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SUMMARY OF THE 2019 – 2023 CORPORATE PLAN AND 2019 OPERATING AND CAPITAL BUDGETS

July 26, 2019

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EXECUTIVE SUMMARY

In 2018, VIA Rail had \$392.6 million in revenue, while carrying 4.7 million passengers, the best ridership results since 1990. VIA Rail's cost per passenger mile declined by 11 cents per mile, from 39 in 2014 to 27 cents in 2018, a 30.8% reduction in the cost of providing mobility to Canadians.

These results clearly demonstrate that Canadians value passenger rail and that VIA Rail is agile at capturing external and internal value in changing conditions. Further recognition of the company's value and goodwill is evidenced by VIA Rail's top rank among six transportation companies (three ground carriers and three airlines) in Dalhousie University's Social License to Operate study.

These successes have been accomplished despite battling against a poor offering related to convenience (lack of frequency), lack of reliability (deteriorating on-time performance), longer trip times, and operating deficits consistently greater than the government funding reference level resulting from operating ageing passenger trains, some of which are approaching the end of their service life, together with increasingly congested freight railway infrastructure.

Among the strategies set forth by the organization are those to increase revenues and ridership, improve efficiency and productivity, and maintain or enhance customer satisfaction. Therefore, VIA Rail continues to build on its recently implemented customer-centric passenger-lead strategy with:

- The Corridor Fleet Renewal;
- The Heritage Fleet Modernization Program;
- The possible approval of High Frequency Rail.
- The restructuring of the Long-Haul services (Approval for this restructuring is not being sought in 2019).

Strategic Objectives

1. **Improve the service, safety, comfort, accessibility, and environmental footprint of the Quebec – Windsor Corridor and the Long-Haul service**

Supporting Strategy: Quebec-Windsor Corridor Fleet Renewal.

The selection of Siemens Canada, as the manufacturer chosen to replace VIA Rail's current Québec City – Windsor Corridor fleet was announced on December 12, 2018.

First deliveries will start in 2022 and run until 2024. The 32 new bi-directional trains, with a total capacity of 9,100 seats, will exceed the latest safety standards, will be equipped with improved passenger amenities, enhanced universal accessibility and will meet the EPA – Tier 4 emission standards.

Supporting Strategy: High Frequency Rail (HFR).

VIA Rail is hopeful that a positive response will be forthcoming from the Government of Canada regarding its HFR proposal. The organization will continue to collaborate with Transport Canada in their analysis of the HFR proposal and look to finalize all pre-project activities to ensure a rapid transition towards project start-up.

Supporting Strategy: Heritage Fleet Modernization.

After the Corridor fleet acquisition, VIA Rail's major equipment project is the refurbishment of its heritage fleet. Known under the umbrella "Heritage Fleet Modernization", this program aims to modernize the aging fleet of HEP cars and protect Corridor seat capacity until the new trainsets above are in service. VIA Rail is also modernizing the interiors, critical systems and kitchens of its diner, chateau, and skyline cars.

2. **Secure long-term access to stations**

Supporting Strategy: **Ensure co-existence and inter-operability with the Réseau Express Métropolitain (REM), maintain access to current and future routes.**

VIA Rail is convinced that interoperability is possible today and that it can work with CDPQ Infra (CDPQ's infrastructure subsidiary) to implement technological solutions to maintain access to Central Station's northern and southern entrances. The transit solution proposed by CDPQ Infra has different platform height, signaling, tracking and crashworthiness characteristics than VIA Rail's current trains. The work required to ensure a compatible operating solution between these two is ongoing and it draws upon existing examples of similar shared use infrastructure in other jurisdictions.

Supporting Strategy: Creation of a Metrolinx and VIA Rail joint committee for Union Station renovations.

VIA Rail and Metrolinx have created a joint committee to optimize the use of the station. This committee has identified several operating and capital solutions that will allow all trains to continue serving this critical transportation hub. Metrolinx and VIA Rail management are committed to making Union Station a key intermodal hub for local, regional and intercity trains in the Québec City–Windsor corridor.

3. Improve railway track access and relationship with host railways**Supporting Strategy: Leverage best practices from the European rail industry.**

Seek out collaborative resolution methods that engage the host railway, VIA Rail, and the Federal government.

VIA Rail believes that future access agreements should leverage best practices from the European rail industry model regarding punctuality and capacity management. The well demonstrated damage caused by poor OTP continues to be a concern for all of VIA Rail's services.

VIA Rail owns approximately 2.5% of the tracks over which it operates, most of which are owned by CN. VIA Rail operates on these through Train Service Agreements (TSAs). In anticipation of the HFR decision, which would considerably change VIA Rail's operating environment, a three year extension of the existing TSA with CN was negotiated.

Notwithstanding the extension, the current TSA with CN is substantially the same as the one put in place by the Government prior to the 1995 privatization of CN. CN has demonstrated that its key strategic focus is to optimize its freight operations, not its infrastructure. Moreover, the consequences of the TSA's shortcomings are financial, with fewer passengers and therefore lower revenues, thus increased Government subsidies, and reputational, harming Canada and the "Canada brand".

VIA Rail is dependent on CN's infrastructure and dispatch services, accordingly continuously litigating access rights with CN before the Agency is not conducive to a positive operating relationship.

Supporting Strategy: Negotiate implementation terms and timing of grade crossing improvements with CN.

