

COLLECTIVE AGREEMENT

BETWEEN

R.C. PURDY CHOCOLATES LTD.

AND

**COMMUNICATIONS, ENERGY AND
PAPERWORKERS UNION OF CANADA
LOCAL 2000**

May 1, 2008 – April 30, 2012

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Preamble

This Agreement made and entered into this 31st day of March 2008, between R.C. Purdy Chocolates Ltd., hereinafter referred to as "the Employer" and the Communications, Energy and Paperworkers Union of Canada, Local 2000, hereinafter referred to as "the Union".

The purpose of the Agreement is to maintain a harmonious and mutually beneficial relationship between the Employer and all employees in order to:

- (a) Set forth the terms and conditions of employment.
- (b) Ensure to the utmost extent possible the safety and welfare of the employees, and to continue to maintain the high quality and productivity of the work place.
- (c) Promote the co-operative resolution of work place issues, to continue to develop work-related skills and to promote and enhance the mutual commitment to the organization's efforts to prosper and grow.

ARTICLE 1 - Management Rights

1. The Employer has all the customary rights, responsibilities, functions and prerogatives of management including the right to:

- (a) manage the business;
- (b) direct and control the workforce;
- (c) maintain order and efficiency;
- (d) make or alter rules and regulations to be observed by employees, which are not in conflict with any provision of this Agreement;
- (e) hire, promote, transfer, layoff, recall, and, with just and proper cause, demote employees;
- (f) discipline, suspend or discharge employees for cause.

The Employer acknowledges that, where any of the above rights are restricted or modified

by the terms of the Collective Agreement, then the terms of the Collective Agreement will govern.

ARTICLE 2 - Union Security

1. This Agreement covers all production, janitorial, maintenance and warehouse employees of R.C. Purdy Chocolates Ltd.
2. The Employer recognizes the Union as the sole collective bargaining agency for the employees covered by this Agreement and hereby consents and agrees to negotiate with the Union or any committee thereof.
3. All employees working in the bargaining unit shall become and remain members in good standing of the Union as a condition of employment.
4. All employees covered by this Agreement will be required to sign the appropriate authorization for dues deduction by the Employer.

The Employer agrees to deduct bi-weekly from the salary due to the employee the amount as required by the Union with respect to monthly dues and agrees to remit such dues to the Union Treasurer no later than the 10th day of each month following.

The Employers' responsibilities in regard to dues of an employee are in accordance with Section 16 of the B.C. Labour Relations Code.

5. The Employer will not unreasonably deny requests by Union officials for access to the Employer's premises for the purposes of conducting business with the Employer.
6. The Union will notify the Employer of the names of the shop stewards. The Employer will recognize no employee as a shop steward until the Employer has received the requisite notice from the Union, nor will any employee have any representational capacity unless named by the Union. No more than seven (7) stewards will be appointed.

7. In the performance of their duties under the grievance procedure or in acting for the Union, shop stewards will, wherever possible, not absent themselves from their regular duties without obtaining the prior consent of their supervisor and shall meet with employees during rest or meal periods so as not to interfere with the Employer's operations. No union representative will be subject to any disciplinary action by the Employer for the legitimate performance of their duties for the Union, as noted above.

8. The Employer will supply the Union with the name, address, phone number, hire date, wages, classifications and status change for all employees in the Bargaining Unit who are Union members. The Employer agrees to provide the above data within two (2) weeks of hiring a new employee.

ARTICLE 3 - Bargaining Unit Work

Bargaining unit work is the kind of work normally performed by production, janitorial, maintenance and warehouse employees. Bargaining unit work will not be done by any person not included in the bargaining unit, except in cases of emergency. In the janitorial and maintenance departments, working supervisors may also do bargaining unit work.

This provision will not restrict the ability of management to train employees.

ARTICLE 4 - Contracting Out

The Employer agrees to confer with the Union prior to any decision to contract out bargaining unit work. However, in making a decision to contract out such work, it is not the Employer's intention to erode the bargaining unit.

ARTICLE 5 - Joint Consultation

1. The Parties will establish a Joint Consultation Committee for the purpose of discussing issues relating to the work place that affect the Parties or any employee bound by this Agreement.

2. Each Party will appoint a maximum of three (3) representatives to the Joint Consultation Committee. The Union will appoint its representatives from the shop stewards. The Employer will appoint its representatives from its management team. The Joint Consultation Committee will meet during the workday at least once every two (2) months or, upon the mutual agreement of the Parties, more frequently. The Employer will pay employees on the Joint Consultation Committee at their straight time hourly rate of pay for attendance at the meetings.

ARTICLE 6 - Hours of Work and Overtime

1. The workweek shall consist of forty (40) hours with two (2) consecutive days off. The workday shall be eight (8) hours.

2. There will be an unpaid lunch break of one-half (1/2) hour, thirty (30) minutes and two (2) paid fifteen (15) minute coffee breaks.

