

COLLECTIVE AGREEMENT

BETWEEN

MCKESSON CANADA CORPORATION

AND

**UNITED FOOD AND COMMERCIAL WORKERS
CANADA, LOCAL 401**

Renewal: December 31st, 2008

13500(01)

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THIS AGREEMENT MADE the **23rd day of September, 2005,**

BETWEEN: **McKesson Canada Corporation**, a body corporate duly incorporated under the laws of the Province of Alberta (hereinafter called "the Company"),

OF THE FIRST PART,

AND UNITED FOOD AND COMMERCIAL WORKERS UNION CANADA, LOCAL 401; chartered by the United Food & Commercial Workers International Union; A.F.L., C.I.O., & C.L.C. (hereinafter called "the Union" as the collective unit; also known as employee(s)),

OF THE SECOND PART.

WHEREAS: The Company and the Union desire to cooperate in establishing and maintaining conditions which will promote a harmonious relationship between the Company and the employees covered by this Agreement; to provide methods of fair and amicable adjustment of disputes which may arise between them, and to promote efficient operations.

Article 1 - Recognition of the Union

1.1 The Company recognizes the Union during the term of this Agreement as the sole collective bargaining agent with respect to matters arising under this Agreement for those employees included in the bargaining unit in the Edmonton area, namely:

All employees employed in the offices and warehouse of the Company in the greater Edmonton area; except Alternate Qualified Persons in Charge (AQPIC's), Qualified Persons in Charge (QPIC's), traveling salesmen, buyers, supervisors with the right to hire and fire, and those employees in a confidential capacity in matters relating to labour relations.

Article 2 - Recognition of Management

2.1 The Union agrees that it is the exclusive right of the Company to manage affairs of the business and to direct its working forces for maximum efficiency, except to the extent that these rights have been specifically abrogated by the terms and conditions of this Agreement. Without limiting the generality of the foregoing, such Company rights shall include the right to:

- a) maintain order, discipline and efficiency;
- b) determine qualifications of any employee to perform work;
- c) determine quality standards;
- d) designate the time or times any employee is to work;
- e) designate the work to be performed by any member;

- f) hire, discharge] transfer, promote, demote or discipline employees, and require employees to observe Company rules and regulations subject to the terms of this Agreement.

Article 3 - Union Security

- 3.1 The Company agrees to deduct from the regular pay cheque of each employee, upon proper written and signed authorization from the employees affected] initiation fees and the Union dues as authorized by regular and proper vote of membership of the Union. Monies deducted during any month or four (4) week period, shall be forwarded by the Company to the President of the Union no later than the tenth (10th) day of the following month or four (4) week period, and accompanied by written statement of the names of the employees from whom the deductions were made. It shall be the responsibility of the President of the Union to advise the Company of any change in its initiation fees or dues.
- 3.2 No employee covered by this Agreement shall be discriminated against in any way for being a member of the Union, or for any lawful Union activities providing such activities are not carried out on the Company's premises or during working hours, unless authorized by Management. Such authorization shall not be unreasonably denied.
- 3.3 All employees who are presently members of the Union, shall maintain their membership during the life of this Agreement.
- 3.4 The Company agrees to provide each new employee, at the time of employment, with **the "Official Dues Check-off Form" of the United Food and Commercial Workers, Local 401**. The Union shall bear the expense of printing the **form** and the contents of the **form** to be acceptable to the Company. The Company further agrees to provide the Union, once a month, with a list containing the

names of all employees who have terminated their employment during the previous month.

- 3.5 All employees who are hired after the date of signing this Agreement shall pay proper initiation and Union dues and furnish the Company with a signed authorization to deduct the same within a twenty-eight **(28)** day period from the date of hire.
- 3.6 The Company agrees to list Union dues deducted from the employees on the T-4 Income Tax form of all employees in the bargaining unit.
- 3.7 It is understood that bargaining unit work shall be reserved for members, except for emergencies, instruction, inventory taking, and instances of very short duration.

Article 4 - Strikes and Lockouts

- 4.1 The Union agrees that it will not, during the term of the Agreement, declare or authorize or encourage any strike, walk-out, slow-down or cessation of work against the Company, and the Company agrees not to declare a lock-out during the term of this Agreement.

Article 5 - Hours of Work And Overtime

- 5.1 The normal work week *for full-time employees* shall be forty **(40)** hours. The normal work day *and days per week for full-time employees* shall be eight (8) hours, *five (5) days per week, or ten (10) hours, four (4) days per week. In the event of a Statutory Holiday, the work week shall be reduced by the length of the normal work day for each holiday. The length of the normal work day will not change as a result of a Statutory Holiday.*

The Company will determine the number of employees on each shift working eight (8) hours per day and ten (70) hours per day.

It is understood, that in no way can the provision of this Article be construed as a guarantee of hours of work per day, or days of work per week.

Other shifts may be established from time to time which will be addressed by a Letter of Understanding not less than fourteen (14) days prior to commencement of the new shift.

5.2 *Employees working four (4) hours per day or less shall be entitled to one (1), fifteen (75) minute paid break. Employees working greater than four (4) hours per day and up to eight (8) hours per day shall be entitled to two (2), fifteen (15) minute paid breaks per day; one to be held in the first half of the shift and one in the second half of the shift.*

Employees working ten (70) hours per day shall be entitled to three (3), fifteen (75) minute paid breaks per day. In addition, all employees working greater than six (6) hours shall be entitled to one half (1/2) hour unpaid break, The Company reserves the right to set times when breaks will be taken. The one half (1/2) hour break will be scheduled as close to mid-point of the shift as possible.

