

ARTICLES OF AGREEMENT

BETWEEN

**SAPUTO FOODS LIMITED
Calgary Cheese**

hereinafter called the "Company"

AND

**MISCELLANEOUS EMPLOYEES
TEAMSTERS UNION LOCAL 987 OF ALBERTA**

hereinafter called the "Union"

(May 1, 2006 - April 30,2010)

13822 (01)

ARTICLES OF AGREEMENT

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SAPUTO FOODS LIMITED
Calgary

and

MISCELLANEOUS EMPLOYEES
TEAMSTERS UNION LOCAL 987 OF ALBERTA

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ARTICLES OF AGREEMENT

WITNESSETH that the parties hereto hereby agree as follows:

ARTICLE NO. 1 - INTENT AND PURPOSE

1:01 It is the intent and purpose of this Agreement that the Company and the Union co-operate to obtain an efficient and unrestricted production and distribution of cheese products, to maintain a harmonious relationship between the Company and its Employees, and to provide a method of settling in an amicable manner any difference or grievance which may from time to time arise, and to set forth rates of pay, hours of work and other conditions of employment to be observed between the parties hereto.

ARTICLE NO. 2 - MANAGEMENT CONTROL

2:01 Responsibility for planning, directing and controlling the business of the Company shall rest exclusively with the Management. Management personnel will not perform duties of the bargaining unit.

ARTICLE NO. 3 - EMPLOYEES INCLUDED

3:01 The provisions of this Agreement shall apply to all Employees of the Company in the City of Calgary who belong to the craft or crafts included in the Union, and without limiting the generality of the foregoing, shall exclude specifically office workers and Employees engaged in any kind of supervision who have the right to hire, discharge or change the status of employees.

3:02 Probationary Employees retained as permanent staff shall be deemed to be on permanent staff as of the date of commencing the most recent period of continuous employment. Seniority provisions of this Agreement shall be effective from the date, subject to the one hundred and twenty (120) days probationary period described in Article 7:02.

3:03 Gender except where specifically stated to the contrary or where the sense requires the contrary, use of the term "he", "him", or "his", throughout this Agreement will be considered to also mean "she", "her", or "hers".

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ARTICLE NO. 4 - UNION SECURITY

- 4:01 The Union shall supply the Company with application forms for Union membership and dues deductions, which shall be signed by all new Employees on the day on which the new Employee is hired. All completed copies of the application for membership forms shall be returned to the Union and shall serve as notification of commencement of employment. The Union shall supply the Company with application forms for pension benefits, these forms shall be signed on the day on which the new Employee is hired. All completed copies are to be sent to the Union Office.
- 4:02 Upon written request of an Employee, the Company will, in accordance with the tenor of the request, deduct the Employee's initiation fee and monthly Union dues, remitting same, together with a list of the Employees from whom the deductions have been made, to the Secretary-Treasurer of the Union, on or before the 15th day of the following calendar month in which the dues are deducted.
- 4:03 The Company agrees to supply the Shop Steward of the Department concerned with a list of the new Employees each month.
- 4:04 It is agreed by the Employer and the Union that no Employee will make or be asked to make any written or verbal agreement conflicting with this Agreement.

ARTICLE NO. 5 - BARGAIN WITH AND RATIFICATION

- 5:01 Pursuant to the corresponding Certificates of Certification issued by the Labour Relations Board, the Company recognizes the Union as the sole bargaining agent for the Employees of the Company covered by this Agreement, and will bargain only with the Union, and duly appointed representatives thereof, on behalf of the Employees of the Company.
- 5:02 This Agreement will be ratified by Union member Employees, whose decision will be final, and neither Union members employed by other companies, nor non-union employees employed by the Company, shall have any voice in ratifying this Agreement, or amendments thereof that may be made in the future.

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ARTICLE NO. 6 - CONTINUITY OF WORK

- 6:01 There shall be no cessation of work, or slow down of any kind by the Employees, or lock-out by the Company, during the time this Agreement is in force, or in the process of being renewed or amended.
- 6:02 No employee covered by this Agreement shall be required to cross any legal picket line.
- 6:03 The business agent is allowed to visit the Company premises but shall not conduct Union business on Company time.

ARTICLE NO. 7 SENIORITY

- 7:01 Seniority shall be based on the length of continuous service an Employee has been on the payroll.
- 7:02 A probationary period of one hundred and twenty (120) calendar days shall apply in the case of each new employee, during which time seniority shall not apply and an employee may be laid off without reference to seniority and the Company shall not be obligated to re-hire such an employee. This period may be extended by mutual agreement of the employer and union.
- 7:03 a) As a general principle, advancement and transfers within the bargaining unit shall be based on seniority, provided that ability and qualifications relative to position requirements are relatively equal.
- Positions involving the acquisition of a higher level of skills and competencies, as determined by the Employer shall be filled on the basis of suitability and qualifications relative to which carry with them a non-mobility period of 24 months unless waived by the Employer.
- It is agreed and understood that an employee can not bump into a position that he could not post into, based on the position requirements.
- b) Employees desiring a transfer to a full time position in classification Group 4 shall do so, in writing, to the Human Resources Manager. Based upon the employee's seniority and ability, the company shall award the next vacant position to said employee(s) before hiring from

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the outside. The twenty (20) day qualifying period in 7:04 b) will not apply. The previous job will be posted in accordance with the contract.

