

COLLECTIVE AGREEMENT

BETWEEN

**NATIONAL AUTOMOBILE, AEROSPACE,
TRANSPORTATION AND GENERAL WORKERS UNION
OF CANADA (CAW/TCA-CANADA) AND ITS LOCAL
1000**

AND

**ZELLERS INC.
METROPOLITAN TORONTO AND
BRAMPTON DISTRIBUTION CENTRES**

**EFFECTIVE DATE : JUNE 1, 2003
EXPIRY DATE : MAY 31, 2006**

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ZELLERS INC.

(hereinafter referred to as the "Company")

AND

**NATIONAL AUTOMOBILE, AEROSPACE,
TRANSPORTATION AND GENERAL WORKERS UNION
OF CANADA (CAW/TCA-CANADA) AND ITS LOCAL
1000**

(hereinafter referred to as the "Union")

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ARTICLE 1 - INTENT AND PURPOSE

- 1.01 The Employer and the Union each represents that the purpose and the intent of this Agreement is to promote cooperation and harmony, to recognize mutual interests, to formulate rules to govern the relationship between the Employer and the Union and to set forth herein the basic agreement covering rates of pay, hours of work and conditions of employment.
- 1.02 In this collective agreement unless otherwise indicated by the content, the plural shall include the singular and the masculine the feminine and vice versa.

ARTICLE 2 - RECOGNITION

- 2.01 The Employer recognizes the Union as the exclusive bargaining agency for all employees of Zellers Inc. at its warehouse operations in Toronto and Brampton, Ontario, save and except supervisors, persons above the rank of supervisor, office and clerical staff, and coordinators.
- 2.02 Persons not in the bargaining unit will not perform the work normally done by a bargaining unit member. However they can intervene for training purposes, in cases of emergency and safety hazards. It is understood that the performance of such work will not result in the lay off of regular bargaining unit employees.
- 2.03 The parties hereby recognize that all employees will be placed in one of the following three classifications in accordance with the provisions of this collective agreement.

Full-time Material Handler/General Maintenance -
normally works 40 hours per week.

Material Processor employees whether full-time or part-time who works in accordance with article 14.11 Schedule B. (formerly regular part-time and general help classifications).

Material Processor employees whether full-time (1170 hours or more) or part-time who works in accordance with Article 14.11 Schedule B.

ARTICLE 3 - MANAGEMENT RIGHTS

- 3.01 The Union recognizes that the Employer has the exclusive right to manage the business and to exercise all the customary prerogatives of management.
- 3.02 The Union recognizes and acknowledges that the management of the company and direction of the working force are fixed exclusively in the Employer. The Employer shall continue to have the undisputed right to take any action it deems appropriate in the management of the company and direction of the work force. All inherent and common law management functions and prerogatives which are not expressly modified or restricted by a specific provision of this Agreement are retained and vested exclusively in the Employer and may not be infringed upon by any arbitration board. Without restricting the generality of the foregoing the Union acknowledges that it is the exclusive function of the Employer to:
- (a) maintain order, discipline and efficiency;
 - (b) hire, select, direct, promote, demote, classify, transfer, lay off and recall employees and retire employees in accordance with the Company's retirement policy, and to reprimand, suspend, demote, transfer, discharge or otherwise discipline any employee for just cause provided that a claim by an employee who has acquired seniority that he has been disciplined without just cause may be the

subject of a grievance and dealt with as hereinafter provided;

- (c) make, enforce and alter, from time to time, reasonable rules, policies, practices and regulations to be observed by the employees;

Any notice of disciplinary action which is intended to form part of an employee's employment record shall be given in writing with a copy to the Union, and all such notices shall be withdrawn from the employee's file, after a period of six (6) months for an advisory, one (1) year for verbal reprimands, eighteen (18) months for written reprimands and two (2) years for suspensions, from the date of issue. Advisory letters will not be considered disciplinary action;

- (d) expand, reduce, alter, combine, transfer, assign or cease any job, department, operation or services; control and regulate the use of machinery, equipment and other property of the Employer; determine the schedules of production, the assignment of work and the size and composition of the work force; study and introduce new or improved research, development, production, maintenance, services, distribution methods, materials, machinery, facilities and equipment;
- (e) subject to the provisions of Article 2.02 assign work formerly performed by members of the bargaining unit to persons who are not members of the bargaining unit or subcontract work into or out of the Distribution Centre.
- (f) determine the nature and kind of business conducted by the Employer, the kinds and locations of distribution centres, equipment to be used, the methods and techniques of work, the content and requirements of jobs, the scheduling of jobs, labour standards, the qualification of employees to perform the work required, the scheduling of employees including the scheduling of shifts and overtime, starting and quitting

times, the number of hours and shifts to be worked, the number of employees to be employed, the extension, limitations, curtailment or cessation of the distribution centre or any part thereof, and to determine all terms and conditions of employment and exercise all other functions and prerogatives which shall remain solely with the Employer except as specifically limited by the express provisions of this Agreement.

- 3.03 The Employer's failure to exercise any function hereby reserved to it or in exercising any function or right in a particular way shall not be deemed a waiver of its rights to exercise such functions or rights, nor preclude the Employer from exercising the same in some other manner not in conflict with the express provisions of this Agreement.

ARTICLE 4 - UNION SECURITY

- 4.01 (a) The Employer agrees to deduct from the wages of each employee an amount equal to the regular Union dues uniformly required of members of the Union as required by the Labour Relations Act starting the first month after completion of 30 consecutive calendar days. Such amount shall be deducted from the first pay of the month. The Employer shall forward all such amounts to the Union by the end of the month in which the deduction was made and the Union shall indemnify and hold harmless the Employer against any and all liabilities arising therefrom.
- (b) The employer agrees to deduct from the wages of each agency employee an amount equal to the regular union dues uniformly required of members of the Union as required by the Labour Relations Act starting the first month of employment. Such dues shall be remitted on the total number of agency personnel utilized by the employer and shall be forwarded to the Union in accordance with 4.01 (a) above.

- 4.02 (a) The Employer will, at the time of making each remittance to the Union, specify the employees from whose pay such deductions were made and their addresses and phone numbers. The Union's Treasurer shall notify the Employer by letter upon the signing of this Agreement of the amount of regular Union dues and shall keep the Employer informed of any changes during the term of this Agreement.
- (b) For agency personnel, the employer will provide a list of persons who have worked by the 15th of each month for the previous month. The employer will not be required to provide addresses or phone numbers for agency personnel.
- 4.03 The Union will indemnify and save the Employer harmless from any and all claims which may be made against it by an employee or employees for amounts deducted from pay as provided by this article.
- 4.04 The Union, its representatives and the employees shall not solicit any employee for any purpose or attempt to persuade any employees to become or continue to be members of the Union or engage in any other Union activities, except as expressly permitted herein, during working hours.
- 4.05 The Employer and the Union each agree that there shall be no intimidation, discrimination, interference, restraint or coercion exercised or practised by either of them or their representatives or members against an employee because of his membership or non-membership in the Union or because of his activity or lack of activity in the Union.

At the time of orientation, the Company shall provide the new employee with a copy of the following statement:

The Company hereby advises you of the existence of a collective agreement between the Company and National Automobile, Aerospace, Transportation and General

Workers Union of Canada (CAW/TCA-Canada) and its Local 1000. A copy of the agreement is available from the union stewards.

The Company will identify and provide a list of the names of the stewards to the new employees. A list of the new employees will be provided to the chief steward.

ARTICLE 5 - UNION REPRESENTATION

- 5.01 (a) The Union shall have the right to elect two stewards per shift (day and afternoon's) and one steward for midnight's, one of whom shall be the chief steward. The Union agrees that it will keep the Employer supplied with the names of all the stewards and promptly advise the Employer in writing of any change that occurs before the Employer will be required to recognize an employee as a steward.
- (b) The Company acknowledges the right of the Union to appoint from the weekend workforce, an alternate steward. The alternate steward will only act as a steward when a regular steward is not at work.
- 5.02 The Employer shall not be required to recognize the election of any steward unless he has six months seniority. However, in exceptional circumstances the Employer will not unreasonably withhold the appointment of a steward with less than six months service.
- 5.03 It is understood that a steward has regular job functions to perform for the Employer. Consistent with that obligation, the right of stewards to leave their work without loss of pay to investigate or adjust grievances is granted on the following conditions:
- (a) The steward shall obtain the permission of his supervisor before leaving his work area.

- (b) The time off shall be devoted to the prompt handling of grievances and shall be limited to the time required for attending grievance step meetings and any preliminary meetings with the Management. Except in the case of a discharged employee, employees having grievances shall not discuss these with stewards during working hours.
- (c) The Employer reserves the right to limit such time if it deems the time so taken to be excessive.

- 5.04 The Employer undertakes to instruct all members of its supervisory staff to cooperate with the stewards in the carrying out of the terms and requirements of this agreement.
- 5.05 The Union undertakes to secure from its officers, stewards and members their cooperation with the Employer and with all persons representing the Employer in a supervisory capacity.
- 5.06 The Employer will recognize a Union negotiating committee of seven (7) bargaining unit employee members and a Union Grievance committee of four (4) Bargaining Unit Employees, one of whom is the chief steward. Such committee members will be paid by the Company for all regular hours spent in actual negotiations with the Company up to eight (8) hours per day for a maximum of eight (8) days, unless mutually agreed, up to and excluding conciliation.
- 5.07 Union stewards shall have the assistance of a representative or business agent regarding any union matters dealt with at a meeting between the Management and the Union if either party so requests. It is understood that the Union Representative or Business Agent, whenever entering the premises of the Employer shall first secure permission of the Manager or his Representative. Such permission shall not be unreasonably withheld.
- 5.08 No employee or group of employees is authorized to represent the stewards or any other committee of stewards in any meeting with Management except with the written consent of the Union.