VIA Rail and CN continue to discuss the cost of implementation. VIA Rail has completed the necessary work on its own infrastructure (186 miles) to comply with the regulations.

4. Reconfigure and Optimize Service on the Ocean**Supporting Strategy: Conceptualize a restructuring of Long-Haul services to re-optimize service on the Ocean.**

VIA Rail continues to work on a configuration and cycling plan to ensure this service can meet the needs of its tourist and regional / intercity travelers even after November 1, 2020, when the loss of the Halterm rail loop will become effective.

5. Enhance customer satisfaction and booking experience**Supporting Strategy: Modernization of the Reservation System**

The modernization of the reservation system will provide customers with seat selection, social media integration, personalized content, and seamless functionality across platforms and on smartphones and will allow for increased internet traffic in the event of HFR approval. The current system dates to 1998 when the internet was nascent, and smartphones did not exist.

Conclusion

Although it continues to face significant challenges with regards to operating passenger trains on host railways, VIA Rail finds itself upon solid foundations for a brighter future, particularly because of the Corridor Fleet Renewal and its customer-centric strategies. These strategies, in addition to the needs of status quo operations, will be considerations of VIA Rail's future budget request as it steps out of a funded 2019 and into an unfunded four-year period.

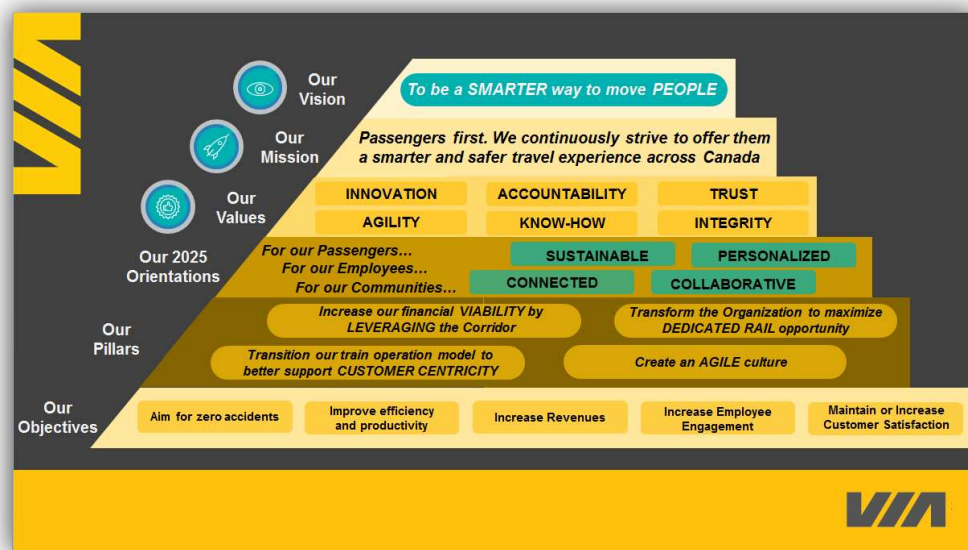
1. OVERVIEW

1.1 Mandate and Public Policy Role

VIA Rail Canada Inc.'s mandate is to operate the nation's passenger rail services on behalf of the Government of Canada, as approved through the annual Corporate Plan, providing intercity and long-haul services as well as regional and essential remote rail transportation. The Corporation's objectives are to manage and to provide a safe, accessible, efficient, reliable, and environmentally sustainable passenger service that meets the needs of travellers in Canada. The Government of Canada determines VIA Rail's role within the overall structure and services provided by the Federal Government, and provides appropriations to subsidize passenger rail services.

1.2 Vision and Mission

VIA Rail has developed a strategic direction up to the year 2025 to lay the groundwork for future successes. Following several internal planning sessions and workshops with executives, directors, and managers, the Corporation created the roadmap for its future: Destination 2025. Four strategic orientations have been identified. They will guide our company in the coming years and help us fulfil our vision to be a smarter way to move people while putting passengers first. Destination 2025 is the path to securing VIA Rail's future and positioning ourselves as leaders in the passenger rail industry.



1.3 Activities and Financial Condition

VIA Rail operates over 500 trains per week in all regions of Canada over approximately 12,500 kilometres of rail infrastructure. In 2018, VIA Rail, carried 4.7 million passengers, yielding 6.8 million train miles and 992 million passenger miles.

Over the past five years, VIA Rail has made significant efforts to contain the growth of its operating deficit and thus, its reliance on government funding. As the Corporation pursues commercial strategies to increase its ridership, the relevance of its services, and to grow its revenues, it is imperative that these strategies not negatively impact the Corporation's bottom line. This will be achieved by making these new services or frequencies positive or neutral to the bottom line or by forcing the Corporation to find other offsets within its current operations.

VIA Rail's 2017 annual report demonstrates the results of those efforts. Revenues have increased year-over-year since 2013 to reach \$365.7 million. The growth in revenue is forecast to attain a new high for 2018, at \$392.6 million. Furthermore, from 2016 to 2017, the operating deficit per passenger mile fell 11% to 27 cents; the lowest reported since 2013.

1.4 VIA Rail Markets & Services

VIA Rail organizes its businesses along four product groups: Central Canada (the Québec City–Windsor corridor), Eastern Canada, Western Canada, and Regional Services.

The Corporation provides extensive services to Indigenous communities across Canada, many of which depend on the train as the only viable or reliable means of transportation, in many cases for both the transportation of people and goods. VIA Rail's Long-Haul and Regional/Remote trains serve 192 First Nations reserves across Canada.