5.3 In the event the Company decides to implement a shift work system, the Company will give at least fourteen (14) calendar days notice prior to the implementation and advise the Union in writing. In the event of a trade show, seven (7) calendar days notice will apply and the Company will advise the Union in writing.

A shift premium of eighty (80¢) cents per hour shall be provided for a complete shift to all employees working on a shift commencing on or after 12:00 noon and before 7:00 p.m. A shift premium of one

(\$1.00) dollar per hour shall be provided for a complete shift to all employees working on a shift commencing on or after 7:00 p.m. and before 6:00 a.m.

- 5.4 All time worked in excess of *eight (8) hours* in any day will be *overtime* paid at time and one half ($1\frac{1}{2}X$) *the hourly rate, except for an employee with a scheduled work day of ten (10) hours.*

All time worked in excess of ten (10) hours per day will be overtime paid at double (2X) the hourly rate.

All time worked by full-time employees on Saturday, Sunday, Statutory Holidays, and an employee's regular day off which shall be overtime paid at double (2X) the hourly rate. Saturday and Sunday overtime rates will not apply to staff hired to work on Saturday and/or Sunday, as part of their normal work week.

After forty (40) regular hours worked in a week, a part-time employee will receive overtime paid at double (2X) the hourly rate.

- 5.5 (a) Employees may be requested to work overtime on short notice. The Employer agrees to notify the employee as early as possible but not later than two (2) hours from completion of the employee's shift, unless otherwise mutually agreed by the employee and the Company.

Senior employees desirous of working overtime shall be afforded the first opportunity of working overtime.

If there are not sufficient volunteers willing to work overtime on that day, then the Employer may require overtime to be worked by employees in reverse order of seniority.

The Employer agrees the minimum number of employees required to perform the overtime work will be scheduled on a daily basis.

(b) No notice need be given for overtime work not to exceed one (1) hour.

5.6 Except Saturdays, Sundays, and General Holidays, when normal breaks shall apply, when overtime of two (2) hours in any one day is required of any employee, a fifteen (15) minute rest period, with pay at overtime rates, will be scheduled before the overtime shift starts for that employee. A further paid break will occur if the overtime ~~is~~ required beyond the **two** (2) hours and **at** the end of each **two** (2) hours thereafter.

5.7 In the event that an employee *is designated to work in a higher classification on a temporary basis, and the period extends beyond one (7) day, that employee shall receive such higher rate of pay indicated in Schedule " A and "B" from the first day of such work. When the Company determines that work in a higher classification is required, the work will be offered in order of seniority to qualified employees on the shift, then to qualified employees on other shifts.*

5.8 In the event that any employee to whom Schedule " A or "B" applies ~~is~~ promoted from one group classification, and if the employee successfully completes a fourteen (**14**) day trial period, the employee shall be placed at that level in the *new* group classification *based on their seniority with the Company.*

5.9 If an incumbent's rate is at present higher than that specified under Schedule "A" or "B", he/she shall receive his/her present wage until such time as his/her classification rate exceeds his/her existing rate.

Article 6 – Credit for Previous Experience

6.1 All new employees *with previous comparable experience with the Company shall receive credit for the number of months with the Company for the purpose of determining their placement in the wage progression.*

Article 7 - Vacations

7.1 *Vacation entitlement is based on an employee's continuous service as of January 1st each calendar year:*

- *One (1) day of vacation per month of service, to a maximum of ten (10) days annual vacation, for employees with less than one (1) year of service;*
- *Two (2) weeks annual vacation for employees who have completed one (1) year service and have less than three (3) years of service;*
- *Three (3) weeks annual vacation for employees who have completed three (3) years service and have less than eight (8) years of service;*
- *Four (4) weeks annual vacation for employees who have completed eight (8) years service and have less than fourteen (14) years of service;*
- *Five (5) weeks annual vacation for employees who have completed fourteen (14) or more years of service.*

7.2 (a) *Vacation will be scheduled by shift (day, afternoon, night) in order of seniority, subject to the ability of the Company to continue normal operation.*

- (b)** *Vacation will be scheduled in one (7) week (Sunday to Saturday) increments. When an employee has less than one (7) week of vacation to be scheduled, vacation will be scheduled in full day increments.*
- (c)** *All employees must indicate their choice of vacation in writing. The scheduling procedure will be as follows:*
- (i)** *Commencing no later than November 15th, the Company will canvas all employees by shift in order of seniority for their choice of two (2) weeks of vacation during "prime time" of the following calendar year. "Primetime" is defined as the weeks containing May 1st to September 30th, Spring Break (as set by the Edmonton school boards), Christmas Day and New Year's Day. All employees will be entitled to two (2) consecutive weeks in prime time if requested. After November 15th, employees must indicate their choice in writing within twenty-four (24) hours of being canvassed by the Company. After November 15th, employees who do not respond within twenty-four (24) hours of being canvassed will lose their seniority for the purpose of scheduling prime time vacation.*
- (ii)** *Upon completion of step (i), the Company will canvas employees by shift in order of seniority for their choice of the balance of their vacation throughout the following calendar year, including remaining available weeks from step (i). Employees who do not respond within twenty-four (24) hours of being canvassed will lose their seniority for the purpose of scheduling vacation.*