- 7:04
- a) When a vacancy or a new job is created it will be posted, in each department, on the bulletin boards for five (5) working days during which period an Employee, with seniority, may make written application for such vacancy. Employees within the department containing such vacancy will be given first consideration for the vacancy. Any immediate changes to a job that *is* posted will be made prior to posting. The Company is only required to post one additional vacancy that may arise out of the filling of the first vacancy. Any subsequent vacancies may be filled as determined by the Company. Temporary vacancies of (4) four weeks or more shall be posted for (3) three days and awarded first by qualifications and second by seniority.
 - b) The successful applicant will be advised within five (5) working days of the expiry of the five (5) working day posting period. Upon filling the vacancy, the successful applicant will be allowed a reasonable time in which to qualify for a period of twenty (20) working days following a placement resulting from the successful bidding for a job vacancy, the employee shall be permitted to return to his former job. The Company shall also have the right to return such employee to his former job within (20) working days if he is found incapable of satisfactorily performing the duties of the job vacancy. Should he be returned, the job will not be reposted but will be filled from the applicants to the original posting, based on the considerations noted in Clause 7:03 a).
 - c) The company will maintain a position up to 18 consecutive months for employees on Worker's Compensation (W.C.B.) or company disability. Employee's returning to work after 18 consecutive months on Worker's Compensation (W.C.B.) or disability will be given duties as assigned, subject to being capable of performing the work available.
 - d) The successful applicant will be selected by the Company and such selection shall be made in a manner consistent with the terms of this Agreement.
 - e) Any employee who bids on any posted vacancy and is successful, shall not bid on any other vacancy for a period of 1 (one) year, unless it is a higher wage rated classification.

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7:05 In determining vacancies, promotions, demotions, lay-offs and recall, seniority shall be on a Departmental basis, as follows:

The following departments shall apply:

Calgary

Cheese Department
Maintenance & Engineering
Lab Staff
Bulk Warehouse
Finished Goods Warehouse

- 7:06 a) In the event of a reduction in staff in a Department, the junior Employee of the Department shall be the first subject to lay-off, except, if he has the qualifications (or is able to obtain said qualifications in a reasonable period time) and ability and is capable of performing the work of the most junior employee in the plant/branch with a reasonable amount of training, the latter Employee will be subject to layoff. Notwithstanding the above, no employee with a special qualification or skill rating or licensing requirement, such as CIP and Grinder Positions, will be used to block the layoff procedure, and bumping will take place as if the position did not exist. The Company will provide (1) one week notice with respect to scheduling changes.
- b) If the Company determines that temporary layoffs of less than 30 days are necessary, Clause 7:06 a) (see above) does not apply and no notice is required. In the event of unusual circumstances, the Company shall provide as much advance notice as possible. Temporary Lay-off within the department shall be done by seniority.

7:07 The Company agrees to re-hire on a seniority basis, Employees who have been laid off for a period not exceeding nine (9) consecutive months, providing the Employee is capable of performing the duties of the vacancy, with seniority from the first day of employment with the Company prior to being laid off.

7:08 A list showing the seniority of each Employee, based on the length of service an Employee has been on the payroll, shall be compiled and kept posted on

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the bulletin boards. This list shall be revised every three (3) months and posted on the bulletin boards. Any errors shall be reported to the Chairman of the Shop Stewards for correction.

7:09 An Employee shall lose all seniority rights and his Employee status with the Company shall be cancelled in all respect if he:

- a) voluntarily leaves the Company,
- b) is discharged for just cause,
- c) is laid off by the Company for a period exceeding nine (9) consecutive months.

7:10 Any employee who accepts pay in lieu of notice as stipulated in the Employment Standards Code prior to the expiry of the recall period or severance will forfeit all recall rights.

7:11 It is agreed that the Laboratory Supervisor shall be allowed to perform bargaining unit work provided it does not result in the displacement of a bargaining unit employee.

ARTICLE NO. 8 - HOURS OF WORK

8:01 A pay period is defined as a fourteen (14) consecutive day period that commences at 2400 hours Saturday.

8:02 a) Regular Employees will normally work 80 hours per pay period; eight (8) days, ten (10) hours per day or ten (10) days, eight (8) hours per day, with a minimum of two consecutive days off per week. Scheduled days of the week and hours per day will be determined by the company, based on operational and business needs.

8:03 Overtime at one and one half (1½) the regular rate shall be paid for all hours worked in excess of the regular scheduled hours per day or per pay period.

8:04 The company shall provide all employees two (2) fifteen (15) minute paid rest periods, one in the first half of the shift and the second in the second half of the shift. The company shall provide for a half hour unpaid lunch break.

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8:05 Employees required to work any of their regular daily shifts outside of the hours of 7:00 a.m. to 5:00 p.m. shall be paid a shift differential of: seventy-five cents (75¢) per hour for all hours worked from 5:00 p.m. to 11:00 p.m., and one dollar (\$1.00) per hour for all hours worked between 11:00 p.m. and 7:00 a.m. Shift differential, at one times (1x), shall apply to overtime hours worked provided the employee was working hours that qualify for shift differential.

8:06 In the event any changes are to take place in the Employee's days of rest, twenty-four (24) hours' notice shall be given to the Employees affected by the change (not applicable in cases of emergency, i.e. fire, flood or act of God).

8:07 The Company agrees that an accurate record of hours of work for all Employees covered by this Agreement shall be kept, and no Employee shall record or be asked to record times other than their actual hours of work. The Company may use mechanical or electronic time clocks for time keeping purposes. All time cards shall be signed by the Employee, and by the Supervisor in charge, and all Employees shall be paid in accordance with the time cards.