3. The Employer shall pay at one and one-half (1 1/2) times the employee's regular rate for hours worked in excess of their regular hours. Double time will be paid after an employee works in excess of forty-eight (48) hours in any week, including the opportunity to bank overtime at overtime rates. When overtime is worked in excess of two (2) hours after a regular shift, a thirty (30) minute unpaid lunch break will be granted.

4. Scheduled overtime will be offered to general help employees on a plant wide basis. Such overtime will be distributed on an equitable basis. Overtime for the kitchen, warehouse, maintenance, janitorial departments and APV operators will be offered to employees in that department on an equitable basis providing they are able to perform the available work. If all employees in the department refuse the overtime offered, then the Employer will assign the overtime to the most junior employee in the department who has the qualifications, skills and ability to perform the work available.

5. An employee called back to work after his/her shift will be paid for the time worked, but not less than four (4) hours at the applicable overtime rates.

6. Should it become necessary to change the regular work week or regular hours of work for an employee, the affected employee(s) will be given 24 hours notice of a change of shift. Should it become necessary to change the regular workweek or regular hours of work in any department, the employer will meet with the representatives of the Union and a representative group of employees. The purpose of the meeting is to seek any input or suggestions to the proposed changes prior to the Employer implementing such change to the workweek or shift.

7. If shift work is required, the Employer will pay a \$0.60 per hour premium to any employees for hours worked between 6:00 p.m. and 5:00 a.m. The premium will not be used in the calculation of overtime pay.

8. The employer will keep a record of all overtime and banked time. Employees' time bank records shall be available upon request and, in any event, employees shall receive a time bank report every three months.

9. When any employee is required to work overtime in excess of two (2) hours after their regular shift, a meal allowance of \$8.00 will be paid.

ARTICLE 7 - Seniority

1. Seniority is calculated from employees' date of hire with the Employer. Seniority for employees with the same start date will be established by a fair drawing system.

Seniority for casual employees hired into a full-time position will be calculated based on their last start date with the Employer, providing there has not been a break in service of more than 90 days.

2. The Seniority list will show the name, start date, and classification for all employees.

3. Leaves of absences under Article 16 will not affect employees' seniority or their entitlement for vacation leave and other benefits.

4. Time spent by an employee on the recall list will not constitute a break in continuity of service.

5. Seniority will be lost and employment will terminate if an employee:

- (a) resigns;
- (b) is discharged;
- (c) is absent without leave without just cause;
- (d) after lay-off, fails to report for work after seven (7) calendar days notice;
- (e) accepts a severance allowance pursuant to the Employment Standards Act; or,
- (f) is laid off for a continuous period equal to one (1) year.

ARTICLE 8 - Hiring, Transfers, Promotions, Training and Education

1. The Employer, in carrying out its obligations under this Agreement will not discriminate in any matters of hiring, transferring, promoting and training, or otherwise because of race, colour, ancestry, place of origin, marital or family status, physical or mental disability, age (as defined in the Human Rights Code), sex, sexual orientation, or any other grounds prohibited under the Human Rights Code.

2. Probationary period for new employees

(a) Any new employee hired by the Employer in jobs within the Bargaining Unit will be considered as probationary for a period of ninety (90) calendar days. Such employees will have the benefits of this Agreement during their probationary period.

(b) The purpose of the probationary period is to evaluate the employee's ability to competently perform the requirements of the position and the employee's overall suitability.

(c) The Employer may terminate employees' employment at anytime during the probationary period if he/she is found unsuitable.

3. Notice of Vacancies

(a) Notice of all vacancies, including newly created jobs, will be posted on the bulletin boards and faxed to the Union office. Employees desiring to fill such vacancies will submit written applications within seven (7) days of such posting. Representations may be made by the Union and employees on behalf of any candidate by forwarding names to the employer representative named on the particular posting.

(b) Vacancies (including transfers and promotions) will be awarded in accordance with the following principles:

(i) The required qualifications, as determined by the Employer will be set out in the job posting. In selecting the successful applicant, seniority will be the determining factor, provided the applicant possesses the qualifications as posted.

(ii) Unsuccessful candidates for vacancy will be informed in writing of the reasons for not being selected.

4. No employee will in any way be penalized for refusing to post into a vacancy.

5. Employees who are promoted or transferred to a new position will be given a trial period of up to ninety (90) days. If an employee fails to demonstrate the required ability to perform the new job, the Employer will return the employee to his/her previous position or one of equal rank, without loss of seniority and related benefits.

6. Should the Employer create a new job or substantially change the duties or functions of an existing job, compensation will be negotiated between the Employer and the Union.

7. Temporary Positions

(a) Twice a year the Employer will post a notice inviting employees to express their interest in working in other job classifications, on a temporary basis. The purpose of this posting is to allow employees to express their interest and for management to consider employee requests when determining the staffing requirements. It is recognized that there are limited opportunities for such relief positions at any time. The Employer will endeavour to place employees in positions which they request, however, the requirements specified in 3 (b) will prevail.

(b) Posting for expressions of interest will be taken before the Easter season (approximately January) and before the Christmas season (approximately May).