1.4.1 Central Canada: Corridor Services

In the Québec–Windsor corridor, VIA Rail provides intercity service between Canada's largest business and residential communities. This market consists of both business and leisure travel.

The Corridor is a year-round market. Reliability, on-time performance, number and choice of departures (frequencies), trip times, and connectivity to other modes of transportation are the critical factors that determine success in this type of high-density market.

The Corridor market consists of mostly Canadian residents travelling between Québec City, Montreal, Ottawa, Kingston, Toronto, London, Kitchener, Sarnia, and Windsor for a host of reasons (business, school, family matters, or simply visiting).

1.4.2 Long-Haul Services

1.4.2.1 The Canadian

The *Canadian* is a hybrid travel product, serving both tourism and intercity travellers along the Toronto–Vancouver route, including some remote communities.

1.4.2.2 The Ocean

The *Ocean* operates between Montreal and Halifax. This train is used by a combination of end-to-end users and intermediate point travellers, particularly between Miramichi, Campbellton, Moncton, and Halifax.



1.4.3 Regional Services

Regional services satisfy the essential transportation needs of communities where alternative and affordable transportation is limited or unavailable.

These are public services offered as part of the Government of Canada's transportation system and are designed to provide transportation to all Canadians and communities, including those in remote and aboriginal areas. These

services offer some seasonal peak volume, whether during cottage season in Quebec and Northern Ontario, or tourist season (Canadian and international) in Northern British Columbia and Northern Manitoba (for example, polar bear season in the Hudson Bay area in October).

2. OPERATING ENVIRONMENT

2.1 External Environment

Primary determinants of travel demand are gross domestic product (GDP), population growth, and tourism. Between 2013 and 2017, Canada's real GDP grew 2.4% per year for a total growth of 12.4%. Over the same period, Canada's population grew by 1.1% per year for a total growth of 5.6%. Finally, the economic recovery translated into a 14.9% rate of growth of Canadian tourism GDP (nominal) and a 25.6% increase in foreign tourism.

The positive performance of the primary determinants is accompanied by the continued rise in congestion across roadways and airways, environmental awareness, energy prices, the average age of the population, and in the number of train-oriented youth and young adults (as shown by student segment ticket growth). Cumulatively, these circumstances create an opportunity for passenger rail to thrive.

2.1.1 Competition in the Corridor

Due to the distances between the three large cities within the Corridor (Toronto, Ottawa, Montreal), VIA Rail's main competitor is the car, which makes up 90% of the total travel market. Evidence from popular international corridors suggests that VIA Rail can improve on its 5% share of the total car and train trip market.

Characteristics of Selected Intercity Corridors

	Rail Share	Frequency	Avg. Speed	Equipment	Total Pop.	Distance	Infrastructure
Toronto-Ottawa-Montreal	5%	11 / day	98 km/h	Conventional	12 M	573 km	Shared
New York City - Washington DC	14% (in 2003)	40 / day	127 km/h	Conventional	29 M	361 km	Mostly Dedicated
Rome - Milan	69%	40 / day	200 km/h	High Speed	9 M	574 km	Dedicated

International corridors, such as the two illustrated above, demonstrate one clear advantage over the car: access to the downtown core on an uncongested right-of-way. This advantage, along with frequent service, has promoted commuter and regional rail and can promote intercity rail.

The table below describes VIA Rail's current competitiveness vis-à-vis the automobile in the Corridor.

<u>Critical Success Factor</u>	<u>Car</u>	<u>VIA Rail Current</u>	<u>VIA Rail High Frequency Rail Proposal</u>
Convenience	Always available for departure	Very limited frequencies	Train every hour
Reliability	Subject to road congestion	Subject to freight congestion	Dedicated tracks
Journey Time	Increasing	Increasing	Reduced
Connectivity	Maximum	Limited by suboptimal timetable and reliability	Optimized
Price	Full cost of ownership not considered in incremental trip decision	Challenge to increase prices while providing deteriorating value	Accessible

The Corridor's competitive landscape is changing. Expected growth in Canada's cities, and ensuing increased congestion, should improve passenger rail's attractiveness. Furthermore, airport congestion – particularly at Pearson airport – should make passenger rail an essential part of Canada's mobility mix. It is VIA Rail's firm belief that passenger rail, as demonstrated in many developed nations, fills an important role in alleviating congestion.

2.1.2 Station Access

VIA Rail relies on continued access to Union Station and Central Station, where over 90% of all VIA Rail passengers start or end their trips.

The fact that VIA Rail does not control its access to Toronto Union or Montréal Central stations is a major business risk. Downtown to downtown service is key for intercity passenger rail success. Hence, VIA Rail's performance is highly dependent on these two major hubs. However, this access is affected by commuter operators in the Toronto and Montreal regions who are expanding rapidly, acquiring their own track from freight railroads, and are in the midst of multi-billion dollar development plans.

2.1.3 Railway Track Access and Relationship with Host Railways

VIA Rail owns only 2.5% of the rail infrastructure it operates over and therefore competes for track capacity with host railways (CN, CP, and others) from whom it must negotiate its Train Service Agreements (TSAs). VIA Rail struggles to offer reliable, frequent, and on-time operations that are competitive to market alternatives and effective in their cost-recovery rates. The consequences of the competition for track capacity are further detailed in the Office of the Auditor General of Canada's conclusions (see section 2.1.6).