- 5.09 A Union Steward, or in his absence, an employee of their choice, will be present when any member of the bargaining unit is given an official written reprimand or suspended or discharged. An employee may also have the option of requesting the presence of a steward in the case of a verbal reprimand. The disciplined employee will be further allowed fifteen (15) minutes after the meeting to discuss the disciplinary matter with the Steward or representative.
- 5.10 The Company agrees to provide a lockable filing cabinet, a lockable desk and an office or similar private space mutually agreed upon for the Union on location at a mutually agreeable place and the Chief Steward will be allowed time equivalent to seven and one half (7.5) hours as part of his regular work week per week at mutually agreeable time(s) to handle Union business without loss of pay.

ARTICLE 6 - GRIEVANCE PROCEDURE

- 6.01 The parties to this Agreement are agreed that it is of the utmost importance to adjust complaints and grievances concerning the interpretation or alleged violation of this Agreement as quickly as possible.
- 6.02 No grievance shall be considered where the events giving rise to it occurred or originated more than seven (7) working days before the filing of the grievance.
- 6.03 The term "grievance" as used in this Agreement shall mean a complaint arising between the parties alleging failure to comply with the provisions of this Agreement. Such grievance must be covered by specific provisions of this Agreement and complaints with reference to matters not included in this Agreement shall not be subject to the Grievance Procedure or Arbitration Procedure.
- 6.04 Both parties agree that they shall make an earnest effort to settle

any difference, dispute or complaint arising over the interpretation, administration or application of this Agreement through the following steps:

STEP NO. 1:

The employee and his supervisor shall meet and discuss the said difference, dispute or complaint. The employee's supervisor shall give his decision within three (3) full working days. The employee shall have the assistance of his Union Steward if he so requests. Failing settlement, then

STEP NO. 2:

A grievance shall be submitted in writing in triplicate on forms supplied by the Union and signed by the employee. The written record of the grievance shall state the exact nature of the grievance, the act or acts complained of, the identity of the employee who claims to be aggrieved, the specific section or sections of the Agreement which it is alleged have been violated, the date or dates upon which the violations are alleged to have occurred and the remedy the employee seeks. The employee and his Operations Manager shall meet to discuss the grievance within seven (7) working days of the submission of the written grievance. The employee's Operations Manager shall give his decision in writing within seven (7) full working days. One copy of the written decision is to be given to the Union and two copies to the Employer. Failing settlement, then

STEP NO. 3:

Within ten (10) working days following the decision in Step No. 2, the employee, his steward and another official of the Union shall meet with the Employer's Distribution Centre Manager, Department Manager and the employee's supervisor who shall render a decision within ten (10) full working days following this meeting. The grievance committee shall be present if either party so requests.

Failing settlement under Step No. 3 of any difference between the parties arising from the interpretation, administration, application or alleged violation of this Agreement, including any question as to

whether or not a matter is arbitrable, such difference may be taken to arbitration as hereinafter provided and, if no written request for arbitration is received within fifteen (15) full working days after the decision in Step No. 3 is given, it shall be deemed to have been abandoned.

6.05 A complaint by an employee that he has been discharged without cause shall be treated as a grievance if it is submitted in writing to the Employer's Departmental Manager within five (5) working days of the employee's discharge. Such grievances will enter the Grievance Procedure at Step No. 2 and may be settled under the grievance or arbitration procedure by:

- (a) confirming the Company's action in dismissing the employee, or:
- (b) by any other arrangement which may be deemed just and equitable. It is understood that in determining whether a probationary employee has been discharged or suspended for just cause only, the lesser standard included in Article 14.03 shall be applicable.

6.06 An employee who is being notified of his discharge may request the presence of his steward. In the event that a steward is not present at such time, the Employer will advise the Union of the notice of discharge within seventy-two (72) hours after such notice has been effected. It is understood that failure to comply with the foregoing procedure shall not render the notice of discharge a nullity.

6.07 If a grievance is not processed in accordance with the time limits set forth in this article, it shall be considered to be abandoned. Should the Employer fail to observe the time limit specified for rendering a decision at any step, the grievance shall be automatically advanced to the next step. The time limits set forth in this article may be extended by mutual written agreement, provided that such extension for any one grievance shall not be a precedent or waiver of the time limits for any subsequent

grievances.

- 6.08 No claim for compensation shall be retroactive for more than five (5) days prior to the date of filing of the grievance, with the exception of missed wage progressions or payroll errors which shall not be more than thirty (30) days.
- 6.09 Any grievance concerning or affecting a group of more than three (3) employees may be submitted under Step No. 2.
- 6.10 Any complaint or grievance arising directly between the Employer and the Union may be submitted by either party under Step No. 3.

ARTICLE 7 - ARBITRATION

- 7.01 The parties agree that any grievance concerning interpretation or alleged violation of this Agreement which has been properly carried through all the steps of the grievance procedure outlined above and which has not been settled may be referred to a board of arbitration at the request of either party hereto.
- 7.02 The party referring the grievance shall give notice to the other party indicating that it intends to refer the grievance to arbitration within fifteen (15) working days of the decision of the Distribution Centre Manager at Step No. 3 and shall include therein the name and address of its appointee to the Arbitration Board. Within five (5) working days of receipt of such notice the other party shall respond by indicating the name and address of its appointee to the Arbitration Board. The two (2) appointees so selected shall within five (5) working days after receipt of the notice of the appointment of the second of them appoint a third person who shall be the chairman of the Arbitration Board. If the recipient of the notice fails to name an appointee or if the two (2) appointees fail to agree upon a chairman within the time limited the appointment may be made by the Ontario Minister of Labour upon the request of either party.

- 7.03 The decision of the majority of the Arbitration Board shall be the decision of the Arbitration Board but if there is not a majority decision, the decision of the Chairman shall govern. Each party shall pay the remuneration of its appointee and the parties shall jointly pay the remuneration and expenses of the Chairman.
- 7.04 No person may be appointed to the Arbitration Board who has been involved in an attempt to negotiate or settle the grievance.
- 7.05 Notwithstanding the foregoing, the Employer and the Union may agree that a grievance be referred to a one-person board for arbitration. If the Employer and the Union are unable to agree upon a person to act as the Arbitration Board within thirty (30) days of the date of the referral, the appointment shall be made by the Minister of Labour for Ontario upon the written request of either party.
- 7.06 No matter may be submitted to arbitration which has not been properly carried through the proper steps of the Grievance Procedure.
- 7.07 The Arbitration Board shall not be authorized to make any decision inconsistent with the provisions of this Agreement, nor to alter, modify or amend any part of this Agreement or to award interest.
- 7.08 No Arbitration Board shall have the right to impose a standard of reasonableness upon the exercise of any of the Employer's prerogatives contained in this Agreement, unless such standard is expressly contained therein.
- 7.09 The proceedings of the Arbitration Board shall be expedited by the parties hereto.
- 7.10 In the arbitration of a discharge grievance, the Arbitration Board shall admit evidence in support of the discharge relating to conduct occurring subsequent to the discharge or uncovered

subsequent to the discharge. The Arbitration Board shall in a case where it finds there was not just cause for discharge have jurisdiction to substitute a monetary penalty in lieu of reinstatement where it deems reinstatement to be inappropriate.

- 7.11 The Mediation/Arbitration Process will be implemented by mutual agreement to expedite the Grievance Procedure whenever possible. Either party reserves the right to pursue the Arbitration either by 7.02 or 7.05 of this Article.

ARTICLE 8 - NO STRIKES, NO LOCKOUTS

- 8.01 In view of the orderly procedures established by this Agreement for the settling of disputes and the handling of grievances, the Union agrees that during the life of this Agreement, there shall be no strikes, picketing, slowdown or stoppage of work either complete or partial and the Employer agrees that there shall be no lockout. The words "strike" and "lockout" in this Agreement shall mean "strike" and "lockout" as defined in the Labour Relations Act.

ARTICLE 9 - HOURS OF WORK AND OVERTIME

- 9.01 This article provides the basis for the calculation of time worked and shall not be construed as a guarantee of the hours of work in a day or a week or guarantee of days of work or otherwise.

- 9.02 For those qualifying, the normal work week shall be 40 hours per week consisting of five (5) consecutive eight (8) hour days. In the event that the Employer decides to schedule a work week that includes Saturday and/or Sunday as a regular day(s) of work for some employees, subject to the Employer's requirement for an efficient and qualified work force, employees will be assigned to such work weeks on the basis of inverse seniority.

The day shift will commence at 7:00 a.m. and end at 3:00 p.m. The second shift will commence at 3:00 p.m. and end at 11:00

p.m. In the event the Employer operates a three shift system, the starting times shall be 7:00 a.m., 3:00 p.m. and 11:00 p.m. As much notice as possible will be given but in no case less than five (5) calendar days notice will be given to affected employees.

