

COLLECTIVE AGREEMENT

BETWEEN

DAN FOSS INDUSTRIES LTD.

AND

TEAMSTERS LOCAL UNION NO. 31

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 Union Bulletin Board shall be placed in a well-lighted area (in the warehouse). The Company will not post any material on the board unless told to do so by a shop steward or a business representative. The size of the board shall not be less than 24" by 30".

- 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 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:

- i) 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.

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.

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.

ARTICLE 14

14.1 Duration of Agreement

This agreement shall be for the period from and including July 1, 2003 to and including June 30, 2006. 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.

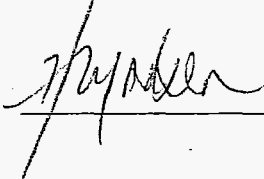
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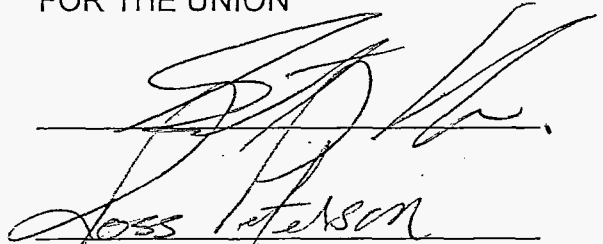
All Annexes, Appendices, and Letters of Understanding to the present Agreement are an integral part thereof.

SIGNED THIS 30th DAY OF December, 2003

FOR THE COMPANY

FOR THE UNION





Ross Peterson

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.

except as noted on the bill of lading by the Contractor at the time of the acceptance.

The Contractor must deliver all shipments to the respective consignee in the same condition as picked up by that Contractor from the Company's warehouse or the Contractor shall be liable for any deficiencies in, or damages to, the shipments. The company may deduct, from remuneration due and owing to the contractor, an amount or such deficiency or damage as reasonably determined by the Company.

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). Communication devices will be forty-five dollars (\$45.00) per month.
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

- (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 thirty (30) 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.
13. Notwithstanding the above, the Company shall have the right to terminate this Agreement for cause, if any of the following exists:
- a. Failure to provide a vehicle covered by this Agreement with driver for a period in excess of one (1) day, unless reasonable circumstances exist in the eyes of the Company to exonerate the Contractor.
 - b. Unsatisfactory performance of the duties leading to customer complaints, unless the Contractor, immediately upon notification of customer complaints, provides a suitable driver to operate the vehicle if such complaint is against the driver, or immediately corrects the problem after notification of the problem to the Contractor
 - c. Any person working for the Contractor conducts themselves in a manner that jeopardizes the accounts for which the goods are to be delivered.

In the presence of:

Witness

Address

Danfoss Industries Ltd.

Per: _____

Per: _____



1.7 The Contractor or his/her replacement driver. must work the entire month to be eligible for the daily guarantee.

4.2 Minimum Daily Pay

An employee who reports for work but does not actually start working, must be paid for at least three (3) hours, unless the employee is unfit to work or does not comply with health and 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 three (3) 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
Victoria Day

Good Friday
Canada Day

<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.