- (iii) Vacation requests received by the Company after steps (i) and (ii) have been completed will be considered in the order of date received. The Company will endeavor to have the vacation planner finalized and posted by January 1st of each year but no later than January 15th.*
- (iv) Any vacation entitlement not scheduled by an employee by September 1st of the current calendar year may be scheduled at the discretion of the Company.*
- (v) The Company agrees to allow all employees the opportunity to set aside one (1) full week of vacation entitlement to be scheduled as full days in less than one (1) week increment. These days will be scheduled by mutual agreement outside of prime time. No requests will be unreasonably denied.*
- (d) If a Statutory Holiday, as defined in Article 8.1, falls within the period of an employee's vacation, such vacation shall be extended by an amount equivalent to the Statutory Holiday(s) concerned. Unless otherwise mutually agreed, the additional vacation time will be scheduled on the Friday preceding the commencement of the vacation period.*

Article 8 - Statutory Holidays

8.1 The following days shall be considered holidays with pay for all employees:

New Year's Day	Family Day
Good Friday	Victoria Day
Canada Day	Civic Holiday
Labour Day	Thanksgiving Day
Remembrance Day	Christmas Day
Boxing Day	

Part-time employees, who have been employed thirty (30) days or more, shall be paid for the number of hours they normally would have worked on such a day, if it were not a paid holiday.

If a Statutory Holiday falls on an employee's regular day off, the employee will be granted a day off with pay. ***The day/days off will be scheduled on the working day or days immediately preceding the Statutory Holiday or immediately following the Statutory Holiday.***

In order to qualify for payment of any Statutory Holiday, an employee must have worked his/her regularly scheduled working day prior to and immediately following such Statutory Holiday, unless on sick leave. If on sick leave, the employee may be required to supply a doctor's certificate.

8.2 Statutory Holidays shall be observed on days other than their calendar date when so proclaimed by the Federal, Provincial or Civic authorities. The Company shall not be obliged to make payment for a Statutory Holiday which falls within an employee's authorized leave of absence. Leave of absence shall be as defined in Article 9.2 of this Collective Agreement.

Article 9 - Leave of Absence

- 9.1 In the event of death in the immediate family of an employee, the employee will be granted leave of absence of up to three (3) working days, with pay, to attend the funeral or to attend to other arrangements at the time of bereavement, with consideration given to travel time. The length of absence shall be at the discretion of the Company. The term "immediate family" shall mean: spouse, parent, child, brother, sister, mother-in-law, father-in-law, daughter-in-law, son-in-law, brother-in-law, sister-in-law, grandfather, grandmother, grandmother-in-law, grandfather-in-law, and grand-child.

Notwithstanding the foregoing, if the death is a case of a spouse, father, mother, or child, the employee shall be entitled up to five (5) working days leave of absence, with pay, at the time of bereavement.

It is understood that in the case of a regular part-time employee, the compensation shall be at the average hours worked during the preceding four (4) weeks worked. In order to ascertain this benefit, the Company shall not be required to go back further than a preceding eight (8) week period.

- 9.2 *Subject to operation requirements, the Company agrees to grant time off without pay for a maximum of three (3) employees selected to attend seminars, Union conventions, Union business, and to attend negotiations. The Union will provide the Company with a minimum of two (2) weeks notice. No request will be unreasonably withheld.*

The time spent on Union business by employees will be considered as time worked for all purposes under the Collective Agreement. The Union will reimburse the Company for wages paid to the employees at the request of the Union.

9.3 A request by an employee for leave of absence without pay and for good reason will receive full consideration by the Company, providing the employee has completed one (1) year's full-time service. The period of leave is not to exceed three (3) months. Application for such leave shall be made in writing at least four (4) weeks prior to the date leave is desired to commence and copies of said application **shall** be given to the appropriate Manager and Human Resources. The Company's decision thereon will be binding.

Article 10 - Probationary Period and Seniority

10.1 Seniority rights for employees prevail after ninety (90) days service with the Company. Following the ninety (90) day probationary period, the Company may apply to the Union for a thirty (30) day extension to the probationary period.

10.2 Seniority shall be **start** date with the Company. Seniority lists shall be maintained for employees covered under this Agreement, as follows:

- (a) Warehouse - one (1) seniority list shall be maintained for full-time and part-time employees in ascending order of start date within classification; and
- (b) Office - one (1) seniority list shall be maintained for full-time and part-time employees in ascending order of start date within classification.

10.3 Seniority shall be lost for the following reasons:

- (a) if an employee quits or is discharged for just cause;
- (b) unauthorized absence without reasonable excuse;

- (c) failure to report for work without proper notice to the Company;
- (d) acceptance of other employment during leave of absence.

10.4 Seniority shall be maintained for absence due to illness or accident as follows:

- (i) eighteen (18) months after 15 years service;
- (ii) twelve (12) months for all others to include authorized leave of absence.

10.5 Seniority shall determine promotion, providing that, in the opinion of the Company, the qualifications of two (2) or more individuals for the position, are equal.

10.6 If an employee is displaced from his/her job because of a lay off or the exercise by another employee of rights possessed under this Collective Agreement, then the Company agrees it will, if necessary, provide up to two (2) weeks of training to the displaced employee on such other job as he/she is suitably qualified to perform and to which his/her seniority entitles him/her to assert a claim.

10.7 When hours of work are to be reduced on a daily and/or weekly basis, such reduction of hours shall be done by seniority, i.e., the temporary employees hours to be reduced first (sent home), secondly the most junior regular employees hours to be reduced (sent home), provided the qualifications of the senior employee are equal to the junior employee.