The company may need to modify from time to time the starting time of individuals or shifts in order to meet operational needs. The company agrees to discuss in a labour management setting, any such modifications in advance of their implementation.

Shift changes by more than one-half ($\frac{1}{2}$) hour will be made by mutual agreement. Shift changes of one-half ($\frac{1}{2}$) hour or less will be offered by seniority within the department, providing the employees have the skill and ability to perform the work. If a sufficient number of employees do not accept the shift change of up to one-half ($\frac{1}{2}$) hour, the company will assign qualified employees to the shift by reverse seniority from within the department.

9.03 All overtime will be first offered to Material Handlers except for Fulfilment modules, and Split Case modules. Overtime shall be voluntary. Overtime preference will be given to employees who normally perform the work for which the overtime is offered within a department by seniority. In the event that insufficient employees volunteer within the department the overtime opportunity will then be offered by seniority outside the department and then to all other employees.

In the case of emergency where overtime is required, additional to that which was posted, the Company will exercise its right to first recruit on site staff by seniority, by department, and for any additional staffing needs the Company is required to make one attempt to personally contact the senior employee within the department required, then, proceed to the next senior employee until the requirements are fulfilled.

It is the employees responsibility to approach the Human

Resources department or his supervisor if his name does not appear on the overtime sheet and employees of lesser seniority do. Overtime lists will be posted in the main hall.

Employees will be required to work on the shift they are presently on for the 6th and 7th shift when these overtime shifts are posted.

- 9.04 Consistent with efficiency of operations, there shall be a one-half hour paid meal period in each full shift. Lunch Schedules for the entire year will be posted.
- 9.05 Employees may take one break with pay during the working period. Breaks shall commence and end at times designated by the Employer.
- 9.06 There shall be no pyramiding of overtime or any other premium payments or benefits under this Agreement. Hours compensated on an overtime or premium basis under one pay provision shall not be counted as hours worked in determining overtime or premium under the same or any other pay provision.
- 9.07 For those qualifying, overtime at the rate of time and one half the employee's regular hourly rate shall be paid for all work performed over eight (8) hours a day or forty (40) hours a week.

All hours worked on the sixth day in an employee's regularly scheduled work week will be paid at the rate of time and one half an employee's regular hourly rate.

All hours worked on the seventh day in an employee's regularly scheduled work week will be paid at the rate of time and one half unless the sixth day in such week also has been worked, in which case such hours on the seventh day will be paid at two times an employee's regular hourly rate.

In order to meet the Employer's overtime requirements a daily overtime list (D.O.L.) shall be posted in two (2) cafeteria areas prior to the first break in each shift. Every employee who is willing

to work overtime in his Distribution Centre can so indicate by signing the D.O.L. The Employer will so advise those employees who sign the D.O.L. whether or not they shall be needed to work overtime one (1) hour before the end of the shift. Weekend overtime confirmation will be available for call-ins from the midnight shift from Friday at 2:00 p.m. to 10:00 p.m. The Company reserves the right to cancel the overtime. Employees will be notified of the cancellation of the overtime as soon as possible, but in any case three (3) hours prior to the end of the day shift on Friday. Preference will be given to those employees normally performing the required work on a seniority basis.

- 9.08 There shall be no split shifts.
- 9.09 If an employee is required to work more than eight (8) hours, he shall be granted a paid rest period of fifteen (15) minutes prior to the overtime.
- 9.10 A regular rotation will be instituted within each department within a shift by building. Exceptions will be resolved through the Joint Labour Management Committee as set out in Letter of Understanding #7.

ARTICLE 10 - RATES OF PAY

- 10.01 The Employer agrees to pay and the Union agrees to accept during the term of this Agreement the wage rates as set out in Schedule A attached hereto.
- 10.02 All employees covered by this collective agreement shall be paid bi-weekly.
- 10.03 Vacation pay shall be paid on the pay day before the vacation is to commence, if so requested in writing at least three (3) weeks prior to such pay day.

ARTICLE 11 - PAID HOLIDAYS

11.01 The following listed paid holidays, regardless of the day on which they fall, will be granted with pay to all employees who have completed their probationary period provided that when any of the said holidays fall on other than a regular working day, then the Employer may designate some other day as the day upon which the said holiday will be celebrated, or pay the employees who qualify for the said holiday as though it had fallen on a regular working day.

These recognized paid holidays are as follows:

New Year's Day

Good Friday

Victoria Day

Canada Day

Labour Day

Thanksgiving Day

Christmas Day

Boxing Day

Civic Holiday

Birthday - after completion of one year's service to be taken at a mutually agreeable time.

11.02 The payment for the paid holidays shall be the employee's basic hourly rate times the number of regular hours scheduled at the time of the holiday.

11.03 If any of the above-mentioned days are worked, they shall be paid at time and one-half the employee's basic hourly rate for such hours worked, in addition to the holiday pay.

11.04 An employee shall receive pay for the holiday if

(a) he works his scheduled regular day of work preceding and his scheduled regular day of work following a holiday, unless

absent through verifiable sickness or accident;

- (b) he has agreed to work on a holiday and reports for and performs the work.

11.05 Employees are not eligible for holiday pay while receiving sickness or Workers' Compensation benefits or while on lay off, bereavement leave, sick leave, accident leave, or any other circumstances where the employee is not actively at work.

11.06 If an approved leave of absence without pay begins on the first work day following a holiday or ends on the last work day before a holiday, holiday pay will be paid.

ARTICLE 12 - VACATIONS

12.01 Each employee covered by this Agreement shall be entitled to vacation pay in the amount of not less than four percent (4%) of the wages earned by him in the twelve (1) month period ending June 30th in each year or one weeks pay per week of vacation whichever is greater. In calculating wages, no account shall be taken of any vacation pay previously paid to the employee. It is understood that vacation pay entitlement as described above will not necessarily be equal to vacation time off and will be calculated solely on wages earned.

12.02 Employees with less than one (1) year service as of June 30th shall be entitled to one day vacation time off for each full month worked prior to July 1st to a maximum of 10 days.

An employee who has one (1) year's service as of June 30th shall be entitled to two (2) weeks vacation to be taken in the twelve (1) months following the said June 30th. Such an employee's vacation pay will be equal to four percent (4%) of the wages earned by him in the twelve month period ending June 30th in each year or one week's pay per week of vacation whichever is greater.

An employee who has three (3) years' service as of June 30th shall be entitled to three (3) weeks vacation to be taken in the twelve (12) months following the said June 30th. A maximum of two (2) weeks only may be taken consecutively. Such an employee's vacation pay will be equal to six and twelve one hundredths percent (6.12%) of the wages earned by him in the twelve month period ending June 30th in each year or one week's pay per week of vacation whichever is greater.

An employee who has ten (10) years service as of June 30 shall be entitled to four (4) weeks vacation to be taken in the twelve (12) months following the said June 30th. Such an employee's vacation pay will be equal to 8.334 percent of the wages earned by him in the twelve (12) month period ending June 30th in each year or one week's pay per week of vacation whichever is greater.

An employee who has fifteen (15) years service as of June 30th shall be entitled to five (5) weeks vacation to be taken in the twelve (12) months following the said June 30th. Such an employee's vacation pay will be equal to 10.64 percent of the wages earned by him in the twelve (12) month period ending June 30th in each year or one week's pay per week of vacation whichever is greater.

An employee who has twenty (20) years service as of June 30th shall be entitled to six (6) weeks vacation to be taken in the twelve (12) months following the said June 30th. Such an employee's vacation pay will be equal to 13.04 percent of the wages earned by him in the twelve (12) month period ending June 30th in each year or one week's pay per week of vacation whichever is greater.

12.03

If a paid holiday falls within an employee's vacation period, he shall be granted another day of vacation with pay in the same vacation period, or a day's pay in lieu thereof. The option shall rest with the employee and the employee shall advise the Employer of his decision prior to going on vacation.

- 12.04 All vacations must be taken at a time satisfactory to the Employer. Both parties agree that the annual period for taking vacation shall commence on May 1st of each calendar year, and end June 30th the following calendar year. Vacation may not be accumulated and carried over from one vacation year to the next. Annual vacations may not be taken consecutively. If the maximum allowable number of employees is not filled in any week, employees may substitute their vacation week with two (2) weeks notice. All extra vacation accumulation monies owing will be paid out by the end of July.
- 12.05 The Employer will post a notice on the bulletin board by March 1st of each year requesting each eligible employee to indicate on a vacation request form his preferred vacation periods. The notice will remain posted until April 1st. During this period, each eligible employee shall indicate the vacation period he wishes. The Employer shall then post the schedule of vacation periods and, once posted, such schedule is not subject to change on the request of any employee, except with the consent of the Employer.
- 12.06 If, in scheduling vacations, conflicts between employees arise as to choice of vacation times, the Employer shall take seniority into consideration provided that the Employer is able, in its sole judgement, to retain an efficient and adequate work force to perform the work that is available. The Employer agrees to allow the following numbers of employees off at one time; five (5) per shift per building to a maximum of 20% per shift.
- 12.07 If an employee's employment is terminated for any reason whatsoever, he will be paid any unused accumulated vacation pay.
- 12.08 Material Processors who have worked more than 1170 hours in the previous calendar year shall have vacation granted in accordance with Article 12 of the main body of the Collective Agreement. All

Material Processors working less than 1170 hours in the previous calendar year shall be entitled to vacation with pay as outlined in Schedule "C" of the Collective Agreement.