8:08 Call In

Where an Employee is called to work on one of his scheduled days off, he will be paid a minimum of four **(4)** hours at the overtime rate.

An Employee who has left the Company's premises and is specially called outside of his scheduled hours for emergency work shall be through when the emergency is over. For such emergency work, being that outside of scheduled hours, he shall be paid for **(4)** hours at his job rate or for the hours actually worked at the overtime rate, whichever is greater.

The above does not apply to such work immediately preceding or following the Employee's scheduled hours or if the Employee leaves after eight hours even though such departure from the premises precedes his regular scheduled end of shift. Employees called in early will have the right to work their regular shift.

In the event that an employee is called in to start his shift early, he shall receive overtime rates for hours worked prior to his scheduled start time and be permitted to complete his regularly scheduled shift.

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- 8.09 All employees required to work in excess of two (2) hours of overtime in a day shall be provided a meal allowance of \$7.50. After two (2) hours of overtime employees shall receive a paid fifteen (15) minute break:
- 8.10 Employees working a ten (10) hour shift who are required to work overtime shall receive a fifteen (15) minute break prior to the commencement of the overtime shift:

ARTICLE NO. 9 - WAGES

- 9:01 Attached hereto and forming part of this Agreement is Appendix "A" setting forth the wage rates and classifications of all Employees covered by this Agreement.

ARTICLE NO. 10 - ANNUAL VACATIONS

- 10:01 Annual vacations with pay shall be granted to all Employees covered by this Agreement, on the following basis:
- | | |
|--------------------------------------|-----------|
| After 1 year of continuous service | - 2 weeks |
| After 4 years of continuous service | - 3 weeks |
| After 11 years of continuous service | - 4 weeks |
| After 22 years of continuous service | - 5 weeks |
- 10:02 Vacation pay will be based on the employee's gross hourly rate including overtime. Summer relief and part-time employees are not entitled to vacations, but will receive vacation pay equal to 4% of their regular earnings.
- 10:03
- Those Employees with less than one year, prior to March 1 of each year are entitled to one (1) day for each 208 hours actually worked (vacation time not to exceed 80 hours).
 - Commencing in the calendar year during which the employees second anniversary falls, vacation may be scheduled throughout the calendar year subject to Clause 10:04.
 - In the calendar year during which the employees' 4th, 11th and 22nd anniversary falls, the employee qualifies for the additional entitlement and it may be scheduled throughout the calendar year.

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- 10:04 a) Employees on each schedule shall choose their vacation dates in order of seniority based on department/unit guidelines to be posted each year. The senior Employee will choose his vacation date first, and should he decide, in accordance with the selection procedure herein contained, to split his vacation he shall not make his second or third selection until all other Employees on the schedule have made their first and second selections. No Employee, on his first selection, may take more than three continuous weeks vacation during the months of May to September inclusive. The next senior Employee will follow the same procedure and so on down the schedule until all Employees have made their selections.

There shall be three (3) vacation selection periods for the calendar year as follows:

- 1st Selection period – November 1 to November 30 for the following year.
- 2nd Selection period – December 1 to December 31 for the following year.
- 3rd Selection period – January 1 to January 31 to the current vacation year.

Employees must make their selections within three (3) working days after approved vacation schedules are posted through out the vacation selection periods.

Once the vacation schedule is completed an employee's vacation may only be changed by mutual consent.

- b) An Employee may take his entire vacation in one continuous period during the months of October to April. However, no vacation may be taken in the period December 14 to December 24, unless operational requirements permit and it is approved by the Company.

- 10:05 In the event an employee resigns or is terminated, vacation pay will be determined as follows:

If the resignation occurs prior to March 1 for the current calendar year, vacation pay will be calculated at 2% of regular earnings for each week of entitlement from the previous March 1 to the date of termination less any vacation actually taken during the current calendar year. Any vacation overpayment will be deducted from final earnings.

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If the resignation occurs after March 1 for the current calendar year, vacation pay will be calculated at 2% of regular earnings for each week of entitlement from March 1 to the date of termination plus any vacation entitlement not taken in the current calendar year.

ARTICLE NO. 11 - PAID HOLIDAYS

- 11:01 Employees currently on payroll for more than thirty (30) calendar days shall be entitled to recognized general holidays with pay equal to their regular hourly rate for their scheduled hours of work. In order to qualify for holiday pay, employees must work their last scheduled shift prior to the holiday and their first scheduled shift after the holiday and the holiday, if scheduled; unless absent due to illness verified by a doctor's certificate. Employees who are scheduled to work the holiday and do not, due to a verified illness, will receive the holiday pay but do not qualify for sick benefit.
- 11:02 The following general holidays are recognized:
- New Year's Day, Family Day, Good Friday, Victoria Day, Canada Day, August Civic Holiday, Labour Day, Thanksgiving Day, Remembrance Day, Christmas Day and Boxing Day.
- 11:03 All general holidays are recognized for pay purposes on the actual day on which they fall. Canada Day is the only holiday with an exception (i.e. It is recognized on July 1st except when it falls on Sunday, in which case Monday, July 2nd becomes the holiday).
- 11:04 Employees who are required to work on a general holiday shall be paid at the rate of time and one half (1½) their regular rate of pay for all hours worked on that day in addition to their regular days pay for the general holiday.

