

COLLECTIVE AGREEMENT

BETWEEN

DAN FOSS INDUSTRIES LTD.

AND

TEAMSTERS LOCAL UNION NO. 31

PART 1 – GENERAL

ARTICLE I - RECOGNITION AND SCOPE

1.1 Exclusive Bargaining Agent

The company recognizes the Union as the sole and exclusive "Bargaining Agent" for the members of the bargaining unit as set out in Section 1.2.

1.2 Scope of the Bargaining Unit

The "Members of the Bargaining Unit" shall include all categories of employees and Owner-Operators referred to in the Bargaining Certificate.

1.3 Scope of the Agreement

The Agreement shall apply only to the members of the bargaining unit as set out in section 1.2.

1.4 Discrimination

In accordance with the Canadian Human Rights Act, no person shall be refused employment, or in any manner be discriminated against.

1.5 Gender

Where the masculine gender has been used in this agreement for drafting convenience, clarity of expression, or any other reason, it shall be deemed to apply equally to all persons.

1.6 Definition of an Owner Operator

An "Owner Operator" is a person, including a privately held corporation, who carries on a pick-up and delivery business and who has entered into a fee for service contract (hereinafter referred to in Appendix " A as the "Owner Operator Contract") with the Company for the provision of pick-up and delivery services. The Owner Operator is, therefore, a businessman who provides his equipment, realizes his revenue from his customer, the Company and pays his expenses, including statutory deductions.

Such an Owner Operator is the owner and / or purchaser and except as permitted herein, the exclusive operator of equipment utilized for the Company's service.

The Union shall be supplied with a copy of each such Owner Operator Contract and / or any written agreements or understandings between the Company and the Owner Operator(s).

The Owner Operator shall not subcontract, or hire other individuals to perform his work performed for the Company. Where an Owner Operator is absent due to illness or injury for an extended period of time, the Company reserves the right to have the Owner Operator provide medical evidence of the illness and / or injury.

ARTICLE 2 - MANAGEMENT RIGHTS

2.1 Acknowledged Right

The Union recognizes the exclusive right of the Company to operate its establishment, machinery and equipment and to manage its undertakings as it sees fit, subject only to the restrictions imposed by law or by the provisions of the present Collective Agreement.

Without limiting the generality of the foregoing, the Union recognizes that it is the Company's right:

- a) To administer the Company, including the right to study and introduce new methods or technology, to increase or reduce its personnel, to modify its route structures as well as its schedules of work, provided that the individual affected is notified in person.
- b) To demote, discharge, reprimand, suspend and discipline with just cause;
- c) To create, implement and enforce policies applicable to the bargaining unit, so long as they do not contravene the provisions of this collective agreement.
- d) to maintain order, discipline, productivity and output;
- d) to hire or transfer.

In the exercise of its management rights, the Company shall comply with the provisions of the present agreement and the paragraphs above shall not deprive Owner Operators, employees or the Union of the right to have recourse to the grievance and arbitration procedure provided for in the present agreement.

ARTICLE 3 – BULLETIN BOARDS

3.1 Bulletin Board

The Company shall provide a bulletin board for the posting of this agreement and for such notices as the Union may from time to time wish to post. The size of the bulletin board shall be not less than 24 inches by 30 inches. The Union notices shall be posted

and signed by an elected or appointed officer or other authorized representative of the union.

3.2 Check-off

- a) It is agreed that all Union members shall maintain their Union membership in good standings for the duration of this Collective Agreement as a condition of their employment.
- b) **All** employees and Owner Operators must authorize the Company to deduct from their settlement an amount equal to the Local Union's monthly dues for the duration of this Agreement as their financial contribution to the Local Union.
- c) Unless the Company is otherwise notified, all employees and Owner Operators shall, as a condition of their continued employment, authorize the Company to deduct an amount equal to the Local Union's initiation fees in installments of fifty dollars (\$50.00) per settlement period after the completion of the probationary period. This deduction shall continue until the initiation fee is paid in full. The Company agrees to remit such monies so deducted to the head office of the Local Union along with a list from whom the money was deducted at the same time as the union dues are remitted.
- d) The Company agrees, for the duration of this Agreement, to deduct from the first settlement cheque each month the monthly dues of any employee or Owner Operator under the scope of this Agreement and to remit such monies so deducted to the head office for the Local Union along with a list from whom the monies were deducted not later than the fifteenth day of the month following the date upon which such monies were deducted. The checkoff list will include social insurance numbers and names designated by terminals within the jurisdiction of each local union.
- e) The Union will notify the Company in writing of any arrears in dues for any reason or any arrears in initiation or re-initiation fees and the Company will immediately commence deductions in the amounts prescribed by the Local Union in such written notice and forward such monies to the Local Union along with the monthly dues as provided for about. Such notice of arrears served on the Company shall prescribe settlement deductions of not more than fifty dollars (\$50.00) per pay period. The Union will refund directly to the employee or Owner Operator any such monies deducted in error along with confirmation of such refund to the Company.
- (f) The Union will supply the Company with a supply of printed checkoff forms, which shall provide a column for dues, arrears in dues, initiation and re-initiation fees. The Company shall each month add the name of each new employee or Owner Operator since the remittance of the previous checkoff along with the

starting date, and the Company shall give an explanation alongside the name of each employee or Owner Operator who appeared on the previous month's checkoff list for whom a remittance is not made for any reason.