10.8 Part-time employees who are hired full-time shall be given credit for seniority rights up to a maximum of one (1) year on the full-time

seniority list. Such time shall be based on actual hours worked during the year. This shall apply for the seniority provision.

- 10.9 Full-time jobs shall be offered to part-time employees on the basis of seniority, before going outside the plant to recruit. This shall be subject to qualifications and the Company's ability to balance and operate shifts with adequate skills.

Article 11 - Job Postings

- 11.1 When job vacancies occur and the Company requires replacements and when the Company creates new job classifications, they shall **be** posted on the bulletin board for a period of three (3) working days, during which time applications **must** be made by the employees ***interested in these positions.*** Each subsequent vacancy which originates following the three (3) working days will **be** posted for one (1) working day. ***The posting will specify the classification, primary job function, anticipated hours of work, days of work and requirements for the classification. The posting will specify that job duties and hours of work are subject to change.***

When full-time vacancies occur on the day shift or afternoon shift, whenever possible, such jobs will be filled by employees presently working on nights.

All job postings will be filled without unreasonable delay.

Article 12 - Dismissal

- 12.1 The Company may dismiss an employee for the following reasons:
- (a) theft or attempted theft of Company property;
 - (b) drinking or intoxication on Company premises;
 - (c) flagrant disregard of safety rules, and
 - (d) possession or use of unlawful drugs.
- 12.2 The Company may dismiss an employee, subject to the right of such employee to the Grievance Procedure set out in Article 13 for the following reasons:
- (a) dismissal with just cause;
 - (b) absence from work without just cause;
 - (c) any reason which constitutes justification for severance. In such cases, the employee shall be warned, in writing, of any matter of complaint against him/her to the intent that he/she may be given an opportunity of meeting the Company's requirements with respect to his/her services. A copy of this letter shall be given to the Shop Steward; subject, thereto, the Company may terminate an employee's services upon:
 - (i) one ~~(1)~~ week notice or wages for employees who have been in the Company's service for three (3) months or more;
 - (ii) two (2) weeks notice or wages for employees who have been in the Company's service for two (2) years or more but **less** than four **(4)** years;

- (iii) four **(4)** weeks notice or wages for employees who have been in the Company's service for four **(4)** years or more but less than six (6) years;
- (iv) five (5) weeks notice or wages for employees who have been in the Company's service for six (6) years or more but less than eight (8) years;
- (v) six (6) week notice or wages for employees who have been in the Company's service for eight (8) years or more but less than ten (10) years;
- (vi) eight (8) weeks notice or wages for employees who have been in the Company's service for ten (10) years or more.

12.3 The Company may pay the equivalent amount in wages rather than give notice, or may provide a combination of wages and notice.

12.4 All letters of reprimand will be removed from employee's files not later than twelve **(12)** months after they are entered, providing the reason for reprimand is not continuing.

12.5 All employees are expected to give at least two (2) weeks written notice of their intention when terminating employment with the Company; but this provision will not penalize the employee.

Article 13 - Grievance Procedure

13.1 Any complaint, disagreement or difference of opinion between the **parties** covered by this Agreement which concern interpretation, application or alleged violation of the terms and provisions of this Agreement, including any questions as to whether the differences are subject to arbitration, shall be **a grievance and** settled without

work stoppage or refusal to perform work in the manner hereinafter outlined.

- 13.2 Any employee, the Union, or the Company may present a grievance.

Any grievance not presented within twenty-one (21) calendar days following the event giving rise to such grievance, shall be forfeited and waived by the aggrieved party. A grievance is considered presented on the date of the discussion in the First Step of the grievance procedure. When the First Step does not occur, the grievance is considered presented on the date of the discussion in the Second Step of the grievance procedure.

- 13.3 The procedure for adjustment of grievances shall be:

(a) First Step

The Employee shall have the right to discuss the matter, in the presence of a Shop Steward, with their immediate Supervisor and/or the Supervisor's Manager. The employee may request a Shop Steward act on their behalf in the discussion to seek a resolution.

(b) Second Step

A representative of the Company and the Union shall discuss in good faith in an earnest endeavor to settle the dispute. If the dispute is not resolved satisfactorily, the aggrieved party submits the grievance in writing to the other party.

(c) Third Step

A representative of the Company and the Union shall discuss the dispute within twenty-one (21) calendar days of receipt of the written grievance. The parties will discuss in good faith in an earnest endeavor to settle the grievance submitted. If the dispute is not resolved satisfactorily, either party may serve written notice of the submission of the grievance to arbitration in accordance with Article 13.4

Timelines in the grievance procedure may be altered by mutual agreement.

- 13.4 (a) *The Arbitration Board shall consist of one (1) member who, shall be mutually agreed upon by the Union and the Company. In the event that an arbitrator cannot be agreed upon, then application for appointment of an arbitrator shall be made to the Minister of Labour for the Province of Alberta.*
- (b) *The parties may mutually agree to a three (3) member Arbitration Board in lieu of a one (1) member Arbitration Board.*
- (c) *The Board shall not be vested with the power to change, alter or modify any of the terms of this Agreement. All grievances submitted shall present an arbitrable provision under this Agreement and shall not depend on or involve an issue or contention by either party which is contrary to any provision of this Agreement or which involved the determination of a subject matter not covered or arising during the term of this Agreement.*
- (d) *The Union and Company agree to share, equally, the expense of an arbitrator.*

Article 14 - Health, Welfare and Sick Leave

14.1 After three (3) months of service, the Company agrees to pay for each new permanent employee seventy (70%) percent of the premium for Alberta Health Care.