- 12.09 Any employee who is being laid off will be given the opportunity to request any vacation money owing. Such requests shall be granted.

ARTICLE 13 - BEREAVEMENT PAY

- 13.01 An active employee who has completed his probationary period, when circumstances warrant, shall be granted an absence from work. In the event of the death of his spouse, mother, father, child, brother, or sister he may be granted a leave of absence covering the required time off up to a maximum of three (3) continuous calendar days, for the purpose of bereavement. In the case of the death of the employees grandparent, mother-in-law, father-in-law, brother-in-law, sister-in-law, aunt and uncle up to a maximum of one (1) calendar day for the purpose of attending the funeral and/or making funeral arrangements. The relatives listed above shall include immediate step relatives. Bereavement leave is not vacation time and may only be taken where required. Where any of such days of absence fall on a scheduled working day for such employee, he shall be paid bereavement pay for each day computed by multiplying his basic hourly rate times the number of hours he was scheduled to work. An employee will not receive bereavement pay when it duplicates pay or any other allowance received for time not worked for any other reason.

ARTICLE 14 - SENIORITY

- 14.01 Seniority as referred to in this Agreement shall mean length of continuous service with the Employer at its warehouse operations in Toronto and Brampton, Ontario, from the employee's last date of hire. It shall have relevance only where specifically set forth and explained with respect to how it is to be applied. Subsequent to

the signing of this Agreement, and every six months thereafter, a seniority list including separate seniority ranking number shall be posted in the main hallway by the Human Resources Manager. Employees will have two (2) weeks following such posting to clarify any disputes with respect to such seniority after which the list shall be accepted by the Union and all employees as correct.

- 14.02 If an employee is hired into the bargaining unit with recognized company service accumulated outside the bargaining unit, such service will be recognized for the purposes of wage and benefit administration and entitlement. In the event that an employee elects to bump into the bargaining unit pursuant to Article 14.06 from other Distribution Centre buildings, previous service earned at that Distribution Centre will be recognized by the Employer as if earned under this collective agreement, for all purposes under this collective agreement. It is further understood that all members of the bargaining unit employed by the Employer as of the date of execution of this Agreement shall receive full recognition for any service which may have been earned at the Employer's City View Distribution Centre for all purposes under this Collective Agreement.
- 14.03 An employee shall be considered on probation and shall have no seniority until he has worked sixty (60) consecutive working days in the bargaining unit. Upon completing such period the employee will be placed on the seniority list as of his last date of hire. An employee on probation shall hold no seniority and the employer shall have the right to discharge, demote, suspend, reprimand, lay off or otherwise discipline a probationary employee providing they act in good faith and in a non-arbitrary manner.
- 14.04 When filling permanent vacancies and on lay offs, the skills, ability, dependability and qualifications of employees together with the results of any tests deemed by the Employer to be relevant shall be given consideration. If there is any choice to be made between two employees who are otherwise relatively equal, the employee having the greater seniority shall receive the preference. In all instances, regular full time (Material Handlers

and Maintenance) will be given first preference by seniority and then material processors.

The Company may consider personal leaves prior to any lay-off.

Recalls from lay off will be conducted by seniority if the employee is capable of doing the job. Regardless of seniority, the Chief Steward will be the last employee laid off and the first to be recalled.

When the work force is reduced, employees will be laid off in the following order: material processor and material handler.

Permanent vacancies are defined as vacancies that are expected to or do last in excess of ninety (90) days, except where relieving for sickness, accident, vacation, leave of absence and maternity/parental leave, or for temporary assignments outside the bargaining unit.

14.05 Employees within the bargaining unit shall have the opportunity to apply in the event a permanent vacancy in the bargaining unit occurs, subject to the criteria set out in article 14.04. To facilitate such applications any such vacancy shall be posted for a period of three (3) full clear working days.

There will be a maximum of three (3) postings for a vacancy - the original posting to fill the vacancy and the two subsequent postings for the vacancies created. Any further vacancy that occurs after the second subsequent posting may be filled by the Employer without posting.

Should the successful applicant to a posting be unsatisfactory, he shall be returned to his former job and the vacancy may be filled from other applicants if any are qualified without further posting.

A newly hired employee or an employee who has successfully bid under this article shall not be entitled to bid for a subsequent posted job for six (6) months from the date of his employment or

date of his successful bid except with the Employer's permission.

If an employee is going on vacation he will give notice in writing to the Company that he will be considered a candidate for any job posting that may be posted during this time. A copy of the notice will be given to the chief steward.

14.06(a) The employer may lay off employees for a period not exceeding one (1) working day, by shift, by reverse seniority. In the event the Employer reduces or eliminates a department or shift for more than ninety (90) calendar days the employees affected shall be the most junior in the department and may exercise their seniority in another department within any Distribution Centre building in Brampton or Metropolitan Toronto as per article 14.04 and 14.06(b). Such employees affected for less than ninety (90) days shall exercise their seniority within available vacancies at the time of redundancy.

(b) BUMPING PROCEDURE

Any employee having completed his probationary period, whose position is eliminated, or who is laid-off from his position may exercise his bumping rights within his classification wherever his seniority permits, subject to the criteria set out in paragraph 1, Article 14.04 and according to the following procedure:

- (a) The first employee so affected may bump the most junior incumbent within any department and shift provided he has more seniority.
- (b) The employee so bumped may in turn bump the most junior incumbent in any department and shift provided he has more seniority.
- (c) Any job vacancy created as a result of a redundancy will not be posted.
- (d) Junior employees who have exhausted their bumping

rights will be placed in any vacancies available.

- (e) Employees replaced by redundancies shall have recall rights for a period of twelve (12) months, or length of seniority whichever is the lesser.

14.07 An employee will lose his seniority and his employment with the Employer shall be terminated, for any of the following reasons:

- (a) if he quits;
- (b) if he is discharged and is not reinstated through the Grievance Procedure or Arbitration Procedure;
- (c) if he is laid off and fails to return to work within ten (10) calendar days after he has been notified to do so by registered mail to his last known address;
- (d) if he overstays a leave of absence or vacation, unless a reason acceptable to the Employer is given;
- (e) if he uses a leave of absence for a purpose other than the one given to the Employer;
- (f) if he absents himself from work for more than three (3) working days without reason acceptable to the Employer, except in cases of accident or sickness;
- (g) if he is laid off and not recalled for a period of twelve (12) months or length of seniority whichever is the lesser.
- (h) if he is off work for any reason for more than twelve (12) months, except in cases of long term disability or Workers' Compensation in which case the period will be extended to twenty-four (24) months. Such termination of employment and seniority will not affect any long term disability entitlement which the employee may have under this Agreement.

- (i) if he is absent from work for three (3) consecutive days regardless of the reason without notifying the Employer.

14.08 Employees who are on lay off shall be deemed not to be active employees and shall not be eligible for any pay or benefits under this agreement other than their right to recall. Employees who are off work because of sickness or accident shall not be eligible for statutory holiday pay or vacation pay or any other pay or benefits except those to which they are expressly entitled under this Agreement.

14.09 If an employee finds he is unable to report for work he shall notify his supervisor or if the supervisor is unavailable, the receptionist, who will give the employee a log number to record, before the commencement of his shift, or if he is unable to do so, in any event no later than one (1) hour after his shift commences unless due to a reason acceptable to the Employer.

14.10 (a) In the event that an employee is promoted to a supervisory or confidential position beyond the scope of this Agreement and is replaced in a position within the scope of this Agreement within a one (1) year period, he shall retain all seniority he has previously acquired and shall have added thereto the seniority accumulated while serving in such supervisory or confidential capacity.

Whenever the vacancy occurs material processors will be elevated within the department. Elevations are to last for the duration of the vacancy.

(b) The Company will not promote to any position outside the bargaining unit for less than sixty (60) days, except in the case of clerical staff and the merge operator, not less than five (5) days. However, if the candidate is unsuccessful or declines the position, he may return to the bargaining unit in accordance with 14.10(a).

14.11

When an employee is required to work a job classification, department, or shift other than their own, for purposes of relieving for sickness, accident, vacation, leave of absence, and maternity/parental leave, the following temporary transfer procedure will apply:

- (a) Elevations to a higher classification will first be offered to employees within the department involved, by seniority, by shift, provided the employees are equally qualified to do the work.
- (b) Transfers to a lower rated classification shall be offered by order of reverse seniority provided the employees are equally qualified to do the work. Employees will maintain their current rate of pay during such transfers.
- (c) The Company will assign temporary transfers in order of reverse seniority where a shortage of volunteers exists.
- (d) Temporary vacancies of thirty (30) days or less will not be posted.
- (e) The Company will review its training needs as required but at no less than four (4) month intervals. If training is required it will be offered by seniority, by shift.
- (f) An employee who is temporarily assigned to a higher classification will be paid the regular hourly rate of the higher classification for a minimum of four (4) hours, with the exception of lateness where an employee temporarily assigned will only be paid for the hours worked up to the next clock half hour.
- (g) Upon returning to the employee's regular classification, the employee's rate of pay shall be the rate of their normal job.
- (h) The Company agrees to identify the employee being

replaced on the above temporary transfer if requested by the Union.

- (i) When the Company wishes to establish any future new or temporary departments, it will introduce them through the joint Labour Management Committee as set out in Letter of Understanding#7.

