

This document summarizes agreements to date. **Outstanding items are in bold.**

Items in italics still need further discussion.

Items in **GREEN BOLD** are regarding a multi-banner/Local agreement.

The employer intends to create a number of large stores with a greater proportion of the floor area devoted to Department Store Type Merchandise (DSTM) in order to compete with Walmart.

The employer would prefer to operate these stores as Loblaws "Real Canadian Superstore" (RCSS), Zehrs RCSS and Fortinos RCSS, but is only prepared to do so if it can obtain different terms and conditions of employment governing new operations so that they may compete with Walmart.

The union and the employer have tentatively agreed to the following, subject to the union's consultation process and final approval:

1. Each of tThe Loblaws, Zehrs and Fortinos collective agreements (the parent agreements) will be amended by the addition of a "Real Canadian Superstore" (RCSS) Appendix.
2. The RCSS Appendix will apply to all new *Loblaws* RCSS stores of their respective banners opened after the date of this agreement. A RCSS store is one in which 40% or more of the area of the selling floor is devoted to DSTM.
3. The Loblaws RCSS Appendix will also apply to the Loblaws store at 1201 Oxford Street, London, Ontario, following its rebuild into a Loblaws RCSS.
4. Subject to paragraph 5, the parent agreements, and not the RCSS Appendix, will continue to apply to all existing Loblaws stores covered by the respective collective agreements and any new store which does not meet the definition of a RCSS store (i.e. conventional stores), and will apply to a rebuild or renovation of such a store site or abutting property or in the same mall.
5. A letter of understanding to each of the parent agreements will provide that only the DSTM wage rates and progressions of the RCSS Appendices, will also apply to the DSTM departments of conventional stores following a rebuild or renovation by the employer on existing or abutting property or in the same mall if the result of the rebuild or renovation meets the following three criteria:

- a. the square footage of the store *selling floor* is expanded by 35% or more from its current square footage;
- b. the square footage of the store *selling floor* is 105,000; and
- c. 40% or more of the area of the selling floor is devoted to DSTM.

Up to 12 DSTM departments will be named in the letter and in the rebuilt or renovated stores that meet the three criteria, these departments replace the General Merchandise Departments currently provided for in Article 20.03 of the Loblaws parent agreement, and Article ** of the Zehrs parent agreement.

The letter will provide that part time General merchandise employees at conventional stores being rebuilt or renovated and qualify within these three criteria will be provided with the buy-out, buy-down and/or ERO referred to below.

- 6. The RCSS Appendix to the parent agreements will contain the same terms and conditions of employment as currently set out in the Fortinos' agreement, except for the following:

- a. The RCSS Appendix will provide that the employer can create up to 12 DSTM departments in a store. These 12 DSTM departments replace the General Merchandise Departments referred to in Article 20.03 of the Loblaws agreement. The Zehrs RCSS Appendix will specify that the 12 DSTM departments that replace the General Merchandise Departments referred to in Article **** of the Zehrs agreement.
- b. The department managers and assistant department managers of the DSTM departments are excluded from the bargaining unit.
- c. **Any DSTM department which has an assistant department manager will also have at least one full time day clerk bargaining unit position within that department.**
- d. The total number of exclusions in the RCSS stores above the rank of department managers are store manager and up to 3 assistant store managers.
- e. Part-time employees in the DSTM departments will be paid in accordance with the following DSTM wage grid:

0	to	500 hours	\$7.10
501	to	1250 hours	\$7.30

1251	to	2000 hours	\$7.50
2001	to	2750 hours	\$7.70
2751	to	3500 hours	\$7.90
3501	to	4250 hours	\$8.10
4251	to	5000 hours	\$8.30
5001	to	5750 hours	\$8.50
5751	to	6500 hours	\$8.80
6501	to	7250 hours	\$9.10
7251	to	8000 hours	\$9.40
8001	to	8750 hours	\$9.70
+8750 hours			\$10.00

