

Physical Wellness Subsidy

All Employees (Canada and United States)
Issuing Department: Human Resources

Policy Statement

Canadian Pacific Railway recognizes the benefits of a healthy workforce and promotes an active lifestyle for its employees. In support of this, the Company provides a physical wellness subsidy to employees who participate in fitness-related activities and programs for the purpose of general fitness and physical wellness, subject to the provisions of this policy.

Accountability

Employees are responsible for:

- submitting requests for a subsidy and proof of payment of eligible expenses to the Human Resource Service Centre (HRSC) once a year for that year's expenses,
- ensuring that the expenses submitted correspond to the "Eligible Expenses" section of this policy,
- arranging payment of dues and fees related to expenses prior to submission for the subsidy, and
- advising the Human Resources Service Centre (HRSC) of any partial or full refund due to cancellation of a membership or other expense already reimbursed.

The HRSC is responsible for approving and processing subsidies and monitoring the process ensuring that subsidy claims meet the criteria outlined in this policy.

Process and Application

Scope This benefit is available to all actively employed Canadian and US employees. Employees temporarily on leave (aside from those leaves cited in the Exclusions section below) are still eligible; however, the subsidy should not be requested until the employee returns to active duty.

Exclusions Exclusions from this policy application include pensioners, all fixed term employees, temporary employees, contractors, and employees who are on Long Term Disability (LTD) Leaves, personal leaves of absence, pre-retirement vacation, or vacation prior to a leave of absence.

Subsidy Amount and Format The subsidy will apply to eligible expenses as described in the following section and will be provided as a one-time reimbursement of 50% of all applicable fitness-related expenses up to \$600 of expenses incurred within a calendar year.

Therefore, the maximum subsidy that an employee may receive for one calendar year of expenses is \$300 and there is no limit on the number of expense items submitted. (Please refer to the Administration section later in this policy for the subsidy request process.)

The subsidy will only be provided if the employee is the named participant for the submitted expenses and the expenses are considered eligible according to this policy.

Eligible Expenses The Company will subsidize wellness-related activities and programs that:

- promote the development of cardiovascular endurance, muscular strength and flexibility, and/or promotes healthy lifestyle habits, and
- are not covered by government health care plans or the Company’s health care plan.

Examples of eligible expenses include:

- dues and/or fees for memberships, activities, classes or courses offered by accredited fitness facilities, and/or for specific activities or classes (including but not limited to annual or monthly gym memberships, squash memberships, running track, fitness classes, yoga, martial arts, aqua size, and swimming),
- a physical wellness program that:
 - has a specific wellness purpose such as weight control or reduction, or smoking cessation,
 - provides individual guidance or instruction, and
 - is based on skill training and/or behaviour modification.

Excluded Expenses

Expenses that are not eligible for subsidy submission include any wellness expense that is partially or wholly covered by the employee's government provided health care or Company health care coverages.

Other exclusions to this policy include but are not limited to:

- the purchase of specific items such as those related to or prescribed by a wellness, fitness, nutrition, or smoking cessation program (i.e. food, audio/visual materials, books, apparel, equipment or machinery, spa-type treatments),
- the purchase of a wellness, fitness, nutrition, or smoking cessation program that lacks individual guidance or instruction,
- arts & cultural programs, or
- costs associated with recreational activities such as team sports, golfing or skiing.
- fees for activities/memberships related to weaponry or marksmanship (i.e. gun or archer clubs), or
- fees/dues for any other person aside from the employee

Tax
Implications

Physical wellness subsidies are a taxable benefit and the amount reimbursed to the employee will be shown on the employee’s pay advice as part of taxable income.

Administration

Subsidy
Request process

Employees should collect receipts or proofs of payment of their eligible expenses until the employee is aware that no additional fitness related expenses will be incurred during a specific calendar year or the total of fitness related costs has reached \$600, whichever occurs earlier.

Using *Appendix 1 – Application for Physical Wellness Subsidy*, the employee should then submit to the HRSC for their once-a-year reimbursement of up to \$300, based on 50% of what the employee has paid and submitted.

(Please note: If an employee submits a Family membership at a fitness facility for reimbursement, the employee must also provide documentation indicating the cost of a single membership and the HRSC will process the subsidy based on the cost of the single membership.)

