so established will be retroactive to the date the job went into operation.

### Section 5. Plant Rules

The plant rules covering employees as attached hereto and shown as EXHIBIT "A" are affirmed and will continue in effect and force during the life of this Agreement. Supplements to these rules as issued from time to time by the Company, that are not in conflict with the provisions of this Agreement, shall be observed by all employees the same as any other provision of this Agreement. It is understood that the application of any such supplementary rules may, until they are approved by the Union, be made the subject of a grievance proceeding under Article VI of this Agreement.

### Section 6. Bulletin Boards

The Company shall provide bulletin boards which may be used by the Union for posting official notices of Union meetings, Union elections, and the results thereof, notices of recreational and social events and other Union business, not including matters of a controversial nature.

### Section 7. Membership

Should such become fully permissible, legally, the parties agree:

A permanent employee <sup>(1)</sup> shall, as a condition of employment, join the Union within 30 days after being employed.

An employee who is now a member of the Union or, who after this date becomes or is reinstated as a member of the Union, shall maintain such membership in the Union during the life of this Agreement.

An employee who has a grievance or dispute against the Union or its officers which affects his employment shall have the right to take up the grievance or dispute for adjustment in the presence of a representative of the International Organization of the Union and a representative of the Company.

<sup>(1)</sup>Each present permanent employee must join the Union which will represent him in his job within 30 days of this provision becoming effective.

## Section 8. Discrimination

There shall be no unlawful discrimination against any employee because of race, color, religion, sex, national origin, age, disability, union membership or status as a Vietnam-era veteran or disabled veteran.

## **ARTICLE II – Management Rights**

It is understood and agreed that the Company reserves all rights, privileges, and authority customarily exercised by management except insofar as they are specifically surrendered or abridged by express provisions of this Agreement.

## **ARTICLE III – Seniority-Promotions-Transfers-Demotions-Layoff-Discharge-Reinstatement**

### Section 1. Seniority

Seniority shall be defined as the length of the employee's continuous service as follows:

Company seniority starts on the date of last hire by the Company.

Plant seniority starts on the date of last hire by or transfer to the Savannah Arizona Chemical Plant.

Job seniority starts on the date the employee is classified in the occupation permanently. Job seniority is accumulated in the current job and in all jobs below it in the same job progression.

When employees are hired on the same day, a letter to will be assigned to each employee's seniority date in the order of the employees being signed up for the payroll. The letter "A" denotes the senior, "B" the next senior, etc.

New employees shall be on probation for an initial period of their employment within the bargaining unit, after which seniority shall begin with the first day of employment. The period of probation will be 120 days for all employees. Should their employment be terminated before the end of this period, such termination shall not be subject to ARTICLE VI, Adjustment of Grievances--Arbitration. When employees are to be promoted, the Company shall take into consideration seniority and ability. Where all factors that constitute ability are relatively equal, seniority shall prevail. It is understood that action taken by the Company under this clause is subject to the grievance procedure, except as noted above.

The present departments and jobs shall be those listed in the rate schedule attached hereto as EXHIBIT "C" or changes therein.

Nothing in this article shall require the Company to continue any operation or classification listed in Exhibit C or to have employees in all such classifications, or forbid it to establish other operations or classifications. The Company will meet and discuss any changes with the Union in advance.

Note: It is not the Company's intent to intrude on employees' seniority issues as they pertain to this language. Seniority is the Union's prerogative.

## Section 2. Promotions

Promotions shall be made in line with recognized job progressions. Where ability is relatively equal, job seniority shall govern in promotions, but seniority will not necessarily be considered in promotions of 2 days or less. Ordinarily, performance on the job currently filled will be given first consideration in determining ability to do the next higher job.

Before resorting to hiring from outside to permanently fill vacancies in the Bargaining Unit, the Company will consider employees with necessary qualification who are already within the Bargaining Unit.

In cases of promotion out of the line of seniority, the Union and the bypassed employees will be notified before the promotion is made (promotions for 2 days or less excepted), and the Union will, if it so desires, have an opportunity to discuss with the Company the qualifications of the employees.

An employee temporarily advanced to a higher paid represented job for 3 hours or more will be paid the higher rate for the entire shift. Employees who are temporarily required to work a lower classification will receive their regular rate of pay.

An employee who voluntarily freezes himself may not unfreeze in less than 12 months following the date he was last frozen. Upon unfreezing, he will be assigned an adjusted job seniority date for promotion only, that is junior to those who have been promoted to a higher job on an extended temporary rate slip (one week or more) during the period he was frozen.

It is understood that anyone frozen under a previous freezing provision is unfrozen until such a time as he may freeze himself under the above new provision.

## Section 3. Transfers

Employees may be transferred from one occupation or one department to another in the bargaining unit. When the transfer is made for the convenience of the Company, and agreed to by the employee, the employee's seniority status shall be determined by mutual agreement in writing between the Union and the Company prior to the transfer. When the transfer is made at the employee's request, he shall lose his job seniority, and if the transfer is outside the department, he will likewise lose his department seniority, but in any event he will retain his plant seniority.

Any employee may temporarily (not to exceed 60 days or any longer term mutually agreed upon) be loaned to other departments or job classifications (or may temporarily be given opportunity to work in such other department, in preference to being laid off) but shall not, because of such temporary move, lose his seniority status in the department or job where he is normally employed.

## Section 4. Demotions, Layoffs and Reinstatement

In demotions and layoffs, seniority will be followed except in those cases where differences of qualifications are of such magnitude as to make it advisable to deviate therefrom. Management will not be expected to place a person in a job which would require an unreasonable amount of training time (more than one month).

If an employee is to be demoted, he will be demoted in the reverse order of his promotion, going around the same employees on the way down as he bypassed in going up.

In reinstatement after layoffs, the employees will be recalled in reverse order of their layoff. If a shutdown or curtailment occurs and it is necessary to lay employees off, senior qualified employees will have preference in the work available. However, every effort will be made to hold these employees to the normal work schedule.

Employees who are laid off because of lack of work, after having accumulated 4 months or more seniority, shall have the right of reinstatement without loss of seniority, providing they report to the Human Resource Manager or designee each third calendar month following such layoff, in person or by registered letter (return receipt requested), giving their current address and signifying their continued interest in returning to work for the Company.

The Company will notify any employee laid off as above of any vacancy in the laid-off employee's department which he has the ability and experience to fill and which his seniority may entitle him. Notice will be given to the employee either in person, by telephone, or by registered letter (return receipt requested) sent to his last known address. The notified employee will be given 3 days after the receipt of such notice to notify the Human Resource Manager or designee that he desires to return to work and 7 days after he has received such notice actually to report to work, unless the period is extended with the express permission of the Company. The failure of such employee to comply with any of the above conditions within the time limits specified shall void all reinstatement rights. The Company and the Union may mutually agree in writing that the employee's rights shall not be impaired if the recall was for temporary work and if the employee had good reason, such as loss of another permanent job, for not reporting. If a registered letter addressed to an employee at the last address given by him shall fail to reach him and be returned to the Company, this shall be taken as proof that the employee has failed to keep the Company posted on his address and forfeits his rights for reinstatement.

It is agreed that any vacancy referred to above may be filled in the most convenient manner while waiting for the recalled employee to report for work.

An employee who is to be laid off may be offered a job carrying a lower rate of pay. If he elects to accept such lower rated job, he will be paid at the rate in effect therefore.