- g) The checkoff and cheques for the union dues deducted must be in the office of the Local Union not later than the fifteenth day of the month following the month in which the monies were deducted. If the checkoff and the cheque have not arrived by the fifteenth day of the month, the Local Union secretary-treasurer will, by registered mail, so notify the delinquent Company who will insure that the Company remits the cheque within seven **(7)** days of receipt of the notification.
- h) The deduction of union dues shall be made from every employee or owner operator including but not limited to probationary employees or owner operators.
- i) The Company shall show the yearly union monthly dues deductions on the employees' statement of earnings.
- j) The Company shall distribute to each employee and owner operator a copy of the collective agreement provided by the union immediately upon conclusion of the probationary period.

3.4 Fines and Assessments

Upon the delivery by the union of written notification of any assessorial charge, fine, levy or other duly-authorized charge that may be levied by the union upon a member employee or owner operator, the Company, shall deduct the sums indicated from the employees or owner operators next pay cheque or as requested by the union, and remit same to the union forthwith. In the event that such sums are not so deducted and remitted, the union may revoke the employee's or owner operator's membership, in which case the Company shall not permit the employee or owner operator to perform any work whatsoever until notified by the union that the employee or owner operator may do so.

3.5 Union Security

- a) **As** has been the practice in the past, certain individuals including employees, contractors and vendors who are not members of the Union may operate or drive vehicles operated or driven on behalf of the Company and perform the bargaining unit work related thereto in the same manner or to the same extent that they were entitled or authorized to do before the certification of the bargaining unit by the Union even though they are not part of the bargaining unit certified to the Union. The Union agrees that it shall not be able to institute a grievance in relation to the foregoing.

- b) The Company agrees that it will not sub-contract out any work which would result in the lay-off of any member of the bargaining unit.
- c) The Company shall endeavor to keep all bargaining unit members gainfully employed.

ARTICLE 4 -GENERAL CONDITIONS

4.1 Conflicting Agreements

The Company agrees not to enter into any agreements or contract with employees or owner operators of the Company, who are members of the bargaining unit, individually or collectively, which in any way conflicts with the terms and provisions of this agreement. Any such agreement will be null and void unless it has received the written approval of the officers duly mandated by the Union and the Company.

4.2 Transfer of the Company Title or Interest

The parties agree that the provisions of the Canada Labour Code in effect as of November, 2001 shall apply regarding the transfer of the company title or interest.

4.3 Employee and Owner Operator Discipline

An employee or owner operator will receive a copy of any written reprimand or warning letter placed in his file with a copy to the Union. Such written reprimand or warning letter shall become a permanent part of the employee's or owner operator's personal work history. However, any written reprimand or warning letter in excess of eighteen (18) months will not be used to compound disciplinary action against the employee or owner operator.

4.4 Uniforms

All uniforms or special articles of wearing apparel required by the Company to be worn by employees/owner operators while on duty shall be supplied and maintained by the Company free of cost less deposit to the employees/owner operators. Should a photographic identification badge be required by the company, it will be supplied to the employee or Owner Operator free of charge. The refundable deposit of \$100.00 shall only apply to owner operators hired after date of ratification.

4.5 Owner Operators' Vehicles

The owner operator further agrees to paint the vehicle if so required by the Company to the specifications supplied at the Owner operator's expense. The company will decal the vehicle as required at the Company's expense.

4.6 Radio Equipment

The Company will lease appropriate radio equipment to the Owner Operator, who shall pay a monthly rental, plus a monthly charge for airtime to a combined maximum of \$25.00 per month. Such payments are to be deducted from the payments made to the owner operator

ARTICLE 5 - SENIORITY

5.1 Definition of Seniority

Seniority is the total duration of the continuous service by an employee or owner operator within the bargaining unit since his last date of hire.

5.2 Classification of Seniority

There will be two classifications for seniority:

- 1) Owner Operators
- ii) Company Drivers

5.3 Maintenance of Seniority

The Company and the Union accept the principle of seniority in lay-offs, recall and job postings, and agree that if employees or owner operators possess the required qualifications and ability, including but not limited to route knowledge, ability to service the route and the appropriate equipment for the route, then length of seniority will govern.

