

MEMORANDUM OF AGREEMENT

Between

CANADIAN PACIFIC

and

**TEAMSTERS CANADA RAIL CONFERENCE – Locomotive Engineers and Conductors,
Trainpersons and Yardpersons**

**Concerning the Implementation of Remote Control Locomotive Systems (RCLS)
at Sutherland**

1. Description

- 1.1. All employees who are adversely impacted by this Material Change and as a result have reduced earnings shall be identified on a list at the time of implementation.
- 1.2. Effective on the date of signing of this Agreement, Canadian Pacific (the "Company"), shall have the ability to implement Remote Control Locomotive System (RCLS) beltpack technology for the following assignments:

Yard Assignments:

KS01 0700

KS02 1500

KS04 Swing:

Sunday/Monday: 0700

Tuesday/Wednesday: 1500

Thursday: 2300

- 1.3. All Locomotive Engineer positions on these Assignments will be abolished on the actual date of RCLS implementation for each location in conjunction with weekly placement and all assignments will operate with either a yard crew consisting of a minimum of two persons equipped with RCLS belt packs.
- 1.4. The effective date for benefits pursuant to this Agreement shall be the date of implementation. Previous benefits flowing from the original yard beltpack agreement will not be used in any manner to offset benefits in this agreement.
- 1.5. Where previously not undertaken Risk Assessments will be performed at each new location where RCLS will be implemented.

2. Scope

- 2.1. This operating agreement provides the conditions and rates of pay for Yard Service Employees, and Yard Service Helpers, operating remotely controlled locomotives in assigned Yard Service with a minimum crew consisting of the following:
 - a) Yard Service Employee (YSE) and Yard Service Helper (YSH)

- 2.2. The Company may operate the Assignments specified in Item 1 under the terms of this agreement. It is understood that in the application of this agreement the primary duties of RCLS equipped crew(s) are those traditionally associated with their assignments.
- 2.3. The minimum crew of an Assignment equipped with belt-pack technology will consist of at least two employees as outlined in Item 2.1 above. The parties confirm that an RCLS crew cannot be reduced to less than a two man crew.
- 2.4. A Yard Service Employee will be in charge of the operation and, accordingly, must be qualified as a Yard Foreman.
- 2.5. The operation and nature of work assigned to a yard crew equipped with belt-pack technology will be the same as that of a yard crew consisting of a Locomotive Engineer, Yard Foreman and Yard Helper.
- 2.6. The positions of YSE, and YSH are deemed a "required" position as defined by the applicable collective agreement.
- 2.7. Yard employees working in RCLS service within an identified yard will be paid in accordance with the Collective Agreement for P&C YSE and P&C YSH.

Effective January 1, 2019 (100%) the following rates of pay:

Yard Service Employee	\$38.41/hour
Yard Service Helper	\$35.22 /hour

Overtime shall be paid after eight (8) hours worked, on a minute by minute basis at a rate of time and one half the applicable rates as per above.

Note: Starting rates for new employees will be governed by the terms outlined in the Collective Agreement.

The rates listed above shall be subject to any general wage adjustments arising out of National negotiations.

- 2.8. In the event of a conflict between this agreement and the applicable portion of the Collective Agreement, this agreement shall prevail.
- 2.9. Yard Service Employees and Yard Service Helpers, in addition to their other duties;
 - a) Are required to assume the primary responsibility required in connection with the operation of locomotives by means of a remote control belt-pack
 - b) Are required to perform such locomotive-related duties as re-starting locomotives, resetting the ground relay, low water, low lube and governor lube buttons, checking locomotive fluid levels when so requested, and other duties for which qualified. Shop staff will be deployed in the event that a malfunction cannot be addressed by an YSE or YSH.
- 2.10. Employees assigned to RCLS operations will be equipped with a remote control belt-pack.
- 2.11. The Company reserves the right to operate any yard job assignment with a conventional crew if it is deemed appropriate. In those instances, this agreement shall not have application.

3. Training

- 3.1. RCLS training will be provided by the Company.
- 3.2. The Company reserves the final right of determination of all training and trainers.
- 3.3. Each day of training will be 8 hours or less, and a RCLS trainee will be compensated for 8 hours straight time for each day of training at the hourly rate of the position to which regularly held. In no case will the rate exceed that of a YSE. Employees who are held in excess of 8 hours will be reimbursed at the rate of time and one-half for the time in excess of 8 hours.
- 3.4. Should training occur on a General Holiday the RCLS trainee will be compensated at time and one-half for that day.

