

COLLECTIVE AGREEMENT

BETWEEN

KELOWNA PACIFIC RAILWAY
(the "Company")

- and -

TEAMSTERS CANADA RAIL CONFERENCE (LE), (CTY),(Locomotive Engineers, Conductors) and
Teamsters Canada Rail Conference - Maintenance of Way Employees Division (TCRC-MWED)

(Collectively, the "Unions")

Application of Wage Increase and Other Changes Covering
September 30, 2013 to September 29, 2018

Rates of Pay effective as Indicated.

Other Changes effective the October 1, 2013 or as otherwise indicated.

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Article 1

GENERAL PRINCIPLES

- 1.1 This agreement recognizes the unique principles and conditions existing within a regional railway industry that are not applicable to the major railroads.
- 1.2 This Agreement, between the Company and the Unions, applies solely to those lines of railway known as Kelowna Pacific (KPR). KPR means those lines of railway between Kelowna and Vernon, Lumby and Vernon, Vernon and Armstrong (via running rights over the Okanagan Valley Railway), Armstrong and Campbell Creek, Campbell Creek to Kamloops (via running rights over CP Rail System).
- 1.3 Accordingly, the relationship between the Company and the Unions set forth in this Agreement is based on cooperation and is for the benefit and advancement of all of the stakeholders in this Agreement, as well as the customers and other stakeholders in the business of the Company.
- 1.4 In order to successfully promote these concepts the parties have, respectively, agreed to recognize and make provision for:
 - a) an orderly system of collective bargaining relations between the Company and the Unions;
 - b) the prompt and fair disposition of grievances;
 - c) the efficient operation of the Company's business without interruptions or interference with work;
 - d) the provision of fair wages, hours and working conditions for the employees, and the provision of the highest quality service to the Company's customers in the most efficient manner possible.

- 1.5 This Agreement constitutes a collective agreement between the Company and the Unions with respect to KPR, and shall be uniformly applied to all employees collectively, unless otherwise specifically provided for herein.
- 1.6 In the event that the legislation or regulations or decisions of any competent authority cause or result in the invalidation of any term or provision of this Agreement, such term or provision shall be void and of no effect and shall be severed from the Agreement; provided however, that all other terms and provisions of this Agreement shall remain in full force and effect.
- 1.7 In this Agreement, words importing the singular shall include the plural and vice versa where the context requires. The use of such words as "he", "his", and "him" as they may appear in the Agreement are not intended to restrict the application of the Agreement or a particular rule to a particular gender, but are used solely for the purpose of grammatical convenience and clarity. Accordingly, words importing the masculine gender shall include the feminine gender where the context requires.
- 1.8 Neither the Company, nor the Unions, nor any employee shall permit or engage in discrimination, or harassment against any person by reason of sex, age, marital status, race, national or ethnic origin, colour, disability, political or religious affiliation, family status, pregnancy, sexual orientation, or conviction for which a pardon has been granted. As a matter of principle and in compliance with the Employment Equity Act, the Company and the Unions are fully committed to achieving equality in the workplace so that no person shall be denied employment opportunities or benefits based on any of the prohibited grounds of discrimination. Employment Equity means treating people the same way despite their differences, and respecting their differences to allow them to participate equally. The terms discrimination and harassment shall be defined and interpreted as in the Canada Human Rights Act.
- 1.9 The right to negotiate and interpret contracts, rules and working conditions for locomotive engineers shall be vested in the regularly constituted committee of the Teamsters Canada Rail Conference. The right of locomotive engineers to have the TCRC represent them in the handling of all matters under this collective agreement is conceded. The right to negotiate and interpret contracts, rules and working conditions for conductors and assistant conductors shall be vested in the regularly constituted committee of Teamsters Canada Rail Conference - CTY. The right of conductors and assistant conductors to have the TCRC - CTY represent them in the handling of all matters under this collective agreement is conceded. The right to negotiate and interpret contracts, rules and working conditions for Track Maintenance Foremen, Machine Operators, Welders, Mechanics, Track Maintainers and Seasonal Employees shall be vested in the regularly constituted committee of the Teamsters Canada Rail Conference - MWED. The right of Track Maintenance Foremen, Machine Operators, Welders, Mechanics, Track Maintainers and Seasonal Employees to have the TCRC - MWED represent them in the handling of all matters under this collective agreement is conceded.
- 1.10 When electric or other motive power is introduced as a substitute for diesel-electric locomotives on road trackage operated or controlled by Kelowna Pacific, locomotive

engineers governed by this collective agreement shall have preference to positions as locomotive engineers.

Article 2

DEFINITIONS

- 2.1 The term the "Company" shall be understood to mean Kelowna Pacific Railway Ltd. The term "representative of the Company" shall be understood to mean the Officer of KPR who has been designated by the Company to handle a particular matter.
- 2.2 For the purpose of this Agreement, an "emergency" means accident, engine failure, washout, snow blockade, or other such like emergency.
- 2.3 The term "Property" means those lines of KPR between Kelowna and Vernon, Lumby and Vernon, Vernon and Armstrong (running rights over the Okanagan Railway), Armstrong and Campbell Creek, Campbell Creek to Kamloops (running rights over CP Rail System) known as the Okanagan Subdivision.
- 2.4 The term "material change" means technological change, as defined in the *Canada Labour Code*, affecting the Property which is likely to affect the terms and conditions of employment of the employees of the KPR employed on the Property.
- 2.5 The term "newly hired employee" means any employee hired by the Company that has not completed the probationary period.
- 2.6 The term "Unions" shall be understood to mean the duly elected or appointed Officers or General Committee of the Teamsters Canada Rail Conference and the Teamsters Canada Rail Conference Maintenance of Way Employees Division. The term "representative of the employee" or "employee's representative" shall be understood to mean the duly accredited representative of the Unions.
- 2.7 All qualifying periods referred to in this agreement shall be based on cumulative compensated service. Two thousand (2000) hours accumulated service shall constitute one (1) year for purposes of qualification.

Article 3

RECOGNITION

- 3.1 The Company recognizes the following Unions as the particular bargaining agent for those employees covered under their bargaining certificate, which includes the following job classifications:

Locomotive Engineer	TCRC
Conductor/Asst. Conductor (Yard & Road)	TCRC - CTY
Track Maintenance Foreman	TCRC - MWED
Welder	TCRC - MWED
Machine Operator	TCRC - MWED
Mechanic	TCRC - MWED
Track Maintainer	TCRC – MWED
Labourer	TCRC – MWED

- 3 .2 Any reference in this Agreement to the union officers known as "General Chairmen/Person", or "President/Director", as signatories to this Collective Agreement includes their immediate successors and any subsequent successors to those offices.

Article 4

MANAGEMENT RIGHTS

- 4.1 It is recognized that the management of the business is vested in the Company, whose discretion and judgment shall control the operations of KPR, the selection and retention of employees, the work and duties to which employees are assigned, and the right to hire, transfer, promote, demote, suspend and discharge for cause, so long as the rights granted in this Article are not in violation of the provisions of this Agreement or any applicable federal or provincial laws.
- 4.2 KPR management shall be permitted to perform work normally performed by an employee in the event of the unavailability of an employee or in the event of work of an emergency nature. All means of calling employees must be done before management personnel being utilized.

Article 5

TERM OF AGREEMENT

- 5.1 This Agreement supersedes all previous agreements, rulings or interpretations which are in conflict therewith and shall remain in full force and effect until September 29, 2018, and thereafter, subject to 120 days notice in writing by either party to this agreement of its desire to revise, amend or terminate it.
- 5.2 The provisions of Paragraph 5.1 shall not be construed so as to constrain the parties to this Agreement from making any changes to or from adding to the scope or application of, or from extending the procedures of this Agreement during the term of this Agreement that are mutually acceptable.
- 5.3 Rules necessary to meet local conditions and not inconsistent with the provisions of this Agreement may be negotiated and made effective, subject in each case to the approval of the officer designated by the Company and of the Unions, and subject to either party having the right to cancel the rule on 30 days written notice.

Article 6

NO STRIKES OR LOCK-OUTS

- 6.1 In view of the orderly procedure established by this Agreement for the settling of disputes and the handling of grievances, the Unions agree that, during the lifetime of this Agreement there will be no strike, slowdown or stoppage of work either complete or partial and the Company agrees that there will be no lock-out of employees.

Article 7

SENIORITY

- 7.1 Service shall mean an employee's length of continuous service with KPR. An employee shall maintain and accumulate seniority while he is in the employ of KPR after he has completed his probationary period, as set out in Paragraph 7.4. Unless otherwise specifically expressed, seniority shall be applied on a classification basis.
- 7.2 The Company agrees to recognize the length of continuous service with Canadian National Railway ("CN") of any employee, on the Property purchased who transferred to KPR on December 30, 1999, for purposes of placement on the seniority list, for calculation of entitlement to vacation, and entitlement to benefits as specified in Article 22.
- 7.3 The Company shall maintain separate seniority lists for each job classification, such lists to be agreed to from time to time between the parties. An employee's name shall not be added to the seniority list until the employee has completed his probationary period as set forth in Paragraph 7.4 of this Agreement, except as provided for in Paragraph 7.5.
- 7.4 Newly hired employees will be on probation for ninety (90) calendar days. Upon completion of the probationary period, the new employees shall have their seniority dated back to their original date of hire, in accordance with Paragraph 7.8, by the Company. During the probationary period the employee's suitability for permanent employment shall be assessed by the Company. Employees will be considered as on probation until they have completed ninety (90) days of service under this agreement. If found unsuitable prior to the completion of ninety (90) days, the employee will not be retained in service under this Agreement and such action will not be construed as discipline or dismissal but may be subject to appeal by the General Chairman/Person on behalf of the employee through the grievance procedure.
- 7.5 Qualified former employees of Canadian National Railway currently employed on the Property and who transfer to KPR, shall not be subject to a probationary period.
- 7.6 Notwithstanding anything to the contrary in this Agreement, nothing shall preclude or limit the type of work that an employee may be asked to perform.

