

SCHEDULE "A"

1. The form of the application makes the application difficult to respond to. Unless specifically agreed to in this response, the intervenor disputes the allegations set out in the application and/or has no direct knowledge of the allegations set out therein.
2. Loblaw Supermarkets Limited (the "Company") is party to a collective agreement with the United Food and Commercial Workers International Union, Local 1000A (the "Union") expiring July 1, 2006 (the "Collective Agreement").
3. Pursuant to the Collective Agreement, the Company recognizes the Union as the exclusive bargaining agent for all persons it employs:
 - (a) in any of its Loblaw Supermarkets Limited and Supercentre stores in Ontario subject to certain exceptions;
 - (b) in any of its Loblaw Supermarkets Limited Free Standing Ziggys stores in Ontario subject to certain exceptions; and
 - (c) in any of its Loblaw Supermarkets Limited No Frills stores in Ontario subject to certain exceptions. The terms and conditions applicable to such stores are set out in Appendix "F" and "G".
4. The Company operates a chain of conventional retail food stores in the Province of Ontario.
5. The Company is ultimately a subsidiary of Loblaw Companies Limited. Loblaw Companies Limited is a publicly traded corporation which operates businesses in the retail food sector through a number of subsidiary companies throughout Canada.
6. These subsidiaries include Westfair Ltd. which operates the Real Canadian Superstores in Western Canada, the Company which operates Loblaw stores in Ontario, Zehrs Markets Inc. which operate Zehrs stores in Ontario, Fortino's

Supermarkets Ltd. which franchises Fortino's stores in Ontario and National Grocers Co. Ltd. which operates and/or franchises Your Independent Grocer, Valumart and Freshmart stores in Ontario.

7. Commencing in December 2002 and January, 2003, Mr. Roy Conliffe, Senior Vice-President of Loblaw Companies Limited ("Mr. Conliffe") held a series of meetings with representatives of the United Food and Commercial Workers International Union, including Mr. Mike Fraser, the Canadian Director, and various locals of the United Food and Commercial Workers International Union, including Mr. Kevin Corporan, President of the Union.
8. The purpose of these meetings was to review critical changes taking place in food retailing in both the United States and Canada. The most critical change taking place in the U.S. market was the rapid expansion of non-union alternative formats. Wal-Mart, through its Supercentres and Sam's Clubs, was the most powerful example of the rapid expansion. This expansion posed a severe threat to the market held by conventional retailers in the U.S.
9. Mr. Conliffe explained that Wal-mart was targeting Ontario as an area for rapid expansion utilizing its Supercentres and Sam's Club formats.
10. In the course of these meetings, Mr. Conliffe advised that Loblaw Companies Limited had made a strategic decision to invest in Real Canadian Superstores rather than conventional stores. The Union representatives were advised that future investments in Ontario would be directed to Real Canadian Superstores in order to compete with the expansion of Wal-mart and other non-union alternative format stores.
11. Real Canadian Superstores were to be characterized as stores with at least 35% of the store dedicated to department store type merchandise some of which includes home décor, bed and bath, cook and table, kids clothes, electronic, seasonal, home office, cosmetics, sporting goods, toys, leisure, automotive, hardware, footwear and apparel.

12. Mr. Conliffe advised that up to 40 Real Canadian Superstores were planned to be opened in Ontario in the next three years. Such investment was critical to maintain its competition position.
13. Mr. Conliffe advised that there were a number of options in the manner Real Canadian Superstores were to be operated.
14. While the preference was to operate Real Canadian Superstores under an existing banner, i.e. Loblaw, Zehrs, Fortino's, this could only be accomplished if the parties reached agreement on amendments to the Collective Agreement which would provide terms and conditions which would allow Real Canadian Superstores to successfully compete against the alternative format competitors including Wal-Mart Supercentres. However, if it was not possible, other options would be pursued including operating the stores under a new banner, Real Canadian Superstores, or under an existing banner, Your Independent Grocer, either on a union or non-union basis.
15. The discussions and thereafter negotiations with the Union were both lengthy and complex as the Company and the Union attempted to resolve a wide variety of issues and concerns raised by the Union including assurances of employment, options for employees who might be adversely affected by the opening of a Real Canadian Superstore, protected seniority rights and pension benefits for employees transferring to Real Canadian Superstores and early retirement packages. The Company and the Union negotiated amendments to the Collective Agreement which met many of the concerns raised by the Union while protecting the competitive position of the Real Canadian Superstores.
16. Throughout the negotiations, the Union was advised that the Company would not enter into an agreement to amend the Collective Agreement, if the amendments to the Collective Agreement were conditional upon ratification by the membership. It was the Company's judgement that in the event such amendments were submitted to ratification and were rejected, this would substantially prejudice its ability to pursue the other options referred to above.

17. A tentative agreement was reached with the Union on or about June 17, 2003 to amend the Collective Agreement to set out the terms and conditions applicable to Loblaw Real Canadian Superstores and deal with a number of other related issues.
18. The agreement between the parties amending the Collective Agreement was executed on July 11, 2003 and is found at the yellow tab of the Applicant's brief.
19. The Company denies it acted in bad faith. The Company states that faced with growing competitive pressures, it engaged in discussions and negotiations with the Union to find a solution, to preserve stable labour relations and to meet certain concerns raised by the Union.
20. The Company specifically denies any violation of Section 70 of the *Ontario Labour Relations Act*.
21. The Company specifically denies that the amendments are contrary to the *Employment Standards Act*.
22. The Company specifically denies that the amendments have the potential to result in systemic discrimination contrary to the *Ontario Human Rights Code*.
23. The Company takes issue with the statement that the amendments do not benefit the existing membership. Such benefits include:
 - (a) an assurance of employment to all full-time employees on the full-time payroll as of January 1, 2003 and this assurance was retained if an employee transferred to Loblaw Real Canadian Superstores - (Letter #26);
 - (b) an early retirement offer to all full-time and part-time employees who will be age 55 or over as of March 31, 2004. Such employees must declare their intention by October 31, 2003, which has been now extended to March 1, 2004 - (Letter #47); In addition, the offer applied to employees who retired between January 1, 2003 and June 17, 2003.

(c) employees affected by the opening of a new Loblaw Real Canadian Superstore and a related closure of a conventional store have four options in addition to bumping rights under the Collective Agreement including:

- (i) full-time employees accepting transfer to Loblaw Real Canadian Superstores receive a payment of three weeks per year of completed service to a maximum of \$75,000.00 and part-time to a maximum of \$10,000.00 in addition to maintaining their bargaining unit seniority date, company service date, pension plan and personal assurance of employment where applicable;
- (ii) an opportunity to sever their employment and receive four weeks per year of completed service to a maximum of \$75,000.00 for full-time and \$10,000.00 for part-time; and
- (iii) an early retirement offer.
- (iv) an opportunity to bump to another Loblaws store or to absorbed in another Loblaws store.

(Letter #38); and

(d) an agreement that the Company will not propose wage or benefit concessions in negotiations for the renewal of the Collective Agreement – (Letter #51).

24. The Intervenor respectfully submits the application be dismissed.