Agreement Coverage

- 3.5. An employee represented by the Teamsters Canada Rail Conference (the "Union") who is regularly assigned to a position as;
 - a) A Locomotive Engineer under the terms and conditions of the Consolidated Collective Agreement between Canadian Pacific Railway and Teamsters Canada Rail Conference on Behalf of Locomotive Engineers Employed in Canada
 - b) A Conductor, Trainman or Yardman under the terms and conditions of the Consolidated Collective Agreement between Canadian Pacific Railway and Teamsters Canada Rail Conference on Behalf of Conductors-Baggage-men-Trainmen-Yardmen Employed in Canada Thunder Bay and West.
- 3.6. An employee who has at least two years of Cumulated Compensated Service (CCS) with the Company on the day immediately preceding implementation of each assignment at the particular location under this Agreement may be entitled to benefits pursuant to this agreement.
- 3.7. Employees with less than two years of CCS are not entitled to any benefit under this Agreement.

4. Maintenance of Basic Rates (MBR)

- 4.1. Subject to the eligibility provisions contained in Item 3, an eligible employee will be entitled to a Maintenance of Basic Rate Benefit (MBR) if, as a result of the change, the employee's earnings are reduced.
- 4.2. The MBR provisions of the Consolidated Collective Agreement will apply
- 4.3. Employees shall be entitled to maintenance of basic rate benefits pursuant to this agreement for a period of five (5) years from the effective date of benefit entitlement.

5. Cumulated Compensated Service

- 5.1. One month of cumulative compensated service will consist of availability:
 - a) For yard service employees – 21 days or major portion thereof;
 - b) For road service employees – 30 days or major portion thereof.
 - c) 25 days if in both road and yard service or major portion thereof.

- 5.2. In the application of clause 5.1 above, twelve months of cumulative compensated service from date of last entry into Company service as a new employee shall constitute one year of cumulative compensated service. An employee transferring from one branch of the Company into another, in continuous service, shall not be deemed as a new employee. For partial year credit, six or more months 'cumulative compensated service shall be considered as "the major portion thereof" and shall be counted as a year of credit towards computation of layoff benefits. Service of less than six months of cumulative compensated service shall not be included in the computation.

Example: If an employee has 5 years seniority but on each of the 5 years they worked only 5 months, they will be credited with 2 years 1 month cumulated compensated service, i.e. 5 years x 5 months – 25 months or 2 years 1 month.

6. Layoff Protection

- 6.1. For each year of CCS (or major portion thereof) an employee will be allowed a lay-off benefit credit of five weeks for each such year. This will be calculated from the last date of entry into the Company's service as a new employee.
- 6.2. An eligible employee, as defined in Items 6.5 and 6.6, may at the expiration of the specified seven-day waiting period, make application to the designated Company Officer for a weekly lay-off benefit as follows:
- a) A weekly lay-off benefit for each complete week of seven (7) calendar days laid off, following the seven-day waiting period, of an amount that, when added to Unemployment Insurance benefits and/or outside earnings in excess of those allowable under UIC for such week, will result in the employee receiving 80 percent of his basic weekly pay at time of lay-off.
 - b) During any week, following the seven-day waiting period, that an eligible employee is not eligible for UIC benefits account eligibility for such benefits having been exhausted or account such employee not being insured for UIC benefits, or account UIC waiting period, such employee may claim a weekly lay-off benefit for each complete week of seven calendar days laid off of the maximum UIC weekly benefit currently in force or such lesser amount that when added to the employee's outside earnings for such week will result in the employee receiving eighty (80) percent of his basic weekly pay at the time of lay-off.
 - c) Weekly lay-off benefits specified in this Item 6.2 will cease when an eligible employee has exhausted his benefit accumulation as specified in Item 6.1.
 - d) It shall be the responsibility of the employee to report for each week for which he is claiming a weekly lay-off benefit under this Agreement any amounts received from the Unemployment Insurance Commission in respect of such week, as well as any wages earned during such week while employed outside the Railway. In the event an employee does not report all such outside earnings for any particular week, this will be interpreted as notice from him that his outside earnings for such week are the same as those for the previous week.
- 6.3. No weekly lay-off benefit will be made for parts of a claim week as defined in Item 6.5 except that:
- a) RECALL NOT COVERED BY 6.3 (b) BELOW
 - b) An employee who has qualified for weekly lay-off benefits in accordance with Item 6.5 and who returns to work for part of the last claim week and thereby receives

earnings from the Company in that last claim week may make application for a partial weekly lay-off benefit which, when added to the earnings received in that week and to unemployment insurance benefits and/or outside earnings in excess of those allowable under EI for such week will result in the employee receiving eighty (80) percent of his basic weekly pay at time of lay-off.