(c) A list will be established as a result of employees' expressions of interest.

(d) The employees on this list will automatically be considered when the Employer deems that a temporary vacancy of one (1) week or more needs to be filled.

8. The Employer will ensure that:

(a) each employee will properly be trained to do the job he/she is required to perform;

(b) All employees are given reasonable opportunity and encouragement to broaden their job experiences and skill level, subject to staffing and production requirements.

9. The Employer will provide ongoing training to employees to ensure that they are proficient in the Employer's procedures, equipment, or computer software as required.

10. If the Employer requires the employee to attend training sessions which are directly work related, the Employer will pay the full cost of the training. Furthermore, if the Employer requires the employee to attend

training sessions, either on or off the premises, the Employer will, where possible, provide the training during regular working hours. When training cannot be provided during regular working hours, the employee will be compensated at the appropriate straight time rate applicable for a regular working day.

11. Employees required to possess or update industrial First Aid certificates and to attend occupational health and safety courses will be provided time off to attend the course with no loss of pay.

The Employer will pay the tuition fee for such courses where the Employer requires the employee to attend the course, based on both the Employer and employee paying 50% each up front and the Employer reimbursing the employee for their 50% share upon the employee's successful completion of the course.

ARTICLE 9 - Lay-Off and Recall

1. The Employer will notify the Union two (2) weeks in advance of a lay-off, specifying the number of employees and the anticipated length of the lay-off.

2. Lay-offs for the classification of general help will be made in the reverse order of plant seniority. Lay-offs in the kitchen, warehouse, maintenance, janitorial departments and (APV operators/Moulding Operator) will be made in reverse order of seniority within job classifications. Lead hands will be exempt from lay-off or displacement by other employees who are laid off from their job.

3.

- (a) Employees who are laid off may choose to be put on a recall list;
- (b) Employees who choose to not be on the recall list will receive severance paid in accordance with the Employment Standards Act;
- (c) Employees will be placed on the recall list for a period of twelve (12) months, after

which time the lay-off will be deemed to be permanent.

4. It will be the responsibility of the employee to notify the Employer of any changes to their address or telephone number.

5. General help employees will be recalled in accordance with plant-wide seniority provided they possess the skill and ability to perform the job to which he/she is being recalled. All other employees will be recalled from lay-off in accordance with seniority within their job classifications within the department.

6. Every laid off employee, upon notification of recall by the Employer, will report for duty no more than one (1) week after such notification. Any employee who does not return to work within one (1) week of notice of recall will be deemed to have resigned.

7. The Employer will advise the employee by telephone, no later than five (5) working days prior to the date the employee is to return to work.

8. No new employee will be hired until employees on the recall list who have the qualifications to perform the vacant job have been offered the position in accordance with the above.

ARTICLE 10 - Technological Change

1. The Union will be notified at least three (3) months in advance of any proposed staff reduction resulting from any technological changes.

2. "Technological Change" is defined in Section 54 (1) of the B.C. Labour Relations Code.

3. After the notice has been given, the Employer and the Union will meet in order to discuss how the technological change could be implemented with the least adverse effects and to discuss the provisions outlined in Section 54 of the B.C. Labour Relations Code. This would include exploring opportunities for retraining

and relocating employees into job classifications in this Agreement.

4. The Employer will endeavour to ensure that employees will not be laid off as a result of the technological change. However, in the case of staff reductions, they will be conducted in accordance with Article 9 - Lay-off and Recall.

ARTICLE 11 - Employee Files

An employee may request a review of their personnel file at any time. Such requests must be in writing to the supervisor. The supervisor will establish a mutually convenient time for the employee to review the file.

Upon the employee's request, the employee and/or the Union (if so designated by the employee) will be provided with copies of all material in the employee's file. An employee must provide his/her written consent to the Union and verbally advise his/her supervisor of this consent before the Employer will provide the Union with a copy of the employee's personnel file.

The Employee will have the right to place in such file a response to anything contained therein which the Employee deems to be adverse.

ARTICLE 12 - Discipline

1. There will be no discipline or dismissal except for just and sufficient cause. Discipline will be applied consistently, and disciplinary measure will be appropriate to the offence and subject to the principle of progressive discipline.

2. Where it is the intention of management to discipline an employee, management will make the employee aware of their rights to request a shop steward.

3. In the event of discipline, the Employer will provide the employee with a copy of the written formal discipline and forward copies of the same to the Union.

4. If an employee has maintained a clean disciplinary record for a term of twenty-four

(24) months, then any discipline given to the employee prior to the twenty-four (24) months term will not be considered in any assessment of the employee's conduct to support any subsequent disciplinary action by the Employer.

5. Before taking action to suspend or terminate an employee, the Union will be notified within twenty-four (24) hours and will have seventy-two (72) hours following notification to make representations to the Employer on behalf of the employee before further action is taken by the Employer. The Employer has the right to remove the employee from the work place without pay pending investigation and during the seventy-two (72) hour period.

