

19 September 2018

Elaine Dougall – UNITE  
Keir Greenaway – GMB

Dear Elaine & Keir,

Further to our meeting on 29<sup>th</sup> August I am writing to communicate the outcome of the collective grievance that was raised on behalf of the UNITE and GMB unions.

In coming to a decision I have considered the points raised in both your respective letters and also during the meeting.

It was agreed by all attending the meeting on 29<sup>th</sup> August that during the negotiations the previous year at no point was there a discussion on the implementation date for the increase in product allowance. Clearly there is a learning here for all involved as this led to a misunderstanding on the effective date of the change. Both parties clearly obviously signed the agreement in good faith but the absence of absolute clarity on this point means there is a decision to be made.

I have decided to uphold the original decision that the increase in product allowance would be effective from 1<sup>st</sup> July 2018. In his letter to both unions dated 13<sup>th</sup> June 2018 Robert Muir explains a number of reasons why July 2018 was always the earliest date the company had planned for such a change. Having taken part in several meetings regarding the possible replacement of the Trading Post I can certainly confirm that this was always my understanding.

In the absence of a date being explicitly stated in the signed agreement I can understand why a different view on the effective date could easily be formed. However, I do not believe that on that basis alone such a view should prevail. I have considered both sides of the argument and have been persuaded that the intention was always for such a change to take effect from July 2018, the start of the company's financial year, even though that date was not stated in the agreement.

I am fully aware that this decision will be met with disappointment but I hope that your members and our employees still see the increase as a very positive development as it provides them with, as far as I am aware, one of the best, if not the best, product allowance benefits in the industry in addition to the free allocation of new products which we have also introduced this year.

Yours sincerely

Scott Livingstone  
Human Resources Director  
Chivas Brothers Limited