5.4 Loss of Employment and Seniority

An employee or owner operator will be deemed to be terminated and he will lose all seniority rights and privileges and the Company shall have no further obligation to him in the event that:

- a) voluntarily quits;
- b) he is discharged for just cause;

- c) he takes employment other than that declared and agreed upon for a leave of absence;
- d) he is absent without leave for three days without permission or notice giving acceptable reasons for absence;
- e) he has been laid-off and not employed elsewhere and has refused to return to work within 24 hours after being contacted personally. When the employee or owner operator cannot be contacted or is employed elsewhere, then the Company will send written notice to return to work to his last known address by registered mail forwarded to his last known address. It will be the employee's sole responsibility to immediately advise the Company of any temporary or permanent change of address. The Company's obligation to advise the employee of a recall to work will be entirely fulfilled upon sending a registered or couriered letter to his last known address;
- f) he is laid-off and not recalled for a period of four (4) consecutive months.

5.5 Lay-offs and Recalls

An owner operator who receives a notice of lay-off and/or whose route is discontinued or whose route is altered by management will displace the most junior owner operator.

5.6 Acquisitions and Mergers

The parties agree that the provisions of the Canada Labour Code in effect as of November, 2001 shall apply regarding the transfer of the company title or interest.

5.7 Leave of Absence

- a) When the requirements of the Company's services will permit any employee or owner operator hereunder upon written application to the Company with a copy of said application to the Union may, if approved by the Company, be granted a leave of absence for a maximum of thirty (30) calendar days. The owner operator is to supply a trained replacement driver for his route, to be approved by the Company. If that driver is unable to fulfill the obligations of the route either personally or related to equipment, the owner operator will have the option to return from his leave of absence or the Company will cover the route with any and all costs to be borne by the owner operator.
- b) Such leave may be extended for additional periods of thirty (30) calendar days when approved by both the Company and the Union, in writing, and seniority shall accrue during such extensions.
- c) Any employee or owner operator hereunder on leave of absence engaged in gainful employment without prior written permission from both the Company and the Union shall forfeit his seniority and his name will be stricken from the seniority list and he will no longer be considered an employee or owner operator of the Company.

ARTICLE 6

6.1 Union Dues Coverage

When an owner operator or employee grievance is invoked on his discharge; the Company shall continue to pay his union dues so that the employee shall be protected to the utmost, provided:

- i) The employee reimburses the Company for such dues and is at no time more than four **(4)** months in arrears, and;
- ii) When an employee returns to work, the Company shall deduct from his earnings any monies the Company has paid out in respect of his dues.

In the event any employee does not return to work, and the employee refuses or neglects on demand at his last known address to make restitution for such monies paid out, the Union shall then reimburse the Company for said amount.

ARTICLE 7

7.1 No Strike - No Lockout

During the term of this agreement, there shall be no lockout by the Company or any strike, sit down, work stoppage, or suspension of work, either complete or partial, for any reason, by the members of the bargaining unit.

7.2 Protection of Rights

It shall not be a violation of this agreement, or cause for discipline, or discharge of any employee or owner operator in the performance of his duties to refuse to cross a picket line recognized by the Union.

7.3

The Union recognizes the right of the Company to protect its business and the property of its customers.

7.4

Each party recognizing the rights of the other in this regard agrees that the Union will notify the Company of any strike or picket line activity and that the Company will notify the Union if, in their opinion, such strike or picket line is illegal or is unduly prejudicial to the interests of the Company, its Owner Operators, employees or the Union.

7.5

In such cases, a meeting will be held in order to mutually agree on a policy. In the event that the Company and the Union cannot agree, each party reserves the right to take whatever action it deems necessary and appropriate.

ARTICLE 8

8.1 Investigation Privileges

Authorized agents of the Union will request and have access to the Company's establishments during working hours for the purpose of investigating conditions related to this agreement and shall in no way interrupt the Company's working schedule. It is understood that the said person(s) will identify himself on arrival, and will be restricted to those areas at the terminal that the members of the bargaining unit work out of.

8.2 Shop Stewards

- a) The Union shall elect or appoint shop stewards from among its members in the bargaining unit and shall notify the Company in writing forthwith of such appointments, elections and deletions of those employees or owner operators so elected or appointed. The Company will recognize shop stewards and not discriminate against them for lawful Union activity.

ARTICLE 9

9.1 Sanitary Conditions

Where possible, and required, the Company agrees to maintain at its terminals adequate, clean, sanitary toilet facilities having hot and cold running water, with proper ventilation. It shall be the responsibility of the employees to use all facilities carefully, considerately, without unnecessary damage and dirtiness.

9.2 First-Aid Supplies

The Company shall provide first-aid provisions in accordance with the Health & Safety Regulations.

9.3 Union Health and Welfare Plan

The current Health and Welfare Plan as outlined in the Dan **Foss** Benefits Booklet applicable to employees shall remain in full force and effect for the term of this collective agreement and the Employer shall pay one hundred percent (100%) of the cost of the Plan. This plan shall also be made available on an optional basis to any owner operator provided the cost of such plan will be borne by the owner operator.

9.4 Workers Compensation Premiums

Owner operators will be responsible for their own WCB premiums.