In cases of layoffs of 3 days or less duration, the procedures relating to layoff need not apply.

When employees are to be laid off due to reduction in forces, the Company shall endeavor to give reasonable notice of such layoff.

#### Section 5. Discharge

Upon request, a discharged employee and/or the Union shall have furnished them a statement setting forth full and complete reasons for such discharge.

In the case of employees who are rehired after discharge for cause, resignation, or any other break in continuous employment, seniority will date from the time of such rehire.

#### Section 6. Return to Bargaining Unit

The Union and the Company recognize the value and desirability of filling appropriate vacancies on the salaried payroll through placement of qualified employees from within the bargaining unit. It is under-

stood that such employees will be allowed to return to their former occupation in the bargaining unit with full seniority, provided that such return is within one calendar year of the date of promotion.

Section 7. Severance Pay

- A. Employees with one year or more permanent seniority will be eligible for severance pay if laid off because the Company reduces its work force, as follows:
  - 1. Severance pay will be 2% of the employee's earnings for his period of unbroken service with the Company.
  - 2. Severance pay will be paid after the employee has been laid off for 13 consecutive weeks.
  - 3. An employee's recall rights will not be affected by the payment of severance pay.
  - 4. If an employee is recalled after receiving all severance pay due him, earnings after his return will be the basis of future severance pay.
  - 5. An employee who quits or is discharged or is offered work prior to the end of 13 weeks from the date of layoff, or is recalled to work and does not accept, will not be eligible for severance pay.
  
- B. For proper understanding of this section, it is understood that the Company will be liable for severance pay to eligible employees who are laid off because of lack-of-business reductions, and elimination or consolidation of jobs by new methods, machinery or equipment. The Company will not be liable for severance pay in layoffs which are the result or consequent of storms, floods, accidents, breakdowns and other such causes including legal regulations such as but not limited to the breakdown or adequacy of pollution abatement equipment or measures.

Section 8. Medical Leaves of Absence

Leaves of absence due to continuous disability will be extended for more than one (1) year without loss of seniority only when the disability is still presumed to be temporary by competent medical authority, and a written request for such extension is mutually agreed upon by the Company and the Union.

**ARTICLE IV – Voluntary Revocable Dues Deduction**

The Company and the Union agree to the continuation of a plan for the deduction of Union membership dues where under the Company will provide uniform membership dues deduction authorization blanks in the following form:

" \_\_\_\_\_  
(Date)

I hereby request and authorize Arizona Chemical, a **Kraton Corporation** until further notice, to deduct from my earnings for the second pay period in each month, commencing with the first month following the receipt by it hereof, such sum of money as shall last have been certified to the Company by the

President and Financial Secretary of Local No. \_\_\_\_\_ of the \_\_\_\_\_ as constituting the amount of current monthly dues per member, and to remit such sum to said Financial Secretary.

The above authorization may be terminated by me at will by a written notice delivered by mail or in person to the Company.

\_\_\_\_\_  
"\_\_\_\_\_  
(Signature)

The Union will furnish the Company a statement signed by its President and its Financial Secretary, showing the amount of its current membership dues as prescribed by its membership. A change in the amount of Union dues shall be effective for the second pay period of the month following the expiration of 30 days after such statement is filed with the Company.

The Company will notify the Union promptly upon receipt of any notice of cancellation.

Upon its request, the Union shall acknowledge to the Company, in writing, the receipt of funds remitted to it. The sole obligation of the Company under this Section shall be to remit to the Union all sums actually deducted under the provisions thereof.

The Company shall not deduct the dues for more than one Union from any one employee nor deduct dues for a Union which does not represent the employee under the terms of this Agreement.

Union membership dues deduction authorization shall not be canceled by layoffs if the employee is returned to work within 3 months after the date of layoff.

### ARTICLE V – Vacation

1. Each qualified employee will be granted vacation and pay each vacation year which is that 12-month period commencing on the most recent of his employment or vacation qualification date.
2. Qualified employee:

To be qualified, an employee must have unbroken service with the Company of 12 months since his last employment date or vacation qualification date, whichever is the later; and, in addition, must have been paid, on the Company's payroll, for not less than 1040 hours during that 12-month period.

In the case of either an employee who retires, dies or voluntarily resigns without having worked the 1040 hours specified above, payment for vacation shall be as set forth above, but such payment shall be prorated on the basis of actual hours worked related to 1040 hours. As an example, if 520 hours had been worked, one-half the regular vacation allowance shall be paid; if 260 hours had been worked, one-fourth the regular vacation allowance shall be paid. Payments in behalf of a deceased employee will be made to the beneficiary shown in the Company group life insurance records.

An employee who has been discharged for cause will not be paid pro rata vacation.

3. **Qualification date:**

The anniversary of his employment date shall be June 1. Adjustments to June 1 have been or will be made by one of the following methods:

- a. Reinstated U. S. military veterans who have been or may be granted vacations based on a June 1.
- b. For employees hired between January 1 and May 31 prior to January 1, 1997, change their qualification date from the anniversary of their employment to June 1.

Those who had or may have their dates changed from the anniversary of employment to June 1 were or will be paid an adjustment allowance on the first June 1 following the change equal to 2% of the last calendar year's earnings up to 48 hours pay times the number of weeks from the employee's anniversary immediately preceding to June 1, divided by 52 weeks.

The adjustment allowance will again be made under the same formula when the employee reaches his anniversary date for 2, 3, 4, 5, 6 and 7 weeks' vacation.

- c. For employees hired between June 1 and December 31 prior to January 1, 1997, the employee's qualification date has been changed by adjustment to June 1. When an employee qualifies for an additional week, it may be taken June 1 or after of the calendar year in which he qualifies for the additional vacation.
- d. For employees hired after January 1, 1997:

In the case of the employee's first week of vacation, time off may not be scheduled until he has been employed for at least 12 months.

When an employee first qualifies for an additional week, it may be taken June 1 or after, of the calendar year which he qualifies for the additional vacation.

4. Length and pay of vacations for qualified employees:

Years of Continuous Service	Calendar Weeks	<u>Plan A</u> % of Last Calendar Year's Pay	<u>Plan B</u> Hours Pay
1 but less than 3	2	4	80
3 but less than 8	3	6	120
8 but less than 15	4	8	160
15 but less than 18	5	10	200
18 but less than 25	6	12	240
25 or more	7	14	280

Each qualified employee will be paid on the percent basis listed under "A", or the hours basis listed under "B", whichever pays him the greater amount up to a maximum of 48 hours pay.

5. General

A. Unless they request later payment, qualified employees will be paid their vacation pay on the payday immediately before they go on their scheduled vacations. This payment will be a week's vacation pay for each week of vacation taken. The Company reserves the right to determine when any and all vacation will be granted. Should an employee be separated from the payroll after qualifying for a vacation but before it is taken, the employee will be paid for the qualified vacation if payment has not already been made at an earlier date.

B. Vacation Period

(i) Employee vacation periods shall consist of:

- 7 days for 1 week
- 14 days for 2 weeks
- 21 days for 3 weeks
- 28 days for 4 weeks
- 35 days for 5 weeks
- 42 days for 6 weeks
- 49 days for 7 weeks

Every reasonable effort will be made to allow an employee who so desires to take his vacation in consecutive weeks, but it is recognized that to insure efficient operation this cannot be done in all cases. Choice of vacation period will be according to job seniority; however, vacations of more than one week may be split if so arranged in advance with the Company, provided that each portion of a split vacation be in multiples of 7 days. In some groupings all vacations must be taken within a designated continuous period.

