

AGREEMENT ENTERED INTO BY AND BETWEEN

THE EMPLOYERS' ASSOCIATION FOR THE PULP AND PAPER INDUSTRY
(the Employers' Association/the Employers)

And

THE CHEMICAL, ENERGY, PAPER, PRINTING, WOOD AND ALLIED
WORKERS' UNION
(CEPPWAWU)

THE UNITED ASSOCIATION OF SOUTH AFRICA
(UASA)

SOLIDARITY
(the Unions)

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1. The Employers' Association agrees to the unions' demand to include Grade 11 to 16 in "Sappi" and "C lower and below in Mondi (i.e. where there is a 5-way split in the Paterson grading, the Bargaining Unit will include C3 and below and where there is a 4-way split, the cut-off will be C2 and below. ("The Extended categories") in the bargaining unit for collective bargaining purposes with effect from the following year of wage negotiations, namely 1 July 2007.
2. The Employers acknowledge and accept that as at the date of signature hereof the three unions acting collectively represent the majority of employees in the extended categories. Accordingly, the Employers recognize the unions as collective bargaining agents of all their members in the category of wage earners Grades A – F and equivalent grades in the Patterson Grading system, combined with the extended categories as set out in paragraph 1 above.
3. Those unions (Solidarity and UASA) who have current plant level bargaining rights agree to give notice of termination of these bargaining rights in terms of the existing notice periods in such agreements to allow all bargaining to take place at chamber level in respect of the extended categories as from 1 July 2007. The bargaining rights for the non-extended categories will be retained at plant level.
4. Supervisors and foremen falling within the extended categories will be included in the bargaining unit and may participate in Union activities, provided that they will not be appointed as shop stewards as this will result in a conflict of interest.

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5. The parties recognize that within the extended categories there exist three sub-categories, and it is acknowledged that regard should be had to this fact. The different sub-categories are:

5.1.1 Artisans (Grade 11 at Sappi and C Lower and below in Mondi)

5.1.2 Salary earners (Monthly paid in grades 11 to 16 in Sappi and C Lower and below in Mondi)

5.1.3 Wage earners (Grades A to F Sappi and C lower and below in Mondi)

6. The parties agree that a performance management system is applied in the case of Sappi to the first two categories of employees and in the case of Mondi, salary earners and artisans. This system will be applied to advance the development of these employees on the one hand, and to eliminate poor performance on the other hand. The annual minimum salary increases of these employees will be negotiated at chamber level by the three unions.

7. The parties agree that the collective bargaining process contemplated in this agreement relates to minimum terms and conditions of employment. Accordingly, the employer parties retain the right to top-up or structure the salaries and other benefits of employees to address issues of attraction, retention and performance. The unions retain the right to challenge / raise concerns regarding such increases on the basis that such increases and/or benefits are unjustified and/or arbitrary.

8. Upon signature of this agreement the parties agree that all issues in dispute have been resolved in respect of the wage negotiations for the period 1 July 2006 to 30 June 2007 on the following terms:

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8.1 The employees in the wage earning categories Grades A – F and equivalent grades in the Patterson Grading system will be paid a wage increase of 6,5% with retrospective effect from 1 July 2006;

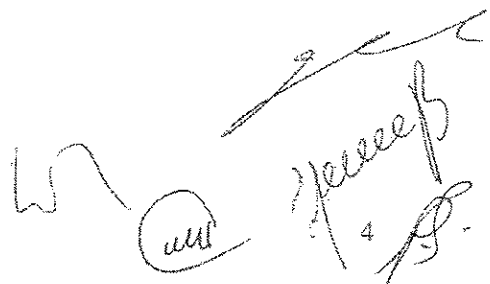
8.2 In Sappi employees in the wage earning categories Grades A – F, who are currently receiving a shift allowance, will be paid a shift allowance increase of 0, 5% of basic wage retrospectively to 1 July 2006. In Sappi, the shift allowance will then be increased to 5% of the basic wage on 1 July 2007 and 6% of basic wage on 1 July 2008.

8.3 The employees in Mondi who currently receive a shift allowance will be paid a minimum shift allowance of 6% of basic wage retrospectively from 1 July 2006. The minimum shift allowance in Mondi will remain at 6% of basic wage until such time as Sappi shift allowances are at the 6% level as well. Employees who currently receive higher shift allowances will be paid the higher allowance expressed as a percentage of basic wage.

9. The parties agree to meet within one month of the date of signature of this agreement to discuss a multi year wage agreement in the Pulp and Paper Chamber.

10. The parties agree to consult at plant level where problems with Labour Brokers arise.

11. All other terms and conditions not covered by this agreement will remain the same.

Handwritten signatures and initials at the bottom right of the page. There are several scribbles and what appears to be a signature that looks like 'Sappi' or 'Mondi' with some numbers below it.

This done and signed at Johannesburg on this 22nd day of August 2006.

Sheee Babekayi
For and on behalf of the Employers Association

22/08/2006
Date

[Signature]
Witness 1

22/8/06
Date

[Signature]
Witness 2

22/08/2006
Date

[Signature]
CEPPWAWU

22/08/2006
Date

UASA

Date

[Signature]
SOLIDARITY

22/08/06
Date