Note: In the application of paragraph 7.6, employees will not be subject to censure if they can present grounds not to perform duties other than those which they are currently qualified and trained to perform. Employees who are not physically capable of performing work outside their classification will be excused from such work.

- 7.7 Employees shall, unless otherwise provided in this Agreement or by subsequent mutual agreement between the Company and the Unions, hold and continue to accumulate seniority in the particular classification in which they were hired.

- 7.8 The seniority rights of newly hired employees shall start from the date they begin their first tour of duty in the respective classification as an employee of KPR. Where two or more employees begin work on the same day, they shall be ranked for seniority purposes in the order of their service date and if that is the same, the employee's birthday.
- 7.9 An employee who has accepted a position on another seniority list or is promoted to an official or an excepted position will be carried on the seniority list for the group from which promoted, and shall retain seniority rights and continue to accumulate seniority. Employees promoted to an official or excepted position shall retain and accumulate seniority in their classifications by payment of seniority maintenance fees to the applicable union(s). Those employees so promoted who do not wish to continue to retain and accumulate seniority need not pay the seniority maintenance fees and may so exempt themselves by advising the Union(s) in writing of such decision.
- 7.10 In cases of layoff, junior employees shall be displaced or laid-off in reverse order of seniority within the respective job classifications in which they hold seniority as defined in Article 3. Employees unable to hold work in the classification to which assigned who hold seniority in another classification will be permitted to displace the junior employee in such other classification seniority permitting.
- 7.11 Where an employee is recalled to their former position after layoff, and a familiarization period is necessary, the employee will be paid at the applicable rate for that classification.
- 7.12 The Company shall provide employees with as much notice as possible of lay-off but in any event, the respective Union and the affected employee(s) shall be advised at least ten (10) working days in advance of the date the layoff shall commence or pay in lieu of notice. In the event of derailment or track dislocation which requires the restoration of service the notice required as provided in the previous sentence will be waived and as much advance notice of layoff as is possible will be given to employees in such circumstances. Employees will be recalled to service in seniority order within their classification and will retain their original seniority date and standing provided they report for duty within fifteen (15) days from the date that they receive notice of recall. Seniority shall accrue during periods of vacation, leave of absence, and lay off. Subject to the availability of junior employees, an employee may waive recall without loss of seniority for vacancies with an expected duration of less than ninety (90) calendar days.

Note: In all cases of layoff, notice to employees will not be less than that provided by the Canada Labour Code.

- 7.13 Except as otherwise provided in paragraph 7.9, seniority shall not be forfeited except in cases of retirement, resignation from KPR, discharge, violation of Article 10.2, or failure to accept recall under Paragraph 7.12 or if employees fail to report for duty after a lay-off in accordance with the provisions of this Agreement, unless they provide an explanation satisfactory to the Company. An employee who is discharged and subsequently reinstated may, by virtue of a mutual agreement between the Union and the Company or as a result of arbitral decision be placed on the seniority list consistent with such employee's seniority date prior to the discharge.
- 7.14 The Company shall provide and maintain separate classification seniority lists for its employees. The lists shall be published once a year on start up and thereafter on January 1st of each year and the Company shall provide a copy of the list to the Unions. The list shall be held open for a period of sixty (60) days to allow an employee through his Union the opportunity to appeal his position on the list(s) in writing to the Company. For employees on leave of absence, annual vacation, layoff or absent due to illness and injury, the sixty (60) days shall begin on the date the employee returns to active service. Once the list is unchallenged for sixty (60) days, it may not be changed thereafter except by mutual agreement between the Union and the Company, except in cases where the employee's name is removed or slotted incorrectly for other than the above excepted reasons as set forth in Paragraph 7.13.
- 7.15 The Company shall recall employees by registered mail to the last known address of the employee. It shall be the responsibility of the employee to jointly keep the Company and the Unions advised in writing of his address. The employee shall advise the Company and report for work within fifteen (15) days of receipt of such notice of recall of his intention to return to work. The Company must send as soon as possible a copy of the notice of recall to the Local Chairperson of the Union to which the employee receiving the notice of recalls belongs.
- 7.16 In the application of paragraph 7.15, an employee's address will include any and all telephone numbers and addresses; fax numbers, e-mail addresses and contact information or any other means which may be used to communicate with the employee will also be given.
- 7.17 KPR employees on laid off status will be afforded the opportunity to train in another classification where a vacancy exists or, subject to their qualifications, transfer to an existing vacancy on CN.
- 7.18 Any employee authorized and required to operate a company vehicle on a public thoroughfare as part of the employee's assigned duties who receives a suspension of such motor vehicle operating license must immediately report the matter to an officer of the Company. In such circumstances, an employee whose duties require the possession of a motor vehicle operating license in good standing may receive a suspension from duty without pay, should suspension of the employee's license prevent the employee from performing the employee's assigned duties. The Company and the Union will use their best efforts to find another job for this employee at KPR during the term of the suspension.

Article 8

POSTING

- 8.1 The Company shall internally advertise vacancies for permanent positions when it is determined that a vacancy exists. If an employee is on authorized leave during the entire period of the posting, such employee can exercise seniority to claim the position no later than the completion of the first tour of duty upon such employee's return from the authorized leave of absence.
- 8.2 When a vacancy exists in the bargaining unit, the Company shall post a notice of the vacancy for a period of five (5) days before the job is to be filled. The notice shall specify the nature of the job. An employee who wishes to be considered for the position so posted shall signify a desire by making formal application to the supervisor specified in the notice within five (5) days of the date of the posting of the notice.

Article 9

TEMPORARY WORK — Non Operating Unions

- 9.1 The Company may hire casual employees for special work projects. The projects will not constitute work that normally or regularly forms part of the regular work of the regular or seasonal forces. Employees hired under this provision will occur only if there are no laid off employees covered by the seniority lists for the respective union. The Company will recall laid off employees, before hiring casual workers and will notify the respective union of what work will be performed and how long that work will be performed. Any person hired under this Article will be subject to displacement by regular or seasonal employees who are issued lay-off notices or their assignment is terminated or completed.
- 9.2 The Company may contract out certain functions from time to time so long as such practice does not result in the layoff, or continued layoff, of assigned employees.

Article 10

LEAVE OF ABSENCE

- 10.1 An employee may be granted a leave of absence without pay of up to ninety (90) days upon approval and at the discretion of the Company. The period of leave may be extended at the discretion of the Company and will not be altered by the Company. An employee granted such a leave shall sign a copy of a written authorization of leave.
- 10.2 An employee on leave of absence from KPR may not work for another company unless the Union and the Company mutually agree to allow the employee to work for another company. Any employee who engages in such other employment without the consent of the Union and the Company shall be subject to investigation.
- 10.3 The Company shall grant a leave of absence without pay to any employee elected or appointed to a Union office or as a General or Local Chairperson or as a delegate to any Union activity for the term of the office or until completing the activity.
- 10.4 In the application of paragraph 10.3, any employee elected or appointed to a Union office or as a General or Local Chairperson or as a delegate to any Union activity who is granted a leave of absence therefore will maintain their service and seniority and related benefits for the term of the office or until completing the activity.

Article 11

BEREAVEMENT LEAVE

- 11.1 Bereavement leave is designed to allow an employee, who misses work as a result of being bereaved, time off when a death occurs in the immediate family. Any active employee will be given a bereavement leave of three (3) days with pay calculated at the rate of pay on such employee's regular assignment, or, if the employee is unassigned, at the rate of pay for the assignment last worked prior to the commencement of such leave. A leave for bereavement shall not be deemed to have interrupted continuity of employment. An employee who misses a tour of duty out of the away from home terminal solely and directly as a result of having been on bereavement leave will be compensated pursuant to the bereavement leave provisions, notwithstanding that such a tour of duty occurred outside of the three (3) calendar days specified in the bereavement leave provisions of this Article.
- 11.2 An employee's immediate family is defined as the employee's spouse (as defined in Section 2(1) of the Canada Human Rights Benefits Regulations), child, parent, grandparent, grandchildren, parent-in-law, brother-in-law, sister-in-law, step-parent, step-child, step-brother, step-sister, and the employee's sibling.
- 11.3 Due to the death of an employee's family member as defined in Paragraph 11.2, the employee shall be entitled to three (3) days' bereavement leave without loss of pay. Newly hired employees shall be entitled to bereavement leave after ninety (90) calendar days of service. It is the intent of this Article to provide for the granting of leave from work on the occasion of a death as aforesaid, and for the payment of his regular wages for that period to the employee to whom leave is granted.
- 11.4 If an employee is bereaved while on vacation, bereavement leave days shall not be included as part of the vacation period. The vacation days not taken shall be rescheduled through mutual agreement between the Company and the employee.
- 11.5 Time paid under this Article will not be used in the computation of overtime.