- (ii) The vacation due in any vacation year must be taken during that vacation year. Vacations may not be accumulated from vacation year to vacation year and may not be transferred.
- (iii) The Company reserves the right at its option to give vacation pay in lieu of time off for all, or any part of, an actual vacation period. If the Company exercises its option to give vacation pay in lieu of time off by requiring an employee to forego all or any part of a vacation period for an entire vacation year, the vacation pay for such period shall be at the rate of time and one-half. In the event of a national emergency, however, such period shall be paid for at the employee's straight-time rate.
- (iv) The Company reserves the right to schedule the vacation period for each employee as well as to generally administer the vacation plan in accordance with this agreement.

Employees will be notified at least 3 weeks before their vacation is to start or to be changed except in unusual or unforeseen circumstances. Employees may

designate at the time of vacation scheduling a week of vacation that cannot be rescheduled.

- (v) Time lost as a direct result of an accidental injury which is sustained while the employee is actually working at his job shall be counted in computing the 1040 hours necessary to qualify him for a vacation on the first qualifying date following such accident, and provided he has returned to work by that date, the second qualifying date. For this purpose, each full workday so lost shall be credited as 8 hours. Time lost as a result of attending annual 2 weeks military training, the Union contract negotiations, the Union's national convention, and similar conferences shall be considered in a like manner upon the written application of the affected employee. Vacation pay and pension benefits for an employee attending such Union functions and annual military training will be computed as though he had been paid at his regular rate for 8 hours on each of said days.
- (vi) An employee who has lost 5 days from work may, at his option, be paid one week's accrued vacation.
- (vii) An employee with at least 3 years' Company seniority on the last anniversary date of his continuous employment, who has not worked at least 1,040 hours prior to his anniversary date will receive payment for vacation prorated on the basis of actual hours worked related to the 1,040 hours. As an example, if 520 hours have been worked, one-half the vacation allowance shall be paid.
- (viii) A qualified employee, entitled to 3 or more weeks vacation, must, prior to annual vacation sign-up, arrange to schedule at least 2 weeks as vacation to be taken off. The employee may elect to be paid for each additional week over 2 weeks to which the employee is entitled in lieu of taking such vacation time off. Upon the announcement of a plant shutdown, pay in lieu of vacation will be granted only with the approval of the Company.
- (ix) Day workers who have at least two weeks of vacation will be eligible to schedule two weeks (ten days) of that vacation one day at a time provided the following conditions are met:
  1. All employees must have their vacation eligibility date adjusted to June 1 of each year.
  2. Only three days of available vacation can be scheduled in one work week.
  3. The day(s) must be scheduled by the Friday, two weeks prior to the date taken.
  4. Management reserves the right to limit the number of employees off in any given shop or area to current vacation limitations.
  5. Scheduling will be on a first come first serve basis as documented by the department employee responsible for vacation scheduling. Employees will schedule their vacations based on **department or "craft"** seniority as follows: On the first round, employees will schedule two (2) weeks of their vacation. Employees will schedule the remainder of their eligible weeks on the second

round. Employees with two (2) weeks of vacation eligibility or less will schedule one (1) week on the first round and the balance on the second round.

6. Full weeks of vacation will be scheduled prior to partial weeks being scheduled.

This provision will be on a trial basis beginning June 1, 1997. The Company will review the program each year and reserves the right to discontinue vacation one day at a time after each review.

Upon the Union's request, the Company's appropriate supervision will meet with the committee to discuss scheduling of vacations aimed at permitting the maximum number, consistent with business needs, to be off in the summer months.

### **ARTICLE VI – Adjustments of Grievances**

**In the event that an employee covered by this Agreement feels aggrieved, an earnest effort will be made to settle such grievance immediately, following in order the steps outlined below, but nothing in this section shall be construed as prohibiting the employee from informally arriving at a settlement of such grievance with his Supervisor.**

**The Union shall furnish the Company with a list of Representative(s) of the Union (Stewards).**

**Local Representatives of the union shall be permitted to spend a reasonable amount of time during their working hours without loss of pay to assist in the adjustment of grievances within the department they represent provided prior approval is secured from their supervisors. Local Representatives of the union who are scheduled to work at the time a meeting is scheduled with the Company shall be given the time off without loss of pay from their regular work for the purpose of attending such meetings. However, at no time will the Local Representative of the Union, including the grievant, exceed four employees without prior approval of the Company.**

**If a grievance arises, it shall be presented at the first step within ten (10) days of the time of the occurrence and will be handled in the following manner:**

**First            Between the Aggrieved Employee, who may be present, the Supervisor and a Local Representative of the Union. The Supervisor shall make a reply to the Union within 48 hours after the receipt of the complaint. Any grievance settlement at this step of the grievance procedure will be considered strictly non-precedent setting upon the Company and the Union.**

**Second** Between the Aggrieved Employee, who may be present, Representatives of the Union and the Department Superintendent within ten (10) days. In this instance, the grievance must be presented to the Department Superintendent in writing. The Company agrees to give its answer to the Union in writing as to its decision at the second and succeeding steps within then (10) days following the meeting.

**Third** Between the Aggrieved Employee, Representatives of the Union and a representative of the International Union, or his designated alternate, and the Regional Human Resources Manager, or his designated alternate within ten (10) days.

It will be the Company's aim to give its answer at the second and third steps within ten (10) days, at each step, of the day a requested grievance meeting is held in the particular step. At each step, if the Union does not notify the company in writing of the Union's desire to carry the grievance to the next step within ten (10) days after the Company's answer is sent, the matter will be closed as settled. Saturdays, Sundays and holidays are not counted in the time limits.

It is recognized that in some cases the time limits stated in this section cannot be met. If any party sees that he cannot meet the demands of the time limit, he may take a reasonable delay by notice to the other party within the time limit specified at the given step.

#### Arbitration

The moving party shall request the Federal Mediation and Conciliation Service to furnish both parties with a panel of seven (7) impartial Arbitrators, from the Southeastern United States within thirty (30) days. If the arbitrators included in this panel are unacceptable to either party, a second panel shall be requested within seven (7) days from the Federal mediation and Conciliation Service and a single arbitrator will be selected from this panel. The Arbitrator shall be chosen from names supplied by the Federal Mediation and Conciliation Service. He shall render a decision as soon as practicable, but no later than thirty (30) days after the hearing. The decision shall be final and binding on all parties. The Arbitrator shall also decide whether the aggrieved employee will be paid for any time lost during the period of settlement. The expenses of the Arbitrator shall be borne equally by the Company and the involved Union. The Arbitrator shall have no power to add to, subtract from, or modify any of the terms of this Agreement. Wage rates are not to be a subject of arbitration. An International Representative may be present to assist the Local Union.

### **ARTICLE VII – Hours of Work–Overtime**

#### Section 1. Hours of Work

Eight hours shall constitute a regular daily work period and 40 hours a regular weekly work period.

Reporting for duty--See Plant Rules attached hereto as EXHIBIT "A".

Absences--See Plant Rules attached hereto as EXHIBIT "A".

In case of an absence of a Tour Worker, if his hours are to be worked on an overtime basis by one employee, the last employee working the previous shift on the same occupation will work these hours in the first shift of absence. The Company will make every reasonable effort to avoid having the same employee work more than 16 hours consecutively or more than 2 double shifts (16 hours each) in the same calendar week.