ARTICLE NO. 12 - SHOP STEWARDS

- 12:01 The number of Shop Stewards in a bargaining unit will be agreed upon between local Management and the Union. All of such Stewards shall be Employees of the bargaining unit defined herein, who have attained seniority, and shall be elected by the Union and recognized by the Company. The Union will advise the Company in writing of the names of such Stewards.

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The elected Shop Stewards shall appoint a chairman from among themselves. Their duties shall be to see that the members of the Union abide by the rules and regulations of the Company, the Union, and the terms of this Agreement.

- 12:02 In order to facilitate collaborative relations, the Company and the Union agree to form a "Joint Labour Management Committee" that shall meet on a regular basis for the purpose of reviewing business and operational plans and to discuss issues and opportunities. Where practical, it is intended that the meetings shall be held monthly during regular working hours.
- 12:03 The Union will elect and the Company agrees to recognize a Grievance Committee, the number agreed upon between local Management and the Union, whom shall be Employees of the bargaining unit defined herein, who have attained seniority. A list of Grievance committee members shall be furnished to the Company.
- 12:04 Grievance meetings with the Grievance Committee shall be conducted at times suitable to the operation of the business, by arrangement between Company Management and the Chief Shop Steward. The Company will pay members of the Grievance Committee at their regular rates for time spent at meeting of the Grievance Committee with Management Representatives during regular working hours.
- 12:05 Before leaving his job or his Department in connection with any grievance, a shop Steward or member of the Grievance Committee must first obtain permission from the Supervisor of his Department. Should the grievance require such steward or member of the Grievance Committee to go into another Department, he must first report to the person in charge of the Department.

ARTICLE NO. 13 - GRIEVANCE PROCEDURE

- 13:01 Should any alleged grievance arise as to the interpretation and application of the provisions of this Agreement, such grievance shall be processed within ten (10) working days after the circumstances giving rise to the grievance have originated or occurred, in the following manner and sequence:

FIRST STEP

Between the aggrieved Employee, with the Shop Steward, and his Department Supervisor. The decision of the Department Supervisor shall be

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given within three (3) working days following presentation of the grievance. Failing settlement, then,

SECOND STEP

Within three (3) working days following the decision under the first step, a meeting will be held between the Shop Steward and the Department Manager. The decision of the Department Manager shall be given within three (3) working days of such meeting. Failing settlement, then,

THIRD STEP

Within three (3) working days following the decision under the Second Step, a meeting will be held between the Union Grievance Committee and a Committee designated by the Company. A staff representative of the Union will be present at the request of either the Company or the Union.

A decision under this step will be given within five (5) working days following such meeting. The grievance will be presented in writing at this step by the grieving party. Failing settlement, then,

If the grievance remains unsettled, then within ten (10) working days of the date of the decision, under the third step, the grievance shall be referred to a Board of Arbitration as provided herein.

13:02 The term "working days" for purposes of this Article shall not be deemed to include Saturdays, Sundays and Paid Holidays.

13:03 If the Company wishes to grieve to the Union against any action of the Union, its officers or Members, the foregoing procedure may be followed commencing with the second step.

If an Employee, who has completed the probationary period, has an alleged grievance that he has been unjustly discharged, he shall notify the Company through the Grievance Committee within three (3) working days after date of separation stating the reason of objection to the discharge and the grievance will be considered commencing with the second step of Article 13:01.

13:04 Should any grievance arise directly between the Company and the Union as to the interpretation and application of the provisions of this Agreement, the grievance shall be taken up commencing at the second step of Article 13:01.

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13:05 Pending settlement of any grievance, the aggrieved Employee shall perform the duties assigned to him.

13:06 a) If the Union and the Company cannot reach a settlement, following the third step of the Grievance Procedure, and upon request of either party, the grievance shall be submitted to the Board of Arbitration composed of three (3) members. The Company and the Union shall each select one (1) member, and the third member within seven (7) days shall be selected by mutual agreement of the two (2) members first selected. The third member shall be impartial and possess knowledge of Labour Management relations. The third member shall act as Chairman of the Board.

If agreement cannot be reached within seven (7) days, in respect to the appointment of the Chairman of the Board of Arbitration, the matter shall be referred to the Minister of Labour of the Province of Alberta who shall appoint a Chairman. No person involved directly in the controversy under consideration shall be a member of the Board of Arbitration.

- b) The Board of Arbitration shall receive and consider material evidence and contentions as the parties may offer and shall make such independent investigation as it deems essential to a full understanding and determination of the issues involved. In reaching its decision, the Arbitration Board shall be governed by the provisions of this Agreement.
- c) The Board of Arbitration shall not be vested with the power to change, modify or alter any of the terms of the contract. All grievances submitted shall present an arbitrable issue under this contract, and shall not depend on, or involve, an issue of contention by either party which is contrary to any provisions of this contract, or which involves the determination of a subject matter not covered by or arising during the term of this contract.
- d) The findings and decision of the Board of Arbitration on all arbitrable questions shall be binding and enforceable on all parties. A decision of majority of the Board of Arbitration shall be deemed to be a decision of the Board.
- e) The expense of the Chairman shall be borne equally by the parties of the Arbitration.

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- f) The Company and the Union may agree to a single arbiter, jointly selected rather than a Board consisting of three (3) members.

