

Jessica L. McDonald

Chair of the Board of Directors and Interim President and CEO

SEPTEMBER 7, 2018

Moving Forward Together

Dear Employee,

I am writing to outline the offer we have presented to the Canadian Union of Postal Workers (CUPW) toward a renewed Collective Agreement. It's based on a deep respect for the important work you do and a strong desire to grow Canada Post and make lasting improvements by working together.

Setting a new vision together

With more parcels, less lettermail and a growing number of households in Canada, your role is as vital as ever. At the same time, this has meant a change to the nature of your work. This is our time to open up and talk about what works and what doesn't, and set a new vision together. That is why our offer is focused on providing fair and affordable increases in pay and benefits, and confirming a commitment to work together to find new and better ways to support you and your work.

We're already making progress on a new joint initiative to ensure a respectful workplace. And there is more we can and should do together.

Working to resolve pay equity

This commitment also extends to the joint pay equity process which recently moved to Arbitrator Flynn for a final ruling. Both parties agree that pay equity is a matter of basic human rights and have worked hard to break down, analyze and compare the complexities between two pay systems. We will continue to provide Madam Flynn with any support necessary to bring the matter to closure. While many aspects remain complex, we would like to see a final resolution as quickly as possible.

Understanding that the forthcoming pay equity adjustments have not been finalized, I want you to be aware that eligible employees will see the following positive outcomes from the pay equity process:

- Wage adjustments that bring your annual salary to an equivalent level with urban letter carriers
- Pay received for personal contact items and lock changes will be pensionable
- Vacation leave improvements – equal in value to the urban letter carrier
- Pre-retirement leave – equal in value to the urban letter carrier
- Post-retirement benefits including dental coverage
- Eligibility to the following benefits, leaves and allowances: disability insurance, life insurance and death benefit, BC Provincial Health Care Premium, isolated post allowance, glove allowance, displacement lump sum, marriage, birth, adoption leave, special leave, court leave, personnel selection leave, examination and career development leave.

The offer summarized below, which has been presented to CUPW, is about moving forward together and is **separate from, and over and above the result of the pay equity process.**

Wage increases, improved benefits and pension

The unprecedented growth we have seen in our parcel business has helped make the company profitable for the last four years. Without that growth, the company would be grappling with financial trouble as lettermail continues to decline. Thank you for the great service you provide as it continues to be a huge part of Canada Post’s success.

The offer recognizes your contributions with more money in your pocket and benefit improvements. It contains increases of 1.5% to the activity values in each year of the four-year contract. It also improves benefits by increasing dental reimbursements, and coverage for additional fertility drugs. As well, new employees would no longer have to wait six months for dental coverage.

While we are proposing to work with CUPW to examine issues and define solutions, this offer proposes no change to your pension.

Building a sustainable foundation for growth

Ongoing financial self-sustainability is the foundation that provides security and increased benefits. Providing excellent service while working together to meet the changing needs and expectations of our customers will help secure the future of Canada Post.

Growth in our parcel business is crucial to our success, but it must be sustainable for our people. We are committed to a fair and equitable method of determining your workload. We propose to collaborate with your Union to determine work content and define workloads. Today, our Route Management System (RMS) alone cannot fulfill this need with accuracy. Together, we will seek solutions to this challenge, while meeting the needs of business and residential customers.

A caring workplace

As a vital public institution, Canadians expect us to not only deliver their mail and parcels, but also operate in a way that aligns with their values and priorities.

We propose to work with CUPW on initiatives to green Canada Post, strengthen the diversity of our workforce and address mental health in a meaningful way. Working together, we can make positive changes for you, your workplace and the communities you serve.

We’ve already placed a renewed emphasis on keeping employees safe. Slips, trips and falls remain the leading cause of injury at Canada Post and it is a great concern to have people return home with physical injuries. Our recently launched Make it safe, make it home program is designed to put a lasting focus on safety across the organization. This offer also proposes to work jointly to ensure access to the best available slip-resistant footwear.

There is no question that the success we have seen in the last few years has provided a renewed relevance for the Corporation. Since joining the company this past year, I have seen and felt the tremendous sense of pride throughout Canada Post. I know there is great opportunity to work together to take stock, make some important improvements and prepare for the future.

Thank you for your dedicated service to Canadians.



Jessica L. McDonald

Highlights of the offer Canada Post made to CUPW for Rural and Suburban Mail Carriers

<input checked="" type="checkbox"/> Compensation	<p>Activity values will be increased by 1.5-per-cent in every year of the four-year contract. The increase will be retroactive to January 1, 2018.</p>
<input checked="" type="checkbox"/> Extended Health Care Plan (EHCP)	<p>Eligible employees will receive their current level of benefits, and more:</p> <ul style="list-style-type: none"> • Additional fertility drugs will be added to the list of drugs covered. • Physiotherapy continues with unlimited coverage for active employees and their dependents, with medical documentation required for benefits that exceed \$5,000 per person per year.
<input checked="" type="checkbox"/> Dental Plan	<ul style="list-style-type: none"> • Reimbursement levels under the Dental Plan will increase in every year of the agreement based on the previous year's Fee Guide. • The six-month waiting period before new employees receive dental benefits will be eliminated.
<input checked="" type="checkbox"/> Health and Safety – slip-resistant footwear	<p>With boot allowances being paid directly to employees, the parties have agreed to collaborate together to promote the use of available “slip-resistant footwear” to employees.</p>
<input checked="" type="checkbox"/> Determining workload for RSMCs	<p>The Corporation acknowledges that a fair and equitable method of determining workload for RSMCs is necessary. We propose to collaborate with CUPW to determine work content and define workloads.</p>
<input checked="" type="checkbox"/> More notification on restructures will be given	<p>The Corporation will provide a 12-month schedule of planned restructures and share a copy of current and proposed routes prior to implementation. Any change will be provided 10 days before restructure work begins.</p>
<input checked="" type="checkbox"/> Modified bidding rules expanding seniority rights	<p>Changes to the bidding process following a restructure will improve your seniority rights. Route holders and permanent relief employees can bid if 50 per cent or more of the routes in the restructure are impacted.</p>
<input checked="" type="checkbox"/> We'll amend the “route retention” threshold	<p>When less than 50 per cent of the routes are impacted, employees will have the option to retain their route if 50 per cent of the points of call remain following a restructure, rather than the current 60 per cent used today.</p>

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| <input checked="" type="checkbox"/> "Restructure" will be redefined | When less than 10 per cent of the points of call on a given route are adjusted, it will no longer be considered a restructure. As well, under the new definition, restructures can occur in smaller offices. |
| <input checked="" type="checkbox"/> Uniforms | Skorts and jacket liners will be added to the garments list available for employees to order using their uniform points. |
| <input checked="" type="checkbox"/> Peak season parcel payments | RSMCs will receive a standardized parcel payment for delivering volumes during peak periods irrespective of when during the year these peaks occur. |
| <input checked="" type="checkbox"/> Permanent Relief Employees (PREs) | Offices with a minimum of 13 RSMC routes will now have permanent relief employees to cover absences. |
| <input checked="" type="checkbox"/> Union Education Fund | The Corporation will pay \$50 per route holder and permanent relief worker into the Union Education Fund. |
| <input checked="" type="checkbox"/> Recall rights | The recall list will be extended to 24 months from 12 months. |
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The detailed summary of the offer presented to your union is posted on the Negotiations Hub. Go to canadapost.ca and click on "I'm an employee."