While VIA Rail has the possibility of litigating against the above imbalances, ongoing disputes of such a nature are not conducive to the operating relationship between VIA Rail and host railways.

2.1.4 The *Canadian* and the Host Railway

The *Canadian* continues to experience performance difficulties following the cancellation of two trains and the lengthening of the schedules in 2018, due to recurring delays, some as long as 43 hours, and enduring OTP issues dating back to 2009 (and before). In 2009, one extra night was added the total journey due to poor OTP, thus allowing more schedule "float" to ensure that connections were met. That "float" was clearly eroded. The downward trend of OTP on the *Canadian*, strongly correlated to CN's freight carloads, impedes VIA Rail from effectively providing a viable travel service for regional users and tourist travellers between Toronto and Vancouver.

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
OTP	84%	84%	74%	70%	60%	33%	38%	54%	8%	30%

2.1.5 The *Ocean* and the Halifax Rail Loop

VIA Rail's *Ocean* service uses a rail loop to reverse the direction of its trains in Halifax, to allow for the return trip back to Montréal. The rail loop is located on Crown land within the port of Halifax and leased to Halterm, a foreign private entity. Halterm can no longer forego the square footage occupied by the loop and sought to terminate its contract with VIA Rail. Through mediation involving Transport Canada and Halterm, VIA Rail extended the contract until November 2020, at which point access to the loop will be lost. Without this access VIA Rail cannot operate the *Ocean* with existing equipment as it is not compatible with bi-directional operations.

As noted in section 3.7 and subsection 3.7.1, VIA Rail is exploring solution designs that will optimize operation of the *Ocean* while satisfying the needs of intercity and regional travelers from the Maritimes.

The issues impacting the *Canadian* and the *Ocean* noted in this and the previous section are illustrative of the inherent shortcomings of the TSA and the relationships with infrastructure providers.

2.1.6 Office of the Auditor General Special Examinations

The 2008 and 2016 Special Examination Reports noted significant deficiencies in that the Auditor General of Canada could not obtain a reasonable assurance that VIA Rail would be able to meet the strategic challenges that it was then facing including:

- VIA Rail does not own most of the rails that it uses on a daily basis. Any extra usage must be negotiated with the owners of the rail networks;
- The rail network is becoming increasingly congested and there is a risk that the situation may become acrimonious due to current economic and environmental pressures.
- For a number of years, VIA Rail has received from the government only short-term approval of its funding and five-year Corporate Plan, and often late in the Corporation's fiscal year. In this context, VIA Rail could not fulfill its mandate as economically, efficiently, and effectively as desired. The significant deficiency could also compromise the Corporation's medium- and long-term viability.
- The existing rail service agreements with the main track-owning railway companies did not give VIA Rail trains the right-of-way. Because of this as well as rail network congestion, the on-time performance of VIA Rail trains worsened significantly since 2010, varying overall between 84% and 63%; and

- Following improvements made to Kingston Subdivision Rail Infrastructure (tracks belonging to CN), VIA Rail could not gain the expected additional trains and reduced travel times despite increased costs.

Both the 2008 Special Examination Report and the 2016 Special Examination Report are available at <https://corpo.viarail.ca/en/company/corporate-information#auditor-general-reports>.

VIA Rail's constraints, as noted by the Office of the Auditor General of Canada, are essentially the same today as they were in 2008 and 2016.

2.2 Internal Environment

- As of December 31, 2018, VIA Rail had 3,115 employees with two unions.
 - TCRC is the union that represents locomotive engineers. The collective agreement expires in 2022.
 - Unifor represents a broad class of workers totaling 300,000 individuals across Canada. The agreement expires in 2019.
- VIA Rail must balance cost containment efforts with reasonable and competitive compensation in order to attract and retain skilled employees, particularly employees whose jobs are identical or very similar to others within the railway industry, such as locomotive engineers at CN and CP.
- VIA Rail's compensation practices fully comply with the requirements of the Order In Council on Labour Matters as described in Annex 5.
- VIA Rail is pleased to report that its engagement results display a long-term upward trend despite a recent decline. Engagement has fallen from 62% in 2017 to 58% in 2018 and disengagement rose from 18% in 2017 to 21% in 2018. The company remains much better positioned than it was in 2011 when engagement was 46% and had disengagement of 33%. As management reviews the survey results they will seek insight to accelerate decision making, ensure openness to new ideas and introduce flexible working conditions and agile processes.

3. OBJECTIVES, ACTIVITIES, RISKS, EXPECTED RESULTS, AND PERFORMANCE INDICATORS

Intercity passenger rail can contribute to the national economic performance, environmental well-being and the alleviation of road congestion. Improving VIA Rail's financial viability is a key component to increasing that contribution. A focus on customer-centricity has aligned the company with positive operating and financial results and pushed VIA Rail to pursue the implementation of its passenger-lead strategies as listed in the executive summary.

3.1 High Frequency Rail

VIA Rail has proposed, a \$4 billion plan to achieve High Frequency Rail (HFR) service in the Windsor– Québec City corridor, in particular between Toronto, Ottawa, Montreal, and Québec City. As the Government of Canada noted in Budget 2016: Growing the Middle Class: "VIA Rail has developed a proposal for a high frequency rail service within the Windsor–Québec City corridor that could see VIA Rail operate on dedicated tracks exclusive to its services. This could permit increased service frequencies, improved on-time performance, and reduced trip times." The HFR Business Case was provided to the Federal Government in December of 2016, and the complete business case has been provided as an annex in previous Corporate Plans.