ARTICLE NO. 14 - SUMMER RELIEF AND PART-TIME EMPLOYEES

14:01 The Company may employ summer relief and part-time Employees under the following conditions:

- a) To supplement the regular work force, to provide additional help on an incidental basis to cover work periods and other such time to cover an absent Employee.
- b) Part-time and Summer Relief Employees shall not be employed or scheduled to the extent that their work results in the displacement or prevents the hiring or recall of full-time Employees.
- c) Each part-time and Summer Relief Employee shall, as a condition of continuing employment, pay each month Union dues in accordance with Article 4 of the Agreement for those months in which the Employee has earnings.
- d) A part-time Employee employed under the conditions set out in Clauses a), b) and c) above shall not be guaranteed a minimum number of hours per week.
- e) Part-time Employees will be paid the wage rate as set out in Appendix "A" of this Agreement and should they be employed in classifications covered in Group 1, Group 2 or Group 3, then the appropriate wage shall apply.
- f) Part-time Employees shall be given first opportunity to qualify as regular Employees and be placed at the bottom of the seniority list if they meet all qualifications and their seniority date will be the date in which they become a full-time Employee.
- g) Summer relief shall be defined as those Employees hired between April 1st and September 15th of any calendar year for the purpose of temporarily replacing vacationing regular Employees. When a permanent vacancy occurs under Clause 7:04 it will be posted as provided therein.

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- h) Seniority will not accumulate during the period between April 1st and September 15th inclusive, but in the event a Summer Relief Employee is retained as a regular Employee after September 15th, his probationary period under Article 7:02 will commence as of September 16th. Should he satisfactorily complete such probationary period, his seniority date will be established as his original date of hire as a "Summer Relief" Employee.
- i) The Company will maintain in each department a list of part time employees and the total hours each part time employee has worked on a four (4) week basis. The shop steward will be granted access to said information on a "as requested" basis.

ARTICLE NO. 15 - MUTUAL INTEREST

- 15:01 The Union agrees that it will further the interests of the Company at all times to the limit of its ability.
- 15:02
 - a) An Employee promoted under Article 7:04 shall receive the higher rate when he becomes qualified, but such qualifying period for purposes of rate application will not exceed twenty (20) working days.
 - b) Employees temporarily working on jobs of a higher rated classification shall be paid the higher rate for the first four (4) hours of work. If however, the employee works at least four (4) hours, he/she shall receive the higher rated pay for the entire day. If he/she shall work in excess of twenty (20) hours in a given week on a higher rated job he/she will receive the higher rate for the entire week.
- 15:03
 - a) Any classification not included in this Agreement, any change in classification, or any change in method constituting a change in classification, shall be negotiated between the Company and the Union, at the time it comes into existence. If the parties fail to reach agreement, the matter shall be referred to a Board of Arbitration. The Board shall be empowered to make a binding Award.
- 15:04
 - a) Employees shall be paid bi-weekly.
 - b) All Employees shall be given a statement with each two week pay period pay cheque, showing overtime hours worked, if any, units sold,

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Home Service and Wholesale, base pay and commissions, and how the amount is computed, including deductions, if any.

15:05 **Jury Duty or Subpoenaed as a Crown Witness**

The Company shall continue to pay an Employee for scheduled hours at his regular wage for time he is away due to being summoned to serve Jury Duty. Within one (1) month of the Employee's return to work he will reimburse the Company the full amount of any court fees received from the Government. It is understood that the Employee will report to work during regular hours that he is not required to attend court and may be required to produce a certificate of service from the Court Office if requested by the Company.

15:06 **Leave of Absence**

- a) Leave of absence to a maximum of six (6) months may be granted to an Employee by the Company for good and sufficient reason upon application by the Employee provided the granting of such leave does not interfere with the requirements of the business. Leave of absence for a period during prime time May to September and December 14 to 24 shall be limited to compassionate purposes.
- b) If leave of absence is for a period of one (1) week or more, a written application shall be made by the Employee to the Company, and if leave is granted by the Company, it shall be confirmed in writing.
- c) Seniority shall accumulate through periods of such leave of absence, but where leave exceeds one (1) calendar month, the employee will be required to repay all premiums on any benefits to which he is entitled.

15:07 **Compassionate Leave**

That application for compassionate leave of absence must be made to the Department Supervisor and approved by the Department Manager. In the event of the death of a member of a regular employee's immediate family, the Company will grant a bereavement leave of up to three (3) days, with pay, if the employee is scheduled to work. An additional leave of absence without pay may be granted based on individual circumstances.

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“Immediate family” shall mean spouse, common-law spouse, parents, child, brother, sister, grandparents, grandchildren, mother-in-law, father-in-law, brother-in-law, sister-in-law, grandparents-in-law, step mother, step father, step brother and step sister.

15:08 a) **Uniform - Plant Employee**

The Company will provide and launder, without charge, designated outer work clothing required by plant, laboratory and maintenance employees in the performance of their duties. It is understood and agreed that such clothing will be treated with proper care by the employee and will not be removed from Company premises under any circumstances. Employees that work in either the bulk or finished goods warehouse shall be provided with proper freezer clothes and replaced as required.

b) **Safety Footwear**

As a condition of employment, all employees shall be required to wear company approved safety footwear. Employees who have completed their probationary period shall be eligible for reimbursement of up to \$100.00 per year (or \$200.00 for two years) upon submission of the appropriate receipts. Employees demonstrating the requirement, with prior authorization from their Supervisor and upon submission of appropriate receipts, shall be granted an additional reimbursement of up to \$100.00 per year for safety footwear.