## DAY WORKERS

So far as operating conditions permit, the Company will arrange the schedule of Day Workers to be 5 consecutive days of 8 consecutive hours, lunch period 30 minutes excepted. Wherever possible, the employees' off days shall include Sundays.

The normal starting and stopping time of Day Workers is –7:30 a.m. to 4:00 p.m.,

In the event that a majority of the employees wish a change in these hours (Tour or Day Workers), the Company shall consider their request.

If it is necessary that a schedule be such that Saturday becomes the fifth day for some Day Workers within a department, then the senior employees shall have first consideration as to schedule.

REPORT TIME: Employees reporting for work on their regular shifts shall be entitled to no less than 4 hours' work except in cases of storms, floods, accidents, power breakdowns, and other causes beyond the control of the Company, unless notified by messenger or telephone at their places of residence, as listed on Company records, at least 4 hours prior to the beginning of their regular shifts.

## Section 2. Daily and Weekly Overtime

When overtime is required by the Company, employees who work in excess of 8 hours in any 24- hour period or in excess of 40 hours in any regular weekly work period will be paid time and one-half for the hours worked in excess of 8 on a daily basis or in excess of 40 on the weekly basis, whichever is greater but not both. In other words, overtime shall not be paid on overtime.

The workday begins at the time the employee first commences work or reports for work (with Company approval), whichever is earlier, and continues for 24 hours. The next and each succeeding day is a 24-hour period beginning at the expiration of 24 hours from the commencement of the previous day if the employee is then at work and continues working. If the employee is not then at work, the workday starts when he next begins to work or reports to work (with Company approval), whichever is earlier. The end of the workweek, however, will terminate the last day of the week for overtime purposes, even though the 24-hour period may not have expired. Under present operating conditions, the work week commences at 7:00 a.m. Monday for payroll purposes for Maintenance employees.

No employee will be laid off to equalize time made by having worked overtime. An employee required to work on his off day will not, for that reason, be laid off to keep within the regular workweek.

If an employee works more than 16 consecutive hours, he will be paid time and one-half from the first hour. When this work period ends, he will be given at least 8 hours rest following which he may, with reasonable notice to his supervisor, return and work 4 hours or until the end of his next regular 8-hour shift, whichever is greater.

Total meeting time that is scheduled for 2 hours or less in duration will not be included in the calculation for working over 16 hours consecutively.

Insofar as practicable, overtime hours shall be divided equally among all employees within a department. Actual hours worked shall be computed insofar as division of overtime.

If the Company changes an employee's shift and fails to notify him, if on duty before the end of his shift or if off duty 15 hours prior to the start of a new shift, time and one-half will be paid for the hours worked on the first changed shift.

Individuals working Overtime will not be assigned an unpaid lunch. The Union will continue to maintain the overtime board. The Company views continuity to be a factor in overtime assignments when a change in the employee(s) working on a job would cause a delay in the job or adversely affect the quality of the work.

When scheduling employees to work on what would otherwise be a normal day off (e.g. weekends), the Company will provide the employees with a general description of the work to be performed and/or the hours expected to be required.

### Section 3. Call Time

If an employee is called to work before his scheduled starting time or after his scheduled quitting time, he shall be paid 4 hours straight time or one and one-half (1-1/2) times the hours worked, whichever is greater. This does not apply to extended hours before or after his shift or if his schedule has been changed. Hours paid for under Call Time shall not be used in computing hours over 8 in a 24-hour period or over 40 in a payroll week.

If an employee is held over on an assignment past his scheduled quitting time, and then assigned a different task from the original assignment, he will be paid a Call Out for the second assignment.

If an employee is scheduled for a specific job, and another job comes up to which he is assigned, he will be paid a Call Out for the second assignment. (Typically, this applies to Saturday and Sunday work).

An employee called in to work will be excused when the purpose for which he was called in is accomplished, unless an emergency occurs to which he is assigned. In this case, he will be paid for another call-in.

Call time will not be paid when a supervisor is attempting to secure a crew at or before the end of a scheduled shift. All employees assigned to the shop must stand-by until the crew has been secured.

In regard to rescheduling, the Company will pay Call Time for employees who are notified while on Call Time that they are to leave and return to work within 15 hours. Employees who are on hold over or scheduled overtime (rather than on a Call Out) when they are notified are considered to have been properly notified under our Labor Agreement and are not entitled to Call Time.

**The Company reaffirms the past practice, where business needs allow, to give day workers flexibility in their schedules to make appointments. In addition, the Company will consider any Union request to swap holidays as we have done in the past, and the Company will continue the practice of scheduling an afternoon cool down/warm up period as we have done the past when warranted.**

## ARTICLE VIII – Holidays

### Section 1.

A. The following will be recognized as holidays:

January 1	Thanksgiving Day
Good Friday	Friday after Thanksgiving
July 4	December 24
Labor Day	December 25

The 24-hour holiday period for each of the above holidays shall be 7:00 a.m. to 7:00 a.m., unless otherwise established by agreement between the parties in advance of the particular holiday involved.

The Company, at its option, may require any or all employees to work on holidays.

B. All employees on the recognized holidays shall receive a holiday allowance of 8 hours straight- time pay at the rate of their scheduled job when the holiday occurs if the following provisions are fulfilled:

- 1) Must have been continuously employed by the Company for not less than 30 days before the holiday. Employees hired on a temporary basis, such as vacation relief, for 120 days or less will not be eligible for holiday pay.
- 2) Shall have worked on the last scheduled workday before the holiday, the first scheduled workday after the holiday, and the holiday if required, unless absence on any of these days has been caused by:
  - a) Annual vacation
  - b) Regular day off
  - c) Illness of the employee or a member of his immediate family requiring his presence. Such illness and requirement must be proven.
- 3) If a recognized holiday or holidays fall while an employee is away from his job, he shall be paid for such holidays subject to the following conditions:
  - a) Workers' Compensation Cases

If an employee, otherwise qualified, is absent due to a disability compensated under the Workers' Compensation law, he will be paid for recognized holidays at the time they occur for a period of his Company seniority up to a maximum of 5 years.

- b) Other Causes

If an employee, otherwise qualified, is absent for not more than 120 consecutive days, he will be paid for such holidays when he returns to work. A vacation scheduled and taken immediately before a layoff shall not be counted in such 120 days, and holidays falling during that vacation will be paid.

- 4) An employee who takes a vacation during a week in which a paid holiday occurs, shall, if otherwise qualified, receive the holiday allowance in addition to his full vacation pay after his return to work.

## Section 2. Hours Worked on Holidays

Hours worked on these holidays will be counted in computing the 40-hour week. The hours of commencing and ending as set forth above may be varied by mutual agreement of the Company and the Union and the specified hours of commencing and ending will be adjusted to coincide with the regular hours of changing shifts.

If an employee eligible for holiday pay loses work because of not being scheduled on a holiday, he will be credited with the hours lost in computing the workweek. It is understood this allowance will not be credited if the employee would not ordinarily work on the day the holiday occurred.

## **ARTICLE IX – U. S. Military Service**

Permanent employees entering the Armed Forces of the United States shall be reinstated in accordance with the provisions of the laws applicable to the reinstatement of veterans.

## **ARTICLE X – Other Conditions of Employment**

### Section 1. Safety

Safety Rules and Practices shall become a part of this Agreement and are attached hereto under EXHIBIT "B".