Article 12

JURY DUTY AND ATTENDING COURT

- 12.1 An employee who is summoned or who serves on jury duty and is required to lose time from such employee's assignment shall be paid the difference between the amount paid by the court for such jury service and the amount of regular wages for the regular tour of duty such employee would have otherwise worked, not including, however, reimbursement from the Court for meals, lodging or transportation. No pay shall be granted if the employee is on leave of absence, lay off, vacation or holiday. However, an employee's annual vacation will, if the employee so requests, be rescheduled to a time mutually agreeable to the Company and the employee if it falls during a period of jury duty. Hours paid under this provision shall not be considered as time worked when computing overtime.
- 12.2 An employee must furnish the Company with a statement from the court of the days on which jury duty was performed including amounts paid by the court for jury service.
- 12.3 Employees held off duty by order of the Company to attend court or coroner's inquest in legal cases in which the Company is involved, or subpoenaed by the Crown in such cases, will be made whole for wages lost and expenses incurred. If employees must appear during their regularly assigned rest day, they shall be paid a basic day with time and one half their regular rate if required to attend for more than eight hours. The Company will be entitled to a certificate for witness fees in all cases.
- 12.4 This Article does not apply if the employee is under criminal investigation or is party to a civil suit unless the Company and the Union agree to provide it.

ARTICLE 13

EMPLOYEE HEALTH AND PHYSICAL FITNESS

- 13.1 The Company may require job applicants to take and pass a physical examination prior to employment and, if applicable, take and pass such other examinations necessary to show that the applicant can perform the functions of the job. The Company may also require employees to take such periodic examinations as required by law.
- 13.2 Medical and eye examinations will be arranged and paid for by the Company. Employees will be made whole for wages lost and expenses incurred while traveling and while attending these examinations.
- 13.3 When employees are required to take examinations on their rest day, they will be compensated hour for hour with a minimum four (4) hours pay at the rate of their assignment, plus any actual reasonable expenses incurred while traveling and while attending these examinations.

Article 14

WORK SCHEDULING AND WAGES

- 14.1 Wages shall be established and paid in accordance with Appendix 1 of this Agreement.
- 14.2 (a) Non-operating employees covered by this Agreement will be paid on an hourly basis with a basic day defined as eight (8) hours or less for which employees will be paid 8 hours. Unless otherwise specified in a particular position description, wage levels are based upon a 5 day, 40 hour workweek, which shall, unless otherwise posted in an individual job bulletin, commence on Monday each week. The work week shall be defined as a period beginning 0001 hours of each Monday through 2359 hours of each Sunday. Work in some disciplines may require the establishment of a ten (10) hour per day, four (4) day work week or some other schedule. Except as provided for in Paragraph 14.6 employees are guaranteed a forty (40) hour work week.
- (b) Operating employees covered by this Agreement will be paid on an hourly basis with a basic day defined as ten (10) hours or less for which employees will be paid 10 hours. Unless otherwise specified in a particular position description, wage levels are based upon a 5 day, 50 hour work week. The work week for regularly assigned employees shall mean a week beginning on the first day the assignment is bulletined to work, and for unassigned or spare board employees shall mean a period of seven consecutive days starting at 0001 on Monday. Except as provided for in Paragraph 14.6 and excepting employees on spare boards, employees are guaranteed a fifty (50) hour work week.
- 14.3 In the application of this article:
- a) Wherever the requirements of service permit, assignments will in all departments be bulletined to work consecutive days and to provide a minimum of two (2) consecutive rest days in a work week with a presumption that Saturday and Sunday are the preferred rest days. To meet the service needs and operating conditions of KPR, the employee's position and work week may be bulletined with the scheduled rest days on days other than Saturday and Sunday. The Company will discuss the scheduling and implementation of assignments with the applicable Union.
- b) For Non Operating employees, the term "work week" for regularly assigned employees shall mean a week beginning on the first day on which the assignment is bulletined to work, and for laid—off or unassigned employees shall mean a period of seven consecutive days starting at 0001 on Monday.
- 14.4 The starting time for an employee may be changed to meet operating requirements by giving the employee forty-eight (48) hours notice of change subject to the employee being given a minimum of twelve (12) hours rest between tours of duty as a result of this operational change.

- 14.5 When workload requires, separate spare boards will be maintained for locomotive engineers and conductors. Transportation spare boards will be regulated to ensure that employees assigned to such boards will have the opportunity to work fifty (50) hours in a week, when workload requires. Spare board transportation employees may be required to remain on the spare board and available for service for seven (7) days a week until such time as the employee accumulates fifty (50) straight time hours on the spare board. As soon as a spare board employee accumulates his fifty (50) straight hours in his or her work week, that employee's name will be placed on a list indicating that he has accumulated fifty (50) straight time hours and will be ineligible to work overtime unless there are no other spare board employees available at straight time rates. When work opportunities are such that the establishment or maintenance of a spare board is not warranted, assignments will be filled in accordance with the provisions of paragraph 34.5 of article 34, in seniority order by those employees who wish to work when there is no conflict with filling that employee's regular assignment.
- 14.6 Employees who absent themselves from their assignment for any reason during the work week shall have their pay adjusted by the actual number of hours below the work week hours defined in paragraph 14.2, in any week that they may be so absent.
- 14.7 Summer track work to meet KPR's needs may be scheduled for non operating employees on the basis of ten (10) working days and four (4) rest days. Scheduling of track work on the 10 / 4 basis will be developed through the consultative process. Where non operating employees are required to work hours in excess of the eighty (80) hour plateau, such hours worked will be paid under the provisions of Article 18.1.
- 14.8 Employees temporarily assigned to higher-rated positions shall receive the higher rates while occupying such positions. Employees temporarily assigned to lower-rated positions shall not have their rates reduced.
- 14.9 All assignments will have a locomotive engineer and a conductor. Crews may be augmented by the assistance of a spare assistant conductor at the discretion of the Company. Such spare assistant conductor shall not form part of the crew requiring assistance and such spare assistant conductor may be required to assist more than one crew during a tour of duty.
- 14.10 Transportation employees going off-duty at other than their home terminal may book up to eight (8) hours rest inclusive of call. Transportation employees going off – duty at their home terminal may book between 8 and 14 hours rest inclusive of call however, employees may not book rest around their assignment when there is a minimum of a ten (10) hour interval preceding the next tour of duty.
- 14.11 All hours worked by the employee will be considered in the calculation of the work week and for the calculation of overtime. The Company will not use overtime to reduce the guarantee provided in article 14.2.
- 14.12 Employees will follow the conditions of their assignment, which will not be changed unless necessitated by an emergency.
- 14.13 Transportation employees who have been on duty for twelve hours will have the option to book rest enroute by giving the Company no less than three (3) hours notice..

- 14.14 Employee's who are called to deadhead shall be allowed a basic day's pay or actual time, whichever is greater, in deadheading. A combination of service and deadheading is permissible when the time is computed as continuous, providing that not less than a basic day's pay is allowed for the combination.
- 14.15 The Company shall designate a home terminal or headquarters for each assignment.
- 14.16 Employees unable to complete their tour of duty within 12 hours will, at the expiry of 12 hours, be provided transportation to their home or away terminal. In the application of this paragraph, employees required to remain on duty in excess of 12 hours for the purpose of traveling will be compensated at overtime rates.

Article 15

PAY DAY

- 15.1 All employees shall receive wages in accordance with Article 14 of this Agreement. Employees shall be paid every 2nd Thursday.
- 15.2 Employees leaving the service of KPR shall be furnished with a payment covering all time due within ten (10) days or as soon thereafter as possible.
- 15.3 All time shall be shown itemized on the pay summary of employees.
- 15.4 Employees shall be paid by electronic funds transfer (direct deposit).
- 15.5 When an employee is short paid more than half a day's pay, a payment will be made to cover the shortage within three (3) working days of an employee's request for payment, or as soon as thereafter possible.

Article 16

VACATION

- 16.1 (a) The vacation year shall be from January 1, through December 31.
- (b) An employee who on the 31st day of December in each year has:
- (i) less than 12 months continuous service with KPR shall receive one day for each completed month of service, up to a maximum of 10 calendar days with pay at his regular daily rate;
 - (ii) one year or more of continuous service with KPR shall receive two weeks' vacation per year with pay calculated on the basis of 4% of such employee's previous year's earnings;
 - (iii) Two years or more of continuous service with KPR shall receive three week's vacation per year with pay calculated on the basis of 6% of such employee's previous year's earnings;
 - (iv) Four years or more continuous service with KPR shall receive four week's vacation per year with pay calculated on the basis of 8% of such employee's previous year's earnings.
- 16.2 To be counted as a year of service, an employee must have been continuously employed for a period of twelve (12) consecutive months. Time off for union business, time off duty on account of an authorized lay-off, bona fide illness, injury, and vacation days shall count as continuous service for the purposes of this Article.
- 16.3 An employee who is hired pursuant to Article 9.1 and who has performed service in only a portion of a month and is laid off shall have that portion of the month counted as a full month of continuous employment for purposes of this Article.
- 16.4 Vacation time shall not be accumulated from one year to the next. The Company, by mutual agreement with the employee, will allow an employee to carry over his vacation to the next year in circumstances where due to illness or injury, the employee has not been reasonably able to take his vacation in the year it became available.
- 16.5 All vacations will commence on a Monday and continue as consecutive week(s), except for employees who have days off other than Saturday or Sunday in which circumstances their vacation would commence upon completion of the last day of work in their work week. Employees entitled to two (2) or more weeks of vacation may split their vacation into not less than one (1) week segments. Employees shall be allowed to take up to five (5) of his vacation days as floating vacation days during the year so long as the

Company approves of the day to be taken in advance and so long as the day or days are not added to regularly scheduled vacations.