- f. *Part time DSTM employees who have worked more than 2000 hours may request a transfer to a higher wage rate department (i.e. a non- DSTM department). Employees who make this request will have their name placed on a waiting list.*
- g. *When a vacancy arises in a non DSTM department it will be offered by seniority to employees on the list provided they possess the necessary job knowledge and competence to perform the job.*
- h. *Employees who transfer will slot into the next higher wage progression for that department and assigned the corresponding hours for wage progressions only.*
- i. *The seniority of employees who transfer will be one day less than the most junior employee who has completed their probationary period. (The seniority of transferring employees at Zehrs and Fortinos bargaining units to confirmed.)*
- j. *Full company service will continue to apply as applicable.*
- k. *The full time and part time wages progressions of the Fortinos' agreement will apply to the non-DSTM departments, however the classifications to which they apply will be of the parent agreement. (The Fortinos wage progressions with the appropriate classification headings for the Loblaws RCSS Appendix are attached.) [The Zehrs RCSS classification headings will also have to be added]*
- l. *"Schedule A" to the Fortinos' agreement will be completed and will form part of the RCSS Appendices.*
- m. *The pension provisions of the Fortinos' agreement will be deleted and the*

pension provisions of the parent agreement will apply to the RCSS Appendix.

- n. The Loblaws RCSS Appendix will contain or adopt the following provisions of the Loblaws parent agreement instead of the similar or comparable provisions in the Fortinos' agreement:
[non-union department managers and assistant department managers, can only perform bargaining unit work within their own departments - LSL P.3 - 1.04 (d) and penalty - 1.04 (e), seniority, rights to post, transfer, bump, LOUs]
 - o. The Zehrs RCSS Appendix will contain or adopt the following provisions of the Zehrs parent agreement instead of the similar or comparable provisions of the Fortinos' agreement:
[non-union department managers (and presumably assistant department managers), can only perform bargaining unit work within their own departments, seniority, rights to post, transfer, bump, LOUs]
7. The employer will offer an Early Retirement Option (ERO) to:
- a. All full-time and part-time employees of Loblaws and Zehrs. *[This offer shall be made on **** and shall remain open until *****.]*
 - b. All employees affected by the opening of an RCSS store and a related closure of a conventional store, or by the conversion of the conventional Loblaws store at 1201 Oxford St., London, Ontario, into a RCSS store.
 - c. All part time General Merchandise employees referred to in the Letter of Understanding described in paragraph 5.
 - d. The employer is to clarify when and under what conditions it is prepared to offer the ERO to employees of Fortinos.
8. To be eligible for the ERO, an employee must be:
- a. 55 years of age or older *[as of when? The end date of the offer?];* and
 - b. employed as of the date of the offer.
9. An employee who elects the ERO is entitled to:
- a. a pension and benefits in accordance with and subject to the conditions of

the applicable pension plan; and

- b. a retirement allowance equal to:
 - i. 4 weeks pay [*regular? average? If average, over what period?*] for each completed year of service [*company? bargaining unit?*], to a maximum of \$75,000 in the case of full time employees and a maximum of \$10,000 in the case of part time employees; or
 - ii. the equivalent of what the employee would be paid [*regular? average? If average, over what period?*] if the employee continued to work until his or her 65th birthday (67th birthday in the case of Zehrs part time employees),

which ever is less.

- 10. A full time employee who elects the ERO can choose to continue to be employed as a part time employee in accordance with the provisions and practices of the applicable collective agreement.
- 11. The employer also agrees to pay the retirement allowance to any individual who retired on or after January 1, 2003, and before the date on which the ERO was offered.
- 12. All employees affected by the opening of an RCSS store and a related closure of a conventional store, or by the conversion of the conventional Loblaws store at 1201 Oxford St., London, Ontario, into an RCSS store, and all part time General Merchandise employees referred to in the Letter of Understanding described in paragraph 5, will have the following options, in addition to what ever options they may have under the terms of the applicable collective agreement:
 - a. The employee may elect to sever his or her employment and accept a "buy out" package.
 - i. The amount of the "buy out" package will be 4 weeks pay [*regular? average? If average, over what period?*] for each completed year of service [*company? bargaining unit?*] as of the date of closing, to a maximum of \$75,000 in the case of full time employees and a maximum of \$10,000 in the case of part time employees.
 - ii. Full time employees will receive a minimum "buy out" package of \$10,000.