The Company will not require an Electrician to change wiring or make or break circuit connections with the circuit energized to the extent of 220 volts or higher unless he is accompanied by another individual who is qualified in the judgment of the Electrician.

### Section 2. Shift Differential

Effective June 1, 1996, a shift differential of 27¢ per hour on the second shift, usually 3:00 p.m. to 11:00 p.m., and 38¢ per hour on the third shift, usually 11:00 p.m. to 7:00 a.m., will be paid to regular shift workers working one of their regular shifts or substituting for a regular shift worker on one of his regular shifts. The applicable differential will also be paid to day workers temporarily assigned to shifts. The shift differential will increase to 30¢ on the 3:00 p.m. to 11:00 p.m. shift and 40¢ on the 11:00 p.m. to 7:00 a.m. shifts on June 1, 1998. The shift differential will increase to 32¢ on the 3:00 p.m. to 11:00 p.m. shift and 42¢ on the 11:00 p.m. to 7:00 a.m. shifts on June 1, 2000. The differentials will not be paid to day employees on callouts, report time, extension of shift by overtime, or for other reasons.

### Section 3. Distribution of Contracts

The Company shall, as soon as possible, have printed a sufficient number of this Agreement in booklet form to be furnished to each employee and all new employees, and at the same time call to the attention of said employee that rates of pay and existing working conditions are governed by this Contract. Extra copies of this booklet will be available to local Union officials.

#### Section 4.

- (a) When a letter of reprimand is given to an employee, a copy of the letter will be **provided** to the Union.

At the request of the employee, each letter of reprimand will be reviewed and discussed with the employee in 12 months. Such review will be written and placed in his record. A copy will be furnished to the Union and the employee.

- (b) Salaried personnel, relief supervisors, and hourly maintenance team leaders shall not do work done by employees covered by this Agreement if, in doing such work, they would displace regular employees covered herein. This shall not apply to emergencies, experimental work or instructional work.

#### Section 5. Supplement

The Company will supplement the Workers' Compensation weekly benefits up to the amount of the weekly disability benefit of the employee who loses time due to a compensable injury. This supplement will commence on the third day and continue during total disability up to 52 weeks. The Sickness and Accident benefit period will be 39 weeks, effective June 1, 2004. The sickness and Accident benefit period will be 26 weeks, effective June 1, 2005.

#### Section 6. Meal Policy

An employee required to work more than 4 hours past his scheduled shift shall receive time to eat as conditions permit. Should an employee continue working he will receive time to eat at the 4 hour intervals as conditions permit.

Day workers will be given an unpaid 30 minute meal period normally between 11:30 and 1:00 p.m. Employees who are required by the Company to work during this period will be permitted time to eat later, not to exceed 30 minutes; and such time will be designated as time worked.

An employee called in under the "Call Time" provision of this agreement who works continuously past normal meal times, as herein defined, will be given time to eat at a convenient time. "Normal meal times" for this purpose are 6:00 a.m., 12 noon, 6:00 p.m., and 12 midnight.

#### Section 7. Retirement Plan

The Company has a retirement plan which was bargained with the Union. It is described in a booklet available to employees.

#### Section 8. Training Rate of Pay

Employees in training will be paid at their weekly scheduled rate.

#### Section 9. Contracting

The Company shall have the right to enter into agreements with independent contractors to perform any construction or maintenance work. Also, other service work within or around the plant operations may be contracted out.

When plant maintenance or construction work is contracted out, the Company will notify the Union prior to the contractor commencing work. When requested by the Union, the Company will meet with the International Representative and the local committee to provide further clarification for the decision.

The Union agrees that in those instances where the Company has previously discussed the nature of such recurring work, subsequent notification is not required.

No regular maintenance employees will be laid off as a result of using such outside help.

### **ARTICLE XI – Jury Leave**

When an employee with 120 days or more Company seniority is required to perform jury duty, he will be given a daily supplement for each day on which he receives jury pay of the difference between his jury pay and 8 times his regular basic hourly rate, on the following conditions:

- a. No supplement will be given unless the employee gives the Company reasonable prior notice, both of his intended absence from scheduled work and the time and date he intends to return to work;
- b. Promptly upon returning to work, the employee must apply for the supplement on a form provided by the Company. Proof of jury service may be required;
- c. No jury supplement will be given for a contract holiday; and
- d. The supplement will be given only for scheduled work time lost. Hours paid for jury duty will not be counted as hours worked for the purpose of computing overtime.

### **ARTICLE XII – Funeral Leave**

The purpose of this provision is solely to compensate an employee for possible time lost from scheduled work because of the death of one of the enumerated relatives.

An employee with 120 days or more Company seniority will be granted an excused funeral leave from scheduled work for 3 days during the period between notification of death and the day following the funeral in the event of the death of his spouse, child, mother, mother-in-law, father, father-in-law, sister, sister-in-law, brother, brother-in-law, grandchild, natural grandparents, spouse's natural grandparents.

Step, half, and adopted relationships will be treated the same as natural ones subject to only one in the father-mother type relationships being counted. He will be paid an allowance for time lost from scheduled work to a maximum of 8 hours per day at his regular basic hourly rate, on the following conditions:

- a. No allowance will be given unless the employee gives the Company reasonable prior notice, both of his intended absence from scheduled work and the time and date he intends to return to work;
- b. Promptly upon returning to work, the employee must apply for the allowance on a form provided by the Company. Proof of relationship to the deceased may be required;
- c. No funeral allowance will be made for a contract holiday;
- d. No funeral allowance will be given if the employee does not attend the funeral; and

- e. The allowance will be given only for scheduled work time lost and will not be counted in computing overtime.

## **ARTICLE XIII – Term of the Agreement–Termination of Agreement**

### Section 1. Term of Agreement

This Agreement shall be in effect from June 1, **2016** until May 31, **2019** and from June 1st to June 1st thereafter, unless terminated in accordance with the provisions of Section "2" below.

If either party desires to change any provision of this Agreement, it shall give written notice of such desire to the other party at least 60 days prior to May 31, **2019** or a subsequent June 1st thereafter.

The giving of notice, as provided above shall obligate both parties to arrange conferences, and negotiate all questions at issue in good faith.

The first negotiation meeting shall be held not later than 30 days prior to the anniversary date.

If no agreement has been reached on or before the anniversary date, all the provisions of this Agreement shall remain in full force and effect unless specifically terminated as provided in Section 2.

### Section 2. Termination of Agreement

At any time after the anniversary date of this Agreement, if the questions at issue have not been settled satisfactorily, either party may give written notice to the other party of its intent to terminate the Agreement. Termination may take place only after a lapse of at least 10 days from the notification to terminate, unless this 10-day period is extended by mutual agreement. All provisions of this Agreement shall remain in effect until the specified time has elapsed. During this period, attempts to reach an agreement shall be continued.

If no agreement is reached before the specified time has elapsed, all obligations under this Agreement shall be automatically canceled.

## **ARTICLE XIV – Complete Agreement**

This Agreement contains the full and complete Agreement on all bargaining issues between the parties.

Any side agreements, memoranda of understanding of any kind, written or oral, and any past practices which are not incorporated into this Agreement are null and void.

There are and shall be no other Agreements except as enumerated herein, or may be agreed upon during the contract term of the Agreement. Any such Agreements that are made during the contract term shall be reduced to writing and signed by the parties.