14.12

LEAD HAND POSITION

The Company shall post twelve (12) Lead Hand positions, six (6) for days and six (6) afternoon shifts. The Lead Hand responsibilities over and above their regular duties are as follows:

- 1. (A) Train staff
- (B) Directing work responsibilities (relaying supervisors instructions only)
- (C) Coordinating merchandise movement
- (D) Solving problems, questions
- (E) House keeping standards

NOTE: Responsibilities will not include disciplinary matters.

- 2. All Lead Hand positions will be full-time Material Handler positions. In filling such responsibilities a posting (except as noted in point 6) will be issued under the normal posting procedures as outlined in Article 14 and based on the following criteria:

- (A) Job knowledge and skill
- (B) Good people and communication skills
- (C) Leadership ability
- (D) Seniority
- (E) Attendance

- 3. Lead Hands will be chosen from the Material Handler classification and will maintain all rights his seniority affords him within the Collective Agreement.

- 4. The wage rate for the Lead Hand responsibilities will be as

established by the parties in Schedule A.

5. A Lead Hand orientation class will be held and given to all successful applicants.

Note: It is agreed that for the first orientation class (and any subsequent modifications to the orientation) a member of the union will be present as an observer only.

6. Temporary Lead Hand vacancies of 2 weeks or greater will be filled according to the criteria of 14.12 (2) and will be used for purposes of relieving sickness, accident, vacation, leave of absence, maternity or parental leave.
7. Special projects shall be posted and shall be for a minimum of 30 calendar days.

ARTICLE 15 - EMPLOYEE'S ADDRESSES

- 15.01 It shall be the duty of each employee to notify the Employer promptly of any change in address and phone number. If an employee shall fail to do this, the Employer will not be responsible for failure of a notice to reach such employee.

ARTICLE 16 - LEAVE OF ABSENCE

- 16.01 The granting of leaves of absence is discretionary. The Employer may at its sole discretion grant a leave of absence without pay for a legitimate personal reason. A request for a leave absence must be made in writing and must set forth clearly the reason for the request, the commencement and termination dates of such leave. The request for a leave of absence shall be made at least fourteen (14) days prior to the proposed commencement date.

16.02 Pursuant to Article 16.01, the Employer will grant leave of absence without pay or loss of seniority to a delegated bargaining unit member or members to attend Union Conventions or Conferences, it being agreed that the Union, in selecting the member or members will make every effort to avoid affecting the production of the Employer and that the leave so requested will be kept to a minimum.

16.03 (a) "The Company agrees to provide a leave of absence without pay to a maximum of two (2) full-time employees who have been elected to a full-time office in the Local Union or National Union, for the period for which he is elected to hold such office. The leave will be for the purposes of conducting union executive administrative duties and responsibilities. While the length of time estimated for each leave of absence shall be discussed by the parties, it is understood that the occurrence of these leaves, specifically the frequency of leaving and returning to the building, and the resulting impact on the building schedule, will be kept to a reasonable minimum.

Such employees shall be entitled to return to their former position without loss of seniority. The employees on such leave will not be replaced during their absence.

(b) Taking into account the needs and efficiencies of the business, the Company may grant a leave of absence without pay to Union Stewards, Officers and representatives, to attend Union conventions or Union educational sessions. All leaves shall not exceed a total of one (1) month per year per person. The Company may also grant a leave of absence to one (1) Union Steward, officer or representative in the entire bargaining unit for a maximum period of three (3) months once during the life of the collective agreement.

ARTICLE 17 - HEALTH & SAFETY

- 17.01
- (a) The Employer shall make and maintain reasonable provisions for the safety and health of employees during working hours.
 - (b) The Union and the Company will cooperate in the enforcement of safety rules and regulations.
 - (c) A joint Health and Safety Committee shall be established consisting of a maximum of five (5) bargaining unit members. Such committee is to meet monthly and will be preceded by a joint workplace inspection.
 - (d) Suitable first aid facilities to be provided as required by the Occupational Health and Safety Act.
 - (e) Material Handlers will not be required to change batteries.

17.02 In case of pregnancy preventing performance of regular duties the Human Resources Manager will discuss alternate work arrangements with the individual and if requested will discuss its considerations with the Health and Safety Committee member from the bargaining unit.

ARTICLE 18 - BULLETIN BOARD

18.01 The Employer agrees to provide a glass-case bulletin board in the main hall for the sole use of the Union to post notice to the employees. This location will only be changed by mutual consent of the Company and the Union. All material that the Union desires to post must have the prior approval of the Employer's Distribution Centre Manager or designate. All material to be posted shall be initialled and posted by the Employer's Distribution Centre Manager or designate. Such approval will not be unreasonably withheld.

ARTICLE 19 - JURY OR WITNESS DUTY

- 19.01 When an employee is called upon to serve on a jury or is summoned as a witness, the Employer shall pay the difference between the fee received from the Crown and the employee's regular wage rate.
- 19.02 An employee who is required to report for jury duty shall not be scheduled to work any shift other than the day shift for the duration of his serving on jury duty.
- 19.03 Employees required by the Employer to appear in court as a witness in any case directly affecting the Employer will be paid in the same manner as set out in 19.01.
- 19.04 On such days that an employee is serving jury duty or as a witness, the employee must work regularly scheduled hours which remain possible as a result of when such duty starts or finishes. The employee will call his supervisor or a designate to ascertain whether it is necessary to report for work.

ARTICLE 20 - TRANSFERS AND TRANSPORTATION

- 20.01 An employee who reports to work and is reassigned to a new location will be paid for his required travelling time to the new location plus 22¢ per km for such trips on the day of the transfer only.
- 20.02 Transfers will be offered to employees by seniority and no employee will be transferred from his location without his consent.

ARTICLE 21 - CALL BACK ALLOWANCE AND SHIFT PREMIUM

- 21.01 If an employee has completed his day's work and has left the company premises and is subsequently called back to work by the Employer, he shall be paid a minimum of four (4) hours pay at one and one half (1½) times his normal straight time hourly rate

regardless of how little time he is required to work.

21.02 Effective from the date of ratification, a shift premium of \$0.60 per hour will be paid for all hours worked on the second shift and \$0.65 per hour on the third shift, but shall not be included for the purpose of any overtime calculation.

ARTICLE 22 - SEVERANCE PAY

22.01 In the event of closure of part or all of the Employer's Distribution Centre which results in the permanent lay off of any employees, the Employer agrees to pay each employee so affected, in accordance with Company policy, the following:

- Less than one (1) completed year of service: according to Employment Standards requirement (if any)
- A year or more but less than five (5) completed years of service: one (1) week's pay for each completed year of service
- More than five (5) completed years of service: five (5) weeks for the first 5 years of service plus one and a half (1.5) weeks per completed year of service for each subsequent year up to a maximum of thirty (30) weeks in total.

ARTICLE 23 - SAFETY

23.01 The Employer agrees to pay \$65.00 in first year; \$65.00 in second year, or \$130.00 first 2 years (except new hires); \$70.00 in third year to each employee who has completed his probationary period for the purchase of C.S.A. approved safety footwear through Company payroll direct deposit.

23.02 The Company agrees to provide ear protection and muffs for all departments required by the Occupational Health & Safety Act at

no cost to the employees. Where new departments require this protection the Union will be advised in a joint labour relations management setting prior to implementation.

ARTICLE 24 - BENEFIT PLANS

- 24.01 It is agreed that the application of company benefits relating to Health & Dental care; Employee Discounts; Sickness and Disability; Short-term Absence Top-Up Plan; Pension Plan; Life Insurance; Long Service Awards; Canada Savings Bonds; Associate Share Ownership Plans; Float Day and R.R.S.P.s, shall continue to apply to eligible bargaining unit employees on the active payroll in conformity with their general application throughout Hbc Logistics, including any improvements or reductions and subject to the terms and conditions of the respective plans or policies. The application of such plans shall also be subject to the payment by eligible employees of their share of any monthly premiums through monthly payroll deduction.
- 24.02 While the application of such benefits to employees may be the subject of a grievance, it is understood and agreed that the benefit plans or policies themselves do not form part of this Collective Agreement and are not themselves subject to the Grievance Procedure or Arbitration.
- 24.03 The Company will provide all details of benefit changes to the Union,
as soon as possible and, in any case coincident with their introduction.
- 24.04 **Service Awards**
Regular full-time employees with five (5) years of continuous service or more will receive \$10 per year, including material handlers and maintenance mechanics. Payments are based on

current status and will be made in early December for each full year of service, prior to November 1st of the current year.

ARTICLE 25 - PART-TIME EMPLOYEES

25.01 All conditions for part-time employees will be as set out in Schedule B which forms part of this Agreement.


ARTICLE 26 - DURATION OF AGREEMENT

26.01 The term of this Agreement shall be for three (3) years from the 1st day of June 2003 to the 31st day of May 2006 and shall continue automatically thereafter for annual periods of one (1) year each unless either party notifies the other in writing within the period of ninety (90) days immediately prior to the expiration date that it desires to amend the Agreement.

IN WITNESS WHEREOF each of the parties hereto has caused this Agreement to be signed by its duly authorized representatives as of the date and year first above written.

Dated at Toronto this _____ day of _____, 2004.