- 16.6 Vacation must be taken in increments of at least one week with the exception to the provisions as outlined in Article 16.5.
- 16.7 The Company reserves the right to allocate vacation request choices based on the needs of its operations. Any conflict of vacation schedule requests which cannot be resolved in a mutually agreeable manner will be determined by the Company on the basis of seniority. Except in an emergency, once a vacation request is granted, the employee shall be allowed to take the assigned time. If the vacation must be rescheduled due to an emergency, the employee and the Company shall mutually agree to the rescheduled time. If the employee's vacation is rescheduled by the Company due to an emergency and the employee has prepaid for the vacation and cannot obtain a refund and/or cannot use the prepaid vacation at a later date, the Company shall reimburse the employee for out of pocket costs.
- 16.8 If any of the general holidays listed in Article 17.1 occur during an employee's vacation or rest day, the employee may either be:
- a) given a day of holiday pay in addition to his vacation pay; or
 - b) given an additional paid day off at the end of his vacation.

In the application of this paragraph, the employee must notify the Company in advance of taking his vacation of which option (a) or (b) above will be chosen.

- 16.9 If an employee ceases to be employed, the Company shall pay to the employee any vacation pay then owing by the Company to the employee. In these circumstances vacation pay shall be calculated at the rate of two percent (2%) per week of vacation to which the employee's service entitles him, multiplied by the regular wages of the employee for the period of service for which the employee has not already received vacation. Any accrued vacation pay in a year shall be paid to the estate of an employee who dies while in the employ of the Company.
- 16.10 Vacation requests must be submitted in writing to the designated supervisor by January 31st. The Company will respond by no later than February 15 of each year. When submitting requests, employees should include a sufficient number of choices in case of duplicate requests.
- 16.11 An employee, who while on annual vacation, becomes ill or is injured, shall have the option to terminate (temporarily) his vacation and be placed on weekly indemnity, if eligible. An employee who is again fit for duty shall immediately so inform the designated company officer and will continue his vacation if within his scheduled dates. If the remaining vacation falls outside the employee's scheduled dates, such vacation will be rescheduled as may be mutually agreed between the designated Company officer and the Local Chairperson.

Article 17

GENERAL HOLIDAYS

17.1 The Company recognizes the following days as paid holidays

New Year's Day	Labour Day
Good Friday	Thanksgiving Day
Victoria Day	Remembrance Day
Canada Day	Christmas Day
Civic Holiday (First Monday in August)	Boxing Day
	Easter Monday

17.2 The Company will give an employee three (3) day's notice if it requires an employee to work on a general holiday except in an emergency. Employees notified they are required to work on a general holiday who are subsequently not required to so work will be compensated for a basic day's pay for each such notification, in addition to their regularly scheduled holiday pay. Employees required to work on a general holiday will be paid at one and one-half (1 1/2) times their regular rate of wages for the entire tour of duty worked, in addition to their regular rate of wages on that day.

17.3 An employee who is not required to work, or is on a rest day, on a general holiday shall be paid at the equivalent of the wages he would have earned at his regular rate of wages for his normal hours of work.

Article 18

OVERTIME

- 18.1 Overtime assigned by the Company will be paid at the rate of one and one-half time the employee's hourly rate of wages for each hour of work in excess of the work week hours specified in paragraphs 14.2 (a) or 14.2(b) of Article 14. Operating employees will be paid overtime for each hour in excess of the basic day specified in paragraph 14.2(b) of Article 14.
- 18.2 Non Operating employees called in from home to work overtime, which is not in conjunction with their shift, will be paid a minimum of 3 hours overtime. Where practicable, the senior employees at the location and within the specific classification will be offered the overtime subject to the Company's undertaking to endeavor to distribute overtime equitably. Any other overtime policy may be arranged by mutual agreement.
- 18.3 Overtime will not be paid when exercising seniority from assignment to assignment or when an employee works a regularly scheduled relief assignment. There will be no pyramiding of overtime.
- 18.4 Where practicable, the senior employee at the location will be offered the overtime subject to the Company's endeavor to distribute overtime equitably. Overtime equalization will not apply to those hours worked continuous with, before or after, an employee's regular assignment, but only to work not continuous with an employee's regularly assigned hours of work.

Article 19

MEALS, EXPENSE REIMBURSEMENT AND ACCOMMODATIONS

- 19.1 Employees are entitled to a paid mealtime of 30 minutes. In the application of this paragraph, trains will not be delayed nor train operations disrupted solely as a result of stopping the train to eat. Employees will report for work suitably prepared for a tour of duty recognizing that the opportunity to take a meal will be governed by the practicality of train operations.
- 19.2 Employees required to terminate their tour of duty away from their home terminal or headquarters point will be paid a meal allowance of thirty dollars (\$30.00) for every twenty-four (24) hour period from the start of their tour of duty such employees are away from their home terminal or headquarters point unless meals are furnished by the Company. The meal allowance will be prorated equally for each of the eight (8) hour segments in the following twenty-four (24) hour periods.
- 19.3 The Company will arrange suitable single accommodation, subject to availability, at its expense for seasonal gangs working at remote locations where accommodation is not otherwise available. The Company shall also make suitable arrangements for meals for seasonal gangs working at remote locations. The Company shall consult with the Unions regarding the suitability of accommodations.
- 19.4 The Company will arrange suitable single hotel or motel accommodation at its expense for employees required to terminate their tour of duty away from their home terminal or headquarters point.
- 19.5 When an employee is required to work away from his headquarters point, or is required to attend a company meeting, or is required to travel to have an examination as outlined in Article 13, the Company shall either provide transportation or reimburse the employee for the necessary cost of transportation. If the employee is authorized by the Company to utilize his own automobile, the Company shall reimburse him at the rate of twenty-eight cents (\$.28) a kilometer for the kilometers traveled via the most direct highway route unless otherwise approved by the Company.

Article 20

INJURED ON DUTY

- 20.1 Employees injured while at work will not be required to make accident reports before they are given medical attention, if required, but will make them as soon as practicable thereafter. Proper medical attention will be given at the earliest possible moment.
- 20.2 An employee prevented from completing a shift due to a bona fide injury sustained while on duty will be paid for that full shift at straight time rates of pay, unless the employee receives Workers' Compensation benefits for the day of the injury, in which case the employee will be paid the difference between such compensation and payment for their full shift.

Article 21

JOINT COMMITTEES

SAFETY AND HEALTH

21. 1 The Company shall establish a Safety and Health Committee made up of at least one member from management and one member from each of the constituent Unions.
- 21.2 The Safety Committee shall meet no less than quarterly and shall consult about and make recommendations to the Company concerning the furtherance of safety and health measures, including but not limited to the reduction of ergonomic hazards in the work place, and conduct such other functions as required by Federal regulation. Employees will be compensated for attendance at Health and Safety Committee meetings and meetings related thereto, at a rate no less than that provided by applicable statutes.

Article 22

HEALTH PLAN

22.1 Effective the 31st day after the closing of the transaction, active employee healthcare, prescription drugs, dental and vision care benefits as well as group life insurance and short-term disability will be administered in accordance with the active group benefits plan currently covering active CN TCRC represented employees. All active and retiree coverages and group benefits provided for under the KPR collective agreement will terminate 30 days after the closing of the transaction.

Note: The Company will recommend to the Unions' LTD Committee on CN the inclusion of the KPR employees into the employees' LTD Plan on equal terms to those that apply to the TCRC's members at CN. It is understood that the decision is solely and wholly at the discretion of the union members of the CN LTD Committee without any recourse or appeal.

Article 23

MANNING NEW LINES OR EXTENSIONS

- 23.1 Subject to the application of any successor rights provisions of an applicable labour code, preference in manning new lines or extensions shall be given to employees on promotion territories from which the new lines divert.

Article 24

SAFETY EQUIPMENT AND TOOLS

- 24.1 Many duties require that the employee wear personal protective equipment. For those employees required to wear them, the Company shall provide hard-hats, safety vests, safety glasses, gloves, and welders' protective clothing, together with an annual contribution of one hundred and fifty (\$150) dollars towards safety boots. Employees who are required to wear protective equipment and fail to do so will be reported to the Health and Safety Committee and may be investigated.
- 24.2 The Company shall provide the basic required equipment for an employee to carry out his duties. Such equipment shall include, but not be limited to: batteries, lanterns, bulbs, radios, radio harnesses, and hearing protection.

