

CANADIAN PACIFIC

MINIMUM REQUIREMENTS FOR THIRD PARTY RAILWAY OPERATORS ON CP PROPERTY IN CANADA

December 2010

1. INTRODUCTION

At Canadian Pacific, Safety is an integral part of the way we do business. We expect everyone *Working* on *CP Property* to be unconditionally committed to Safety. Safety must be given top priority and will take precedence over deadlines, production schedules, and all other considerations.

2. APPLICATION

- 2.1 These Minimum Requirements apply to other non-federally regulated companies (*3rd Party*), their employees and their equipment while operating *On-track Equipment* on *CP Property* in Canada.
- 2.2 These Minimum Requirements cannot be waived or altered without a prior risk assessment specific to the *Work* being conducted and written consent has been provided by *Manager In Charge*. Any waiver and alteration must remain in compliance with *Applicable Legislation*.
- 2.3 Notwithstanding the foregoing, these Minimum Requirements do not apply to Contractors and other persons on *CP Property* in Canada that do not involve operating *On-track Equipment*. Note that these companies may be subject to CP Minimum Safety Requirements for Contractors.

3. DEFINITIONS

In these Minimum Requirements, the following *italicized* terms shall have the ascribed meaning below:

- (a) "*Applicable Legislation*" means all federal legislation, regulations, rules, orders and standards, promulgated by any agency having authority over the subject matter;
- (b) "*Canadian Pacific*" or "*CP*" means Canadian Pacific Railway Company, and its affiliates, and includes each of their respective directors, officers, employees, agents, and representatives;
- (c) "*CP Property*" means any building, facility, yard, track, right of way or other property owned or controlled by *CP*.
- (d) "*3rd Party*" means the company or person, and their respective employees and authorized agents, representative and subcontractors who are operating on-track equipment on *CP*;
- (e) "*3rd Party Personnel*" means the *3rd Party* employees, and authorized agents, representative and subcontractors;
- (f) "*Manager in Charge*" means a *CP* manager as designated or otherwise identified by *CP* as being responsible for the safety and compliance of the operation.
- (g) "*On-track Equipment*" means any engine or equipment as defined in the Canadian Rail Operating Rules (CROR).
- (h) "*Work*" or "*Working*" means the operation of *On-track Equipment* or ancillary activities related to that operation.
- (i) "*Co-mingled Work*" means where *3rd Party Personnel* work directly with or in proximity (time or space) to *CP* Personnel or *CP* controlled equipment.
- (j) "*Training*" means formal instruction to learn a skill or specific knowledge that results in qualification or certification. It is not intended to include general education or awareness that does not require a test or maintenance of records on successful completion.
- (k) "*Local Operating Plan*" means a plan which identifies where, who and how the work will be performed and includes specifics relating to the handling of seasonal and emergent situations.
- (l) "*Familiarization*" means having a thorough knowledge of the physical characteristics of the territory.

4. INTERPRETATION

Where *Applicable Legislation* is identified in these Minimum Requirements, it shall include all amendments or replacements to legislation, regulations, rules, orders and standards promulgated thereunder by any governmental agencies having authority.

5. APPLICABLE LEGISLATION

5.1 General Requirements

- (a) CP is governed by federal legislations and therefore, the *3rd Party*, its *On-track Equipment* and *3rd Party Personnel Working* on CP are likewise required to comply with relevant federal legislations. At a minimum, *3rd Party* and *3rd Party Personnel* shall comply with the legislations set out below which list is intended solely for general guidance, and not as a comprehensive list of all *Applicable Legislation*.
- (b) Additionally, the Railway Association of Canada (RAC) is an industry association which can provide support and guidance on matters related to railway Safety.

5.2 Transportation of Dangerous Goods

When services involve the handling or transportation of dangerous goods (DG), those services must comply with the federal Transportation of Dangerous Goods Act ("TDG Act"). The *3rd Party* shall be solely responsible for ensuring that all *3rd Party Personnel* who handles, offers for transport and/or transports dangerous goods be trained and holds a valid training certificate or is *Working* under the direct supervision of someone who is trained and holds a valid training certificate. The training must be based on the services that the person is expected to perform and the DG that the person is expected to handle, offer for transport or transport.

5.3 Railway Safety Act

The Railway Safety Act (RSA) governs all federally certified railways in Canada and some provincial railways through various agreements with Transport Canada. RSA regulations address all matters relating to the construction, alteration, operation, inspection and maintenance of railway Works and railway equipment. Most RSA regulations have training and qualification requirements relating to the type of *Work* being done.