## **Article XV – Successorship Provision**

The Company agrees that if Arizona Chemical is sold the Company shall inform the purchaser of the exact terms of this Successorship Paragraph provision and shall make the sale assignment

conditional upon the purchaser, assuming all the obligations of the Savannah Plant's Collective Bargaining Agreement until its expiration date and treating the affected employees of the Bargaining Unit in accordance with the terms of the applicable Collective Bargaining Agreement. The Union local representing covered employees will agree to such assumption.

It is understood and agreed (a) that the purchaser will not be required to have the same number of employees in the applicable bargaining unit as the Company does at the time of the transaction, and (b) that the applicable purchase agreement may permit the purchaser to make changes in the benefit programs required by the applicable agreement provided that the benefits in all events continue to be substantially equivalent in the aggregate to those provided under the applicable collective bargaining agreement.

It is agreed that the Company's obligations under this Successorship language will be satisfied if the applicable purchase and sale agreement: (i) contains the terms required by the above paragraphs; and (ii) either (x) makes the Union a third party beneficiary of those terms; or (y) is supplemented by a contemporaneous agreement between the Union and purchaser effectuating those terms.

Agreed effective June 1, **2016**

**ARIZONA CHEMICAL,**  
a Kraton Corporation

**THE INTERNATIONAL BROTHERHOOD OF  
ELECTRICAL WORKERS  
LOCAL 1391**

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**Shane Broomall**  
Sr. HR Manager

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**Kendall Bragg**  
Business Manager

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**Eric Wilson**  
Plant Manager

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**Irving Drought**  
Business Manager

EXHIBIT "A"

**Arizona Chemical Company, LLC, a Kraton Company, Savannah Site**

**PLANT RULES**

The Company urges each employee to study these rules and at all times to comply with them. It is the employee's responsibility to keep these rules for future reference. Failure to comply with them will not be excused because an employee is not familiar with the rules indicated below.

1. Reporting for Duty
  - (a) Each day worker must be at his station, ready for work, at the scheduled starting time of his shift and must remain there until the scheduled quitting time, which may include overtime.
  - (b) Each tour worker must be at his area of responsibility ready for work, at the scheduled starting time of his shift and must remain there until he is relieved unless otherwise directed by his supervisor.
2. Absence
  - (a) In the event of an anticipated absence, an employee must secure permission from department supervision not later than the day before the absence.
  - (b) In unanticipated emergencies that preclude the employee from giving at least one day notice of an absence, he must telephone the Main Gate, not less than 2 hours before his shift (one hour for the 7-3 shift) and give him the cause and probable length of the absence. If the absence is to exceed 2 days, he must, before the expiration of the 2 days, contact department supervision to make proper arrangements.
  - (c) An employee who is absent for two scheduled workdays without prior permission or in emergencies without having given notice by notifying the Main Gate as provided in (b) above will be presumed to have quit.
  - (d) In all cases of absence due to sickness of 3 days or longer, an employee who has been released by his own doctor to return to work may be required to report through the designated Company physician. An employee may be required to obtain doctors' notes in appropriate circumstances.
  - (e) Any employee who fails to return to work on date specified in the terms of his leave, may be regarded as having terminated his employment and will automatically lose his seniority rights and return to work as a new employee if rehired.
3. Time Cards
  - (a) Each employee must sign in on his time card at the beginning and end of his shift.
  - (b) No employee shall falsify his time or that of another employee under any circumstances.
  - (c) An employee must not sign in more than 45 minutes before **their** shift nor out more than **seven (7)** minutes after it.

4. Paychecks  
An employee may not secure his pay check except at the scheduled time.
5. Identification Cards
  - (a) Each employee must carry the identification card furnished him by the Company. This card must be shown if requested upon entering or leaving the plant.
  - (b) Should an employee lose his card, he must secure another from Plant Security. The Company will replace no more than one card in a 12-month period without charge. The employee will be charged replacement cost for any additional cards.
6. Packages  
Employees must offer incoming and outgoing packages to the posted officer checking packages or upon the request of an officer.
7. Changing Shifts  
Employees may not exchange shifts except with the prior approval of their supervisors.
8. Address-Family Status
  - (a) If an employee's address, telephone number, marital status, or number of dependants change, he must report the change immediately to his supervisor and Human Resources.
9. Causes for Discharge  
Each employee is required to work efficiently and conduct himself properly. Causes for disciplinary action up to and including discharge include, but are not limited to, the following:
  - (a) Bringing or consuming intoxicants or illegal drugs per the Savannah Complex Drug and Alcohol Policy and Procedure.
  - (b) Reporting for duty apparently under the influence of intoxicants or illegal drugs.
  - (c) Smoking in restricted areas.
  - (d) Being insubordinate or disobedient.
  - (e) Intentionally damaging, defacing or removing the Company's or another employee's property.
  - (f) Neglecting duty or failing to maintain work standard. Such work standard shall not be unreasonable.
  - (g) Using abusive or threatening language to anyone while on duty.
  - (h) Fighting or disorderly conduct.
  - (i) Offering or taking a bribe of any kind in connection with work.
  - (j) Deliberate or repeated sleeping on duty.

- (k) Participating in practical jokes or pranks which may have serious results.
- (l) Falsifying his time or that of another employee or falsifying any other record.
- (m) Violating plant rules or safety rules and practices.
- (n) Carrying a firearm on one's person while on Plant premises or while on duty.

## EXHIBIT "B"

### Arizona Chemical Company, LLC, a Kraton Company Savannah Site

#### **SAFETY RULES**

1. Report all injuries, no matter how slight, to your supervisor immediately.
2. Wear safety equipment, such as safety shoes, safety glasses, goggles, gloves, helmets, respirators, hair nets, shin guards, etc., if your job requires the use of such equipment. Your foreman will tell you how to get such equipment.
3. Observe all danger signs and warnings.
4. Do not wear loose fitting or torn clothing, flowing neckties, finger rings, or loose jewelry while working around or on machinery.
5. Do not pass under suspended machinery or materials at any time.
6. Do not, under any circumstances, pass over, under or between railroad cars or sit on tracks.
7. Do not play on the job.
8. Do not use air hose to clean clothing or blow compressed air on a fellow employee.
9. Wear goggles when using an emery wheel, welding, chipping metal or concrete, operating a lathe, shaper, circular saw, router, cutting metal, lancing, pouring molten metal, or when doing any job which is dangerous to your eyes.
10. Report to your foreman all machinery, tools, or equipment of any kind which is in bad condition.
11. Do not, under any circumstances, operate an electric truck unless you are authorized to do so by your foreman.
12. Walk, don't run, on plant property.
13. BEFORE WORKING ON ELECTRICALLY DRIVEN EQUIPMENT, CONSULT YOUR FOREMAN.
14. BEFORE WORKING ON STEAM, LIQUOR, AIR OR WATER LINES, CONSULT YOUR FOREMAN.
15. DO NOT START EQUIPMENT NOR OPEN LINES THAT HAVE BEEN TAGGED OUT.
16. Employees will not be allowed to work on energized lines without proper safety equipment and without proper safety precautions.

THINK SAFELY. ACT SAFELY. IF IN DOUBT AS TO ANY UNSAFE ACT OR CONDITION, CONSULT YOUR FOREMAN.