If the employee and his/her spouse are both CPR employees and purchase a family membership, each is eligible to claim the single membership amount. This reimbursement cannot exceed the total family membership amount paid.

Annual
Submission
Deadline

An employee may submit their one annual request for the subsidy anytime during the year but the application for the subsidy together with relevant receipts must be received by the HRSC no later than March 31 of the following year.

The only exception to this deadline of March 31 of the following year are those employees on layoff or parental leave as they may only submit a request for a subsidy upon their return to active duty. Therefore, these employees may submit a request within 3 months of returning to duty for expenses that were incurred during the 12 months prior to the return to work.

Other than mentioned above, no subsidies will be provided for expenses incurred prior to the current year.

Required Receipts and Documentation

No subsidy will be processed without appropriate receipts and documentation accompanying the request to the HR Service Centre.

An acceptable receipt must provide the following details of the incurred expense: date of expense, amount, description of the activity/course/membership/program in relation to the expense, and the name, description and contact information of the fitness facility or service provider (for verification if applicable). If the receipt alone does not contain these details, the employee must provide additional documentation from the fitness facility or service provider that provides the required information.

Accounting

Subsidies will be charged to each employee’s cost centre.

Additional Information

For any questions or concerns regarding this policy, please contact the HRSC by telephone at toll free 1 (866) 319-3900 in Canada, or by e-mail at **HR Help – Canada** for Canadian Non-unionized employees and all US-based employees, or **HR Help Union – Canada** for Canadian unionized employees.

R.A. Shields
Vice President
Human Resources and Industrial Relations

(Upon request, Employee Policies will be made available in alternate formats such as large print, audiocassette, computer disc and Braille to CPR employees with special needs.)

(U.S. only disclaimer: This policy statement represents the current policy and practice of CPR regarding the Company Physical Wellness Subsidy and may be changed from time to time by CPR without notice. Nothing in this policy is intended to create any contract, agreement or other obligation by CPR with any of its employees.)

Appendix 1 - Application Form

APPLICATION FOR PHYSICAL WELLNESS SUBSIDY

- Please attach PHOTOCOPIES of all applicable receipts and brochures/pamphlets related to fitness facility/program. Once the application has been processed, the Company will not maintain receipts and supporting material.
- AN APPLICATION MAY BE SUBMITTED ONLY ONCE FOR EACH APPLICABLE CALENDAR YEAR, AND NO LATER THAN MARCH 31 OF THE FOLLOWING YEAR.
- Please allow two pay periods (one calendar month) for processing.
- Submissions should be mailed to the appropriate HR Service Centre address as listed below:

For all **non-union** employees in **Canada** and **all employees based in the U.S.**, please submit by fax or mail to:

Fax Number: (403) 319 -7479
OCS Mail: HR Service Centre
Employee Services
Canadian Pacific Railway
Suite 600, 401-9th Avenue S.W.
Calgary, Alberta T2P 4Z4

For all **union** employees in **Canada**, please submit by fax or mail to Montreal:

Fax No: (514) 395-6959
Toll free fax (866) 995-6959
OCS Mail: HR Service Centre
Employee Services
Canadian Pacific Railway
Room 400, Windsor Station
PO Box 6042, Station Centre-Ville
Montréal, QC H3C 3E4

(Application Form on next page.)

Employee Name:			Employee Number:		
Date sent : Date received by HR:			Applicable Calendar Year:		
	Fitness Facility/ Program	Period	Total/Monthly/ Single amount paid in applicable calendar year (\$)	Formula	Amount applicable for the calendar year (\$)
Multi-Year Membership (Paid in Full)		From: To:		Amount paid Divided By # of years of coverage =	
Multi-Year Membership (Paid Monthly)		From: To:		Monthly amount Multiplied By # of mos of coverage in applicable calendar year =	
Annual Membership (Paid in Full)		From: To:			
Annual Membership (Paid Monthly)		From: To:		Monthly amount Multiplied By # of mos of coverage in applicable calendar year =	
Shorter Period (Month/ Week/Days)		From: To:			
Shorter Period (Drop-in)		# of Drop-ins =		Single drop-in amount Multiplied By # of Drop-Ins in applicable calendar year =	
Additional Items (If more space is required, attach a separate sheet)					
Total Expenses					
TOTAL REIMBURSEMENT (50% of Total Expenses, up to a maximum of \$300)					