Article 25

NOTICE BOARD

- 25.1 Notice Boards will be provided, at suitable locations, to the unions for posting of notices.
- 25.2 Local Chairpersons or local union representatives who are employees of KPR called to attend company initiated meetings will be compensated for all lost time. If required to attend a Company meeting between trips, such union representatives will be compensated on an hourly basis with a minimum of 2 hours payment at their regular rate.

Article 26

PRINTING OF AGREEMENT

- 26.1 The Company shall undertake the responsibility for the printing of this Collective Agreement, and its updates, as may be required from time to time and within reasonable periods of time, and will pay the cost of the printing.
- 26.2 Copies of the Collective Agreement and its updates, will be provided to the Unions for distribution to employees within a reasonable time period following the signing of this Agreement. Such copies will be provided in printed and electronic formats.

Article 27

DEDUCTION OF DUES

- 27.1 The Company shall, on the payroll on the second pay day of each month , deduct from the wages of each bargaining unit employee within the scope of this Agreement, an amount equal to the uniform monthly dues of the appropriate Union or such other authorized amounts as specified by the Union, subject to the exceptions contained in this Paragraph. The Company shall remit the total amounts deducted to each Union once per month accompanied by a report showing the amount deducted. The Company shall not be responsible, financially or otherwise, for any failure to make deductions or for making inaccurate or improper deductions or remittances. Should the dues structure of the union or unions change, the parties will meet to discuss the modification of these dues provisions.
- 27.2 The Company shall provide each new employee and each rehired employee a form letter, outlining to the employee his responsibility regarding payment of union dues and other union assessments.

Article 28

PERFORMANCE INVESTIGATION & CORRECTION PROCESS

- 28.1 Subject to the rights granted in Article 4 (Management Rights) of this Agreement, the Company shall not discipline, suspend or discharge an employee without just cause and without a fair and impartial hearing as set out in this Article. If an employee is in violation of a federal or provincial statute or regulation or is endangering the safety of himself, a fellow employee or the public the Company may hold him out of service without pay for a period not exceeding 48 hours pending a notice of hearing. Should the employee be exonerated at any time following the hearing, said employee will be compensated for any lost wages.
- 28.2 The Company shall notify an employee in writing of the incidents(s) under investigation for which discipline, suspension or discharge is or may be imposed. The notice shall summarize the nature of the incidents(s), give the time, date, and place of the occurrence of the incident(s), set the time and date of the hearing, and inform the employee he has the right to Union representation and to bring witnesses.
- 28.3 The hearing will be scheduled within five (5) days of the date of notice and shall be presided over by the General Manager of KPR or his designee. The parties shall not be represented by or utilize legal counsel at the hearing. The Company shall provide the employee and the Union a copy of all evidence it will rely upon, at the commencement of the hearing.
- 28.4 The General Manager of KPR or his designee shall conduct the hearing in an informal manner and only he and the employee's Union representative may examine witnesses, if any are present. Copies of all documents utilized in the hearing will be provided to the employee and representative at their request.
- 28.5 Deleted
- 28.6 A decision will be rendered in no longer than twenty (20) days after the hearing. Such decision shall be in writing and served on the employee and the Union. This time limitation may only be changed by mutual agreement between the Union and the Company. Once a decision has been rendered, the Company may implement the decision.
- 28.7 If the employee disagrees with the decision rendered, he may appeal, through the Union, the decision to the General Manager of the KPR within twenty (20) days of receipt of the decision. Such appeal must be in writing and must specify the grounds or reason the decision is incorrect or the level of discipline inappropriate. Failure to file an appeal by the due date shall render the decision final and not subject to appeal. The General Manager shall have ten (10) days to render a decision on the appeal. That decision must be in writing and served on the employee and the Union. The time limitations may be extended only by mutual agreement of the Company and the Union.

- 28.8 A grievance concerning the corrective action imposed, which has been processed in the manner and through each of the steps outlined in this Article and still has not been settled or disposed of, may be referred by any of the signatories to this Agreement pursuant to the procedures set forth in Article 29.

Article 29

GRIEVANCE PROCEDURE

- 29.1 (a) Should an employee believe he has been unjustly dealt with, or that any of the provisions of this Agreement (including one involving a time claim) have not been complied with, and it is not possible to resolve the matter directly, the grievance shall be processed in the following manner:

Step 1 - Presentation to immediate Supervisor

Within 30 days of the date of cause of grievance, the employee and/or the Local or General Chairperson/Director shall present the grievance in writing to the officer immediately in charge, requesting a meeting to discuss the matter. A meeting will be held within 7 days of receipt of the request and decision rendered as soon as possible but in any case within 7 days of the date of the meeting. Telephone conference call can be used in lieu of the meeting by mutual consent of the before mentioned parties. If no meeting is held within seven (7) days of the request, the matter may be progressed to step 2.

Step 2 - Appeal to General Manager

Within 30 days of receiving the decision under Step 1, the Local or General Chairperson/Director may appeal the decision in writing to the General Manager, whose decision will be rendered in writing within 15 days of receiving the appeal.

Step 3 - Appeal to the Vice-President

Within 60 days of receiving the decision under Step 2, or in the case of discharge, restriction or suspension, the General Chairperson/Director may appeal the decision in writing to the Vice-President, whose decision will be rendered in writing within 28 days of receiving the appeal. The decision of the Vice-President shall be final and binding, unless within thirty (30) days from the date of his decision, proceedings are instituted to submit the grievance, pursuant to the procedures referred to in Paragraph 29.3 for final and binding settlement, without stoppage of work.

Note: Any appeal against discharge or restriction or suspension shall be initiated at Step 3 of the grievance procedure.

- (b) The time limits in Paragraph 29.1 above may be extended by mutual agreement.
- 29.2 (a) The settlement of a grievance shall not under any circumstances, involve retroactive pay beyond a period of ninety (90) calendar days prior to the date that such grievance was submitted as Step 1 of the grievance procedure.

- (b) Any grievance not advanced by the Union within the prescribed time limits shall be considered abandoned. Where a decision is not rendered by the appropriate officer of the Company within the prescribed time limits, the grievance may be advanced to the next step in the grievance procedure.
- (c) In the application of this clause of the Agreement, a grievance based on a claim for unpaid wages if not advanced by the Union within the prescribed time limits, shall be considered abandoned. When the appropriate officer of the Company fails to render a decision with respect to such a claim for unpaid wages within the prescribed time limits, the claim will be paid. Payment of time claims in such circumstances will not constitute a precedent or waiver of the contentions of the Union or of the Company in this case or in respect of other similar claims.

29.3 Final Settlement of Disputes

- (a) A grievance concerning the interpretation or alleged violation of this Agreement or appeal against discipline imposed, which has been processed in the manner and through each of the steps outlined in the grievance procedure and still has not been settled or disposed of may be referred by any of the signatories to this Agreement to an arbitrator designated by the applicable parties, for final and binding settlement without work stoppage.
- b) A request for arbitration shall be made within sixty (60) calendar days from the date the decision is rendered in writing by the Vice-President.
- c) The time limits as provided in this Article may be extended by mutual agreement.

29.4 A request for arbitration referred to in Article 29.3(b) shall be made by providing notice thereof to the applicable arbitrator, not later than the first day of the month preceding that in which the hearing is to take place and on the same date a copy of such filed notice shall be delivered to the other party to the grievance. A request for arbitration shall contain or shall be accompanied by a joint statement of issue and shall be accompanied by any documents specifically required to be submitted by the terms of this Agreement. On the second Tuesday of the particular month following the month in which the request for arbitration was filed with the arbitrator, the arbitrator shall hear the disputes relating to the requests for arbitration which have been filed in his office, in accordance with the procedure set forth in this Article 29.4.

29.5 Subject always to the provisions of this Agreement the arbitrator shall make all regulations necessary for the hearing of disputes by the arbitrator which are consistent with the terms of this Agreement and such regulations may be amended by the arbitrator from time to time as necessary.

29.6 No dispute may be referred to arbitration until it has first been processed through the last step of the Grievance procedure provided for in this Agreement. Failing final

disposition under the said procedure a request for arbitration may be made but only in the manner and within the period provided for that purpose in this Agreement.

- 29.7 The arbitrator shall not decide a dispute without a hearing. At the hearing each party shall submit to the arbitrator a written statement of its position together with the evidence and argument in support thereof.
- 29.8 The parties to a dispute submitted to the arbitrator may at any hearing be represented by Counsel or otherwise as they may respectively elect by advising the other party.
- 29.9 The arbitrator may make such investigation as he deems proper and may require the examination of witnesses be under oath or affirmation. Each party to a dispute shall have the right to examine all witnesses called to give evidence at the hearing. The arbitrator shall not be bound by the rules of evidence and practice applicable to proceedings before courts of record but may receive, hear, request and consider any evidence which he may consider relevant.
- 29.10 The decision of the arbitrator shall be limited to the disputes or questions contained in the statement of issue submitted to him. His decision shall be rendered, in writing together with his written reasons therefore, to the parties concerned, within 30 calendar days following the conclusion of the hearing, unless the time is extended with the concurrence of the parties to the dispute, unless this Agreement specifically provides for a different period, in which case such different period shall prevail. The decision of the arbitrator shall not in any case add to, subtract from, modify, rescind or disregard any provision of this Agreement.
- 29.11 Each decision of the arbitrator, which is made under the authority of this Agreement, shall be final and binding upon the Company, each of the Unions and all the employees concerned.
- 29.12 The arbitrator shall report the decision in each case and the reasons for such decisions to each of the signatories hereto.
- 29.13 The costs of the arbitrator will be shared on an equal basis between the Union involved and the Company.
- 29.14 In the application of this article, the Unions and the Company, agree that whenever practicable, the services of the incumbent arbitrator(s) of the Canadian Railway Office of Arbitration and Dispute Resolution (CROA) will be selected as the adjudicator of disputes. Arbitration will held in Calgary, co-incident with regularly scheduled CROA hearings, currently in May and November. If arbitration is scheduled other than in May or November, the parties will agree upon a single arbitrator to hear such disputes, with preference being given to an arbitrator with experience in the railway industry. If the parties cannot agree on the selection of an arbitrator within 7 days of the request for arbitration, the Minister of Labour shall be requested by the parties or either of them to appoint an arbitrator.