ARTICLE 10

10.1 Union Label

It shall not be a violation of this agreement for an owner operator to post the Teamsters' Union label in a conspicuous place on the glass area of his or her own vehicle. The said label to be a size not in excess of one-inch (1 ") by two inches (2") and not to be attached to any ~~area~~ which will impair the vision of the driver. This clause shall not apply in the event that the customer requests specific signs on the vehicles.

ARTICLE 11 - NOTICE

11.1 Notice of Lay-off

Employees and Owner-Operators shall be notified before quitting time, the day previous to their not being required for duty, except as otherwise mutually agreed by the Parties hereto.

ARTICLE 12 - GRIEVANCE PROCEDURE AND ARBITRATION

12.1 Grievance Definition

A grievance shall consist of a dispute concerning the interpretation or application of any provision in this agreement or alleged violations of this agreement. In the event of a grievance, the grievance shall be processed through the following procedures.

12.2 Grievance Procedure

Whenever a grievance arises between the Company and the Union or between the Company and one or more employees or owner operators, such grievance shall be instituted within the following time limits:

- (a) Termination or Lay-off – Five (5) Working Days
- (b) All other Grievances - Ten (10) Working Days

In the event of a dispute over pay, such time limits shall be calculated from the date of receipt of the pay cheque or pay statement.

- Step 1:** Any grievance of an employee or owner operator shall first be taken up between such employee or owner operator and the Company supervisor, however, the worker will be entitled to be represented by a shop steward or union representative.
- Step 2:** Failing settlement under step 1, such grievance shall be taken up between a representative of the Union or shop steward and the Company supervisor.
- Step 3:** Failing settlement under step 2, such grievance and any dispute arising between the Union and Company over the interpretation or application of the provision of the agreement, including any dispute as to whether a matter is subject to this grievance procedure, shall be referred to two ~~(2)~~ authorized representatives of the Union and two (2) authorized representatives of the Company.
- Step 4:** Failing settlement under step 3, either Party may refer the matter to an agreed-upon neutral arbitrator who will meet with the authorized representatives of the Union and the Company to hear both sides of the case.

12.3 Minister of Labour

If the Parties fail to agree upon a neutral arbitrator within five (5) days (excluding Saturday, Sunday and General Holidays) after either Party has served written notice on the other Party of its intention to refer the matter to a neutral arbitrator, the Department of Labour will be requested to appoint a neutral arbitrator.

12.4 Arbitrator's Decision

The Arbitrator shall be required to hand down his decision within fourteen **(14)** days (excluding Saturday, Sunday and General Holidays) following a completion of the hearing, and his decision will be final and binding on the two Parties to the dispute and shall be applied forthwith. The decision shall be specifically limited to the matter submitted to him, and he shall have no authority in any manner to amend, alter or change any provisions of this agreement.

12.5 Cost of Arbitration

The cost of the arbitration will be borne equally by the Union and the Company.

ARTICLE 13 - SEVERABILITY

13.1 Savings Clause

If any article or section of this agreement or any of the riders hereto should be held invalid by operation of law or by any tribunal of competent jurisdiction, or is compliance with or enforcement of any article or section should be restrained by such tribunal pending a final determination as to its validity, the remainder of this agreement and of any rider thereto, or the application of such article or section of person or circumstances other than those as to which it has been held invalid, or as to which compliance with, or enforcement of has been restrained shall not be affected thereby.

13.2 Negotiations to Replace Articles Held Invalid

In the event that any article or section is held or enforcement of or compliance with which has been restrained, as above set forth, the Parties affected thereby shall enter into immediate collective bargaining negotiations, upon the request of either Party for the purpose of arriving at a mutually satisfactory replacement for such article or section during the period of invalidity or restraint. If the Parties do not agree on a mutually satisfactory replacement, they shall submit the dispute to the grievance procedure.

ARTICLE 14

14.1 Duration of Agreement

This agreement shall be for the period from and including July 1, 2001 to and including June 30, 2003. Either party to this Agreement may, within four months immediately preceding give to the other Party written notice to commence collective bargaining.

14.2

After expiry of the term of this Agreement, it shall remain in full force and effect and shall not be varied, except by the parties' mutual consent until the parties have fulfilled all the requirements of the Canada Labour Code and have commenced a legal strike or lockout.

14.3

All Annexes, Appendices, and Letters of Understanding to the present Agreement are an integral part thereof.

SIGNED THIS 20th DAY OF December, 2001

FOR THE COMPANY

FOR THE UNION

[Handwritten signature]

Murray Ballard
R Peterson

[Small handwritten mark]

APPENDIX "A" TO THE COLLECTIVE AGREEMENT

THIS AGREEMENT dated the _____ at Delta in the Province of British Columbia.