Although VIA Rail's tracks represent only 2.5% of the infrastructure it operates on, they are responsible for 13% of the company's train-miles. The control of this portion of track allows VIA Rail to offer several round trips per day while avoiding CN's congested lines and the bottleneck at Coteau Junction. With far better OTP where it owns and controls its infrastructure, the gains from investing and operating on its own infrastructure are clear.

This project is supported by numerous forms of stakeholder consultations and multiple external engineering studies. It would leverage the investment in a new Corridor fleet and would be spread over a four-year deployment period.

To complement the analysis by Transport Canada, in putting forward its HFR proposal VIA Rail has already developed a great deal of preparatory work and has commissioned studies from various consulting and engineering firms.

VIA Rail has also had extensive public outreach with key stakeholders at the federal, provincial and municipal levels towards informing these groups of the benefits of VIA Rail's HFR plan and to obtain their perspective and feedback. Stakeholders consulted and engaged with include:

- Federal Government and Opposition Members of Parliament;
- Elected officials, business leaders and other key stakeholders in Kingston, Belleville, Ottawa, Smiths Falls, Perth, Peterborough and Tweed; elected officials in Quebec City, Drummondville, and Trois-Rivières;
- Other municipalities, trail associations and other community groups and engaged residents along the proposed HFR right-of-way (RoW); and
- think tanks and various Chambers of Commerce.

By adding to the current frequencies running on freight railways, for instance, up to 15 new return frequencies per day in the Corridor, VIA Rail projects there would be nearly twice as many passengers, up to 9.9 million per year by 2030. In its 2017 submission to the Parliamentary Committee of Finance, the Rail Association of Canada, which represents Canada's major freight and passenger rail companies, recommended that the Government support VIA Rail's HFR project and that it "ensure that government investments into passenger rail (including intercity and commuter rail) are coordinated so that rail service is interoperable and interconnected." Interoperability between services is the norm in many countries where rail infrastructure is optimized to the benefit of the population. It is in this manner that the number of transit users and economic, social, and environmental benefits will be maximized.

HFR Next Steps

Budget 2016 provided \$3.3 million over three years to Transport Canada to support an in-depth assessment of VIA Rail's High Frequency Rail proposal. As well, Budget 2018 provided Transport Canada with an additional \$8 million allocated across the next three fiscal years for the verification of VIA Rail studies and further analysis.

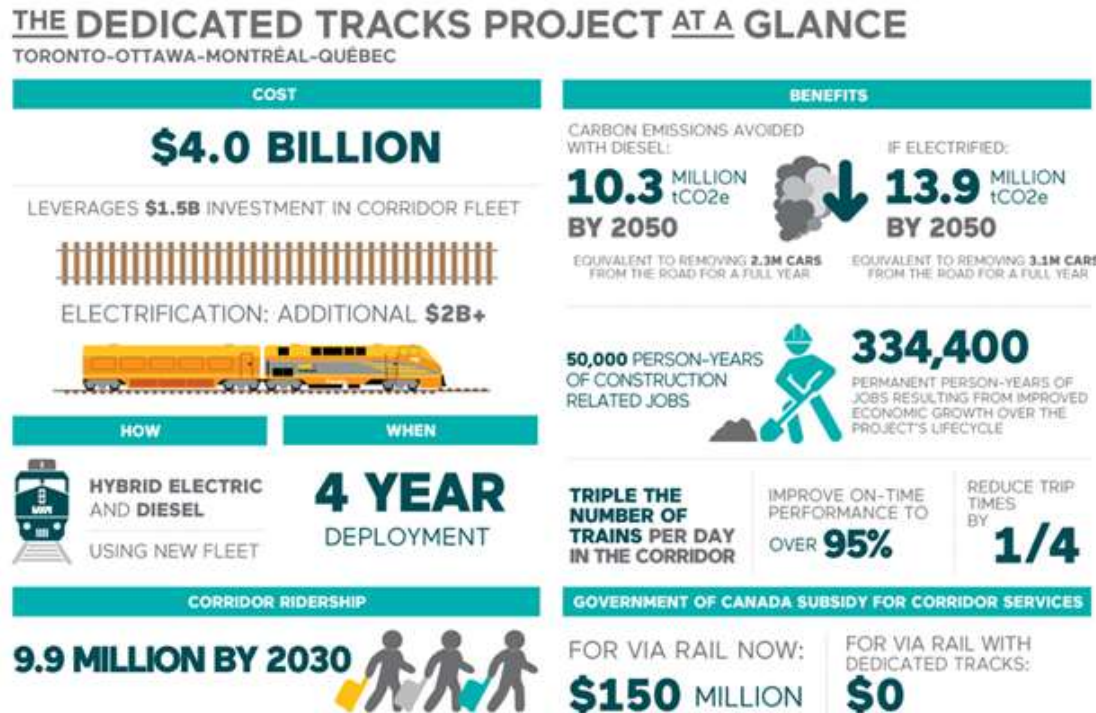
Contingent on project approval, VIA Rail will proceed with pre-construction activities such as:

- Set up a project office and associated technical team;
- Select a preferred supplier;
- Discuss with Environment and Climate Change Canada regarding potential environmental impacts;
- Initiate the land acquisitions process;

- Communicate with local communities, including First Nations; and
- Other permitting requirements.