6. LOCAL OPERATING PLANS

- 6.1 The *3rd Party* will submit a *Local Operating Plan* to the *Manager in Charge* before the start of any operations on *CP Property*.
- 6.2 The plan must identify the portions of *CP Property* on which the *3rd Party* will *work*, any restrictions relating to *CP Property*, *co-mingling* or the *work*, and a list of all qualified *3rd Party Personnel*.
- 6.3 Included within, or appended to the plan, there must be winter operating and emergency operating plans which includes lists of local operating and safety contacts and phone numbers.
- 6.4 The *3rd Party* must promptly advise CP of any changes to these lists or plans and must be submitted to the *Manager in Charge* as changes are made. CP will have the right to review and recommend appropriate amendments to the Plan.
- 6.5 The *3rd Party* and local CP management will jointly review the adequacy of these plans on an annual basis.
- 6.6 The *3rd Party* will provide any additional operating or safety related information as reasonably requested by CP.
- 6.7 In addition to 6.1; local safety, operating and communication plans, including job briefings, may be required where a *3rd Party* operates on *CP Property* where specific safety issues may exist.

7. MINIMUM TRAINING AND QUALIFICATIONS

- 7.1 All *3rd Party Personnel Working* on *CP Property* must be properly qualified in applicable Canadian Rail Operating Rules (CROR) including related System Special Instructions and to all other

relevant rules, regulations, orders and procedures in effect on *CP*, and be familiar with territory physical characteristics.

- 7.2 *3rd Party* and *3rd Party Personnel* shall comply with, or exceed, all *Applicable Legislation* requirements. Additionally, *3rd Party Personnel* training and qualification shall meet or exceed all applicable industry standards.
- 7.3 Each *3rd Party* shall have a security awareness program that educates *3rd Party Personnel* to:
- (i) Understand the railway security challenges, rules and procedures;
 - (ii) Monitor and report any suspicious persons, activities or objects; and
 - (iii) Stay alert to the environment.
- On request *CP* can make available a copy of their Railway Security Awareness program for use by *3rd Party Personnel*.
- 7.4 *CP* will, at a cost to the *3rd Party*, administer a written examination and/or *familiarization* for *3rd Party* rule instructors in accordance with *Applicable Legislation*. The *3rd Party* instructor is responsible to develop the required training material to ensure *3rd Party Personnel* are qualified to Federal standards on all applicable rules for and *familiar* with the territory they will operate on. Alternately, the *3rd Party* may use training service providers who are approved by *CP*.
- 7.5 The *3rd Party* will cover the cost related to providing all training material, operating documents, and examinations provided to *3rd Party Personnel*.
- 7.6 On request *CP* management must be provided the opportunity to attend *3rd Party* rules instruction classes to audit content and quality. *CP* reserves the right to refuse qualifications.
- 7.7 *3rd Party Personnel* that successfully complete the CROR training program must be provided with a certificate of rules qualification which identifies the portions of *CP Property* that the person is qualified to operate on. *3rd Party Personnel* must only operate on the territory for which they are qualified.

8. PROOF OF TRAINING & QUALIFICATION

- 8.1 *3rd Party Personnel* shall at all times have proof of such training and qualifications and shall produce them as and when requested by any *CP* manager or any government official having jurisdiction.
- 8.2 *CP* reserves the right to inspect qualification certificates, licenses, training records and/or Work-history records for any *3rd Party Personnel*, and, or to be provided with copies thereof, on reasonable request.

9. FITNESS

- 9.1 All *3rd Party Personnel* operating on *CP Property* must comply with *Applicable Legislation* governing medical fitness for duty.
- 9.2 All *3rd Party Personnel* operating on *CP Property* must comply with applicable hours of service regulations mandated by regulatory agencies.
- 9.3 Upon request the *3rd Party* will provide *CP* with records necessary to verify the fitness of *3rd Party Personnel*.

10. SECURITY

- 10.1 All *3rd Party Personnel* must have a *CP* approved security background check conducted prior to accessing *CP property*.
- 10.2 All *3rd Party Personnel* operating on *CP Property* must have acceptable identification on their person at all times while on *CP Property*. This may take the form of a company or *CP* issued security badge or pass and must include photo identification.

- 10.3 Upon request the *3rd Party* will show their security badge and photo ID to any *CP* manager or any government official having jurisdiction.