- 6.4. The maximum number of benefits will be the number of assignments reduced at that terminal, multiplied by 1.25.
- 6.5. Eligibility for Layoff Benefits
- 6.6. An employee who is not disqualified under Item 6.6 hereof, shall be eligible for a benefit payment in respect of each full week of seven consecutive calendar days of lay-off (herein called "a claim week") provided he meets all of the following requirements:
 - a) He has two (2) years or more of CCS at the beginning of the period of continuous lay-off in which the claim week occurs began.
 - b) For weekly lay-off benefit payment, a continuous waiting period of seven (7) days in the period of lay-off has expired. Each period of lay-off will require a new seven-day waiting period in order to establish eligibility for weekly lay-off benefits, except that once an employee has been on layoff for more than seven (7) days, and is recalled to work for a period of less than ninety (90) calendar days, such employee will immediately become eligible for weekly lay-off benefits upon lay-off within such ninety (90) days.
 - c) He has made application for benefits to the designated Company officers.
 - d) He has exercised full seniority rights at his home terminal, and outpost thereto, except as otherwise expressly provided in Item 6.6 clauses (b) and (c).
- 6.7. Notwithstanding anything to the contrary in Item 6, an employee shall not be regarded as laid off:
 - a) During any day or period in which his employment is interrupted by leave of absence for any reason, sickness, disciplinary action (including time held out of service pending investigation) failure to exercise seniority (except as otherwise expressly provided for in Clause (b) below), retirement, Act of God, including but not limited to fire, flood, tempest or earthquake or a reduction of cessation of work due to strikes by employees of the Railway.
 - b) During any interval between the time that he is recalled to service of the Company after a period of lay-off, and the time at which he actually resumes work; except that an employee who does not, as a consequence of the foregoing, return to service on the day work is available shall be governed by the provisions of Item 3.2(d) (4) of the Agreement, on the same basis as if he had returned to work on the date such work became available.
 - c) If he/she declines for any reason, other than as expressly provided in Clause (b) above, recall to work at his home location, including outpost thereto.
 - d) In respect of any period in which he is receiving other payments of any kind or nature directly from the Company, except as otherwise expressly provided in Item 3.1(c) of the Agreement; or
 - e) After his dismissal or resignation from the service of the Company.

7. Relocation Benefits

- 7.1. The Consolidated Collective Agreement Material Change provisions will apply.
- 7.2. The number of relocation opportunities available will be equal to the number of assignments reduced multiplied by 1.25. It is also understood that each relocation opportunity taken under this Agreement by an affected employee at affected terminals will eliminate or reduce the number of MBR, layoff, early separation and severance benefits that might otherwise be triggered.
- 7.3. Note: Guaranteed attrition opportunities, as noted in clause 7.2 will not be reduced as a result of relocation opportunities taken under this agreement until all of the attrition opportunities mentioned in clause 7.2 have been eliminated.

8. Early Retirement

- 8.1. The early separation plan as outlined herein will be made available to employees who have more than 2 years CCS at the time of implementation and have worked continuously at the affected terminal or an outpost terminal thereto for at least one year as a bargaining unit employee immediately prior to the date of acceptance for early separation. This one year requirement may be waived by the General Chairs.
- 8.2. The number of attrition opportunities available, consisting of early separation allowances and severances, will be equal to the number of assignments reduced multiplied by 1.25. Fifty percent of the opportunities that become available will be bulletined not later than January 31 of the year following implementation. These will be awarded to Locomotive Engineers only. Should these opportunities not be taken in a given year, they will be banked and re-bulletined each year for Locomotive Engineers only, until exhausted.
- 8.3. The remaining fifty percent of opportunities that become available in clause 8.2 above will be bulletined not later than January 31 of the year following implementation provided that there is a surplus of employees at affected terminals. The number of opportunities bulletined will not exceed the number of surplus employees at the affected terminal or outpost thereto.
- 8.4. Note: For the purposes of this agreement, a surplus employee is defined as an employee with greater than two years CCS who has been laid off for 9 months or more in a 12 month period.
- 8.5. Any attrition opportunities in clause 8.2 above that are not offered or taken during the year that they are generated will be banked and be re-bulletined if there is a surplus as defined above.
- 8.6. It is also understood that each separation opportunity taken under this agreement, including bridging, by an affected employee at the affected terminal will eliminate or reduce the number of MBR, relocation, layoff and severance benefits that might otherwise be triggered.
- 8.7. Note: Each separation opportunity taken under this agreement, including bridging, by a Locomotive Engineer at affected terminals will eliminate a guaranteed attrition opportunity as mentioned in clause 8.2 above in addition to the number of MBR, layoff and relocation benefits that might otherwise be triggered.