15.09 **Severance Pay**

- (i) A regular employee who is permanently laid off due to discontinuance of an operation or lack of work shall receive severance pay (exclusive of notice) on the basis of 1.0 weeks pay for each year of service:
- (ii) A regular employee in a department affected by permanent lay-offs who would not otherwise lose his employment may apply to voluntarily terminate and receive a separation allowance (exclusive of notice) of 1.0 weeks pay for each year of service to a maximum of ten (10) years service:

The number of employees eligible for severance under this provision shall be determined by the Company each year:

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(iii) An employee accepting severance shall be considered terminated.

15.10 **Disciplinary Notices**

- (a) An employee will receive a copy of any written reprimands, incident reports or warning letters placed on his file, with a copy to the Union.
- (b) Disciplinary notices shall not be referred to after two **(2)** years of actual work service where no other offence has taken place.
- (c) The Parties agree that a Union representative or, if this is not possible, another Union Employee will be present when an Employee is undergoing disciplinary action.

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ARTICLE NO. 16 – HEALTH AND WELFARE

The Company is to pay for yearly medical examination for all drivers compelled by law to take the examination.

16:01 **Pension Plan**

Effective June 26, 2006 (first day of next pay period following ratification) contributions to the Teamsters Pension Plan shall be one dollar and forty cents (\$1.40) per hour for all hours worked (including vacation & holiday pay but excluding overtime). This shall be increased to one dollar and fifty cents (\$1.50) per hour effective the first pay period in May 2007, one dollar and sixty cents (\$1.60) per hour effective the first pay period in May 2008, one dollar and seventy cents (\$1.70) per hour effective the first pay period in May 2009. Contributions will start on the day an employee begins work for the company.

It is agreed that the Teamsters Pension Plan as administered by Miscellaneous Employees, Teamsters Local Union 987 of Alberta Province of Alberta will be amended to provide the following:

- a) There will be no contributions by the Company to the Pension Plan for hours worked by students Employees.

Re: Contributions on behalf of part-time and summer students; the Company will make any contributions on behalf of a part-time and/or summer student as required under the Alberta Pension Act.

16:02 **Dental Plan** - see Company Benefit Plan.

16:03 **Short Term Disability Plan** - see Company Benefit Plan. Effective July 1, 2001 the Company shall be responsible for 100% of the premium costs of the Weekly Indemnity Plan.

16:04 **Long Term Disability Plan** - see Company Benefit Plan.

16.05 **Sick Leave**

- a) Full time employees unable to work due to illness may be eligible to receive pay for hours lost to a maximum accumulation of fifty-six (56) hours per calendar year:

ARTICLES OF AGREEMENT

- b) An employee who works the complete calendar year shall receive a pay-out of 100% of his accrued sick leave, provided the employee has not received a written warning regarding his attendance in that calendar year:
- c) An employee absent due to any combination of WI or LTD in excess of 30 days shall have his sick leave pro-rated for the purposes of any payout.

16:06 **Benefit Eligibility**

Effective the first day of the month following 960 regular hours worked in a continuous twelve (12) month period, all regular employees (full-time, part-time but excluding summer help) shall be entitled to applicable Health & Welfare Benefits as presently provided by the Company.

Employees on recall or part-time will be eligible for applicable Company benefits (medical, dental and extended health) provided they work a minimum of 50% of regular working hours in the previous period (reviewed quarterly). Where the employee does not qualify for benefits under this provision he has the option of pre-paying these benefits.

16:07 **Medical Certification**

The Company may request that individual employees provide a medical certificate to substantiate an absence or disability, to the satisfaction of the Company, when it suspects abuse or determines that absences are excessive or an unacceptable pattern is developing.

16:08 **Alberta Health Care**

The Company will pay the full cost of Alberta Health Care.

ARTICLE NO. 17 - DURATION, TERMINATION AND AMENDMENTS

- 17:01 This Agreement shall be in full force and effect as of the 1st day of May, 2006 and continue in full force and effect through the 30th day of April, 2010 and from year to year thereafter except as hereinafter provided.

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- 17:02 Either party may terminate this Agreement on any anniversary date, by notice in writing to the other party, not less than sixty (60) days prior to such anniversary date of this Agreement.
- 17:03 If amendments are desired by either party to become effective in the next ensuing year, the party proposing such amendments shall give notice in writing thereof to the other party not less than ninety (90) days before the last day of April in any year, and negotiations on such amendments shall be commenced within twenty (20) days of the receipt of said notice.

ARTICLES OF AGREEMENT

SIGNED AT Calgary, Alberta, this _____ day of _____, 2006

Signed on Behalf of:

Saputo Foods Limited
Calgary, Alberta

Robin Black

Jerry Schipper

Kim Lesser

Tim Dolinski

Sylvie Gazaille

Signed on Behalf of:

MISCELLANEOUS EMPLOYEES TEAMSTERS UNION
LOCAL 987 OF ALBERTA
Calgary, Alberta

Trevor Stevens

Andy Braden

Bobby McCaffrey

Pat Pope

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APPENDIX "A" WAGES & CLASSIFICATIONS

SECTION 1	RATES PER HOUR				
	Current Base	1 st Full pay May 2006	1 st Full pay May 2007	1 st Full pay May 2008	1 st Full pay May 2009
Group 1					
Maintenance & Engineering*	27.77	28.60	29.46	30.57	31.71
Group 2					
Machine Operators	19.71	20.51	21.33	22.13	22.96
Group 3					
Laboratory Technicians	19.11	19.68	20.27	21.03	21.82
Warehouse Workers	18.21	19.22	20.27	21.03	21.82
Group 4					
Other Experienced Employees	18.21	18.76	19.32	20.04	20.80

Part time

New employees (including summer help and excluding maintenance) shall receive 75% of the job rate for the first year (2000 hours worked) and 85% of the job rate for the second year (next 2000 hours worked). Thereafter, the employee shall receive the job rate.