After six (6) months of service, the Company agrees to pay for each new employee seventy (70%) percent of the premium for:

- life insurance
- accidental death and dismemberment
- weekly indemnity
- long term disability
- extended health coverage
- dependent life insurance
- dental coverage
- vision care

Reimbursement for prescription drugs shall be one hundred (100%) percent. The deductible for extended health coverage shall be twenty (\$20.00) dollars per calendar year for family coverage and ten (\$10.00) dollars for single coverage.

All eligible employees will ***have the opportunity to join the Company*** Pension Plan in accordance with the terms and conditions of the plan. The Company and the Union agree that the terms and conditions of the ***Company*** Pension Plan do not form part of the Collective Agreement.

The Company agrees that during the term of this Agreement, no changes will be made that would negatively impact the ***eligibility for participation and the benefits provided in Article 14.1*** ***The policies and plans governing Article 14.1 shall not be considered incorporated into the Agreement, nor shall the Company be considered an insurer. The Company retains the***

right to change insurance carriers. The Company and the Union acknowledge that the insurer will adjust the premiums for the benefits provided. The Company will provide the Union and the employees with a minimum of two (2) weeks notice of any change in the employee paid portion of premiums.

- 14.2 Necessary time off with pay will be allowed for doctor or dental appointments *that are scheduled during employee's scheduled working hours. Employees must provide proof of the appointments, date and time of the appointment, and length of the appointment. Employees must provide the Company with a minimum of twenty-four (24) hours notice of an appointment.* Paid appointments shall not exceed twelve (12) hours in a calendar year pro rated based on the employee's start date. During pregnancies, such paid appointments shall not exceed sixteen (16) hours in a calendar year. Visits to a specialist will be given additional consideration.
- 14.3 Part-time employees are to receive Company benefits provided that they are employed more than an average of twenty (20) hours per week.
- 14.4 On *January 1st* each year, employees will be entitled, on completion of the probationary employment period, to forty (40) hours paid sick leave each year. *Employees with less than one (7) year of service as of January 1st* will receive *three (3) hours per month worked in the previous year.*

Employees will not be required to submit doctor's notes for sick time; however, Management will have the right to take appropriate disciplinary action against any employee suspected of abusing the above privileges.

The short term disability eligibility requirements will start after seven (7) days and will provide that the long-term disability eligibility

continues automatically upon the end of the short-term disability plan. Provided, however, that in both cases the appropriate medical certificates are submitted.

- 14.5 ***Upon completion of the calendar year***, employees with unused sick hours will have their sick hours paid out up to a maximum pay out of forty **(40)** hours.

Article 15 - General

- 15.1 ***The parties agree to abide by*** the Human Rights, Citizenship, and ***Multiculturalism*** Act.
- 15.2 All employees must report expected absenteeism to their Supervisor or designate not later than one (1) hour prior to the commencement of the employee's normal starting time.
- 15.3 If a temporary job is likely to continue for ten (10) days or more, it will be posted; however, when the assignment ends, the incumbent will automatically return to his/her previous job with or without notice. No subsequent positions arising from this temporary assignment need to be posted.
- 15.4 The Company will attempt to place all new employees on night shift allowing the current night shift employees an opportunity to work ***afternoons or*** days, if they so desire.
- 15.5 Temporary employees will be utilized for a maximum of six (6) months to relieve for leave of absence, sick leave and vacation coverage. A maximum of six (6) temporary employees will be utilized per shift.

Notwithstanding the above, the following shall be excluded: Trade Show for a period of ninety (90) days, and maternity, leave of absence.

All current temporary employees shall be maintained at their current wage and benefits level for the term of their current employment. Temporary employees shall not be used to the extent that existing employees suffer reduction in hours or prevent the creation of a permanent position.

15.6 *The Company agrees to present the Union video as part of all new employee orientations. The purpose of the video is to help new employees understand the rights afforded them as members of the Union and to introduce the Union officials representing them.*

The content of the Union video viewed by the Company in bargaining on December 16th, 2004, is acceptable. If the content of the video is altered, the Company reserves the right to preview the revised version to ensure it is acceptable.

Article 16 - Elections

16.1 All employees will be allowed time off work to vote in elections in accordance with the appropriate Municipal, Provincial or Federal Election Acts.

Article 17 - Court Leave

17.1 The Company shall pay any employee who may be required to serve as a juror, or subpoenaed as a material witness, in any court of Law in the City of Edmonton, in the Province of Alberta, the difference, if any, between the amount he/she would have received

for service normally rendered to the Company during the same period. If Court ends two (2) or more hours before quitting time, the employee must return to work.

Night Shift employees will be granted the shift off immediately preceding the court appearance.

Article 18 - Business Agent

- 18.1 A representative of the Union, after consulting with the Manager shall be permitted to interview employees at such a time and place as mutually agreed with the Manager. Such visitation rights shall not be unreasonably denied.

Article 19 - Bulletin Board

- 19.1 *The Union will provide a lockable bulletin board which will be installed by the Company. The Union will be responsible for all maintenance and repair of the bulletin board.*

The bulletin board is for notices pertaining to Union meetings, social events, or matters of information to the membership. The bulletin board will not be used for posting of information that is derogatory to the Company or its customers.