ARTICLE 13 - Grievance Procedure

1. Any matter involving the interpretation, application, operation or alleged violation of this Agreement, including any question as to whether a matter is arbitrable, may be submitted to arbitration.

2. The Union shall designate a committee of three (3) representatives of its own choosing, and the Employer will select three (3) representatives of its own choosing, to form the Grievance Committee to take up matters arising from the application of this Agreement or affecting the relations of the employees and the Employer. If the Union designates employees to be on the Grievance Committee, such employees must be designated from amongst the Shop Stewards. The Parties will advise each other of the persons designated to the Grievance Committee.

3. If a difference arises which results in a grievance, the employee(s) shall continue to work in accordance with the Agreement until the grievance is settled.

4. The Employer, the Union, or the employee having a grievance, dispute, or complaint will submit same within seven (7) calendar days upon becoming aware of the event giving rise

to such grievance, dispute, or complaint. The following steps will be observed:

Step 1: Any issue raised by the Union shall first be initiated by the Shop Steward with the department supervisor. In the event a dispute or disagreement is not resolved between the Shop Steward and the department supervisor within seven (7) calendar days of the time it is initiated, it shall be submitted by the initiating party to the other party.

Step 2: A meeting between the General Manager or their designate and a designate of the Union, will be established within seven (7) days to try to resolve the issue. If no satisfactory resolution is reached, the grievance may, within seven (7) calendar days of being submitted in writing, be referred to the next step.

Step 3: The parties' Grievance Committee will, within ten (10) calendar days, or other time that may be mutually agreed upon, meet and discuss the grievance. A decision on the grievance will be rendered in writing and delivered to the grieving party within seven (7) calendar days of the meeting.

By mutual agreement, the parties may submit the grievance to the mediation Division of the B.C. Labour Relations Board following receipt of the reply at Step 3 of the Grievance Procedure.

Step 4: Failing settlement of the grievance at Step 3, the grieving party will notify the other party, in writing, within twenty-one (21) calendar days of the decision that it intends to submit the matter to arbitration.

5. Grievance Procedure

- (a) Upon receipt of notification from the grieving party, the Union and the Employer shall endeavour to agree upon the selection of an arbitrator.
- (b) The parties may, by mutual agreement, use the three (3) party arbitration panel consisting of one (1) nominee of the Union

and one (1) nominee of the Employer and an Arbitrator.

- (c) If the parties are unable to agree on an arbitrator, they will have an arbitrator appointed under the provisions of the B.C. Labour Relations Code.
- (d) The arbitrator, so constituted, shall proceed to settle the dispute in question and a final and binding decision of the arbitrator shall be rendered. In no event shall the arbitrator have the power to alter, modify or amend this Agreement in any respect.
- (e) Each party shall pay one-half (1/2) the fees and expenses of the arbitrator. In the case of a three (3) party arbitration panel, each party shall pay the fees and expenses of their nominees.

6. If the grieving Party does not advance the grievance within the time limits specified, the grievance will be deemed to be abandoned and all rights of recourse of the grievance procedure will be at an end. If the responding Party does not respond to the grievance within the time limits specified, the grievance will be deemed to have succeeded. However, whenever a stipulated time is mentioned under this Article, the said time may be extended by mutual consent of the parties or their nominees.

7. In a grievance which involves an individual employee, that employee is encouraged to be present at each step of the Grievance Procedure.

ARTICLE 14 - Annual Vacation

- 1. The vacation year is January 1st to December 31st.
- 2. Employees are entitled to annual vacation with pay as follows:
 - (a) Employees who have completed one (1) continuous year of employment by December 31st of any year shall be

entitled to two (2) weeks vacation at 4% of their gross earnings in the calendar year.

(b) Employees who have completed four (4) continuous years of employment as of December 31st of any one year shall be entitled to three (3) weeks vacation at 6% of their gross earnings in the calendar year.

(c) Employees who have completed ten (10) continuous years of service as of December 31st of any year shall be entitled to four (4) weeks vacation at 8% of their gross earnings in the calendar year.

(d) After 20 years of service employees will be entitled to vacation as follows:

Upon completion of 21 continuous years of service as of December 31 - 21 days vacation (8.4%)

Upon completion of 22 continuous years of service as of December 31 - 22 days vacation (8.8%)

Upon completion of 23 continuous years of service as of December 31 - 23 days vacation (9.2%)

Upon completion of 24 continuous years of service as of December 31 - 24 days vacation (9.6%)

Upon completion of 25 continuous years of service as of December 31 - 25 days vacation (10%)

(e) New hires shall be entitled to a pro-rated vacation with pay in the first vacation year after their year of hire.

3. Vacation time will be scheduled so as to interfere least with production.

4. When a statutory holiday falls during an employee's vacation, an extra day's vacation with pay will be granted if the holiday is one which the employee would have received had he/she been working.

5. Any employee wanting to schedule vacation time must put in a written request to their supervisor at least twenty-four (24) hours prior to the requested day.