**EXHIBIT "C" - Wages**  
**Arizona Chemical Company, LLC, a Kraton Company Savannah Site**

	Effective 6/1/2016	Effective 6/1/2017	Effective 6/1/2018
<b><u>Electrical</u></b>			
<b>Maintenance Team Leader</b>	<b>35.10</b>	<b>35.80</b>	<b>36.52</b>
<b>Maintenance Team Leader Shift</b>	<b>36.22</b>	<b>36.94</b>	<b>37.68</b>
<b>ELECTRICIAN (DAY)</b>	<b>30.56</b>	<b>31.17</b>	<b>31.79</b>
<b>SECONDARY SKILLED</b>	<b>32.89</b>	<b>33.55</b>	<b>34.22</b>
<b>ELECTRICIAN (SHIFT)</b>	<b>31.68</b>	<b>32.31</b>	<b>32.96</b>
<b>SECONDARY SKILLED</b>	<b>34.00</b>	<b>34.68</b>	<b>35.37</b>
<b><u>Instrumentation</u></b>			
<b>Maintenance Team Leader</b>	<b>35.10</b>	<b>35.80</b>	<b>36.52</b>
<b>Maintenance Team Leader Shift</b>	<b>36.22</b>	<b>36.94</b>	<b>37.68</b>
<b>INSTRUMENT MECHANIC (DAY)</b>	<b>30.56</b>	<b>31.17</b>	<b>31.79</b>
<b>SECONDARY SKILLED</b>	<b>32.89</b>	<b>33.55</b>	<b>34.22</b>
<b>INSTRUMENT MECHANIC (SHIFT)</b>	<b>31.68</b>	<b>32.31</b>	<b>32.96</b>
<b>SECONDARY SKILLED</b>	<b>34.00</b>	<b>34.68</b>	<b>35.37</b>

## SUMMARY OF AGREEMENTS

The following items outline agreements between the Company and the Union:

### I. ASSIGNMENT FLEXIBILITY CONCEPT

- A. The Assignment Flexibility Concept is designed to improve the efficiency of the Savannah Plant, improve productivity and protect the long term job security of plant employees. While not all inclusive, the elements of the Assignment Flexibility Concept are explained below.
1. There will be no jurisdictional restrictions between any classification in the plant including production vs. production, maintenance vs. maintenance and production vs. maintenance. Any employee may be assigned to perform any work which he is qualified to safely perform.
  2. The purpose of this proposal is to permit flexibility in job assignments. It is not intended to alter existing bargaining unit lines or the bargaining unit placement of individual employees. To ensure that the proposal will not have such effects, it is understood that while employees may be temporarily assigned to perform work traditionally performed by employees in another bargaining unit, the predominant work functions performed by any employee will continue to be work traditionally performed by employees in his or her bargaining unit. For example, while a production employee could be assigned temporarily to assist a machinist or perform machinist work and vice versa, the employee's predominant work functions will not change by reason of those assignments (except perhaps temporarily).
  3. It is recognized that the production of a quality product is ultimately the responsibility of operating crews. Accordingly, testing responsibilities and maintenance of testing equipment when appropriate may be assigned to production or operating personnel.
  4. Vacancies will be filled only when deemed necessary by supervision.
  5. In addition to its current contracting practices, the Company may assign service work to outside contractors. Service work will be defined as non-production related work such as janitorial service, groundskeeping, mobile equipment repair and driving. No current permanent employee would be displaced by such assignments and job reductions as a result of such assignments would be made through attrition.

6. The above language supersedes all existing language, position statements, special agreements, letters of instruction, grievance answers, arbitration awards or any other source related to jurisdictional work assignments.
- B. The Company agrees that no permanent employee will be laid off, terminated or suffer a reduction in wage rate as a result of the implementation of the Assignment Flexibility Concept with the following understandings:
1. Employees presently on layoff or hired on a temporary basis will not be protected.
  2. Job security provisions shall not apply to reductions which result from any cause other than efficiencies achieved under the Assignment Flexibility Concept, including, but not limited to, technological improvements, business conditions, partial operations, etc.
  3. Employees hired after the acceptance of this program will not be covered by the job security provision.
  4. The Union will be provided a list of the names of those employees covered by these job security provisions.

## **II. OPPORTUNITY FOR OVERTIME**

In order to achieve plant-wide consistency in the fair and equitable distribution of overtime among employees, the Company and Union will agree to meet after the completion of the negotiations to establish overtime guidelines. These guidelines will include the following principles:

- A. The employee(s) working on a job will have the first opportunity at overtime incurred on that job. When job continuity is considered to be a factor, the employee on the job may be required to work any overtime associated with that job.
- B. For callouts of maintenance employees, the first five employees called will be selected by the overtime list from the area where the work occurs. Subsequent calls may be made to any certified or qualified employee. All employees are expected to maintain a **25%** call-out response rate. Employees failing to maintain the specified call-out response rate will be subject to a work performance issue and possible disciplinary action. The response rate will only apply to employees in the area in which the

overtime occurs. In addition, a pattern of unavailability by phone may also be dealt with as a performance issue.

Performance issues dealing with the response rate or unavailability by phone will be looked at fairly and based upon reasons for not responding. Each case that could lead to possible disciplinary action will be reviewed with the union in advance.

This call-out response rate will be continuously monitored. Failure of the employees to maintain the **25%** call-out response rate will result in further discussions of the subject with the Union which could result in the Company exercising its right to raise the required call-out response rate to 50%.

- C. Shift employees may not be called if, in the opinion of the supervisor, the callout will interfere with their shift.
- D. Employees eligible for callouts will provide the Company with a phone number by which they can be reached for callout opportunities.
- E. The Company will not be liable for pay for time not worked for inadvertent errors in the distribution of overtime. Inadvertent errors will not include cases in which the error is called to the attention of the supervisor at the time the assignment is made. When an employee brings a scheduling error (including holdovers and call-ins) to management's attention with reasonable opportunity to correct the error and management fails to do so, the employee will be paid for the resulting lost time.

### **III. RETURN TO WORK PROGRAM**

If an employee cannot perform the work of his regular job because of restrictions established by his personal physician or the Company physician, he may be assigned on a voluntary basis to another department if appropriate work is available. Such assignments will be subject to the following conditions:

- A. No permanent employee will be displaced by a medically restricted employee.
- B. Department seniority rights will be retained and the employee will return to his regular job when released by his physician and the Company Medical Director.
- C. The employee may perform work commensurate with his abilities and restriction(s). He will be compensated at the rate of pay normally paid for that work.

## **IV. BENEFITS**

The Company and the Union have negotiated programs for bargaining unit employees for the following benefits:

### Pension

The Company has an Employee's Retirement Plan. Currently, the Pension Multiplier Mount is \$45 per month per year of service. This amount will increase to \$48 per month per year of service effective April, 2010. This plan is described in the summary plan description (SPD) entitled "Retirement Plan – Hourly Employee". Eligibility for Plan membership is contained in the Plan provisions outlined in the applicable SPD. **This plan will be frozen effective 2016 as soon as administratively possible.**