FOR THE UNION



DAN GARVEY


DWAYNE E GUNNESS


PETER SCOTT


LARRY BOLAND


PETER WONG


ROBERT CHANG

BIMAL MANIAR


BONIFACIO JANDONERO


FOR THE COMPANY



ROD SMITH


PAUL HOMER


RICK RAND


JIM KYLLØ


RICK HIBBERD


CHRISTINE BLAKE

SCHEDULE A

WAGE RATES

Effective June 1, 2003, all classifications and individual rates shall increase by 3.3%.

MATERIAL PROCESSOR

<u>Start</u>	<u>6 MOS</u>	<u>12 MOS</u>	<u>18 MOS</u>	<u>24 MOS</u>	<u>30 MOS</u>	<u>36 MOS</u>
10.90	11.76	12.13	12.51	12.90	13.26	13.43

MATERIAL HANDLER

<u>Start</u>	<u>AFTER PROB.</u>	<u>12 MOS</u>	<u>24 MOS</u>
15.53	17.98	19.06	19.90

MAINTENANCE MECHANIC I-LICENSED

<u>Start</u>	<u>AFTER PROB.</u>
21.99	24.51

GENERAL MAINTENANCE

<u>Start</u>	<u>AFTER PROB.</u>	<u>12 MOS</u>	<u>24 MOS</u>
15.54	17.97	19.06	19.91

SEASONAL PROCESSOR (TEMP.)

<u>Start</u>
10.90

LEAD HAND (CURRENT)

<u>Start</u>	<u>STEP 1</u>	<u>STEP 2</u>	<u>STEP 3</u>
16.28	18.73	19.81	20.65

Effective June 1, 2004, all other classifications and individual rates shall increase by 3.2%

MATERIAL PROCESSOR

<u>Start</u>	<u>6 MOS</u>	<u>12 MOS</u>	<u>18 MOS</u>	<u>24 MOS</u>	<u>30 MOS</u>	<u>36 MOS</u>
11.25	12.14	12.52	12.91	13.31	13.68	13.86

MATERIAL HANDLER

<u>Start</u>	<u>AFTER PROB.</u>	<u>12 MOS</u>	<u>24 MOS</u>
16.03	18.55	19.67	20.54

MAINTENANCE MECHANIC 1-LICENSED

<u>Start</u>	<u>AFTER PROB.</u>
22.70	25.29

GENERAL MAINTENANCE

<u>Start</u>	<u>AFTER PROB.</u>	<u>12 MOS</u>	<u>24 MOS</u>
16.03	18.55	19.67	20.54

SEASONAL PROCESSOR (TEMP.)

<u>Start</u>
11.25

LEAD HAND (CURRENT)

<u>Start</u>	<u>STEP 1</u>	<u>STEP 2</u>	<u>STEP 3</u>
16.78	19.30	20.42	21.29

Effective June 1, 2005, all other classifications and individual rates shall increase by 3.0%

MATERIAL PROCESSOR

<u>Start</u>	<u>6 MOS</u>	<u>12 MOS</u>	<u>18 MOS</u>	<u>24 MOS</u>	<u>30 MOS</u>	<u>36 MOS</u>
11.58	12.50	12.89	13.30	13.71	14.09	14.28

MATERIAL HANDLER

<u>Start</u>	<u>AFTER PROB.</u>	<u>12 MOS</u>	<u>24 MOS</u>
16.51	19.11	20.26	21.16

MAINTENANCE MECHANIC 1-LICENSED

<u>Start</u>	<u>AFTER PROB.</u>
23.38	26.05

GENERAL MAINTENANCE

<u>Start</u>	<u>AFTER PROB.</u>	<u>12 MOS</u>	<u>24 MOS</u>
16.55	19.14	20.30	21.20

SEASONAL PROCESSOR (TEMP.)

<u>Start</u>
11.58

LEAD HAND (CURRENT)

<u>Start</u>	<u>STEP 1</u>	<u>STEP 2</u>	<u>STEP 3</u>
17.26	19.86	21.01	21.91

* All regular full-time employees and maintenance employees will be paid for one day of lay-off per year. In the event that no lay-off has occurred, these employees will be paid one day of wages at the end of the calendar year.

SCHEDULE B

*

All matters relative only to Material Processors, whether full-time or part-time and their working conditions shall be contained within this Schedule.

ARTICLE 1 - INTENT AND PURPOSE

1.01 The Employer and the Union each represents that the purpose and the intent of this Agreement is to promote cooperation and harmony, to recognize mutual interests, to formulate rules to govern the relationship between the Employer and the Union and to set forth herein the basic agreement covering rates of pay, hours of work and conditions of employment.

The Union recognizes that the business in which the employer is engaged is highly competitive and that the employer must be able to maintain an efficient cost effective operation and improve itself in an highly competitive market and the Union agrees to support the employer in obtaining these objectives all of which are consistent with this collective agreement.

1.02 As per main body of Agreement.

ARTICLE 2 - As per main body of Agreement.

ARTICLE 3 - As per main body of Agreement.

ARTICLE 4 - As per main body of Agreement.

4.01 The Employer agrees to deduct from the wages of each employee an amount equal to the regular Union dues uniformly required of members of the Union as required by the Labour Relations Act starting the first of the month after completion of 30 calendar days. Such amount shall be deducted from the first pay of the month. The Employer shall forward all such amounts to the Union by the end of the month in which the deduction was made and the Union shall indemnify and hold harmless the Employer against any and all liabilities arising therefrom.

4.02, 4.03, 4.04, 4.05 - As per main body of Agreement.

ARTICLE 5 - UNION REPRESENTATION

5.01, 5.02, 5.03, 5.04, 5.05, 5.06, 5.07, 5.08, 5.09, 5.10
- As per main body of Agreement.

ARTICLE 6 - As per main body of Agreement.

ARTICLE 7 - As per main body of Agreement.

ARTICLE 8 - As per main body of Agreement.

ARTICLE 9 - HOURS OF WORK AND OVERTIME

9.01 This article provides the basis for the calculation of time worked and shall not be construed as a guarantee of the hours of work in a day or a week or guarantee of days of work or otherwise.

9.02 The regularly scheduled work week shall be up to 37.5 hours per week and employees are paid for hours worked.

The day shift will normally commence at 7:00 a.m. and the afternoon shift will normally commence at 3:00 p.m. However, if the Employer schedules a three shift operation the shifts will normally start and end at 7:00 a.m., 3:00 p.m. and 11:00 p.m.

9.03 Overtime shall be voluntary. Overtime preference will be given to the employee who normally performs the work for which the overtime is offered within the department by seniority. In the event insufficient employees volunteer within the department, overtime opportunities will be offered by seniority outside the department.

This agreement shall be deemed to be in compliance with the employment standards act of Ontario and made by the Union on behalf of each employee in the bargaining unit.

* 9.04 Consistent with efficiency of operations, there shall be a one half

(1/2) hour unpaid meal period in each full shift.

- 9.05 Employees may take one break with pay during the working period. Breaks shall commence and end at times designated by the Employer.
- 9.06 There shall be no pyramiding of overtime or any other premium payments or benefits under this Agreement. Hours compensated on an overtime or premium basis under one pay provision shall not be counted as hours worked in determining overtime or premium under the same or any other pay provision.
- 9.07 Notwithstanding paragraph 1 of Article 9.02, material processor will be paid only for hours actually worked and may be scheduled for less than 7½ hours per day where such hours are not available. Further, notwithstanding paragraph 2 of Article 9.07, if such employees are assigned to a regular work week of 37½ hours of actual work, overtime at the rate of time-and-one-half shall be paid for all work performed over 37½ hours of work in a week.
- 9.08 There shall be no split shifts.
- 9.09 If an employee is required to work more than seven-and-one-half (7½) hours, he shall be granted a paid rest period of fifteen (15) minutes prior to the overtime.
- 9.10 New part-time employees will be asked on hiring for their preferred weekly work days and the company will accommodate these and current employees wherever possible as per current practice.

ARTICLE 10 - As per main body of Agreement.

ARTICLE 11 - PAID HOLIDAYS

11.01, 11.02, 11.03 - As per main body of Agreement.

11.04 An employee shall receive pay for the holiday if

- (a) he works his scheduled regular day of work preceding and his scheduled regular day of work following a holiday, unless absent through verifiable sickness or accident;
- (b) he has agreed to work on a holiday and reports for and performs the work.

11.05, 11.06 - As per main body of Agreement.

ARTICLE 12 - VACATIONS

12.01 Employees shall receive vacation pay pursuant to the Employment Standards Act.

12.02 All vacations must be taken at a time satisfactory to the Employer.

ARTICLE 13 - As per main body of Agreement.

ARTICLE 14 - SENIORITY

14.01, 14.02 - As per main body of Agreement.

14.03 An employee shall be considered on probation and shall have no seniority until he has worked 450 hours in the bargaining unit.

Upon completing such period the employee will be placed on the seniority list as of his last date of hire.

An employee on probation shall hold no seniority and the employer shall have the right to discharge, demote, suspend, reprimand, lay off or otherwise discipline a probationary employee providing they act in good faith and in a non arbitrary manner.

14.04, 14.05, 14.06, 14.07, 14.08, 14.09, 14.10 - per main body of Agreement.

14.11 The Union recognizes the Employer's need to require from time to time the use of Material Processor employees. The Employer

agrees that such help will not be used to the extent of displacing or replacing a regular full time employee except as otherwise set out in this collective agreement. All temporary and part-time employees will be hired as Material Processors.