Note: The Company and the Unions will make a request for the recognition of the KPR as a member of CROA at the first CROA Administrative Committee meeting following ratification of this agreement. Should KPR be accepted, the parties agree to be bound by the CROA memorandum of Agreement and the rules and procedures for the final and binding adjudication of their unresolved disputes, effective the first day of the month following the admission of KPR into CROA by the CROA Administrative Committee.

Article 30

SCOPE OF AGREEMENT

- 30.1 From and after the execution of this Agreement and its applicable Schedules, the parties agree that all existing collective and job security agreements to which the Company may have succeeded shall terminate and that this Agreement and its Schedules shall supersede and replace all prior agreements and also any awards, decisions, interpretations, understandings and practices arising out of such prior agreements.
- 30.2 If there is a disagreement as to the application or interpretation of any article or paragraph of an article of this agreement, the parties will meet to attempt to reach an understanding. The union(s) may present arguments based on demonstrable past practice or industry-wide interpretations to support their argument(s). If the parties are unable to reach a common understanding on the matter in contention, it may be referred to arbitration in accordance with the arbitration provisions of this agreement.

Article 31

MATERIAL CHANGE

Notice and Negotiations

31.1 Prior to the initiation by the Company of any technological, operational or organizational changes and/or a change as defined by the Canada Labour Code having a material adverse effect on KPR employees, the Company will:

- (a) Give at least 120 days' advance notice to the Unions of any such proposed change, with a full description thereof and details as to the anticipated changes in working conditions; and
- (b) Negotiate with the Unions measures to minimize any significant adverse effects of the proposed change on employees but such measures shall not include changes in rates of pay.
- (c) While not necessarily limited thereto, the matters considered negotiable may include the following:
 - (1) Job and/or income protection
 - (2) Training and Transfer opportunities
 - (3) Severance opportunities
 - (4) Maintenance of earnings
 - (5) Relocation benefits
 - (a) Sale of house
 - (b) Appraisal procedure
 - (6) Lump sum payments
 - (7) Work distribution

31.2 In the application of this article:

- (a) The negotiations referred to in paragraph 31 .1 shall commence within 20 days of the date of the notice specified in the applicable paragraph.
- (b) If the negotiations do not result in mutual agreement within 60 calendar days of their commencement, the issue or issues remaining in dispute shall, within 20 days of the cessation of negotiations, may be referred by either party to a single arbitrator whose decision shall be final and binding upon both parties.

- (c) The request for arbitration shall be made in writing by either party to the other within 7 days cessation of negotiations. If the parties cannot agree on the selection of an arbitrator within 7 days of the request for arbitration, the Minister of Labour shall be requested by the parties or either of them to appoint an arbitrator.
- (d) The parties will prepare a joint statement of the issue or issues remaining in dispute to be submitted to the arbitrator. The arbitrator shall hear the dispute within 30 days from date of appointment and shall render the decision together with reasons therefor in writing within 30 days of the completion of the hearing.
- (e) In the event that the parties cannot agree upon a joint statement of the issue or issues remaining in dispute either party desiring arbitration may submit a separate statement and proceed to a hearing and the other party will be so informed and provided a copy of the separate statement no less than 7 calendar days before the commencement of the arbitration hearing.
- (f) At the hearing before the arbitrator, argument may be presented orally or in writing, and each party may call such witnesses as it deems necessary.
- (g) Time limits specified in this article may be extended by mutual agreement.
- (h) The decision of the arbitrator shall be confined to the issue or issues placed before him or her and shall also be limited to measures for minimizing the significantly adverse effects of the proposed change upon employees who are affected thereby.
- (i) The Company and the Unions shall respectively bear any expenses each has incurred in the presentation of the case to the arbitrator but any general or common expenses, including the remuneration of the arbitrator, shall be divided equally.

Implementation of Change

31.3 In the application of this Article:

- (a) The changes referred to in paragraph 31.1 will not be made prior to the expiration of the 120 days referred to in paragraph 31.1(a);

The changes proposed by the Company which can be subject to negotiation and arbitration under this article do not include changes brought about by the normal application of the collective agreement, changes resulting from a decline in business activity, fluctuations in traffic, reassignment of work at home stations or other normal changes inherent in the nature of the work in which employees are engaged.

Article 32

TRAINING

- 32.1 The Company shall establish training and qualification programs for each classification, after consulting with the unions. These programs are intended to assist an employee to gain better knowledge of his job and learn new skills. An employee who applies for or accepts training and then refuses to fulfill the requirements for qualifying for the position or withdraws his acceptance prior to meeting said qualifications will be returned to his former position and be restricted from making application for the same position for one (1) year. In situations where extenuating circumstances are involved, the employee's case will be reviewed by the Company and the General Chairman/Person.
- 32.2 If an employee is in any other type of training directed by the Company, he will be paid his regular rate of pay while travelling to and from the training (pursuant to the mode of travel designated by the Company) and for the actual time spent in training and shall be reimbursed for his reasonable cost of travel.
- 32.3 Employees applying for training as locomotive engineers must have a minimum of one (1) year of railway operating experience as a conductor.
- 32.4 Newly hired employees who hold a valid locomotive engineers certification or are certified conductors will be deemed qualified as such on KPR.
- 32.5 Training for a locomotive engineer's position will be conducted internally or at a recognized locomotive engineer training facility for the technical portion of training course, at the discretion of KPR. The TCRC will be advised if a training course is to be provided internally; such internal training will be in accordance the requirements of the Federal Regulatory Agency responsible. The Company will consult with the TCRC concerning the minimum number training tours of duty required prior to a student locomotive engineer becoming qualified as a locomotive engineer. Such training tours will be under the tutelage of a qualified KPR locomotive engineer or a KPR locomotive engineer instructor.
- 32.6 Locomotive engineers will participate in the training and qualifications of student locomotive engineers and will be compensated for one (1) hour for each tour of duty at the rate of pay applicable to the service in which training is provided. Locomotive engineers will be required to fill out progress reports on a tour of duty basis and submit the reports to the Company to *assist* in the evaluation of student locomotive engineers.
- 32.7 Locomotive engineers not familiar with the territory over which they are to operate will be trained to operate over such territory or be furnished with a qualified locomotive engineer to act as a pilot. The number of trips for which a pilot is required will be established by the Company. Any dispute relating to the number of trips for which a pilot will be required will be resolved between the General Chairperson and the General Manager of KPR.

- 32.8 Student locomotive engineers will be compensated at the conductor's rate for time spent on the locomotive engineer's training programs.
- 32.9 Final qualification as a locomotive engineer will not be given without consultation between the Company and the local TCRC representative, with due regard for safety and the minimum standard of competence for locomotive engineers.

Article 33

HELD AWAY FROM HOME TERMINAL (Operating Employees)

- 33.1 Employees held at other than their home terminal shall be paid on a minute basis for their hourly rate of pay for the actual time so held after the expiration of sixteen (16) hours from the time relieved from previous duty. Time paid under this paragraph is not be used in the computation of overtime or the calculation of the total hours of the work week.
- 33.2 If an employee is called for service or ordered to deadhead after held away from home pay begins, such pay shall cease at the time pay begins for such service or deadheading. In the event an employee is ordered for service that does not depart from the away from home terminal or is returned from the away from home terminal, all time worked shall not be used in the calculation or deduction of held away pay or time.
- 33.3 An employee at an away from home terminal will not be called for more than one (1) tour of duty where he will not reach his home terminal.

Article 34

CALLING PROCEDURES (Operating employees)

- 34.1 Except in cases of emergency employees cancelled after reporting for duty will be paid a basic day for all time held up to 10 hours. Time in excess of 10 hours will be paid on a minute by minute basis. Employees cancelled in cases of emergency will be paid a minimum of 4 hours for all time held less than four hours. If held longer than 4 hours in an emergent situation, the employees so held will be paid a minimum of a basic day or actual time whichever is greater.
- 34.2 Except in an emergency, the Company shall provide, as far as practicable, a two (2) hour call in advance of the on-duty time. The Company shall not be required to call an employee who is in assigned service except to inform him if a train is delayed and to inform him of the new on duty time.
- 34.3 Spareboard or unassigned employees will be called on a first in, first out basis. Employees who are first out and available not called in the proper order will be compensated four (4) hours at straight time rates and retain their position on the board.
- 34.4 Employees will be called far enough in advance of departure time to perform duties required by rule or regulations to ensure the safe operation of their train.
- 34.5 Locomotive engineers assigned to the locomotive engineers working board will be given preference to all work as locomotive engineers so long as employees do not miss working their regularly assigned shifts thereby; conductors assigned to the conductor's working board will be given preference to all work as conductors, so long as employees do not miss working their regularly assigned shifts thereby.