- iii. Part time employees will receive a minimum "buy out" package of \$500 if they have been employed for less than a year or \$1,000 if they have been employed for a year or more.
- b. The employee may elect to accept employment in the new RCSS which resulted in the closure and receive a "buy down" package.
 - i. The amount of the "buy down" package will be 3 weeks pay [regular? average? If average, over what period?] for each completed year of service [company? bargaining unit?] as of the date of closing, to a maximum of \$75,000 in the case of full time employees and a maximum of \$10,000 in the case of part time employees.
 - ii. Full time employees will receive a minimum "buy down" package of \$10,000.
 - iii. Part time employees will receive a minimum "buy down" package of \$500 if they have been employed for less than a year or \$1,000 if they have been employed for a year or more.
 - iv. Employees accepting the "buy down" option bring their [company? bargaining unit?] seniority with them to the RCSS.
 - v. Employees accepting the "buy down" option will slot into the RCSS wage grid at their current rate, or the RCSS end rate if the employee's current rate exceeds the RCSS end rate, and progress accordingly to the new end rate.

[One option is for an employee to bring his/her hours earned towards the next step of their old wage progression into the new wage progression. For example, a part time Loblaws employee hired after December 8, 1996, has 3100 hours. This places her at 2751 to 3500 hours on the Loblaws wage grid with the result that she earns \$9.00/hour. The employee is affected by the opening of an RCSS and elects to take the buy down option. The employee's hourly rate remains at \$9.00/hour and places her between 5751 to 6500 hours on the RCSS wage grid. She is deemed to have 5751 + the 350 hours earned towards his/her next progression = 6101 hours for the purposes of progression on the RCSS wage grid and would progress to the next progression after working an additional 400 hours to the 6501 to 7250

increase.

[The other option would be for the employee to move to the next higher rate and be deemed to have the corresponding hours. For example, the same employee would go from \$9.00/hour to \$9.10/hour and be deemed to have 6501 hours and progress to the next progression after 750 hours to the 7251 to 8000 increase]

- vi. **The benefits of employees who accept the "buy down" will be grand fathered.**
 - vii. **Full time employees electing the "buy down" option take their personal assurance of full time employment with them to the RCSS store.**
 - viii. **When electing the "buy down" option, an employee may choose to do so on a trial basis. Such employees will move to the RCSS with their seniority and slot into the RCSS wage grid as discussed above, but will retain the option of returning to a conventional store under the banner for 6 months from the date of transfer to the RCSS. The amount of the "buy down" package of such an employee will be calculated as of the date of transfer to the RCSS store, but the employee will not receive that amount until the end of the 6 month period, or the date on which s/he states in writing that s/he is abandoning the right to return to a conventional store, which ever comes first. *[We need to determine the bump process for those who choose to return to the conventional store.]***
- c. **The employee may elect to exercise what ever bumping rights he or she has under the terms of his or her parent collective agreement. Such employees will have the following supplementary bumping rights.**
- i. **If the employee has no bump to a conventional store within 40 kilometers of his or her current store, and there is one or more conventional stores within 40 kilometers of his or her current store, the employer will offer to absorb the employee at one of those conventional stores in the same position and rate of pay. No full-time or part-time employee shall be laid off as a result of the absorption of such an employee.**
 - ii. **If the employee elects to bump into a conventional store which is more than 40 kilometers away and the travel distance from the**

employee's home to work is greater than that currently traveled by the employee, the employee will be given a relocation assistance. The amount of the relocation assistance is as follows:

- (1) Home Owner to Home Owner: *[up to/lump sum?]* \$15,000
- (2) Home Owner to Rental: *[up to/lump sum?]* \$12,500
- (3) Rental to Home Owner: *[up to/lump sum?]* \$7,500
- (4) Rental to Rental: *[up to/lump sum?]* \$5,000

These amounts may be applied to one of the following two options:

Option A:

Royal LePage Relocation Services (RLRS) - the package includes negotiated pricing on relocation services, relocation and expense/taxation counseling, and real estate sales help. Further details are available from the employer's relocation group.