- **No loss of current benefit earned.**
- **No new entrants, no additional multiplier, and no additional years of service accrued.**
- **The Company will include a Pop-Up Clause as a distribution option.**
- **Employees must be active on the payroll at the time of ratification to be eligible for any Lump Sum Distributions.**
- **Employees must be active on the payroll at the time of distribution in order to receive the designated payment.**
- **Probationary employees will not be eligible for lump sum distributions.**
- **Lump Sum Distributions:**
  - **All eligible employees will receive the following distributions:**
    - **\$6,000 Lump Sum Payment in Year 1 effective the last pay cycle in May 2016**
    - **\$3,250 Lump Sum Payment in Year 2 effective the first pay cycle in January 2017**
    - **\$2,500 Lump Sum Payment in Year 3 effective the first pay cycle in January 2018**
    - **\$2,000 Lump Sum Payment in Year 4 effective the first pay cycle in January 2019**
- **Any employee who retires during the term of the agreement, who gives the Company at least six (6) months advanced official notice of their retirement date, will be eligible to receive a prorated portion of the next year's designated lump sum payment based on the number of months they have worked in the calendar year payable at the point of their retirement.**

### Savings

- **An "Enhanced" 401(k) benefit will be provided during the term of the agreement:**
  - **70% Company match on the first 4% of the employee's contribution.**
  - **50% Company match on the second 4% of the employee's contribution.**
- **For the term of the Agreement, employees will receive the "Enhanced" 401(k) contribution match or the match provided to other hourly employees in the company, whichever is greater.**
- **The current hourly 401(k) plan will remain in effect until June 2018.**
- **Hourly employees will transition to the enhanced 401(k) plan in June 2018.**

## Health Care Plans

- Medical
- Dental
- Vision
- Medical and Dependent Care Flexible Spending Accounts
- Premium cost sharing

## Welfare Plans

It is agreed that the welfare benefits outlined below constitute the entire agreement between the Company and the Union regarding Life, AD&D, S&A, Business Travel, Group Term Life, and Survivor Benefits. These plans/provisions supersede all other plan designs, provisions, agreements and understandings.

**Life and AD&D:** The Company will provide a life and accidental death and dismemberment insurance plan at no cost to the employee. This plan is described in the summary plan description entitled "Life Insurance Plans". Eligibility for Plan membership is contained in the Plan provisions outlined in the applicable SPD.

**Sickness & Accident:** The Company will provide a sickness and accident plan. This plan is described in the summary plan description entitled "Sickness and Accident Plan". Eligibility for Plan membership is contained in the Plan provisions outlined in the applicable SPD.

**Business Travel:** The Company will provide a Travel and Accident insurance coverage during company business trips at no cost to the employee. This plan is described in the summary plan description entitled "Life Insurance Plans". Eligibility for Plan membership is contained in the Plan provisions outlined in the applicable SPD.

**Survivor Benefits:** In the event of an active employee's death, the Company will provide a death benefit equal to the employee's permanent rate times 173.33 paid to the basic life beneficiary. In addition, the Company will provide a voluntary benefit which offers financial counseling to the surviving spouse and/or surviving children.

**Optional Coverages:** Both company and non-company sponsored insurance programs may be made available to employees from time to time (e.g. GTL). Employees will be responsible for the full cost of any elected coverages. All location specific optional coverages for which the company is currently taking payroll deductions will be eliminated as soon as administratively possible.

Benefit amounts for Basic Life, Basic AD&D, S&A and the S&A weekly benefit period can only be changed through negotiations. Arizona Chemical has the right to make changes, additions and/or deletions to current vendors and all other plans and provisions. Plan design changes may be used to help diminish the impact of premium increases, comply with legislative changes or improve benefits. Where appropriate, booklets or information describing these plans will be provided.

## **V. SHIFT WORKERS**

A Shift Worker is defined for pay purposes as an employee whose schedule includes a Sunday rotation. The following employees are eligible for the shift worker rate:

- A. An employee is assigned to a rotating shift that includes a Sunday rotation.
- B. Employee relieving for employees assigned to shift.
- C. Day workers temporarily assigned to a shift that includes Sunday work will be eligible for the shift worker rate if the shift schedule is for more than one work week.
- D. Under current operating conditions, it is not the intent of the Company to establish on a permanent basis Sunday through Thursday shifts for maintenance crews. As is current practice, temporary assignments to such shifts may occur from time to time. Should conditions warrant such shifts on a permanent basis, the issue would be reviewed with the Union committee prior to implementation. Individuals assigned to such shifts would be eligible for the shift workers rate.

## **VI. FLEXIBLE MEAL PERIOD**

- A. An employee will normally eat lunch at 12:00 p.m. to 12:30 p.m. This period is not changed unless he is advised by supervision.
- B. "No lunch" provisions will continue. An employee should receive a thirty-minute unpaid period to eat during the 11:30 a.m. to 1:00 p.m. time frame. For example, if an employee is not released to eat until 12:45 p.m., he would be eligible for the "no lunch" provisions.

## **VII. Issues Which Arise During the Term of the Contract**

Any issues which arise during the term of this contract that are discussed and agreed to by the Union and the Company will be included in the Contract.

### **VIII. Tool and Tool Repair**

The Company will assist the Mechanics in the repair of their personally owned tools which in the Company's opinion are necessary to carry out work in the Plant and which need repair despite reasonably careful use. Steel rules, not including folding rules, will be subject to replacement under these conditions. The manufacturers of many tools guarantee them. The Company's assistance will be secondary to the manufacturer's guarantee. In addition, upon assurance of the Shop Steward that an employee's tool has been stolen, the Company will replace the stolen tool. Only those tools of a first line quality will be replaced.

### **IX. SPECIAL ASSIGNMENT**

Employees who are on special assignment will be paid their permanent rate plus \$.60 or their weekly scheduled rate, whichever is greater, for hours worked but not less than 46 hours. On shift assignments which are part of the above continuous special assignment, employees will be paid for hours worked and the greater of the \$.60 adjustment on their permanent rate or their weekly scheduled rate without the adjustment. The nature and duration of the assignments will be discussed in advance with the Union.

### **X. EMPLOYEE INVOLVEMENT**

The Union will strongly encourage its members to actively and constructively participate in job related activities, including but not limited to safety, quality, and training. The Union shall have the right to be involved, upon request, in interviews of bargaining unit employees in connection with the investigation of accidents/incidents that result in lost time or hospitalization. This agreement will be reviewed annually and either party may elect to cancel with a thirty day written notice to the other party.

### **XI. Pay**

Employees will be paid on a biweekly cycle. This will ensure employees are paid once every two (2) weeks in accordance with the provisions of the labor agreement.

The Company has the right to determine the increments in which an employee's time will be rounded for payroll purposes.

If an employee is underpaid and the mistake is made by the Company, and the underpayment is over \$100, an off cycle pay check will be generated. Payment will be made as soon as administratively possible, within a few days of the discovery of the error. If the error is less than \$100, the error will be corrected on the next paycheck.

## **XII. Prescription Eyeglass Program**

The Company does have a Prescription Safety Eyeglass Program which applies to all Arizona Chemical Company, LLC hourly employees working at the Savannah, Georgia, site.

The Safety/EHS Department will designate the style and brand of safety glasses provided by the program. A limited selection of styles will be available. The prescription glasses provided will meet the current standards for such PPE. Photochromic prescription lenses (such as "Transitions" lenses) require prior approval of the EHS Department and must be required by the physician or optician prescribing the glasses. Glasses will have industrial grade lenses and frames, permanently mounted side shields, and the option of glass or plastic lenses.

The Employee will pay for his eye exam at the Ophthalmologist or Optometrist of his choice. The Company will pay for the glasses at a Company designated Optician. Glasses will be replaced only if need is demonstrated to the satisfaction of the Safety/EHS Department. Glasses lost or damaged (other than through negligence) will be replaced/and or repaired at no expense to the employee. Damaged glasses must be turned in to the Safety/EHS Department.