6. Vacation shall be taken after completing the year of service in which it is earned.

7. Early in each year, all employees will be asked to indicate their choices for vacation time in writing. Vacation time will be scheduled so as to not interfere with production and the number of people on vacation in each department at one time may be limited.

ARTICLE 15 - Statutory Holiday

1. The following shall be considered statutory holidays:

New Years Day	BC Day
Good Friday	Thanksgiving Day
Victoria Day	Remembrance Day
Canada Day	Christmas Day
Labour Day	Boxing Day

2. To be eligible to receive pay for a statutory holiday, a new employee must have commenced employment at least thirty (30) calendar days prior to the holiday. Any employee must have worked at least fifteen (15) of the previous thirty (30) days before the statutory holiday.

Employees who are absent by reason of compensable accident, sickness or while acting for the union on company-union business will be credited as if such days have been worked for the purpose of qualifying period for the next statutory holiday only.

3. If an employee is required to work on a statutory holiday, they will receive one and one half (1 1/2) times their regular wage for the time worked up to 11 hours and double the regular wage for any time worked over 11 hours. In addition, the employee will receive another day off with pay at a time mutually

agreed between the employee and their supervisor.

4. If any part of production is shut down for any period during the week(s) in which Christmas and New Years falls, this closure will not constitute a lay-off. An employee may take vacation or an unpaid leave of absence during the period.

ARTICLE 16 - Leaves of Absence

Upon request in writing, the Employer will, for good and sufficient reason, grant employees leaves of absence in accordance with the following:

1. Employees will be granted up to four (4) days off from work with pay, plus an additional day for travel outside the Lower Mainland/Fraser Valley, in the event of death in the immediate family, provided they attend the service at that time. Immediate family is defined as spouse, common law spouse, same sex partner, children, siblings, grandchildren, parents, parents-in-law, brothers and sisters-in-law and grandparents.

2. Pregnancy, parental and family responsibility leaves will all be granted in accordance with the Employment Standards Act.

3. An employee on jury duty shall receive 75% of their regular weekly salary during such periods of service, less the amount of jury fees, which shall be turned over to the Employer.

4. Leave without pay may be granted for personal/compassionate reasons. The Employer will attempt to accommodate employee's requests for such leave. Such leaves will not be unreasonably withheld. The length of such leave will be determined on the basis of individual circumstances.

5. Union Representation

(a) Time off with pay will be granted to employee representatives when meeting with officers of the Employer on behalf of the Union, on matters affecting both

Parties only. Such time off will not be used for the purposes of collective bargaining.

(b) Time off without pay will be granted by the Employer to official representatives of the Union to attend meetings, conventions, workshops, etc., pertaining to labour matters directly affecting the Union, provided that: (i) two (2) weeks notice is given of the date and duration for such time off; and (ii) such time off will not interfere with the normal operational requirements of the Employer.

(c) Full Time Union Leave

(i) The Employer agrees to grant one (1) employee, when requested and whose name is specified by the Union, a leave of absence without pay for three (3) years to work for the Communications, Energy and Paperworkers Union of Canada, Canadian Labour Congress, or Local of the CEP. A request for an extension maybe granted by the Employer.

(ii) Such leave is without pay or benefits. However, the Employer will continue the employee on group benefits and the CEP will reimburse the Employer the cost of the benefits upon receipt of an invoice.

(iii) The Union agrees to give the Employer a minimum of two (2) months notice in advance of the beginning of such leave. The Union further agrees that should the services of the employee be required by the Employer in an emergency or urgent situation, the Employer will have access to the employee and will reimburse the Union for the hours spent by the employee doing Employer business.

6. Employees may request in writing time off due to religious holiday. The Employer will endeavour to grant such time off. Time off for religious holidays is without pay.

ARTICLE 17 - Health and Safety

1. A joint Union and Employer Health and Safety Committee will continue to meet monthly. The Health and Safety Committee will be comprised of up to four (4) employee representatives and up to four (4) Employer representatives in accordance with the requirement of the Workers Compensation Act and regulations.

2. The Parties mutually endorse and subscribe to the promotion of safety consciousness and responsibility.

3. The Employer will provide and maintain the work place equipment, work methods and tools that are safe and necessary to prevent injury.

4. The Employer will provide appropriate training so that employees have the skills and knowledge necessary to safely perform the work assigned to them.

5. The Employer will work with the Health and Safety Committee to prevent or correct a situation liable to endanger the health and safety of employees.

6. Working practices will be in accordance with the current Workers' Compensation Board rules and regulations, insofar as they may apply.

7. Employees will inform management immediately of all injuries resulting from accidents occurring at work.

8. The Employer will continue its current practice of taking all reasonable measures to accommodate to the health and safety of a pregnant employee, including assignment of lighter work duties.

ARTICLE 18 - Definition of Employees

1. Full Time Employee: an employee who works the regular work week provided for in this Agreement.

2. Casual Employee: an employee who is employed for a special project or a specified time, in either case not to exceed three (3)

months. This period may be extended for up to an additional three (3) months at the Employer's discretion.