Material Processors whether hired directly by the Company or indirectly from outside agencies shall be recognized as probationary employees as set out below under the terms of this Agreement for a period of 450 hours at which time they will be placed on a separate seniority list in accordance with Article 14.01 and 14.03.

Material Processors will be restricted to essentially manual work and scanner verification and will not perform functions normally exclusively performed by regular full time material handlers including but not restricted to operation of power machines (except walkie-riders by non-agency material processors) and paperwork (except basic paperwork and tallying).

NOTE: Basic paperwork and scanner verification means work such as counting or tallying which is occasionally required in the course of basic work and which is essentially dissimilar from the paperwork of full time material handlers.

In all instances within a department regular full-time material handlers will be given first preference to use walkie-riders over material processors.

*

Material Processor employees will be paid in accordance with the wages as set out in Schedule A and shall not be subject to Article 9.04.

All Material Processors with a minimum of five (5) years seniority shall be entitled to a half hour paid lunch break.

When an individual normally works part-time hours, part-time benefits eligibility shall apply. For purposes of this clause part-time

shall mean working at a rate of 1170 hours per year or less in the preceding period.

Material Processor employees will be scheduled for the available hours by seniority and preference of shift that are available up to 37½ hours per week. Whenever additional hours become available beyond the normally scheduled hours, such hours will be offered by seniority up to 37½ hours per week to those who have indicated their availability.

Notwithstanding paragraph 1 of Article 9.02, Material Processor will be paid only for hours actually worked and may be scheduled for less than 7½ hours per day where such hours are not available. Further, notwithstanding paragraph 2 of Article 9.07, if such employees are assigned to a regular work week of 37½ hours of actual work, overtime at the rate of time-and-one-half shall be paid for all work performed over 37½ hours of work in a week.

Former regular part-time employees restricted to work in Split Case and Club Z order picking and bin filling will have the preference to exercise their seniority in these areas. Existing part-time employees, who advise us on ratification of this agreement that they wish to maintain existing preferences for days of the week to be scheduled, will be accommodated, wherever possible according to existing practises as confirmed in a letter of understanding attached to this agreement.

Following completion of five (5) years of service, the 1170 hours qualifier will not apply to Material Processor employees throughout the collective agreement.

For the purposes of determining overtime, hours paid as vacation, birthday, bereavement and statutory holiday pay will be considered as qualifying hours. Sick time, lay-off and leave of absence will not be considered as qualifying hours.

14.12 As per 14.11 main body of Agreement.

14.13 - As per 14.12 main body of Agreement.

ARTICLE 15 - As per main body of Agreement.

ARTICLE 16 - As per main body of Agreement.

ARTICLE 17 - As per main body of Agreement.

ARTICLE 18 - As per main body of Agreement.

ARTICLE 19 - As per main body of Agreement.

ARTICLE 20 - As per main body of Agreement.

ARTICLE 21 - As per main body of Agreement.

ARTICLE 23 - As per main body of Agreement.

ARTICLE 24 - BENEFIT PLANS

24.01 – As per main body of Agreement

24.02 - As per main body of Agreement

24.03 – As per main body of Agreement

24.04 Approved Short Term Absences

(a) “One (1) average working day for every completed year of service commencing with one (1) year of service to a maximum of ten (10) days. Benefits begin on the second day of such an absence unless the employee has three (3) years service in which case payment will begin on the first day.”

(b) “For eligible employees the Company will top-up Employment Insurance payments to 95% of the employee’s weekly earnings based on their annual equivalent for a period of up to six (6) weeks.”

- 24.05 Service Awards
"Material Processors with five (5) years of continuous service or more will receive \$7 per year. Payments are based on current status and will be made in early December for each full year of service prior to November 1st of the current year.
- 24.06 Material Processors who have worked more than 1170 hours in the previous year, July 1st to June 30th, shall have vacation granted in accordance with Article 12 of the main body of the collective agreement. All Material Processors working less than 1170 hours in the previous year shall be entitled to vacation with pay as outlined in Article 12 of Schedule "C" of the Collective Agreement.

ARTICLE 25 - DURATION - As per Article 26 in main body of Agreement.

LETTERS OF UNDERSTANDING - As per main body of Agreement.

* *reference Letter of Understanding*

LETTERS OF UNDERSTANDING

BETWEEN

ZELLERS INC.

(hereinafter referred to as the "Employer")

AND

**NATIONAL AUTOMOBILE, AEROSPACE, TRANSPORTATION AND
GENERALWORKERS UNION OF CANADA (CAW/TCA-CANADA) AND
ITS LOCAL 1000**

(hereinafter referred to as the "Union")

For the duration of the Collective Agreement and forming a part thereof.

1. **JOB VACANCY**

Before recruiting from outside sources to fill job vacancies or new jobs, it is the Employer's policy to "post" the new or vacant positions on the Staff Bulletin Board at any individual location. Employees who apply for the positions are interviewed and given preference over outside applicants if their qualifications and performance meet requirements.

For positions of a specialized nature, a search for candidates from outside the company may take place simultaneously with the job posting.

If there is any choice to be made between two employees who are otherwise relatively equal, the employee having the greater seniority shall receive the preference.

Consistent with this policy, it is understood that in the event that either or both the present Distribution Centre operations were transferred to a new location during the term of this collective agreement, preference would be given to affected employees presently employed at other

buildings should they wish to relocate.

It is agreed that this letter of understanding shall form part of the collective agreement entered into between Zellers Inc. and the National Automobile, Aerospace, Transportation and General Workers Union of Canada (CAW/TCA-Canada) and its Local 1000 which document is in effect for the period commencing on June 1, 2003 and ending on May 31, 2006.

2. **SOCIAL JUSTICE FUND**

The Company will contribute one cent (¢) per hour worked to the CAW Social Justice Fund (SJF) which is a registered charity established by the National Union, CAW. The SJF language requires the employer to pay into the fund the amount negotiated for every hour worked by each employee. Contributions to the Fund will be made quarterly, in the year, and such contributions will be mailed to:

CAW Social Justice Fund
205 Placer Court
Toronto, ON
M2H 3H9

Please make your cheque payable to CAW Social Justice Fund. The Company will be issued with a charitable receipt for each payment.

3. **JOB GUARANTEE**

The number of regular full-time material handlers to be maintained at 180 positions within 30 days of the ratification of this agreement. The new positions which are established as a result of this letter shall be posted and filled in accordance with article 14.04 and 14.05.

It is agreed that 150 such regular full-time material handler positions shall be maintained during the term of this collective agreement and that the employees occupying said positions shall not be subject to permanent lay-off for the duration of this agreement.

The guarantee of 150 set forth in this letter does not apply in the case where the employer is prevented from maintaining its normal distribution

operations by an act of God or in the case where the employer permanently closes its Metro Toronto and Brampton Distribution operations.

The Company agrees it will maintain at least three (3) Material Handlers in the Shipping Department per shift.

4. **VACATION PAY - PART-TIME EMPLOYEE**

The company undertakes to make arrangements as soon as feasible to pay vacation pay to each employee at the time of their vacation recognizing that the amount payable to a part-time employee shall be the monies accrued to the date of the beginning of any period of vacation. Any employee who is being laid off will be given the opportunity to request any vacation money owing. Such requests will be granted.

5. **MATERIAL HANDLERS**

A Material Handler will be assigned to complete the paperwork for all trailers and appointments.

6. **JOINT LABOUR/MANAGEMENT REVIEW COMMITTEE**

It is agreed that a joint committee consisting of the below noted participants shall meet on a quarterly basis on company paid time to:

- (a) Review all issues related to all employees covered by this collective agreement, their job classifications and the implementation of job procedures.
- (b) Monitor compliance with agreed upon job classifications.
- (c) Review overtime allocation problems on shifts.
- (d) Advise regarding matters on technological change as per Letter of Understanding.

Such committee shall comprise:

FOR THE COMPANY

Building Manager
Operations Manager
Human Resources Manager
One additional Manager

FOR THE UNION

Local Union Representative
Chief Steward
One Steward
One Health and Safety Committee member
Local Representative or Local President

7. **HARASSMENT PROTECTION**

The Company fully supports the policy that:

- (a) Every employee has a right to freedom from harassment in the workplace by any agent of the employer or by another employee on any prohibited Human Rights ground. These grounds typically include race, ancestry, place of origin, colour, ethnic origin, citizenship, creed, age, sex, marital status, family status, handicap, and sexual orientation.
- (b) Every employee has the right to be free from a sexual solicitation or a reprisal or a threat of reprisal for the rejection of a sexual solicitation.
- (c) Any employee believing him or herself to be or about to be harassed by another employee has a duty to specifically request the other employee to refrain from such behaviour. Harassment is defined as a course of vexatious comment or conduct that is known or reasonably ought to be known to be unwelcome. For clarification, harassment is one or more actions or comments related to any prohibited ground which the harasser could reasonably have been expected to know to be unwanted and damaging, humiliating or vexatious.
- (d) Every employee has the duty to report harassment of any employee to the proper managerial authority to remedy the problem, should the behaviour not cease immediately on drawing it to the harasser's attention.

For clarification, harassment does not include, among other things, proper management disciplinary actions or actions related to performance or attendance problems which are conducted according to Company procedures.

The following procedures have been developed to ensure rapid response to, and resolutions of, harassment incidents.