11. PERSONAL CONDUCT

- 11.1 *CP* is committed to maintaining an environment that supports the dignity of all individuals. No person *Working* at *CP* may be subjected to any form of discrimination, harassment or sexual harassment.
- 11.2 Acts or threats of violence are unacceptable at all times on *CP Property*. Uttering of threats or acts of violence will result in the removal of the responsible *3rd Party Personnel* from *CP Property*, termination of the Contract, and/or criminal charges.
- 11.3 Horseplay, practical jokes, fighting or any other activity that may create a Safety hazard will not be tolerated.
- 11.4 Smoking is prohibited on all *CP Property*, including all buildings, indoor facilities, locomotives, vehicles, enclosed equipment and living accommodations, except for *CP* designated outdoor smoking areas.
- 11.5 Use of personal entertainment and communication devices are prohibited on *CP Property* except as otherwise provided for by the CROR and *CP* policy.
- 11.6 Use or possession of illicit drugs and alcohol are strictly prohibited on *CP Property*.

12. EMERGENCY RESPONSE AND REPORTING

12.1 Initial Response

Initial response to any emergency condition must follow the following sequence:

- (a) Protect the Safety and security of our employees and communities
- (b) Provide environmental protection and mitigation
- (c) Conduct incident investigation & evidence preservation
- (d) Restore railway operations

12.2 Reportable Incidents

Reportable incidents include:

- (a) Injury to any person, including *3rd Party Personnel*, *CP* employees, members of the public, or to any other person on *CP Property*,
- (b) Any derailment, collision, or damage to *On-track Equipment*, railway tracks, right of way, buildings or other *CP* property,
- (c) Any release of dangerous goods,
- (d) Any spill or loss of transported commodities,
- (e) Any threat to the environment,
- (f) Any possible security threat,
- (g) Unintended movement of *On-track Equipment* or movement beyond authorized limits,
- (h) Operation of *On-track Equipment* by an unqualified person,
- (i) Damage, vandalism or tampering with any railway signals, structures or railway Safety device,
- (j) Slides, washouts or other on-track obstructions, or
- (k) Any other occurrence that may disrupt the movement of trains or affect safe rail operations.

12.3 3rd Party Reporting

When an accident, incident or injury occurs on *CP Property*, the *3rd Party* must:

- (a) Immediately report it to the NMC and to the *Manager In Charge*.
- (b) Follow instructions given to protect the scene.
- (c) CP will report the incident to the appropriate government agency, however CP does not report *3rd Party Personnel* injuries to WCB. Such WCB reporting remains the responsibility of the *3rd Party*.

Note: CP may amend the following reporting requirements from time to time.

12.4 Information to Report

Information required with the initial report includes:

- (a) Type of incident,
- (b) Date and time of occurrence,
- (c) Location (mileage, subdivision, building, yard or other physical description),
- (d) Identity of person(s) involved or injured (company & name),
- (e) Description of any dangerous goods involved,
- (f) Type & unit number of any equipment involved,
- (g) Description of occurrence, damage and/or injury, and cause if known,
- (h) Description of any emergency response,
- (i) Identity of any witnesses
- (j) Name and contact information of person making the report.

12.5 Environmental Incidents and Spills

In the event of an environmental incident or spill that could have a negative impact on the environment, the *3rd Party* must immediately:

- (a) Report the incident to the NMC and to the *Manager In Charge*.
- (b) Take all reasonable actions to contain the spill.
- (c) Respond in accordance with its emergency response plan.
- (d) Provide CP with the following information:
 - (i) Description of location and surrounding area, including any sensitive environmental areas nearby (e.g., rivers, parks, sewers);
 - (ii) Type and quantity of substance released;
 - (iii) Cause of spill or deposit, if known; and
 - (iv) Details of any immediate action taken or action proposed to be taken to contain spill and recover substance.

12.6 Additional 3rd Party Requirements

In addition to complying with WCB or other federal or provincial regulatory requirements, the *3rd Party* must:

- (a) Ensure an appropriate emergency response is initiated.
- (b) Protect any evidence until released by CP management.
- (c) Cooperate fully with any CP or government agency investigation.
- (d) Notify CP if information is requested by any investigating government agency.