Article 20 – Pay Days

- 20.1 Where the end of a pay period falls on a holiday, pay day shall be the preceding day.
- 20.2 The Company will provide a pay cheque processing system based on hourly rates.

Article 21 - Health and Safety

- 21.1** The Company will provide adequate heating and lighting.
- 21.2** The Company agrees to set up a Joint Health and Safety Committee which will consist of an even number of representatives from Management and the bargaining unit. The chairing of meetings will be rotated among the parties on an alternate basis.

Members of the Joint Health and Safety Committee shall be paid straight time hourly rate for all hours attending to matters relating to Health and Safety.

Meetings are not to be scheduled more frequently than bi-monthly, unless otherwise required and shall not exceed one (1) hour in duration. No more than four **(4)** bargaining unit members shall take part in attendance at the meetings.

- 21.3** *The Company will allow all employees to carry and access water.*
- 21.4** *The Company agrees to ensure the health and safety of its employees.*
- 21.5** *The Company will comply with the provisions of the Alberta Occupational Health and Safety Act.*
- 21.6** *The Company shall adopt a “Positive Obligation” approach to health and safety, seeking out and solving health and safety issues as a day to day priority.*

Article 22 - Wearing Apparel

- 22.1 The Company will supply, without cost to the employee, new aprons and smocks when they are required. Winter coats will be available for persons actively working in shipping and receiving. The winter apparel remains the property of the Company.

Article 23 - Education and Training Fund

- 23.1 Effective July 1st, 1993, the Company agrees to make contributions to the United Food and Commercial Workers, Local 401, Education and Training Fund, of three (3¢) cents per hour for each straight time hour worked during a normal work day by members of the bargaining unit; and effective July 1st, 1994, the Company's contributions will become four (4¢) cents per hour.

Article 24 - Work Performance

- 24.1 *A Shop Steward shall be present in any discussion regarding an employee's work performance when the discussion may lead to discipline or discharge.*

Article 25 - Maternity Leave

- 25.1 *The maternity leave to which a pregnant employee is entitled is a period of not more than fifteen (75) weeks starting at any time during the twelve (72) weeks immediately before the estimated date of delivery.*
- 25.2 *A pregnant employee must give the Company at least two (2) weeks' written notice of the date she will start her maternity leave, and if so requested, the pregnant employee must*

provide the Company with a medical certificate certifying that she is pregnant and giving the estimated date of delivery. A pregnant employee is entitled to start maternity leave on the date specified in the written notice given to the Company.

25.3 *An employee who does not give the Company prior notice of maternity leave before starting it is still entitled to maternity leave if, within two (2) weeks after she ceases to work, she provides the Company with a medical certificate:*

- (a) indicating that she is not able to work because of a medical condition arising from her pregnancy, and*
- (b) giving the estimated or actual date of delivery.*

25.4 *If during the twelve (12) weeks immediately before the estimated date of delivery the pregnancy of an employee interferes with the performance of her duties, the Company may give the employee written notice requiring her to start maternity leave.*

Article 26 - Parental Leave

26.1 *Subject to Article 26.2, an employee is entitled to parental leave as follows:*

- (a) in the case of an employee entitled to maternity leave under Article 25, a period of not more than thirty-seven (37) consecutive weeks immediately following the last day of maternity leave;*
- (b) in the case of a parent, a period of not more than thirty-seven (37) consecutive weeks within fifty-two (52) weeks after the child's birth;*

(c) *In the case of an adoptive parent, a period of not more than thirty-seven (37) consecutive weeks within fifty-two (52) weeks after the child is placed with the adoptive parent for the purpose of adoption.*

26.2 *If two (2) employees are parents of the same child, the parental leave granted under Article 26.1 may:*

(a) *be taken wholly by one of the employees, or*

(b) *be shared by the employees.*

If two (2) employees are parents of the same child, the Company is not required to grant parental leave to more than one (1) employee at a time. Employees who intend to share parental leave must advise the Company of their intention to share parental leave.

26.3 *An employee must give the Company at least two (2) weeks' written notice of the date the employee will start parental leave unless:*

(a) *the medical condition of the birth mother or child makes it impossible to comply with this requirement;*

(b) *the date of the child's placement with the adoptive parent was not foreseeable.*

If the employee cannot comply with the written notice requirement for any of the reasons stated in (a) or (b), the employee must give the Company written notice at the earliest possible time of the date the employee will start parental leave.

An employee is entitled to start parental leave on the date specified in the written notice given to the Company.

Article 27 – Maternity and Parental Leave

27.1 *An employee must give the Company at least two (2) weeks' written notice of the date on which the employee intends to resume work after maternity or parental leave.*

An employee who takes maternity leave must take a period of leave of at least six (6) weeks immediately following the date of delivery, unless the employee and the Company agree to shorten the period by the employee's giving the Company a medical certificate indicating that resumption of work will not endanger her health.

The employee who has complied with the requirements above shall be returned to their former position or a comparable position without loss of seniority.