BETWEEN: Dan Foss Industries Ltd.
721 A Aldford Ave.
Delta, BC V3M 5P5
(the "Company")

-and-

(the "Contractor")

CONTRACT FOR SERVICES

WHEREAS:

- A. The Company requires certain courier services (the "services") to be performed and wishes to contract these out to independent contractors (hereinafter called "Contractor");
- B. the services performed by any one Contractor are incidental to, and not integral to, the Company's business;
- C. The Company and the Contractor represent that each is ready, willing and able to enter into the terms and conditions herein;

THEREFORE, IN CONSIDERATION of the mutual covenants herein, the Contractor agrees to provide timely, efficient and courteous courier services (the "services") to the Company during the term of this agreement. The Contractor agrees to provide such services as an independent contractor and neither it nor any of its employees or sub-contractors (if any) shall be deemed to be an employee of the Company for any purpose. In providing services as a contractor pursuant to the terms of this agreement, the Company acknowledges that the Contractor shall have discretion as to the manner of providing services and the nature of treatment, and shall render such services and treatment in accordance with the highest standards of the industry, in compliance with applicable laws and regulations, particularly, in accordance with the terms and conditions of this agreement.

In furtherance of this, the Company and the Contractor (the "Parties") hereby agree to the following terms and conditions:

1. The Parties agree that the Contractor is defined as an employer or independent operator by the Workers' Compensation Board of B.C. (the "WCB"), by virtue of being a company, a partnership or proprietorship, and must have an active account with the WCB. Prior to commencing the provision of services to the Company, the Contractor agrees that it will provide its WCB account number to the Company.

The Contractor agrees that its WCB account will be kept current and in good standing at all times. The Contractor understands and acknowledges that the Company will not assign work to a Contractor that has overdue or delinquent WCB accounts. The Contractor agrees that it will notify the Company immediately in writing of any change of name or different name used by the Contractor in its account with the WCB.

The Contractor agrees to be responsible for any and all assessments, payments, charges or costs levied to or against it by the WCB. The Contractor agrees that it will save harmless and indemnify the Company for any and all such assessments, payments, charges or costs.

2. The Contractor agrees that it has a duty to maintain its vehicles and all of its equipment used in fulfillments of this agreement in good and serviceable operation and repair, and in compliance with all applicable laws, regulations and by-laws, whether they be Federal, Provincial or Municipal, of the jurisdiction(s) in which the services are performed whether that be of the United States of America (or a State thereof) or of Canada. The Contractor agrees to maintain a current commercial Motor Vehicle Inspection Certificate for its vehicle at all times, if so required. The Contractor agrees that it is responsible to pay any and all assessments, damages, fines, charges or costs levied to or against it resulting from its failure to comply with this duty. The Contractor agrees that it is responsible for all traffic or municipal fines that it may receive. The Contractor agrees that it will save harmless and indemnify the Company for any and all such assessments, damages, fines, charges or costs.
3. The Contractor agrees that it must be in possession of a Safety Certificate as defined in the National Safety Code, as set out in Division 37 of B.C. Motor Vehicle Act Regulation 26/58, as amended or renumbered (the "Safety Code"). A copy of such certificate must be provided to the Company prior to the Company referring work to the Contractor.
4. The Contractor agrees that it is responsible to ensure that all drivers employed on Company work have proof of a valid B.C. Drivers License of the necessary class, or lawful equivalent. The Contractor agrees to provide a copy of his and

every driver's abstract to the Company prior to first performance of services for the Company and once per year thereafter.

5. The Contractor and the Company agree that due to the security requirements of certain customers, and for the mutual benefit of both Parties, the Contractor and any drivers employed or contracted by him will wear a uniform. By entering this agreement the Contractor agrees that the uniform currently in use is acceptable (refer to Article 4.3).
6. The Contractor agrees that it is responsible for all expenses incurred by it related directly or indirectly to the performance of services pursuant to this agreement including fuel and parts (including tires and batteries), as well as for its own accounting and remission of Provincial and Federal taxes, Employment Insurance, Canada Pension, provincial health care, GST, Social Service Tax and like remissions, to the appropriate offices or agencies. The Contractor has agreed, for business purposes mutual to the Contractor and the Company, to operate a vehicle suitable for the contemplated work which, in any case, will not be more than five years old.

Note: This proviso will not apply to any owner operator employed at the time of ratification of this collective agreement.

7. The Contractor agrees that when it is engaged in the performance of a contract for services to the Company, including the necessary loading, unloading, carriage, stowage or storage operations it is responsible for any loss or damage to any cargo, goods or equipment flowing from the negligence or neglect of the Contractor, its driver(s) or any of its agents or licensees, or persons operating under its instructions or advice. The Contractor agrees to save harmless and indemnify the Company for any and all such loss or damage, together with any consequent assessments, damages, fines, charges or costs.

Although cargo insurance is provided by the Company, the Contractor agrees to be responsible to reimburse the Company or the insurer the amount of the deductible (presently \$1,000) for any loss or damage to cargo, goods or equipment covered by such insurance flowing from the negligence or neglect of the Contractor, its driver or any of its agents or licensees, or persons operating under its instructions or advice. If there is an insurance claim pending at the time that this agreement is terminated by either party, the amount of the deductible shall be held by the Company until the Company is released of all liability pertaining to the claim in question. DanFoss Couriers may, from time to time, deduct from sums owing to the contractor the reasonable amount of any valid customer's claims for damage if it can be proven that the damage was caused by the Contractor, otherwise customer damage claims will be assessed at standard cargo terms. Such deductions shall not be made until after the assessment of responsibility has been ascertained.