Signed at _____ on _____ 2013:

For the Kelowna Pacific Railway:

J. Torchia

D. Fisher

For the TCRC- Maintenance of Way Employees Division:

Mr. W. Brehl

For the Teamsters Canada Rail Conference:

Mr. B. Willows

Mr. R. Hackl

RATES of PAY

Classification	<u>Sept 30, 2013</u>	<u>Sept 30, 2014</u>	<u>Sept 30, 2015</u>	<u>Sept 30, 2016</u>	<u>Sept 30, 2017</u>
	Per Hour	Per Hour	Per Hour	Per Hour	Per Hour
Locomotive Engineer	\$36.13	\$37.03	\$37.95	\$38.90	\$39.88
Conductor	\$34.52	\$35.38	\$36.27	\$37.17	\$38.10
Mechanic	\$25.76	\$26.41	\$27.07	\$27.74	\$28.44
Welder	\$24.61	\$25.22	\$25.85	\$26.50	\$27.16
Track Maintenance Foreman	\$24.37	\$24.98	\$25.61	\$26.25	\$26.90
Machine Operator	\$26.67	\$27.33	\$28.02	\$28.72	\$29.44
Track Maintainer	\$21.11	\$21.63	\$22.18	\$22.73	\$23.30
Labourer	\$17.21	\$17.86	\$18.31	\$18.76	\$19.23

Letter 1 September 24, 2013

Dear Mr. Brehl

During negotiations, the Brotherhood explained that their demand with respect to employees working at wreck sites was submitted for two reasons.

First, you expressed a concern that employees not be required to work at wrecks and derailments without accommodation being provided. You were concerned that in such circumstances, employees would have no place to rest, other than the vehicles which were used to transport them to the work site.

Second, you expressed a concern that employees at wreck or derailment sites were not being provided with the same standard of meals as employees represented by other Unions.

This will confirm our commitment that in such circumstances, employees who are called to work at wrecks or derailments will be provided with the same standard of accommodation and meals that is being provided to employees represented by other Unions.

Yours truly,

Vice-President, Human Resources

Letter 2

Dear Mr. Brehl:

This will confirm our understanding concerning employees covered by the KPR agreement who are disciplined in the form of a demotion, restriction or dismissal. Under these circumstances, the following will apply.

1. An employee who is demoted, suspended or restricted for a period of one year or less will have his position bulletined as a temporary vacancy and will, upon termination of such discipline, return to his former position.
2. An employee demoted or restricted on a permanent basis, or discharged will have his position advertised on a temporary basis provided that such discipline is being appealed within the time limits specified in the grievance procedure
3. An employee who is permanently demoted or dismissed and subsequently reinstated in his former classification shall not have any displacement rights. Such employee will only be permitted to fill temporary vacancies and must exercise his seniority on the first permanent vacancy in the classification in which reinstated under the terms of the agreement. Failure to so exercise his seniority will result in forfeiture of seniority in that classification.

If you concur with this understanding, would you please so indicate by signing below.

Yours truly,

Vice-President, Human Resources

Letter 3

Dear Mr. Brehl

This has reference to discussions during current contract negotiations with respect to the railway's proposal regarding the desirability of undertaking special arrangements for an employee who becomes physically disabled during the course of his employment and is unable to perform the regular duties of his assigned position and is unable to exercise his seniority on a position which he is capable of performing.

This letter will confirm our understanding that in such circumstances, the proper officer of the Company and the Director of the TCRC- MWED will meet to see if arrangements can be made to provide employment to the employee concerned within the bargaining unit. The parties may by mutual agreement, place a disabled employee on a position that his qualifications and ability allow him to perform, notwithstanding that it may be necessary to displace an able bodied employee in the bargaining unit so as to provide suitable employment. The permanently assigned employee so displaced will be allowed to exercise seniority onto a position within the bargaining unit that he is qualified for and has the ability to perform.

A disabled employee placed on a position shall not be displaced by an able-bodied employee so long as he remains on that position except when a senior employee is otherwise unable to hold a position within his seniority group.

Should the disabled employee subsequently recuperate, he shall be subject to displacement, in which case such employee will exercise seniority rights. When a senior able bodied employee believes that the provisions of this letter will result in undue hardship, the Director TCRC-MWED may discuss the circumstances with the Company.

The above understanding, is to provide guidelines for assisting disabled employees to continue to be employed.

If you are in accord with the above, would you please so indicate below.

Yours truly,

Vice-President, Human Resources

Letter 4

Dear Mr. Brehl

This letter between the TCRC-MWED and Kelowna Pacific Railway Ltd. contains items that have been agreed upon between the parties and shall form part of the Collective Agreement.

This letter , or the individual items contained in this letter, can only be amended or cancelled by mutual agreement between the proper officer of the TCRC-MWED and the proper officer of the company.

The following items were discussed and agreed to:

STARTING TIME

- 2.1 Any change in starting time is subject to employees being afforded eight hours rest between tours of duty.
- 2.2 Eight (8) consecutive hours, except as otherwise provided , shall constitute a day's work. All overtime will be paid on a minute to minute basis at one and one half times the employee's regular rate of pay for the position he is being paid for. Day shift will start between 0600 and 0900.

3. GENERAL PROVISIONS

- 3.1 Employees working a cycle other than eight (8) hours per day will be compensated an equal number of hours for the general holiday when qualified.(e.g.) 4 days at 10 hours per day.
- 3.2 Employees shall be allowed straight time for wet or stormy days, provided they remain on duty.
- 3.3 Except in cases of emergency, employees outside of the Maintenance of Way service shall not normally be assigned to do work which properly belongs to the maintenance of way (i.e.) TCRC-MWED.
- 3.4 Employees who are successful in obtaining a Special License required by the Company to operate equipment will be reimbursed for the cost of obtaining and maintaining such license. This provision does not apply to standard motor vehicle licenses.
- 3.5 When additional positions or classification are created, compensation shall be fixed in conformity with agreed rates for similar positions or by agreement between the President of the TCRC- MWED or designate and officers of the Company.

4. SENORITY AND BULLETINING OF POSITIONS.

4.1 The line of promotion for employees in the TCRC-MWED shall be as follows:

Field Maintainer/Mechanic
Track Maintenance Foreman
Welder
Track Maintainer/Truck driver/Machine operator
Track Maintainer
Extra Gang Labourer (Seasonal)

4.2 Employees will only establish seniority in a higher classification by being awarded a bulletined position in such higher classification

4.3 An employee obtaining a bulletined position in a higher classification must exercise his seniority on the first permanent position that becomes available in the higher classification. If no such permanent position becomes available he/she must exercise his/her seniority to displace a junior employee holding a temporary position in the higher classification.

4.4 An employee who does not bid on the first permanent/temporary position in the higher group or who fails to displace a junior employee in a temporary position will forfeit their seniority in the higher group and be returned to their former permanent position.

4.5 An employee who is unable to exercise his seniority to fill another position in such higher classification in accordance with 4.3 & 4.4 shall revert to their former permanent position and retain their seniority rights in the higher classification.

4.6 A qualified employee who is appointed to a higher classification by bulletin will be accorded a seniority date from the date of appointment on bulletin in such classification and in all lower classifications in which he is qualified to work in which he/she had not previously established seniority.

5. CONTRACTOR PERFORMED WORK

5.1 It is agreed that whenever the KPR hires/employs a contractor to perform work that is normally performed, or has been historically performed, by a member or members of the TCRC-MWED., an assessment shall be paid to the TCRC-MWED. The assessment shall be paid for every employee of the contractor on-site performing the work. This includes, but is not limited to, employees exercising physical, mechanical or supervisory functions.

- 5.2 The assessment shall be paid to the TCRC-MWED either directly by the contractor or by the company. The assessment shall be remitted to the TCRC-MWED. on the same dates and under the same conditions as established for the payment of regular union dues,
- 5.3 The amount of the assessment paid shall be an amount equal to the amount of the regular union dues that, at the material time. is being paid by TCRC-MWED members.
- 5.4 The assessment shall be made and paid subject to all of the he conditions established for the payment of regular dues. This includes the stipulation that the assessment shall be paid on a monthly basis. That is to say, work by any employee of a contractor on any day or part day in any calendar month shall trigger the mandatory payment of a full month's assessment for that employee.
- 5.5 In the event that a contractor fails to meet its obligation to pay the required assessment , the company shall be solely liable for the full payment of the amount owed to the TCRC-MWED.

Note: These provisions (5.1 through 5.5 inclusive) are suspended by agreement of the parties for a period of two (2) calendar years from the date of ratification of this agreement. They will once again have a binding effect after September 30, 2015. For greater clarity, the parties also agree that because of the major works that will be undertaken, CN maintenance of way employees, solely or in work gangs and their equipment will also be considered as contractors for the purposes of this 2 year waiver period.