3. Casual employees will not be eligible for Health & Benefit Plans (Article 19) and clothing and safety boot allowance (Article 20, Miscellaneous Provisions).

4. Casual employees will not displace a fulltime employee.

5. Casual employees will only perform duties associated with the General Help classification.

ARTICLE 19 - Health and Benefits Plan

1. Full time employees who have completed their probation shall be eligible to receive benefits. For probationary employees, benefits depending on length of service shall be computed from their start date of employment.

2. Benefit coverage will terminate if an employee is terminated, resigns or retires. In accordance with the benefit plan requirements, employees who are laid off may only continue on the benefit plans if they pre-pay or provide post-dated cheques for the full cost of the benefit for the period of their lay-off.

3. The premium costs of all benefits are to be shared 65% by the Employer and 35% by the employee unless specifically noted. The employee portion of the benefit premiums will be deducted from wages. Except for short term disability premiums which will remain at 50/50 this cost sharing will remain for the life of the agreement.

4. The selection of the insurance carrier for any benefits referred to in the article is at the sole discretion of the Employer. Actual benefits which are provided by an insurance carrier are a contract between the Employer and the carrier. Those contracts do not form part of this Agreement. The plan details are part of the insurance contracts and any disputes arising shall be resolved in accordance with those contracts. In the case of self insurance, the

decision of the plan administrator shall be final.

The Employer agrees to share information on the health and benefit plans and to discuss benefit costs and other related matters at the joint consultation committee.

5. The Benefits Plans will provide:

- (a) BC Medical
- (b) Extended Health - \$25.00 deductible per family per year - reimbursement is 80% in BC and 100% out of province
- (c) Dental - 90% for Plan A, 60% for Plan B, and 60% for Plan C - \$2,000.00 maximum per year for Plans A & B, \$2,000.00 lifetime maximum under Plan C.
- (d) Short Term Disability - 75% of regular wages from 1st day of illness up to a cumulated 10 days per calendar year -60% of regular wages from 11-55 cumulated days of illness
- (e) Life Insurance and AD&D - \$20,000.00 for each coverage.

6. Pension Plan

After an employee has completed his/her two (2) years of service, the Employer will contribute to the Purdy's Sun Life RRSP Plan 2% of each employee's gross wages. As well, after the employee has completed his/her third year of service, the Employer will contribute an additional 1% or 2% of gross wages if the employee also contributes either 1% or 2% of their gross wages.

7. Long Term Disability - employees may choose to participate in the current long term disability plan by paying full premiums for such coverage.

All new employees must join the long-term disability plan as a condition of employment.

ARTICLE 20 - Miscellaneous Provisions

1. Payment of Wages

(a) Payment of wages shall be made biweekly by a direct deposit system.

(b) At the Employer's determination, employees who have prior experience in comparable work, shall be paid the applicable rate of pay which recognizes said experience. This would be applicable for new hires, promotions or transfers.

(c) Any employee who is assigned to work in a higher classification shall receive at least the minimum in the higher classification for the shift worked.

2. Equipment and Allowances

(a) Hair nets, ear plugs, rubber and linen gloves, and all required protective and safety equipment are provided for by the Employer. It is the responsibility of the employee to wear or use the safety equipment provided and as trained to do so.

(b) Aprons for plant employees and coveralls for maintenance, are provided for by the Employer. The cleaning and maintenance of the aprons shall be the responsibility of the Employer.

(c) Employees with valid industrial first aid certificates will receive a premium of \$0.75 per hour worked. The premium will not be used in the calculation of overtime.

(d) A clothing allowance of \$100.00 will be paid to each employee on the first pay in May provided the employee has completed six (6) months cumulative service. Employees in the kitchen, maintenance, APV, enrobing and warehouse will be reimbursed up to \$125.00 for the purchase or repair of safety shoes each year, or \$250.00 every second year. Kitchen, enrobing and APV employees who are not required to wear safety shoes will be provided a shoe allowance of \$125.00 on the first pay in May provided the employee has completed six (6) months cumulative service.

3. Bulletin Board

- (a) The Employer agrees to provide a bulletin board, no smaller than 24" x 24", suitably placed for use of the Union in the warehouse area and in the production area.
- (b) The Employer will provide a locker for union use.

4. Picket Lines

Employees will not be required to cross legal picket lines.

ARTICLE 21 - Strikes and Lockouts

1. There will not be strikes, slowdowns or other disruptions of work by the Union or employees; nor will there be any lockouts by the Employer while this Agreement is in effect.
2. The Union and the Employer agree that there will not be activity within the meaning of paragraph 1 above threatened, declared authorized, counselled, aided or brought about on its part.

ARTICLE 22 - Savings Clause

It is assumed by the Parties that each provision of this Agreement is in conformity with all applicable laws of Canada and the Province of British Columbia. If any provisions of this Agreement is rendered invalid by statute or decision of a court of law, the parties agree to renegotiate such provisions of this Agreement for the purpose of making it conform to such Federal or Provincial Order or Statutes. All remaining provisions of this Agreement will not be affected.