Electrical/Electronic Certification:

A premium of \$2.50 per hour shall be paid to Maintenance employees holding PLC/Electronic certifications or equivalency who are capable of performing the required work and actually perform the assigned work requiring these skills.

LEADHAND

"Leadhand" designated by the Company will be paid a lead hand premium of \$1.00 per hour over the employee's posted job and regular rate in recognition of additional responsibilities to direct (including training, related administration) and oversee the activities of a specific work group or Department.

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LETTER OF UNDERSTANDING

RE: COST OF ABSENTEEISM

The Company has serious concerns as it relates to the cost of absenteeism abuse and control.

It is the intent of the Company over time to institute plans and programs directed towards the improved management of this concern area.

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LETTER OF UNDERSTANDING

RE: ALTERNATIVE WORK ARRANGEMENTS

1. Pursuant to Article 8, the parties acknowledge that "alternate work arrangements" may be necessary in order to ensure the efficient scheduling and operation of particular departments and satisfy customer requirements.
2. In support of this understanding, alternate work arrangements other than those designated in Clause 8:02 (eg. 12 hours per day, 35 to 44 hours per week etc.) For a particular department, work group or individual may be utilized.
3. In all cases the company will endeavour to schedule and maintain an average of 40 hours of work per week over each pay period or work cycle (eg. 3 weeks). However, in recognition of daily, weekly, and seasonal fluctuations in volume and time requirements, employees will be paid for actual time worked.
4. It is understood that under alternate work arrangements, overtime would only be paid if the hours worked exceed the daily schedule or the total hours worked exceed the scheduled hours in a specific period (eg. pay period or work cycle).
5. A minimum of two consecutive days off per week will be scheduled and, where practical, the Company will endeavour to schedule such days to include a Saturday or a Sunday.

ARTICLES OF AGREEMENT

LETTER OF UNDERSTANDING

RE: HEALTH & WELFARE BENEFITS

- 1 The parties hereby recognize that the provision of Health & Welfare Benefits represents a serious escalating cost to the Company that must be judiciously controlled in order for the Company to continue to provide these benefits.
- 2 The parties recognize that it is in their mutual interest to recognize and agree to control Health & Welfare benefits through the following principles:
- Provision of a base level of Health & Welfare Benefits
 - Uniformity of benefit plan provisions across all Company operations
 - Standardization of insurers across employee groups
 - Diligent administration by and through the insurers
 - Subrogation by the insurer for rights of recovery
 - Retention by the Company of any insurance, government rebate (e.g., E.I. Premium rebate)
- 3 In accordance with these principles, the Company agrees to provide the following Health and Welfare Benefits:

Medical:	Provincial coverage. Premiums paid by the Company.
Dental:	Basic coverage @ 100% and major restorative @ 60%. Maximum \$2,000/yr/person. Premiums paid by the Company.
Extended Health:	Standard plan, including optical plan of \$100/2 years. \$35.00 eye exam every twenty-four (24) months. Extended Health Care Drug Reimbursement at 80% with no deductible. Premiums paid by the Company.
Weekly Indemnity:	60% of gross weekly base rate for up to 26 weeks. Premiums paid by the Company.

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Long Term Disability: 60% of gross weekly base rate. Premiums paid by the employee.

Life Insurance: 1 X base annual wage. Premiums paid by the Company.

4. This plan to be effective September █ 2001.
5. The Company agrees to provide these benefits on the understanding that administration, inclusive of adjudication of claims, is the sole responsibility of the applicable insurer.

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LETTER OF UNDERSTANDING

RE: BENEFIT ELIGIBILITY AND REGULAR FULL TIME STATUS

The purpose of this Letter is to set out the process and principles under which an employee becomes eligible for benefits and regular full time status.

1. The practice with respect to the use of students and part-time employees covered under Articles 7.02, 14 and 16.06 shall continue.
2. Article 16.06 Benefit Eligibility shall be amended as follows:

16.06 a) Full Time Employees

Effective the 1st of the month following 960 hours worked in a continuous 12 month period, employees hired as regular full time (excluding part-time and summer help) shall be entitled to full Health and Welfare benefits as provided by the Company.

16.06 b) Part-Time Employees

Effective the 1st of the month following 960 hours worked in a continuous 12 month period, employees hired as part-time (excluding summer help) shall be entitled to core Health and Welfare benefits (medical, dental and extended health) as provided by the Company.

16.06 c) Full Benefits and Regular Full Time Status

Effective the 1st of the month following 1900 hours worked in a continuous 12 month period, employees hired as part-time (excluding summer help) shall be considered regular full-time and be eligible for full Health & Welfare benefits (including pension, disability and sick leave*) provided by the Company

16.06 d) Core Benefit Eligibility

All benefit eligible employees on recall will be entitled to core Health and Welfare benefits (medical, dental and extended health) as provided by the Company, provided they work a minimum of 50% of the regular working hours in the previous period (reviewed quarterly). Where the employee does not qualify for benefits under this provision he has the option of pre-paying these benefits.

* Note of clarification:

In the first year an employee becomes eligible, sick leave entitlement shall be pro-rated on the basis of 1/12 of the sick leave accumulation for each full month remaining in the calendar year in which full time status is attained.