- 8.8. To facilitate the awarding of these early separation opportunities, the bulletin in clause 8.1 above will be issued for 120 days by the Company requesting applications from eligible employees for these separation opportunities. These opportunities will be awarded, as available, on the basis of seniority and the specifications of clause 8.1, provided, of course, that the eligibility requirements are met.
- 8.9. An employee working in a position covered by this agreement who is a successful applicant and who is eligible for Early Retirement under the Company's Pension Plan, will be entitled to receive a monthly separation allowance until age sixty-five (65) which, when added to his Company pension, will give him an amount equal to a percentage of his average annual earnings over his best five year period, as defined under the pension rules, in accordance with the following formula:

Years of Cumulated Compensated Service

At time employee elects early retirement above	Percentage amount as defined
35 and over	80%
34	78%
33	76%
32	74%
31	72%
30	70%
29	68%
28	66%
27	64%
26	62%
25 or less	60%

- 8.10. An eligible employee, entitled to the separation allowance specified in clause 8.9 may elect to receive in its stead a lump sum payment equal to the present value of his monthly separation payments calculated on the basis of a discount rate of 10% per annum.
- 8.11. An employee whose application is accepted will be advised of his benefit entitlement within 30 days of the closure of the bulletin, and upon notification, must make a decision to accept or reject the separation opportunity within 48 hours of notification. Such decision will be considered irrevocable upon acceptance. The employee must comply with the conditions attached thereto at the earliest opportunity following acceptance. Employees who may not be in a position to see the bulletin when issued due to authorized leave of absence, bona fide sickness or annual vacation will be advised of the contents of the bulletin via double registered mail. It will then be their responsibility to apply within the time limits.
- 8.12. Eligible employees, as defined in clause 8.0, who elect payment as provided in clause 8.9 above shall be:
- a) entitled to have their group life insurance coverage continued until age 65 and paid for by the Company; and
 - b) entitled at age 65 to a life insurance policy, fully paid by the Company, in an amount equal to that in effect in the applicable existing collective agreement; and
 - c) entitled to have his Extended Health and Vision Care benefits continued fully paid by the Company, until age of normal retirement.

- 8.13. Applications from eligible employees will be processed on the basis of their earliest seniority date under the respective collective agreements.
- 8.14. The separation allowance shall cease upon the death of the employee who dies before reaching the age of sixty-five (65).
- 8.15. An employee who elects benefits under this Clause will not be entitled to any other benefits provided elsewhere in this Agreement.

9. Severance Payment

- 9.1. In cases where attrition opportunities, as defined in clause 8.2, remain after the early separation opportunities have been advertised, a bulletin will be issued each year. The bulletin will be issued for 120 days by the Company requesting applications from eligible employees for these severance opportunities. These opportunities will be awarded, as available, on the basis of seniority and the specifications of clauses 8, provided, of course, that the eligibility requirements are met.
- 9.2. An employee who is offered an optional lump sum severance payment, may, upon submission of formal resignation from the Company's service, claim a severance payment as set forth below:
 - a) 20 years or more cumulative compensated service: \$80,000;
 - b) 12 to 19 years, inclusive, cumulative compensated service: \$75,000;
 - c) 8 to 11 years, inclusive, cumulative compensated service: \$70,000.
- 9.3. An additional lump sum severance payment of \$25,000 will be made to employees who voluntarily elect to terminate their employment within ninety (90) days of the closure of the bulletin.
- 9.4. Employees with 20 years or more cumulative compensated service who are within 5 years of eligibility for early retirement at the time they accept this severance, will have their life insurance and extended health care benefits continued until they reach age 65.
- 9.5. Employees with 8 years to 19 years, inclusive, cumulative compensated service will have their life insurance and extended health care benefits continued for a period of six months from the date of their severance.
- 9.6. Applications from eligible employees will be processed on the basis of their earliest seniority date under the respective Collective Agreements.
- 9.7. Employees may elect, at their option, to receive the severance payment in two installments over a thirteen (13) month period.
- 9.8. Severance payments, as outlined above, will be made available to employees who have worked continuously at the affected terminal or an outpost terminal thereto, for at least one year as a Bargaining Unit represented employee immediately prior to the date of implementation.
- 9.9. Locomotive Engineers will receive preference in the awarding of severance opportunities.
- 9.10. Requests for early separations pursuant to this Agreement shall have precedence over requests for severance opportunities.