Article 23 - Wage Schedule and Pay Notes

		May 1/08	May 1/09	May 1/10	May 1/11
Maintenance Tradesman	For the first 1000 hours worked in this classification, employees will be paid 85% of the above rate. They will then move to the full job rate.	\$30.35	\$31.10	\$31.85	\$32.50
Candy Maker/ Nut Roaster	For the first 1040 hours worked in this classification, employees will be paid 75% of the above rate. For the next 1040 hours worked, they will be paid 85% of the above rate. And for a further 1040 hours worked, they will be paid 95% of the above rate. They will then move to the full job rate.	\$24.55	\$25.30	\$26.05	\$26.70
Kitchen Assistant Extruder Operator Warehouse- Coordinator Driver, (APV Operator/ Moulding Operator)	For the first 10 40 hours worked in this classification, employees will be paid 85% of the above rate. They will then move to the full job rate.	\$18.69	\$19.44	\$20.19	\$20.84
Janitor Fuji Operator	For the first 1040 hours worked in this classification, employees will be paid 85% of the above rate. They will then move to the full job rate	\$17.63	\$18.38	\$19.13	\$19.78
General Help (Production and Warehouse)	For the first 700 hours worked in this classification, employees will be paid 75% of the above rate. For the next 700 hours worked, they will be paid 85% of the above rate. They will then move to the full job rate.	\$16.57	\$17.32	\$18.07	\$18.72
Casual		\$10.00	\$10.00	\$10.00	\$10.00

Pay Notes:

1. With respect to lead hands, they will be appointed, by Purdy's and paid a premium of \$2.00 per hour above the job rate applicable to production employees.

2. Any employee who is currently paid above the full job rate for his/her classification as set out on the Wage Schedule will continue to receive that superior rate of pay. Those employees will also receive any general wage increases.

3. Janitors on the afternoon shift will receive the \$0.60 per hour shift premium for hours worked between 6:00 p.m. and 5:00 a.m.

4. Employees employed in moulding and APV takeoff/fuji are classified and paid as general help.

5. Casual employees receive previously worked hours towards the advancement of their pay scale, providing there has not been a break in service of more than 90 days.

6. Under the current operating conditions, it is the intention of the organization to maintain 5 full-time warehouse co-ordinators. If changes are contemplated then the issues will be discussed with the union.

7. Contract expires April 30, 2012.

ARTICLE 24 - Duration and Renewal

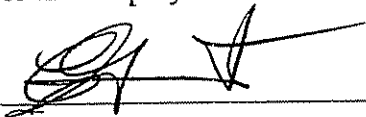
1. This Agreement shall be in full force and effect from the date of ratification until April 30, 2012 and continue from year to year thereafter, unless either Party serves written notice to commence collective bargaining within sixty (60) days prior to expiry.

2. If no agreement is reached at the expiry of this Agreement and negotiations are continued, the Agreement shall remain in full force and effect up to the time an agreement is reached or until negotiations are discontinued by either Party.

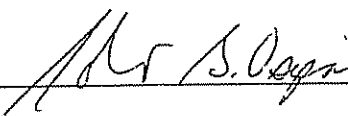
3. The Parties mutually agree to exclude from the Agreement the operation of Section 50(2) and 50(3) of the Labour Relations Code.

DATED this 23rd day of May, 2008.

For the Employer:



For the Union:



LETTER OF UNDERSTANDING #1

Fast Track Arbitration

By way of supplement to the Collective Agreement, the Parties agree that an expedited "fasttrack" system of grievance arbitration will be implemented on the following terms:

1. All grievances which may be processed pursuant to the Grievance Procedure in the collective agreement will be suitable for resolution by the fast track process upon mutual agreement of the two Parties after failure to resolve a grievance at Step 3 of the Grievance Procedure.

2. The Union and the Employer agree that (name) arbitrator(s) will act as a single arbitrator to settle disputes.

3. The arbitrator will utilize an expedited process with the following instructions:

(a) The Union and the Employer will not use lawyers for presentation;

(b) The Parties will make every effort to arrive at a Statement of Agreed Facts prior to the hearing and will forward it to the arbitrator and the other Party as well as a copy of any document that it intends to use during the hearing including precedents and authorities;

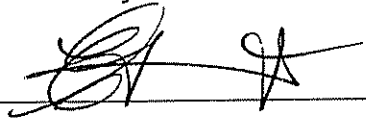
- (c) Presentations will be short and concise;
- (d) Use of witnesses are discouraged;
- (e) There will be minimal reliance upon case authorities during argument;
- (f) Whenever possible, the arbitrator will deliver his/her decision orally at the conclusion of the hearing by giving a brief resume of his/her reasons and confirm his/her conclusions in writing thereafter. In the event that this is not possible, the arbitrator will provide the Parties with a written decision within two (2) weeks of the hearing;
- (g) The decision of the arbitrator will be final and binding on the Parties. In no event will the arbitrator have the power to alter, modify or amend this Collective Agreement in any respect;

4. The arbitrator costs will be shared equally between the Parties.

5. The Joint Committee will review the effectiveness of the fast track system and recommend areas for improvement. Such review will be scheduled no later than six (6) months prior the expiry of this collective agreement.