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LETTER OF UNDERSTANDING

RE: OVERTIME BANKING OPTION

1. Employees shall receive pay at the rate of time and one half (1½) their regular pay for overtime worked.

OR

2. Upon written notice of the employee to the Company, the employee may elect to:
 - (a) To accrue the overtime hours at straight time and to be scheduled as time off at a mutually agreeable time prior to April 30th each year.
 - (b) It is understood that the maximum number of hours that may be accrued from banking overtime and Statutory Holidays together is eighty (80) hours.
 - (c) Should the Company be unable to provide the time off prior to April 30th each year, the employee shall receive a payout of the amount of hours at time and one half (1½). Upon written notice of the employee to the Company, the employee may elect to:

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LETTER OF UNDERSTANDING

RE: TIME WORKED ON A STATUTORY HOLIDAY

1. Employees who are required to work on a General Holiday shall be paid at the rate of time and one half ($\frac{1}{2}$) their regular pay for all hours worked on the day in addition to their regular days pay for the General Holiday.

OR

2. Upon written notice of the employee to the Company, an employee may elect:
 - (a) To be paid straight time for all hours worked on that day and,
 - (b) To accrue one (1) day's holiday to be scheduled at a mutually agreeable time prior to April 30th each year.
3. It is understood and agreed that the maximum number of hours that may be accrued in a calendar year is eighty (80) hours.
4. Should the Company be unable to provide the time off prior to April 30th each year, the employee shall receive a pay out of the accrued hours at one and one half (1%).

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LETTER OF UNDERSTANDING

RE: HOURS OF WORK

As an alternative to the current schedule, the Company may utilize an eight (8) hour per day schedule consisting of three (3) fifteen minute paid breaks.

(For the purposes of this clause the 3rd fifteen minute paid break is in lieu of the unpaid lunch break).

Dated at Calgary, Alberta this _____ day of _____, 2006

ARTICLES OF AGREEMENT

LETTER OF UNDERSTANDING

RE: Pay practices for new hires – September 2, 2006

In order to compete in an extremely tight labour market, all new hires under Groups 3 (Warehouse Workers) and 4 (Other Experienced) Classifications will be hired at 85% of their Classification Rate and after successful probation, increase to 100% as of the first of the pay period following the end of their probation period.

This is not intended to permanently modify the Collective Agreement, but to deal with the current labour market crisis, and is subject to review as determined by the Company.

Dated at Calgary, Alberta this _____ day of _____, 2006

Signed by:

Saputo Foods Ltd.

Teamsters Local 987

ARTICLES OF AGREEMENT

Set Shift Scheduling Calgary 2006

The Union and the Employer accept the importance of providing the highest quality products that are cost effective, market competitive, as well as providing timely and excellent service to our customers. Further we agree that the implementation and continuance of set shifts cannot at any time have any negative effects to the above. Set shift scheduling is towards enhancing employee satisfaction and will result in advancing plant performance.

It is understood that to maintain and advance plant performance employees will be scheduled within their Department and Classification firstly by individual demonstrated competencies, as determined by the Employer required for **each shift/line** to perform efficiently and secondly by shift preference. The Employer shall retain the right at all times to see that the required number of experienced and competent employees is available on each shift.

It is understood that a Shift Selection survey will be the first step, which will enable the Company to adequately build a workable schedule. The Survey will establish employee shift preference.

Employees that claim to have the competencies to be placed on their preferred shift will have the opportunity to demonstrate such competencies on their current shift to the satisfaction of the Employer before their shift schedule would be changed. The Employer will be reasonable in the assessment of competencies.

When a vacancy or new job is created it shall be posted and awarded as per article 7. Notwithstanding article 7 should Machine Operators and/or positions involving higher level of skills and competencies as determined by the Employer apply to a vacancy or new job of lesser skills and competencies to obtain their preferred shift, their replacement must be fully trained and competent before their shift change is received. The Company will only train one new Machine Operator at any given time to replace a current Machine Operator that chooses to go to a lesser skilled position and move to a preferred shift.

When a General Plant Help vacancy is created it will be posted in accordance with article 7. Should the successful applicant be a Machine Operator (only one at any given time) their replacement must be fully trained and competent before their classification change is received. When the change of classification is received and the successful applicant moves into the General Plant Help classification there shall be a "General Plant Help shift selection" firstly by individual demonstrated Competencies, as

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determined by the Employer required for **each shift/line** to perform efficiently and secondly by seniority – shift preference.

The vacant Machine Operator Position will first have a “Machine Operator shift selection’ firstly by individual demonstrated competencies, as determined by the Employer required for **each shift/line** to perform efficiently and secondly by shift preference. Then the vacant Machine Operator Position will be posted as per article 7. Any subsequent vacancies may be filled as determined by article 7.

Shift Selection and or job postings will not apply to “vacation relief’ hiring as the business needs and increase in staffing will affect **all** three shifts.

For example:

MO to GPH

1. Vacant GPH position posted 5 days as per article 7.
2. Vacant GPH position filled as per article 7 – senior MO that applied.
3. MO’s shift selection for future (after replacement trained).
4. GPH shift selection for future includes MO moving into GPH position.
5. Vacating MO position including shift posted 5 days as per article 7.
6. Successful applicant begins training.
7. Vacant GPH position filed **as** determined by the Employer.
8. Training complete MO moves to GPH position and shift as per above.
9. Trained new MO begins working as MO on posted shift.