As well, if requested by the Government, it will develop financing options for the realization of the project, in cooperation with representatives of the Government of Canada.

The benefits of VIA Rail's HFR proposal are summarized in the graphic below.



3.2 Corridor Fleet Renewal

VIA Rail, on December 12, 2018, announced the selection of Siemens Canada as the manufacturer chosen to replace VIA Rail's current Québec City – Windsor Corridor fleet. The selection was made following an extremely rigorous and transparent procurement process open to all interested suppliers, leading to the best possible result for Canadians.

With first deliveries starting in 2022, millions of VIA Rail passengers who travel Canada's most popular route will experience a new age of passenger rail transportation, with more comfortable seats, offering more spaces for people with reduced mobility and equipped with the latest technology to be more fuel-efficient and reduce the carbon footprint of travel.

The new VIA Rail Corridor fleet will be equipped with some of the following key features:

- Improved comfort for travelers: LED lighting, USB ports, wide seats, quiet-zones, new interior design elements, bike storage, flexible luggage space.
- Enhanced universal accessibility features designed to exceed accessibility standards: multiple spaces for wheelchairs and other mobility devices on the trains, braille seat numbering, companion seating, at-seat emergency call buttons, larger fully accessible washrooms, integrated mobility device lift.
- Enhanced safety features exceeding the latest safety standards.
- Improved locomotive engines meeting EPA - Tier 4 emission standards.
- Bi-directional operation that will lower operating costs while yielding more passenger capacity.

The 32 bi-directional trains, with a total capacity of 9,100 seats will be delivered by 2024. On-time delivery was a fundamental element of the selection criteria, which also included the product's quality and price.

Over its 30-year expected life, the new fleet will be maintained in Canada by qualified VIA Rail employees at VIA Rail's Montreal and Toronto Maintenance Centers. Maintenance activities will be supported by a 15-year Technical Services and Spares Supply Agreement (TSSSA).

3.3 Heritage Fleet Modernization

VIA Rail's second major equipment project is the refurbishment of its heritage fleet. Known under the umbrella "Heritage Fleet Modernization", this program aims to modernize the aging fleet of HEP cars and protect the Corridor seat capacity until the new fleet train sets are in service. Seat capacity issues will be far less disruptive than planned under the previous status quo as deliveries of the new fleet will for the most part be timely.

The interiors of 17 HEP cars will be refurbished and reconfigured to meet the seating and accessibility requirements that were previously satisfied by the LRC cars; these cars will be known as HEPIII. The contract for this work is underway and was awarded to Bombardier Transportation on April 3, 2018.

An additional 25 HEP cars will see their interiors renewed in kind, without reconfiguration, and their systems will also be completely re-engineered in order to serve as a secondary capacity protection in the case of unplanned events. Awarding of the contract took place on April 10, 2018, Cad Railway Industries was the selected supplier. The lifecycle of all 42 cars (25 + 17) will extend well beyond the Corridor Protection Plan and the vehicles will continue to provide value for Long-Haul services once the plan reaches its end.

VIA Rail is also in the process of, or planning to, modernize the interiors, critical systems and kitchens of its diner, Chateau, and Skyline cars. Initiating this process is the contract awarded to Rail GD who will refurbish and transform four of the dining cars.

The Montréal Maintenance Center (MMC) is upgrading 33 business and economy HEP II cars. These include systems modernization and / or overhaul, as well as interior redesign and / or improvement.

P42 locomotives will receive reliability enhancements that will reduce maintenance costs, increase the equipment's availability and improve the work environment for on board crews. As well, the F40 fleet will have components modified to permit them to serve in push-pull operations. Both projects will take place at the MMC.

3.4 Station Access

Union Station:

In April 2016, Metrolinx and VIA Rail established a joint taskforce which explicitly addresses the need for operational and infrastructure changes at Union station. So far, the taskforce has looked into operational solutions (such as changes in the track allotment) and potential infrastructure modifications (e.g. additional and/or extended platforms) but increasing the station capacity to accommodate more than twice as many trains during peak hour will require more drastic solutions, which are to be identified through the help of external consultants. VIA Rail and Metrolinx have also agreed to install Communications Based Train Control, which may eliminate capacity constraints at Union Station.

Montreal Central Station and Southern Access thereto:

Montreal Central Station is second only to Union Station as a key component of the Canadian passenger rail network. In 2017, over 1.4 million Canadians, travelling on over 6,300 trains, started or ended their VIA Rail journey there. Access to Central Station and to Montreal's downtown core is key to the current operations of VIA Rail, its planned HFR project and the future development of passenger rail in Canada. Furthermore, the station is classified as a heritage building, meant to show Canadian optimism in 1943.

On August 24, 2016, as part of its Réseau Electrique Metropolitain (REM) (Now Réseau Express Metropolitain), CDPQ Infra acquired the aerial structure leading to Central Station (Viaduc du Sud) and adjacent land and infrastructure and entered into a long-term agreement allowing the REM to use Central Station. On February 8, 2018, CDPQ announced that three shared-use, existing infrastructures, the Mont Royal tunnel, Central Station (rail infrastructure) and the Viaduc du Sud, had been or were to be acquired and grouped in a new subsidiary of CDPQ (i.e. InfraMtl.co), a subsidiary of CDPQ Infra. On the same date, CDPQ announced that it was changing the REM's Route in Pointe-Saint-Charles and Griffintown. In those sectors, the original route included a tunnel from Fernand-Séguin Street passing under the Basin Peel. The station there was to be built underground and equipped with two entrances to serve the Griffintown neighborhood to the north and the Pointe-Saint-Charles neighborhood to the south. The variation proposed by the consortia modifies the route to run along the existing CN rail corridor which is key to VIA Rail operations, in particular,

regarding VIA Rail's access to its Montreal Maintenance Center. The route will be aerial throughout the neighborhood. As part of this announcement, CDPQ said that it had acquired the underlying right of way from CN.