RENEWED THIS 23rd DAY OF May, 2008

For R.C. Purdy's Ltd.:



For the Union:



LETTER OF UNDERSTANDING #2

Between R.C. Purdy's Ltd.

and

CEP Local 2000

Re: Annual Vacation Pay

This Letter of Understanding is to document the agreement of the Parties regarding a method for facilitating the transition from the Employer's past policies and practice regarding the taking of vacations and the payment of vacation pay and the new vacation provisions outlined in Article 14 of the Collective Agreement.

In the past, the Employer has allowed Employees to take annual vacation with pay "in advance". In other words, employees were allowed to take their vacation with pay in the year in which it was being earned rather than being required to wait until they had completed the year of service in which the vacation was earned. When an employee resigned or their employment was otherwise terminated, their vacation payout was reduced by the amount of any vacation pay that had been paid in advance.

Article 14, Section 6 of the Collective Agreement now states that annual vacations "shall be taken after completing the year of service in which it is earned". In the case of many employees, they have already received that vacation pay by virtue of their having previously taken their vacation pay in advance. The effect of this is that many of Purdy's current employees who are entitled to take vacation this year are entitled to very little if any vacation pay based on the formula in the Collective Agreement.

In order to decrease any undue hardship for current employees (i.e. those employees hired on or before December 31, 1998) the Parties agree to provide such employees with the opportunity to choose between the following two options regarding the application of the

vacation provisions in Article 14 of the Collective Agreement.

Option 1 (Carry Forward Overpayment)

Rather than automatically converting to the vacation formula in Article 14 of the Collective Agreement, Article 14 will be applied in the following manner for current employees:

- (i) Current employees will be entitled to annual vacation time off in accordance with Articles 14.1 and 14.6
- (ii) Current employees will be paid for annual vacation in accordance with Article 14.2 but it is recognized that for employees who have previously received vacation pay in advance (i.e. they have already received some or all of their vacation pay based upon their earnings in the prior year) this will result in an overpayment of annual vacation pay.
- (iii) For employees who elect this option it is agreed that when the employee resigns or their employment is otherwise terminated their final pay cheque will be reduced by an amount equivalent to their outstanding overpayment of annual vacation pay.

Option 2 (Settle Overpayment This Year)

As an alternative, current employees will be given the option of "settling" this matter in the current year. Under this option, such employees will be entitled to take vacation time off in accordance with Article 14.1 of the Collective Agreement but their vacation pay will be reduced by the amount of vacation pay that they have already received based upon their gross earnings in the previous year of service. In other words, employees electing this option will, this year, only be paid the amount of annual vacation pay they have accrued and not been paid in advance based on their earnings in the previous year of service. In subsequent years their vacation entitlement (both time off and pay) will be calculated and


paid in accordance with Article 14 of the Collective Agreement.

All new employees hired by the Employer from January 1, 1999 onward will be entitled to annual vacation and annual vacation pay in accordance with the Collective Agreement.

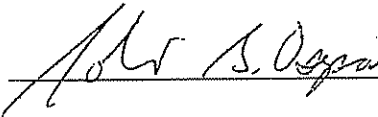
The Parties agree to issue a joint communication to the employees explaining this Letter of Understanding and their annual vacation pay options (as attached).

RENEWED THIS 23rd DAY OF MAY, 2008

For R.C. Purdy's Ltd.



For CEP Local 2000



LETTER OF UNDERSTANDING #3

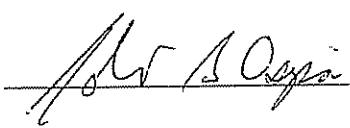
The Company agrees that the security cameras in the factory shall not be used for the purpose of assessing employee performance. The lunchroom camera shall be removed.

RENEWED THIS 23rd DAY OF MAY, 2008

For R.C. Purdy's Ltd.



For CEP Local 2000



(TO BE RETYPED ON R.C. PURDY'S
CHOCOLATES LTD. LETTERHEAD)

Purdy's has never used nor does it intend to use, any provision of this collective agreement to change full-timers to part-timers.

Karen Flavelle, Purdy's President, has stated that Purdy's has never had any intention of changing its full-time employees to part-time employees and nothing in Purdy's proposals for this collective Agreement is intended to counter that statement.

Example of Incremental Vacation Increases

January 1, 1990 Anniversary

	January 1, 1990	January 1, 1991	January 1, 1992	January 1, 1993	January 1, 1994	January 1, 1995	January 1, 1996	January 1, 1997	January 1, 1998	January 1, 1999	January 1, 2000	January 1, 2001
Earn	4%	4%	4%	6%	6%	6%	6%	6%	6%	8%	8%	
Make-Time (Days)	0	10	10	10	15	15	15	15	15	15	20	
- Pay	0%	4%	4%	4%	6%	6%	6%	6%	6%	6%	8%	