13. COMPLIANCE

- 13.1 Each *3rd Party* must have a separate signed legal agreement to access *CP Property*, and in the event of any conflict between the legal agreement and the following, the legal agreement will apply.
- 13.2 The *3rd Party* shall comply with and shall ensure all *3rd Party Personnel* comply with all *Applicable Legislation* issued by the respective authority.
- 13.3 The *3rd Party* shall comply with and shall ensure all *3rd Party Personnel* comply with all terms and conditions of all agreements, expressed or implied, between *3rd Party* and *CP*.
- 13.4 The *3rd Party* shall be solely responsible for ensuring the safety and health of *3rd Party Personnel* and for ensuring that its *Work* does not compromise the safety and health of *CP* employees and operations.
- 13.5 The *3rd Party* shall provide *3rd Party Personnel*, at its own expense, any and all safety equipment required to protect against injuries during the *Work* and shall ensure that *3rd Party Personnel* are knowledgeable of and utilize safe practices in providing the *Work*, such practices to be at least as stringent as those set out herein.
- 13.6 No Safety device, signal, structure, equipment or property of any kind may be tampered with, modified or removed without *CP* authorization.
- 13.7 All *3rd Party Personnel* must have functioning radios able to communicate with applicable *CP* personnel while on *CP Property*.
- 13.8 Firearms (loaded or empty) are not permitted on *CP Property*, except for Police officers and other designated government officials when authorized to do so.
- 13.9 The *3rd Party* shall have a copy of the following documents and shall produce them as and when requested by *CP*:
 - a. Applicable operating documents (ex: CROR, GOI, Safety Rules and Safe Work Procedures Transportation Field Operations Employees, time tables, bulletins, etc.)
 - b. *3^d Party Local Operating Plan*
 - c. Certifications, permits, training records or other documents required by *Applicable Legislation*;
 - d. Security badge or pass and photo identification'
 - e. *3^d Party* Emergency Information Sheet,
 - f. Any additional documents required by Contract or by agreement with *Manager In Charge*.

- 13.10 The *3rd Party* shall ensure that all *3rd Party Personnel* are trained and qualified to safely perform the *Work*, and that they comply with all Safety requirements of:
- a. all agreements with *CP*, expressed or implied;
 - b. all *Applicable Legislation*;
 - c. applicable *CP* practices,
 - d. all requirements set out herein;
 - e. The *3rd Party Local Operating Plan* while on *CP Property*.
- 13.11 All *3rd Party Personnel* and equipment will comply with federal legislation, rules, orders and regulations and with applicable *CP* procedures while operating on *CP Property*.
- 13.12 All applicable operating bulletins, policies, orders and instructions must be strictly adhered to by *3rd Party Personnel* while operating on *CP Property*.
- 13.13 *CP* managers may conduct proficiency tests on *3rd Party Personnel* to monitor for rules compliance. Corrective action may be required in the event of efficiency test failure.
- 13.14 *CP* reserves the right to observe, inspect, test and audit *3rd Party*, *3rd Party Personnel*, and *3rd Party on-track equipment* for compliance.
- 13.15 *CP* may audit applicable *3rd Party* company records, including event recorder downloads, to ensure safety and compliance with this process. The *3rd Party* company will provide relevant records reasonably requested.
- 13.16 An annual review between local *CP* management and *3rd Party* management should transpire, either as part of 6.1, or separate, to confirm compliance with this process and to identify potential areas of improvement.

14. CONSEQUENCES OF VIOLATION

- 14.1 *CP* reserves the right to respond to all *3rd Party* reportable incidents on *CP Property* and be responsible for site management unless relieved by the government agency having jurisdiction.
- 14.2 The *3rd Party* will fully cooperate with any investigation or safety audit made by *CP* or any government agency having jurisdiction.
- 14.3 The *3rd Party* is responsible for ensuring any identified corrective actions are implemented to *CP's satisfaction*.
- 14.4 When appropriate, *CP* may require for-cause drug and alcohol testing of *3rd Party Personnel* involved in incidents on *CP Property*.
- 14.5 Failure of the *3rd Party* or any *3rd Party Personnel* to comply with any provisions in the contract, with any requirements contained in this document, or with any regulatory requirements, may result in *3rd Party Personnel* being ordered to leave *CP Property*, closing down of the operation, and/or termination of the contract.
- 14.6 If at any time *CP* management determines that *3rd Party* services, activities, behavior or presence may present an immediate threat to Safety or security, *CP* may:
- (a) Take over control of that operation or activity,
 - (b) Order it to stop, and/or
 - (c) Order *3rd Party Personnel* off *CP Property*.