Many of the above infrastructures are currently used by VIA Rail for trains coming in and out of Central Station, east to and from Quebec City and Halifax (the *Océan*), and west to Ottawa and Toronto. These represent the vast majority of VIA Rail's eastern corridor trains. As well these infrastructures are used by VIA Rail for trains going to the Montreal Maintenance Center (MMC) where VIA Rail trains are maintained.

The non-track sections of Montreal's Central station (the Great Hall), which are owned by Cominar REIT, remain unaffected at this time.

Interoperability and the Réseau Express Métropolitain

The REM project entails a 67 kilometre, 24 station, electric light rail transit (LRT) system operating from downtown Montréal, the Montréal South Shore (Brossard), the Montréal West Island (Sainte-Anne-de-Bellevue), the North Shore (Deux-Montagnes) and the Montréal–Pierre Elliott Trudeau International Airport (Dorval) in a fully automated system. VIA Rail management supports this project and believes it should be implemented without delay as long as concerns related to interoperability are addressed from the outset.

VIA Rail is convinced that interoperability is possible today and that it can work with CDPQ Infra (CDPQ's infrastructure subsidiary) to implement technological solutions to maintain access to Central Station's northern and southern entrances. The transit solution proposed by CDPQ Infra has different platform height, signaling, tracking and crashworthiness characteristics than VIA Rail's current trains. The work required to ensure a compatible operating solution between these two is ongoing and it draws upon existing examples of similar shared use infrastructure in other jurisdictions.

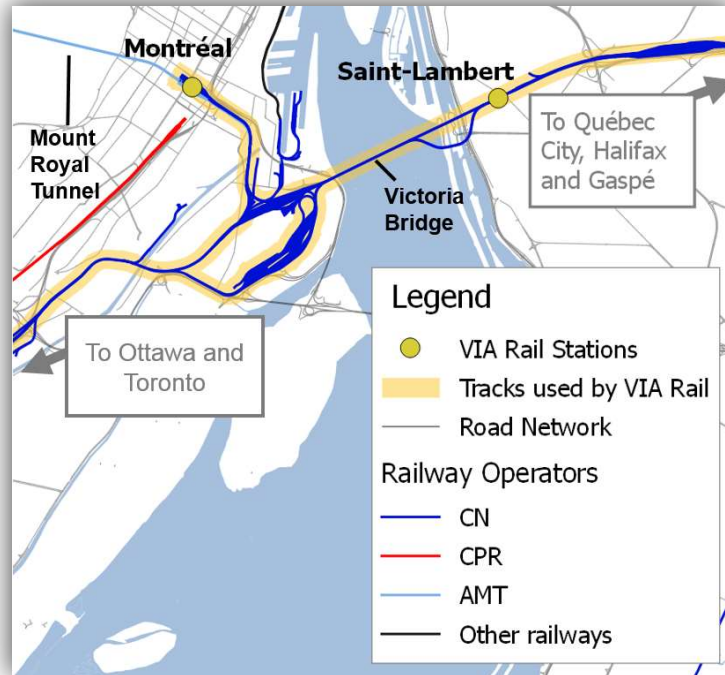
As of November 2017, the parties have agreed that there are no technical, operational or regulatory impediments to interoperability. VIA Rail considers access to downtown stations through interoperability an essential part of any modern transportation system that strives to maximize the use of collective transport by Canadians and minimize the use of automobiles for better environmental and economic outcomes through GHG reductions and minimization of the impact of congestion on the economy.

3.5 Host Railway

VIA Rail believes that future access agreements should leverage best practices from the European rail industry model regarding punctuality and capacity management. The well demonstrated damage caused by poor OTP continues to be a concern for all of VIA Rail's services. With the negotiating advantage that CN enjoys, with the support of the Government, international governance models could be an appropriate inspiration model towards finding solutions to counter such imbalance.

3.6 The *Canadian's* Relationship with the Host Railway

In 2019 there will be a partial suspension of one peak-season frequency on the *Canadian* between Toronto and Edmonton. Providing passenger rail service is a joint responsibility of VIA Rail and CN as a host infrastructure owner. Therefore, VIA Rail can only fulfill its mandate in close cooperation with CN. The partial suspension was decided in concert with CN as a solution to the current infrastructure capacity shortage which exists in Western Canada, the



increasing rail traffic congestion (increasing grain and oil shipments) and the major infrastructure work programs CN's instituting, primarily between Winnipeg and Edmonton, to increase rail traffic capacity.

3.7 Restructuring of Long-Haul Services

The *Ocean* and the *Canadian* do not represent a large proportion of VIA Rail's frequencies, but they account for very significant portions of VIA Rail's operating costs, fleet, staffing, and deficit.