8. the Company and the Contractor agree that for the mutual benefit of each of their businesses, the Contractor will use a communications device or service compatible with that used by the Company. The Company will, at its expense, obtain and maintain communications equipment or services sufficient to communicate with the Contractor. The Contractor, at its expense, will obtain and maintain a communications device or service usable in its vehicle(s) sufficient to communicate with the Company for the purposes of fulfilling the aims and mutual objectives of this agreement. The Company will use its best efforts to assist the Contractor in securing such equipment or services at competitive rates (refer to Article 4.6).
9. The Company will use its best efforts to refer or dispatch work to the Contractor. Each referral of work is a separate contract for services between the Company and the Contractor, the terms of which comprise the provisions, terms and conditions of this agreement together with the Bill(s) of Lading, waybill(s) or other documentation relating to the particular dispatch of work accepted by the Contractor. Upon being dispatched or referred to a particular job or task, once the Contractor agrees to the terms of that job or task, which comprise the provisions, terms and conditions of this agreement together with the Bill(s) of Lading, waybill(s) or other documentation relating to the job or task, the Contractor hereby agrees to perform that job or task with all reasonable care and according to the terms accepted. The Company reserves the right to assign and alter routes as required at the discretion of the Company and in order to meet customer services requirements. There shall be no assigned route area boundaries. Contractors may, on occasion, be requested to service customers throughout the DanFoss Couriers network.
10. In the performance or completion of the job or task as accepted, the Parties acknowledge that the Contractor can, at its discretion, hire or employ others to perform or complete that job or task so long as that other person meets and complies with the requirements and rules set out in paragraphs 1 through 3 and 12 of this agreement and the Contractor "Rules and Guidelines" in its entirety, and so long as the Contractor remains liable and responsible as set out in paragraphs 4, 5, 6, 7, 11 and 12 of this agreement and the Contractor so agrees by entering into this agreement. The Contractor and its payment in any case will only be made by the Company to the Contractor pursuant to Appendix "B" at the rate set out in Appendix "B", and the Contractor is responsible to pay any person or sub-contractor he may hire.

Confidentiality Provision

11. The Contractor understands that during the course of the performance of this contract there may be disclosed to the Contractor or its drivers, employees, agents or sub-contractors confidential information of the Company, consisting of:

- (a) Confidential information provided by customers of the Company regarding their corporate or business information, including proprietary information or information of a commercially sensitive nature, or information about their business methods, processes, formulae, compositions, inventions, machines, computer programs, and research projects.
- (b) Business information of the Company – client lists, accounting information, proprietary information or information of a commercially sensitive nature, or information about its business methods, processes, formulae, compositions, inventions, machines, computer programs, and research projects.

The Contractor agrees that it shall not during, or at any time after the termination of this Contractor with the Company, use for itself or others, or disclose or divulge to others any confidential information, or any other data of the Company without the prior written permission of the Company. The Contractor further agrees and warrants to the Company that it will have in place policies and enforcement mechanisms to ensure that its drivers, employees, agents, sub-contractors or licensees, or persons operating under its instructions or advice, fail(s) to comply fully with this confidentiality provision.

That upon the termination of this agreement with the Company:

- (a) The Contractor agrees to return forthwith to the Company any documents relating to the Company, including but not necessarily limited to: documents, correspondence, client lists, computer programs, information about the Company's business methods, processes, formulae, compositions, inventions, machines, computer programs, and research projects and all other materials and copies thereof relating in any way to the Company's business. The Contractor further agrees that it shall not retain any copies of the foregoing.
- (b) The Company may notify any future or prospective client or customer of the Contractor or of the Company of the existence of this agreement.
- (c) This agreement shall be binding upon the Contractor and its successors and assigns, and shall ensure to the benefit of the Company, its successors and assigns.
- (d) The unenforceability of any provision to this agreement shall not impair or affect any other provision.

- (e) In the event of any breach of this agreement, the Company shall have full right to injunctive relief, in addition to any other existing rights, without requirement of posting bond.
- 11. The trade mark "DanFoss Couriers" distinctive colours and designs used in connection therewith are all the property of DanFoss Couriers and their use accrues wholly to the benefit of DanFoss Couriers. Upon written request of DanFoss Couriers, the Contractor shall at its own expense immediately surrender to DanFoss Couriers any items bearing one of its trademarks, and shall remove any such trademark from its vehicle.
- 12. This agreement may be terminated by either of the Parties with fifteen (15) days written notice to the other. This agreement may also be terminated for breach of this agreement. In case of a breach, the Party terminating for breach must inform the other Party, in writing if possible, that it wishes to terminate this agreement due to breach. It must give the other Party the reason and twenty-four (24) hours within which to resolve or cure such breach, if the breach is one capable of rectification. Should the other Party be unwilling or unable to resolve or cure the breach within twenty-four (24) hours, or such longer time to which the Parties mutually agree in writing, the agreement is terminated for breach.