6. POSTING

- 6.1 Under Article 7 of the Collective Agreement it is agreed that any qualified employee who is on authorized leave of absence, injured or off sick may bid any permanent vacancy that becomes available. Should this individual be the successful applicant for the bulletin, the position will then be filled on a temporary basis until the return of the successful applicant.

8 MEDICAL REQUIREMENTS

- 8.1 Qualified KPR employees who are hired by CN and who are in possession of a valid medical card from KPR will not be required to undertake an entry medical examination with CN.

10. JOB BULLETINING

10.1 As soon as possible after the take over date, the Company and the TCRC-MWED will meet to establish an orderly bulletin and bidding process to fill the positions on Kelowna Pacific Railway Ltd.

11. GRIEVANCE PROCEDURE & DISCIPLINE

11.1 The parties agree to review the process within one year of the signing of the Collective Agreement with the intent of improving and simplifying the procedures outlined in Article 27 & 28 of the collective agreement.

12. CAB CONDITION—HEAVY TRACK UNITS

12.1 It is Kelowna Pacific Railway Ltd.'s intent to provide a suitable working environment for all employees; this includes the cabs of Heavy Track Units that are intended for service on the Kelowna Pacific Railway Ltd.

12.2 Heavy Track Units will be equipped with adequate insulation, heating, cooling for the operating climate of Southern British Columbia. Seating will provide comfort and healthy support.

16 SIDE LETTERS AS APPENDIX TO THIS LETTER

16.1 The side letters attached as Appendices (1), (2), and (3) dealing with employees who become disabled during the course of his employment, and employees who are demoted, restricted, suspended and employees required to work at wrecks and derailments will form part of the collective agreement and be subject to the same terms as provided in this letter regarding amendments, changes or cancellation.

17. GLOVE ALLOWANCE

17.1 The Company and the Unions agree that instead of supplying gloves under the provisions of Article 24.1, a maintenance of way employee will be either compensated forty (\$40.00) dollars per year for the individual employee to supply his own suitable work gloves which will be paid on the first pay period, or as provided by Article 24.1, at the option of the employee

I concur:

For Kelowna Pacific Railway Ltd.

For TCRC-MWED Letter 5

Mr. B. Willows

Mr. R. Hackl

This letter between the TCRC and the Company contains items that have been agreed to by the parties and shall be a part of the Collective Agreement.

This letter, or individual items contained in this letter, can only be amended or cancelled by mutual agreement of the TCRC and the Company.

Specific items discussed and agreed to are:

1. Work Scheduling and Filling of Vacancies

The Company will discuss the scheduling and implementation of assignments, prior to the transfer date, with the Unions. However, the existing assignments will remain the same upon start up, if possible.

The Company will post all available assignments at least 15 days prior to the change of time (the first Sunday in April and the last Sunday in October). Employees will submit their preferences for available positions in writing at least five days prior to the change of time and will be assigned to available positions, in order of seniority on the change of time date and each subsequent Monday thereafter. Board changes will take effect on Mondays. Choices may be deleted or choices for newly created assignments added by advising the Company in writing of such altered choices by Thursday noon for posting Friday noon, to effective at 0001 the following Monday. A copy of all bid preferences will be supplied to the local union representatives. A deleted choice may not be again added to an employees list of choices for 90 days or the next change of time, whichever is soonest. Deletion of choices will not result in an employee displacing into another classification or going on lay off. Other details relating to the application and implementation of this process will be locally agreed between the proper officer of the Company and the local union representatives.

1. Locomotive Cab Conditions

It is the Company's intent to provide a suitable working environment for all employees this includes the cabs of diesel locomotives that are intended for leading service on the KPR.

Locomotive cabs will be equipped with adequate insulation and heating. Seating will provide comfort and healthy support. Toilet facilities and water will be provided. In addition a refrigerator and hot plate will be included in the cab equipment.

The above appliances will be in operable condition when dispatched from the Company's shop track facilities and will be in a condition so as to expect they will remain in operable condition until they are scheduled to return to a shop track facility.

Nothing in this letter will limit any requirement as set out in Federal orders or legislation respecting locomotive cab condition.

5. Glove Allowance

The Company and the Unions agree that instead of supplying gloves under the provisions of Article 24.1, a Running Trades employee will be either compensated forty (\$40.00) dollars per year for the individual employee to supply his own suitable work gloves which will be paid on the first pay period, or as provided by Article 24.1, at the option of the employee.

6. Medical Requirements

Qualified KPR employees who transfer and who are in possession of a valid medical card from KPR will not be required to undertake an entry medical examination with CN, except as otherwise required by law.

7. Performance Investigation & Corrective Process/Grievance Procedure

9. The parties agree to review the above process within one year of the signing of the Collective Agreement with the intent of improving and simplifying the procedures.**Home Terminals**

Vernon will be considered as a home terminal at the commencement of operationsI concur,

For CN

For TCRC

B. Willows

R. Hackl

Letter 6

September 24, 2013

Bruce Willows
General Chairman
Teamsters Canada Rail Conference

Roland Hackl
General Chairperson – TCRC-CTY
Teamsters Canada Rail Conference

Mr. W. Brehl
President
TCRC- MWED

This letter will not form part of any collective agreement

Gentlemen,

Group RRSP: Kelowna Pacific Railway Employees

Effective the day following the termination date of the lease agreement between CN and Kelowna Pacific Railway ("KPR"), affected employees will cease to participate in their existing KPR group RRSP and will join, on a prospective basis, the registered CN DC Pension Plan for Non-Management Employees. Their future retirement benefits will be administered in accordance with the plan provisions currently covering employees working on the OCR, CFMG and NBEC operations and represented by the TCRC-MWED (For illustration purposes only, that plan provides for a 3% mandatory contribution by both employees and matched by the employer and a voluntary contribution by employees of up to 2% which would be matched at 50% (to a maximum of 1%) by the employer; specific plan details are as outlined in the actual plan documents governing the aforementioned plan). The letter dated July 29, 2005 between the Unions and KPR concerning RRSP Contributions will become null and void on the termination date of the lease agreement between CN and Kelowna Pacific Railway ("KPR").

This change will require an amendment to the CN pension plan and thus is subject to approval by the CN Board of Directors.

To signify the agreement of your respective organizations to these terms and conditions, and to the fact that they will not form part of the collective agreement, please sign and date this document below in the space provided.

Yours truly,

For Canadian National Railway Company

I agree:

R. Hackl
General Chair TCRC- CTY

Date

W. Brehl
President, TCRC-MWED

Date

B. Willows
General Chair TCRC -LE

Date

Letter 7

September 24, 2013

Bruce Willows
General Chairman
Teamsters Canada Rail Conference

Roland Hackl
General Chairperson – TCRC-CTY
Teamsters Canada Rail Conference

Mr. W. Brehl
President
TCRC - MWED

Gentlemen,

The Unions hereby agree to the proposed terms and conditions for the renewal of the collective agreement (see attached) covering their members currently working on the Kelowna Pacific Railway ("KPR"), for a term of five (5) years from September 30 2013 to September 29 2018. Notice to bargain to renew or revise the collective agreement may be served no earlier than 4 months prior to its expiry, in accordance with the terms and conditions of the *Canada Labour Code*.

Furthermore, in an effort to ensure the long term viability of the Kelowna Pacific Railway operation, and to preserve the employment opportunities for your members on this property, the Unions also agree and commit that they will not initiate and they will actively resist any application for the consolidation, reconfiguration or realignment of these bargaining units with any other bargaining unit(s) under Sections 18, 18.1, 35 and/or 44 of the *Canada Labour Code*, for the duration of the agreement.

To signify the agreement of your respective organizations to the terms outlined above, please countersign and date this document below in the space provided.

Yours truly,

For Canadian National Railway Company

I agree:

R. Hackl
General , TCRC- CTY

Date

W. Brehl
President, TCRC-MWED

Date

B. Willows
General Chair, TCRC -LE

Date

Letter 8

Gentlemen,

This is with regards to our discussions regarding the orderly start up of operations following CN resuming operation of the line and the recommencement of operations thereafter.

Work opportunities for the positions that will be established by CN, shall be offered in seniority order to qualified employees from the former seniority lists in place under the former KPR collective agreement. The unions agree to work with the company to ensure that job offerings to former employees of the KPR will be done in a fair and expeditious manner, consistent with the terms of the former collective agreement.

Unfilled vacancies thereafter may be filled in a manner to be determined by the company at start up, and following that, in accordance with the terms of the new KPR agreement.

The Company and the unions agree to meet shortly after start up to discuss the establishment of a preferred recall list for former employees of the KPR who are unsuccessful at returning to work after start up,

The parties also agree to meet during the closed period to discuss the possibility of seniority integration between KPR and ways and means of addressing seniority issues related to possible transfers between KPR and CN's mainline operations.

Finally the parties agree that there may be unforeseen situations that could arise, and thus, they agree that the parties are free to meet and agree to modify any provision, save and except for the rates of pay and expiration date, of this new agreement, to adapt to the unforeseen challenges.

If this represents your understanding, please signify by countersigning below.

Yours truly,

Vice-President, Human Resources

I agree

B. Willows

R. Hackl

W. Brehl