Strictest confidentiality will be maintained at all times subject to the requirements for the Company to investigate and resolve the matter. Appropriate due process will be accorded to all those involved.

STEP ONE - INFORMAL DISCUSSION

In the event the employee believes him/herself to be harassed by another employee, he/she may discuss the nature of the incident(s) with anyone of the following individuals their choosing (names subject to change):

- (a) Immediate supervisor
- (b) Manager (Flo Kusiak, Marty McAuley)
- (c) Human Resources Manager (Paul Homer)
- (d) Senior Executive (Rod Smith)

If the employee elects to discuss the complaint with their Supervisor, Manager, Human Resources Manager, or Senior Executive, it is then the responsibility of the recipient to notify the National Human Resources Manager (Jim Kylo) immediately of the complaint unless the matter is fully resolved and the employee is completely comfortable with the situation.

Since the complaint is of a sensitive nature, the complainant should be given the opportunity to request a suitable interviewer, perhaps, for instance, of the same sex. If this is not possible, the complainant should then be given the opportunity to express, in writing, to the person of his/her choice, the events that transpired.

STEP TWO - FORMAL INVESTIGATION

Once the matter has been brought to the attention of the National Human Resources Manager, an internal investigation of the complaint will be conducted at which time the complainant (employee) will be requested to present, in writing, the particulars of the harassment.

Based on the outcome of the investigation, it will be determined if there has been a breach of Company policy on harassment, and the appropriate action will be taken in the event that harassment is determined to have occurred.

STEP THREE - SUBSEQUENT INCIDENTS

Subsequent incidents should immediately be reported and followed by a written description to the National Human Resources Manager and the most senior executive involved in Step Two for further investigation and disciplinary action, if confirmed.

8. BANKING OF OVERTIME

An employee will have the option of banking overtime hours in lieu of overtime pay to a maximum total bank not exceeding 80 hours for Material Handlers, Maintenance Mechanic, and Material Processors over 5 years as per agreement, and 75 hours for Material Processors less than 5 years (calculated as per article 9.09). This maximum hours represent a total accumulation for the year and can only be exercised once per year. Any overtime hours in excess of the maximums indicated above will be paid out. The hours must be used in minimum increments of 8 hours for Material Handlers, Maintenance Mechanic, and Material Processors over five years, and 7½ hours for Material Processors under 5 years as per agreement. These hours must be taken within the vacation year at a time satisfactory to the employer. There shall be no carry over of hours from one year to the next.

9. PAY STUB DISTRIBUTION

The Company will endeavour to ensure pay stubs are distributed prior to the lunch break.

10. **JOB GUARANTEE**

Volume Fluctuations notwithstanding, Metropolitan Road D.C. existing staff (as of the ratification date of July 26, 2003) with a minimum of two (2) years seniority, will not be laid off permanently as a result of contracting out or movement of Company Distribution Centres. This letter will expire May 31, 2006.

11. **RECALL**

When recalling from layoff, the Company will call employees using the current practice as set out in Article 14.04. In addition, the Company agrees to post a phone number on the union bulletin board to allow employees to call in and check the range of recall numbers by seniority. This message will be updated daily, and employees whose seniority number is on recall will have until 4:00 pm that day to call in and acknowledge their availability for recall. If the employee does not respond by 4:00 pm, the Company will continue calling down the seniority list until the required number of employees for recall has been met.

12. **TOOL ALLOWANCE**

Maintenance employees will provide their own tools. Should a tool be broken or damaged in the workplace, the tool will be replaced at the Company's expense and shall remain the property of the employee.

Speciality tools required to maintain equipment shall be purchased by the Company and shall remain the possession of the Company and shall be surrendered to the Company on severance of the employment relationship.

The Company will continue to provide and maintain cleaning of uniforms for the maintenance employees.

13. **TECHNOLOGICAL CHANGE**

For the purposes of this agreement the term "Technological Change" shall be understood to mean a change in the manner in which the Company carries on the work, undertaking or business that is directly related to the introduction of new equipment.

The Company will notify the Union of any technological changes not less than thirty (30) calendar days prior to the implementation of such changes through a special Joint Labour Management meeting. Such notice shall be given in writing.

The Company will also update the information provided, on a continuous basis, as soon as new developments arise or modifications are made.

14. SEASONAL PROCESSORS

1. The terms of this Letter apply to the employees employed by the Company on a seasonal basis from August 15 through to December 15 to handle peak seasonal demands of the business.
2. The term of employment may end prior to, but in no case beyond December 15.
3. If a Seasonal Processor is hired on as a Material Processor during their term, their hours worked will apply towards the probationary period as outlined in Article 14.
4. The rate of pay shall be as per Schedule A Material Processor start rate.
5. In the event of overtime, it shall be in keeping with Article 9.
6. No Seasonal Processor will be scheduled for overtime before all available Material Handlers, Customer Fulfillment Processors, and Material Processors have been given the opportunity to work.
7. The Company will provide the Union with the necessary documentation to monitor the seasonal processors, including the names of Seasonal Employees, the commencement of employment and the expiry of the term of employment.
8. Employees covered by this Letter are entitled to utilize the grievance procedure as set out in Article 6 of the Collective Agreement to enforce their rights only as contained exclusively in

this Letter.

9. Seasonal Processors will be subject to monthly dues as per Article 4.01.
10. No Seasonal Processor shall operate any powered equipment in the building.

15. **CFC AMENDMENTS**

1. Eliminate the Customer Fulfilment Processor (CFP) classification.
2. Red-circle the CFP wage scales until the MP scales catch up (subject to final wage scales).
3. Provide a lump sum payment, equivalent to the percentage increase settled on by the parties for each year of the contract, to current CFPs, within thirty (30) days of ratification and on the anniversary of each contract year, subject to Point 2 above.

At the end of the contract year, the hours of the Grandfathered CFPs will be totalled. Each hour over and above 2080 hours will be calculated and multiplied by the previous year wage rate incremental increase and paid out in an additional lump sum payment, within thirty (30) days of the beginning of the next contract year.

4. Once the MP scales equal and/or surpass the red-circled CFP scales, depending on the exact scales, the CFPs' increases will be a blend of a lump sum and a wage increase equivalent to the percentage increase settled on by the parties for each year of the contract. Details provided in Schedule A.
5. Merge the CFP and MP seniority lists and conduct a superposting exercise to assimilate CFPs back into the DC.
6. Grandfather current (FT CFP) benefits which includes:
 - \$10 service award
 - \$10,000 life insurance

- 10 STA days
- one (1) day paid lay-off
- six (6) week STA top-up

7. Article 2.03 – Amend paragraph 4 to read:
“Material Processor employees whether full-time (1170 hours or more) or part-time who works in accordance with article 14.11 Schedule C.


8. Housekeeping Items

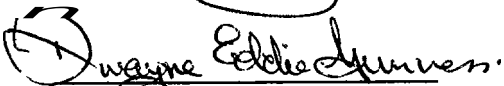
1. Article 2.03 – Delete 3rd paragraph on CF Processor
2. Article 2.03 – Delete from last paragraph – “CFP”
3. Article 2.03 – Amend “...four classifications...” to “...three...”
4. Article 14.04 - Delete from first paragraph – 10th line - “CFP”
5. Article 14.04 - Delete from 4th paragraph – “CFP”
6. Schedule A - Delete from first and last paragraph – “CFP”
7. Schedule A - CFP wage scales - Delete
8. Letter of Understanding - #10 Banking of Overtime – Delete 4 references to “CFP”

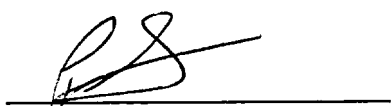
9. Delete Current Letter of Understanding #16 re the CFC

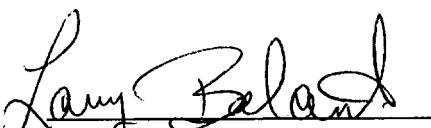
Dated at Toronto this _____ day of _____, 2004.

FOR THE UNION


DAN GARVEY

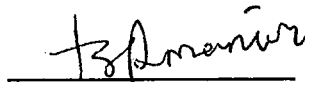

DWAYNE E GUNNESS


PETER SCOTT


LARRY BOLAND

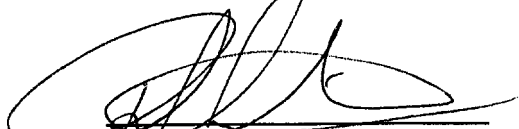
PETER WONG

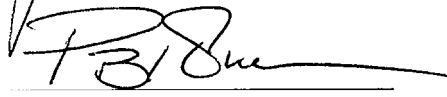

ROBERT CHANG


BIMAL MANIAR

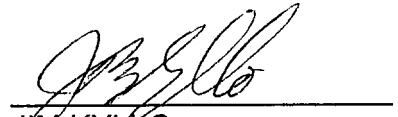

BONIFACIO JANDONERO


FOR THE COMPANY

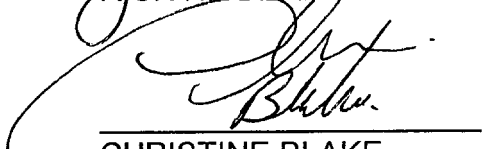

ROD SMITH


PAUL HOMER


RICK RAND


JIM KYLE


RICK HIBBERD


CHRISTINE BLAKE