Notice

- 13. Any notice required to be given under this agreement shall be handed to the other party, or shall be mailed by registered or certified mail to the address of the other party as set out above, or shall be personally delivered to the party. Such notice shall be deemed to have been received by the other party, if handed or delivered, on the day of delivery, or, if mailed, on the fourth (4th) business day after the mailing thereof, provided such notice is mailed within Canada.
- 14. If, at any time, any notice is mailed and within the four (4) day period aforesaid, there is a known disruption of the postal services in Canada, such notice shall not be deemed to have been received until such extended period of time as may be reasonably required for the delivery of same, depending upon such disruption.

Indemnification

- 15. The Contractor agrees to indemnify and save harmless the Company from any and all claims or demands under the *Income Tax Act*, R.S.C. 1985, c.1 (5th Supp.); the *Employment Insurance Act*, S.C. 1996, c.23 (or predecessor statute); *Canada Pension Plan Act*, R.S.C. 1985, c.C-8; the *Workers' Compensation Act*, R.S.B.C. 1996 c.492 or *Canada Labour Code*, Part II, R.S.C. 1985, c.L-2; the *Employment Standards Act* R.S.B.C. 1996, c.113 or *Canada Labour Code*, Part III, R.S.C. 1985, c.L-2; and/or the *Income Tax Act*, R.S.B.C. 1996, c.215, for or in

respect of any driver or drivers or other employees employed by the Contractor. The Contractor further agrees to indemnify and save harmless the Company from any interest or penalties relating to any statutory claims or levies referred to above, as well as from any costs or expenses incurred in defending such claims and levies.

Whole Agreement

- 16. This agreement contains the whole agreement between the parties hereto and there are no warranties, representations, terms, conditions, or collateral agreements, express, implied, or statutory, other than as expressly set forth in this agreement.

IN WITNESS WHEREOF the Parties hereto have executed this agreement at _____ in the Province of British Columbia this ____ day of _____, 2001.

SIGNED _____)
By _____)
Principal of _____)
In the presence of: _____)
_____)
Witness _____)
_____)
Address _____)

DanFoss Industries Ltd.

Per: _____

Per: _____

Appendix "B" Owner Operator Compensation

1.0 Owner Operator Commission Rate

Fraser Valley Routes #145 - #146 - #147 (currently)

Daily Minimum Guarantee	\$190.00 per day
Pick-up and Delivery	\$ 3.65
Multiple	\$ 0.75
Overweight Premium	\$ 0.01 per lb. Over 500 lbs

A multiple is defined as every additional waybill as well as every sixth piece on a waybill.

1.1 All Other Owner Operator Routes

$\frac{3}{4}$ Ton Daily Minimum Guarantee	\$160.00 per day
1 Ton Daily Minimum Guarantee	\$170.00 per day
Pick-up and Delivery	\$ 2.65
Multiple	\$ 0.75
Overweight Premium	\$ 0.01 per lb over 500 lbs

A multiple is defined as every additional waybill as well as every sixth piece on a waybill.

5 Ton Truck Daily Minimum Guarantee \$235.00 per day

Specialized Equipment (power tailgate) \$ 5.00 per each instance of use

Appendix "C" Applicable to Employees

Article 1 Categories of Employees

1.1 Employee Definitions

- a) Shall mean an employee that has successfully completed the prescribed period of probation.

Article 2 General Conditions

2.1 Protection of Conditions

It shall be a violation of this agreement for the company to require that any employee purchase a truck, tractor, and/or tractor-trailer. Or any other vehicular equipment, or that any employee purchase or assume any proprietary interest or other obligation in the business as a condition of continued employment.

Article 3

3.1 Employee Probationary Period

All employees newly hired for full-time or part-time positions or vacancies shall be considered as probationary employees for the first ninety (90) calendar days.

There shall be no responsibility on the part of the Company in respect of the employment of probationary employees, should they be laid off work, or discharged during the probationary period. However, the Company shall inform the probationary employee in writing as to whether he has been discharged or laid off and the reasons therefore.

Upon conclusion of the probationary period, the employees' name shall forthwith be placed on the regular employees' seniority list, effective from the first day of employment the employee shall be entitled to all rights and privileges as provided in this agreement.

Article 4 Hours of Work and ti

4.1

The regular workday for a full time employee shall be one of the following;

- a) Nine (9) hours per day excluding meal period and forty-five (45) hours per week over five (5) consecutive days. Hours worked in excess of nine (9) hours on any

one day or forty-five **(45)** hours in any one week shall be paid at the rate of one and one-half (1.5) times the appropriate hourly rate of pay.

h

4.2 Minimum Daily Pay

An employee who starts work must be paid for at least four **(4)** hours, even if the employee works less than four **(4)** hours.