Option B:

Expense Reimbursement through LCE Employee Services - the same relocation allotment is available to employees as with Option A. Employees can use this allotment to recover costs associated with their relocation expenses through providers of their choice. As with the RLRS agreement, discounted prices will be available through providers with whom Loblaw Companies has negotiated a corporate rate.

Note: employees who elect to list with a realtor other than Royal LePage and still want to obtain taxation advice and other services under the RLRS agreement may do so, but will be required to complete a referral agreement with RLRS which states that a referral fee will be paid to RLRS. Copies of this agreement may be obtained from RLRS.

- d. The employee may elect to take the ERO.
13. An employee who is bumped by an affected employee shall be treated for all purposes as an affected employee, with the same options as an affected employee (buy out, buy down, supplementary bumping rights and ERO). This right passes along with any further bumps.

14. **Part time employees who suffer a complete loss or significant reduction of hours as the result of the absorption of an affected employee will be given the buy down option, to the RCSS which triggered the absorption, or may elect to exercise their bumping rights under the parent collective agreement. *[Need to define what is meant by "complete loss or significant reduction of hours"]*.**
15. **The parties agree that an employee cannot be hired to simultaneously hold more than one position in corporate stores of the same bargaining unit.**
16. **Letter of Understanding # 26 of the Loblaws collective agreement will be amended to extend the personal assurance of employment to all full-time employees on the payroll as of January 1, 2003. The Zehrs collective agreement shall be similarly amended. *[Substitute a comparable specific reference to the Zehrs collective agreement when available.]***
17. **Zehrs agrees that the commitment contained in Letter of Understanding # ** to the Zehrs collective agreement, to hire 300 new full time employees over the life collective agreement, will be met through positions in conventional stores.**
18. **The employer will provide a letters of understanding, that will form part of the Loblaws, Zehrs and Fortinos collective agreements, which will provide that the employer will not propose wage or benefit concessions in the negotiations to renew those collective agreements, and that the renewed collective agreements will not contain wage or benefit concessions.**
19. **The employer will make the following lump sum payments to the unions for Education and Communication Initiatives. These lump sum payments are in lieu of any hourly contributions which would be payable under the applicable collective agreements had the RCSS been established as conventional stores:**

Local 175/633: \$150,000 per year payable in July of 2003, 2004 and 2005.

Local 1000A: \$150,000 per year payable in July of 2003, 2004 and 2005.

Local 1977: \$150,000 per year payable in July of 2003, 2004 and 2005.

UFCW Canada: \$500,000 per year payable in July of 2003, 2004 and 2005.

20. *In the event that Loblaws Companies Limited, or any of its current or future subsidiaries, opens any other RCSS type stores, whether operated on a stand alone basis or operated as part of any other banner, that would not otherwise be covered by a subsisting collective agreement, Loblaws Companies Limited or the subsidiary in question, commit to meeting with UFCW Canada and undertake to negotiate a voluntary recognition agreement with UFCW Canada applicable to those stores.*
21. **The bargaining unit description in the current warehouse collective agreement between National Grocers Co. Ltd. and UFCW Canada, Local 1000A, with respect to 6363 Millcreek Drive, Mississauga, Ontario, will be amended to include Erin Mills, Surveyor Road and any other distribution facility operated by National Grocers or Loblaws Companies Limited in the Province of Ontario not covered by a subsisting collective agreement.**
22. **Method of approval by the respective local unions to be determined.**
23. *Vacancies in the posted positions in the RCSS Appendix must be filled as provided for in the parent agreement.*