27.2 *An employee who does not wish to resume employment after maternity or parental leave must give the Company at least two (2) weeks' written notice of intention to terminate employment.*

27.3 *Employees have the option of maintaining their benefit coverage by pre-paying their portion of premiums prior to commencing the leave of absence. Employees who choose not to maintain their benefit coverage during the leave of absence will have their coverage reinstated upon their return to work.*

Article 28 – Lay-offs and Plant Closures

28.1 If the Company, in the exercise of its right to direct its working forces and in light of its operational requirements, determines it is necessary to lay off employees, then notice shall be given, or paid in lieu, for layoffs in the following terms:

One (1) week for three (3) months of service or more

Two (2) weeks for two (2) years of service or more

Four (4) weeks for four (4) years of service or more

Five (5) weeks for six (6) years of service or more

Six (6) weeks for eight (8) years of service or more

Eight (8) weeks for ten (10) years of service or more

Notice, or pay in lieu, will be given up to a maximum of eight (8) weeks.

Layoffs shall be based upon the reverse order of seniority provided the Company is of the opinion that the qualifications of the senior employee are equal to those of the more junior employee. However, due consideration will be given by the Union to the operational requirements of the Company, any such requests shall not be unreasonably denied.

28.2 When employees shall be recalled to work, seniority shall apply in reverse to layoffs.

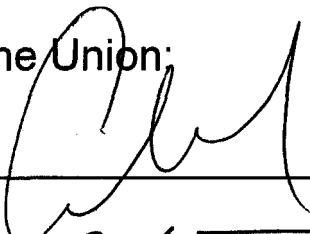
28.3 An employee shall lose all seniority rights if he or she fails to return to work within five (5) days after notice of available work has been sent by Registered Mail to his or her last known address on record with the Company. It is the obligation of the employee to notify the Company of any and all address changes.


28.4 An employee shall lose all seniority rights if he or she is laid off by the Company for a period exceeding twelve (12) consecutive calendar months.

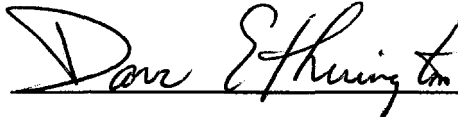
Article 29 - Terms of Agreement


29.1 This Agreement shall commence **September 25, 2005**, and shall continue to **December 31st, 2008**, and shall continue from year to year thereafter, unless, not less than (60) days and not more than one-hundred-twenty (120) days before the expiration date, either party hereto shall give written notice, by Registered Mail, to the other that it desires various modifications or termination of the Agreement. The terms and conditions of this Agreement shall remain in full force and effect during any period of negotiation until a new Agreement has been signed.


IN WITNESS WHEREOF the Company and the Union have caused these present to be signed by their duly authorized Officers.

For The Union:




For The Company:






Bargaining Committee;

Greg Baillargeon
Stephen Marshall
Mike McCafferty
Lee Clarke
Al Olinek

Dave Etherington
Rose Fedorak
Keith Peterson

This Agreement was ratified on September 23rd, 2005.

Schedule 'A'
Office Job Classification

Classification	September 25, 2005	January 1, 2006	January 1, 2007	January 1, 2008
Office Clerk				
Temporary	\$9.22	\$9.54	\$9.83	\$10.12
Start	\$10.72	\$11.10	\$11.43	\$11.77
3 Months	\$11.24	\$11.63	\$11.98	\$12.34
6 Months	\$11.86	\$12.28	\$12.65	\$13.03
1 Year	\$12.53	\$12.97	\$13.36	\$13.76
2 Years	\$13.54	\$14.01	\$14.43	\$14.86
Customer Service Representative				
Start	\$11.59	\$12.00	\$12.36	\$12.73
3 Months	\$12.24	\$12.67	\$13.05	\$13.44
6 Months	\$13.23	\$13.69	\$14.10	\$14.52
1 Year	\$14.08	\$14.57	\$15.01	\$15.46
2 Years	\$14.99	\$15.51	\$15.98	\$16.46
Senior Office Clerk				
Start	\$15.15	\$15.68	\$16.15	\$16.63
3 Months	\$15.87	\$16.43	\$16.92	\$17.43
1 Year	\$16.91	\$17.50	\$18.03	\$18.57

Retroactive Pay

All employees will receive retroactive pay of one (\$1.00) dollar per hour for all hours worked from July 1st, 2004, up to and including September 24th, 2005.

Schedule 'B'
Warehouse Job Classification

Classification	September 25, 2005	January 1, 2006	January 1, 2007	January 1, 2008
Warehouseperson I				
Start	\$11.59	\$12.00	\$12.36	\$12.73
3 Months	\$12.24	\$12.67	\$13.05	\$13.44
6 Months	\$13.23	\$13.69	\$14.10	\$14.52
1 Year	\$14.08	\$14.57	\$15.01	\$15.46
2 Years	\$14.99	\$15.51	\$15.98	\$16.46
Warehouseperson II				
Start	\$14.30	\$14.80	\$15.24	\$15.70
3 Months	\$15.02	\$15.55	\$16.02	\$16.50
1 Year	\$15.94	\$16.50	\$17.00	\$17.51
Lead Hand				
Start	\$15.15	\$15.68	\$16.15	\$16.63
3 Months	\$15.87	\$16.43	\$16.92	\$17.43
1 Year	\$16.91	\$17.50	\$18.03	\$18.57

Retroactive Pay

All employees will receive retroactive pay of one (\$1.00) dollar per hour for all hours worked from July 1st, 2004, up to and including September 24th, 2005.

Notes to Schedules "A" and "B"

- A. Office Clerk includes, but is not limited to: Communications Clerk, Filing Clerk, and General Office Clerk.

Customer Service Representative includes, but is not limited to: Hospital Services CSR and Receptionist.

Senior Office Clerk includes, but is not limited to: Promotions Coordinator and Administrative Assistant.