An employee who reports for work but does not actually start working, must be paid for at least two (2) hours, unless the employee is unfit to work or does not comply with health and safety regulations established by the Health & Safety Regulations.

Article 5

5.1 Meal Period

The employee shall, except by mutual agreement between the parties hereto, take at least one (1) ~~continuous~~ period for meals at not less than thirty (30) minutes or more than one ~~(1)~~ hour in any one day. Wherever reasonably possible, meal periods will be scheduled mid-shift.

Article 6

6.1 Bereavement Leave

An employee shall be granted a maximum of two (2) regularly scheduled work days leave, without **loss** of pay or benefits, in the case of death of a parent, spouse, brother, sister, child, legal guardian and grandparents.

Funeral leave is not compensable when the employee is on leave of absence, bona fide lay-off, or annual vacation.

Upon giving twenty-four (24) hours notice, an employee shall be granted time off without pay for the purpose of attending a funeral provided that the granting of such time off shall not be inconsistent with the efficient operation of the business.

A working day lost shall be not more than eight **(8)** hours for hourly employees.

This clause **will** have no application for an employee on leave of absence or when receiving benefits under the health and welfare plan, annual vacations, workers' compensation, or **as** otherwise covered by this Agreement.

Article 7 - General Holidays

7.1 Recognized General Holidays

Subject to the eligibility provisions set out in this Agreement, the following days shall be recognized as paid general holidays:

New Years Day	Good Friday
Victoria Day	Canada Day
BC Day	Labour Day
Thanksgiving Day	Remembrance Day
Christmas Day	Boxing day

Any additional general holiday proclaimed by the Provincial or Federal governments will be deemed to have been added to the above schedule.

7.2 General Holiday, Falling on Day Off

In the event that an employee's day off falls on a general holiday, the employee shall receive his normal day's wages.

7.3 Payment for Statutory Holiday

- a) Employees who are eligible for statutory holiday pay will receive a normal day's pay for the statutory holiday whether or not they are scheduled to work on the statutory holiday.

For the purpose of calculating the general holiday pay for part time staff-

- b) Part-time employees who have been employed for thirty (30) days may still qualify for statutory holiday even though they did not work fifteen (15) of the thirty (30) calendar days preceding the holiday. The amount is calculated by dividing the employees total wages, excluding overtime earned in the thirty (30) day period by fifteen (15).

7.4 General Holidays during Vacation

Should any general holiday occur during an employee's vacation period, he shall be paid for the day as a regular day worked, and then will be entitled to add one day to his vacation time.

Article 8 Annual Vacations

8.1

Annual Vacation and Vacation Pay Entitlements: Employees with one year or more of completed Consecutive Service

- a) Employees are entitled to annual vacation and annual vacation pay, according to their completed years of consecutive service, calculated from their date of hire as follows;

<i>Consecutive Years of Completed Service</i>	<i>Annual Vacation Time</i>	<i>Annual Vacation Pay</i>
1 year but less than 5 years	2 weeks	4%
5 to 10 years	3 weeks	6%
Over 10 years	4 weeks	8%

- b) "Gross Earnings," as used herein shall be understood to mean the total earnings realized by an employee from the payment of wage rates for straight time, overtime and general holiday pay.

8.2 Vacation Scheduling Preference By Seniority

- a) The vacation application forms will be handed out by January 31st every year and all employees must apply for their date selections by March 1st.
- b) Employees shall have preference in respect to annual vacations within their department and classifications according to their seniority provided they file by March 1st for vacations to be taken that same year.

8.3 Vacation Schedule Limitations

- a) In the event that an employee has not applied for his vacation, the Company has the option of establishing the vacation time for the employee.
- b) Employees must take their annual vacations before the end of their anniversary each year, provided they have been employed for a period of one (1) year. The Company is entitled to schedule the vacation period where the employee fails to apply for the time.
- c) Vacation period to start on completion of employees normal work week and end on the first day of his normal work week on the completion of his vacation.

- d) Unless otherwise mutually agreed between the Company and the employee, every employee shall be notified at least fourteen (14) days prior to being required to take any vacation period. Once vacation periods are established the time shall not be changed, except where mutually agreed between the employee and Company.

- e) Christmas vacations cannot be selected two consecutive years by any employee regardless of seniority.

Appendix "D" – Wages and Conditions

0-3 years Seniority

	Year 1 Date of Ratification	Year 2 July 1, 2002
Courier	\$10.97	\$11.19
5 Ton	\$13.52	\$13.79
Class 1	\$16.32	\$16.65

Over 3 years Seniority

	Year 1 Date of Ratification	Year 2 July 1, 2002
Courier	\$11.19	\$11.41
5 Ton	\$13.79	\$14.07
Class 1	\$16.65	\$16.98

Company drivers Doug Saunders and Kevin Strandberg, whose hourly rates of pay are \$11.54 and \$13.85 per hour, respectively, will be grandfathered. Guy Stedman will be increased to \$13.52 per hour and Claude Yelle to \$16.32 per hour.