9.11. It is also understood that each severance opportunity taken under this agreement by an affected employee at affected terminals will eliminate or reduce the number of MBR, layoff, early separation and relocation benefits that might otherwise be triggered.

a) Note: Each severance opportunity taken under this Agreement by a Locomotive Engineer at affected terminals will eliminate a guaranteed attrition opportunity as mentioned in clause 8.2 in addition to the number of MBR, lay off and relocation benefits that might otherwise be triggered.

9.12. An employee who takes advantage of a severance opportunity provided herein shall not be entitled to any other benefits pursuant to this Agreement.

9.13. In no case will the number of combined early separation and severance opportunities exceed the maximum number of attrition opportunities, as defined in clause 8.2.

9.14. Notwithstanding anything in this clause nine (9) to the contrary, no payment pursuant to this clause nine (9) will be made that is greater than the amount that the individual would have earned had he remained in service until attaining the age of normal retirement under the Canadian Pacific Limited Pension Plan.

9.15. The standard for a surplus to be established is where an employee(s) is laid off for nine (9) out of twelve (12) months.

10. Seniority, Preference of Work and Promotion

10.1. When YSE or YSH employees are required a bulletin requesting applicants from employees working as Yardmen/Trainmen will be posted by the Company.

10.2. Applicants will be selected on the basis of their latest seniority date as a Yardman/Trainman for an RCLS position.

10.3. If an insufficient number of applications are received the junior qualified employees in the Terminal will be assigned to take training.

10.4. When an employee bids a permanent vacancy and his/her seniority entitles him/her to the position and are not RCLS qualified, they will be trained immediately.

10.5. Upon completion of training, employees will have the designation qualified RCLS shown with their name.

10.6. A senior Yardman who elected training and became qualified after a junior Yardman would retain and rank according to seniority their original trainmen seniority even as a RCLS employee.

10.7. All rules applicable to the filling of vacancies for Yard Foremen and Yard Helpers under the Collective Agreement apply to YSE/YSH except that employees who are not qualified as YSE/YSH may be runaround without penalty.

11. General Items

11.1. Any dispute respecting the interpretation, application or alleged violation of this agreement may be progressed as provided for by the final step of the grievance procedure of the applicable collective agreement.

- 11.2. Existing rules or practices contained within the Consolidated Collective Agreement which are in conflict herewith shall have no application.
- 11.3. A joint committee will be established at each location to which this agreement applies to consult on problems that could arise in relation to safe operations of RCLS. It is expected that such discussions will be bundled with other routine business. Company initiated meetings to address issues related to RCLS will be held at the Company's expense.
- 11.4. Locomotive Engineers allotment of annual vacation in Sutherland will be maintained in accordance with the principles set forth in the Thunder Bay RCLS agreement (attached hereto as it applies to each specific location). Local numbers will be established and provided to the General Chairmen within 7 days of implementation at Sutherland

12. Final Resolution

- 12.1. This Agreement disposes of all outstanding issues specific to the abolishment of positions and installment of RCLS assignments as a result of the introduction of RCLS technology referred to in Article 1.3 of this agreement, pursuant to the provisions of "Material Changes in Working Conditions" in the Collective Agreements.

Signed at Calgary, Alberta this 30 day of September, 2019.

For the Company:

For the Union:



Myron Becker
AVP, Labour Relations



Greg Edwards
General Chairman, TCRC LE



Dave Guerin
Senior Director, Labour Relations



Dave Fulton
General Chairman, TCRC CTY