Warehouseperson I - includes, but is not limited to: ***Auditor, Returns Clerk***, Picker, Replenisher and Packer.

Warehouseperson II - includes, but is not limited to: Shipper, Receiver, Forklift Operator, OPR Operator, Inventory Control Clerk, Vault Personnel, Facilities Support and Assistant Lead Hand.

Letters of Understanding

Between

McKesson Canada Corporation

And

United Food and Commercial Workers Union Canada, Local 401

#1. Education and Training Fund

The Company and the Union wish to clarify the following points, which may **arise**, as a result of Article 23.1 in the body of this Agreement.

1. The Union will provide documentation, upon request, indicating monies spent on employees of ***the Company*** during the term of **this Agreement**.
2. The Union agrees, whenever applicable, to invite members of Management to participate in programs such as Stewards Training, and/or programs where Management's input would be beneficial to do **so**.

#2. Staff Purchases

All products carried by the Company that employees can legally buy will be sold at supplier invoice cost.

It is the intent of this Agreement that purchases will be for the personal consumption of the employee. Abuse of buying privileges will result in individual rights being revoked.

#3. Notes to Schedule A & B

As mutually agreed upon by the Company and the Union, Schedule "A" and "B" of the Collective Agreement shall be administered **as** follows:

Demotion due to change in operations - The employee's job classification **will** be adjusted downward, however, the salary will be frozen until such time as the salary for the lower classification meets or exceeds the rates in place for the previously held classification.

Voluntary Demotion - The employee's job classification and salary will be adjusted downward to reflect the rates as specified in the Collective Agreement.

#4. Safety Shoes

The Company agrees to reimburse employees whom the Company requires to wear safety shoes up to *two hundred (\$200.00) dollars* once (1X) every second (2nd) calendar year. Employees must provide a copy of the receipt associated with their expenditure in order to receive reimbursement.

#5. Joint Labour Management Committee

The Company and the Union agree to establish Joint Labour Management Committee (JLMC). The parties agree to meet within thirty (30) days of the request of the other party, unless mutually agreed otherwise. The JLMC will consist of at least three (3) Shop Stewards and at least two (2) members of Management, one of whom will be the Distribution Centre Manager. The JLMC will discuss any items of concern to either party arising out of the operation of the Collective Agreement and the facility covered by the Agreement.

#6. Vacation Entitlement Year

Employees will receive a pro-rated vacation entitlement on their anniversary date in 2006. The pro-rated entitlement will provide the employee with vacation to be taken between their 2006 anniversary date and December 31st, 2006. This period of time is referred to as the transition period.

The prorated vacation entitlement to be taken in the transition period, rounded up to the next full day, will be calculated in the following manner:

(annual vacation entitlement in days as of the 2006 anniversary)
multiplied by
(number of months in transition period) divided by 12)

Anniversary Month	Entitlement at 2006 Anniversary				Months/12
	2 weeks	3 weeks	4 weeks	5 weeks	
January	10 days	15 days	20 days	25 days	12/12
February	9 days	14 days	18 days	23 days	11/12
March	8 days	13 days	17 days	21 days	10/12
April	8 days	11 days	15 days	19 days	9/12
May	7 days	10 days	13 days	17 days	8/12
June	6 days	9 days	12 days	15 days	7/12
July	5 days	8 days	10 days	13 days	6/12
August	4 days	6 days	8 days	10 days	5/12
September	3 days	5 days	7 days	8 days	4/12
October	3 days	4 days	5 days	6 days	3/12
November	2 days	3 days	3 days	4 days	2/12
December	1 day	1 day	2 days	2 days	1/12

Employees will schedule their pro-rated vacation entitlement as part of the vacation scheduling for the 2006 calendar year. The scheduling of

vacation during the transition period will follow the language of the Collective Agreement, with the exception that vacation may be scheduled as full days in less than one (1) week increments.

Any concerns arising out of the transition from an anniversary vacation year to a calendar vacation year will be addressed through joint discussions of the Company and the Union.

#7. Overtime

The parties acknowledge the necessity to work overtime to meet customer requirements. The parties agree that employees who are capable of performing the required overtime work will perform such work.

An employee will be exempt from being required by the Company to work overtime after the employee has been required by the Company to work overtime on ten (10) occasions in the calendar year.

#8. Sick Leave Transition

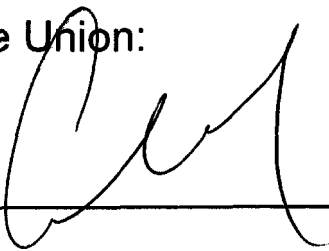
On July 1st, 2006, all current employees as of ratification will be entitled, on completion of the probationary employment period, to twenty (20) hours paid sick leave.


On December 31st, 2006, all current employees as of ratification with unused sick hours will have their sick hours paid out up to a maximum of twenty (20) hours.

All employees hired after ratification will receive sick leave effective January 1st, 2006, in accordance with the provisions of Article 14.4 and Article 14.5 that will take effect upon ratification.


IN WITNESS WHEREOF the Company and the Union have caused these present to be signed by their duly authorized Officers.


For The Union:






For The Company:







Bargaining Committee:

*Greg Baillargeon
Stephen Marshall
Mike McCafferty
Lee Clarke
Al Olinek*

*Dave Etherington
Rose Fedorak
Keith Peterson*

This Agreement was ratified on September 23rd, 2005.