From a high of 112,000 passengers in 2012, ridership on the *Canadian* has steadily declined to a low of 93,000 in 2016. This reflects a cut in frequencies and deterioration in OTP. In 2017, despite a continuous decline in OTP (from 54% in 2016 to 8% in 2017), ridership has recovered to 105,145, notably due the popularity of the Canada 150 Youth Passes. Poor OTP continues to be a long-term recurring problem since prior to 2010.

VIA Rail continues to examine routing options by using the best of CN's or CP's routes from a customer's perspective, such as the CP route along the picturesque north shore of Lake Superior.

For the *Ocean*, the loss of the Halifax rail loop will eliminate the use of currently operated Renaissance equipment, which cannot function in push-pull (bi-directional) configuration. Consequently, VIA Rail is planning the following strategic changes:

- Introducing an Eastern Intercity service in the Maritimes between Campbellton–Moncton and Moncton–Halifax to better serve the local market;
- Reconfiguring the consists, and optimizing the cycling and allocation of VIA Rail's Long-Haul equipment.

Calibrating these services appropriately will better meet these tourist and regional / intercity traveller markets, while leveraging the inherent appeal of the iconic status and rolling stock of the *Canadian*, VIA Rail could provide a more relevant product and better serve Canadians. No approval for 2019 is sought.

3.7.1 Eastern Intercity

VIA Rail is currently exploring an eastern intercity corridor service from Halifax to Campbellton, which would fill in the frequency gap that was created when the *Ocean* was reduced from six to three weekly frequencies and benefit local travellers. It would also respond to the travel patterns of regional passengers who remain within the Maritimes (CBTN-MCTN↔HLFX).

As previously noted, passenger rail service is important to the communities of Nova Scotia and New Brunswick, as illustrated by this excerpt from the CTA Review:

"Passenger rail service may be the only viable transportation option for many residents living in communities in Nova Scotia and New Brunswick. The need for this passenger service is becoming more acute given the ageing demographic in Atlantic Canada that is highly dependent on public transportation services. We recommend that the CTA include an appropriate provision that would commit the federal government to guarantee the existing level of service as a minimum and provide appropriate resources to VIA Rail as required to continue pursuing and implementing new initiatives to rebuild the service." — Atlantic Canada Ministers of Transportation Submission to the CTA Review January 23, 2015



An infrastructure study provided preliminary rail upgrade costs estimated at \$6.3 million and Rail Diesel Car (RDC) testing has taken place on the Newcastle Subdivision. The final results are conclusive, with all crossing automatic warning devices activating as intended. In early February 2018, CN responded that the RDCs will be allowed to operate at passenger speed on the Springhill and Bedford subdivisions. Further details regarding the infrastructure upgrades are pending.

3.8 Service Regional Markets More Efficiently

VIA Rail, as part of its mandate, provides service to regions not easily accessible by other modes of transportation. As such, the potential markets and competitive landscape are restricted and only account for 1.2% of VIA Rail's revenues. However, VIA Rail has made, and continues to make, efforts to meet with key community representatives to understand the needs of current and potential users. The service that VIA Rail provides is highly valued by these communities, and as a result of proactive improvements and initiatives, revenues increased by 9.5% and 20% in the two years prior to suspension of the Churchill service. (Service resumed in December 2018).

3.9 Halifax Regional Municipality (HRM)

VIA Rail, at the request of the municipality, met with the HRM to assess a possible three year-pilot program for service between VIA Rail's Halifax station and Windsor Junction. Train Service Agreement fees would be on a pass-through basis. This service would be contingent upon an agreement with CN for the appropriate train frequencies.

HRM would be the owner and financial backer of the service. VIA Rail would operate under contract as a supplier to the HRM.

3.10 Maintenance Infrastructure

The major maintenance projects consist mostly of upgrades to the maintenance infrastructure and consist of parking and access road upgrades, emergency generators, rolling stock damper and spring testing infrastructure and roof replacement, amongst many others.

3.11 Station Upgrades

This Corporate Plan includes ongoing investment at levels that will ensure the protection of the assets' integrity and state of good repair. The proposed strategic investments will help in supporting the growth of the business, improving operations, and the customer experience, while contributing to VIA Rail's commitment towards sustainable mobility. VIA Rail has performed a detailed condition based review of its stations and maintenance centres.

Station projects include Vancouver station upgrades and Brockville station upgrades; together with various building, mechanical, electrical, and architectural upgrades, signage painting, and other repairs and upgrades.

3.12 IT Projects

The major projects in Information Technology are: Network Planning Solutions, Workforce Management software, Integrated Financial and Forecast Reporting software, iVIA upgrades, ReserVIA (reservation system modernization), new mobile application, Evergreening and hardware updates, as well as Stations Screen Expansions.

A key project is the modernization of ReserVIA, which will enable VIA Rail's business and bring the 20 year old system into alignment with Transport Canada's third core responsibility: "an efficient transportation system." The new reservation system will provide customers with a seamless, user-friendly and personalized experience, while integrating itself into other systems and facilitating partnerships and business relations that will offer passengers more choice, convenience, and a better journey.

The primary strategic and tactical benefit of this project is the enablement of increased revenues through customer experience (outlined above), integration with our Customer Relationship Management (CRM) system, and simplified payment or onboard transaction handling. The modernization will bring new offerings to customers such as seat selection, social media integration, personalized content, and seamless functionality across platforms and on smartphones. The replacement of the current system will also support long term growth through the ability to handle the increased internet traffic as a result of possible High Frequency Rail (HFR) service and the transformative vision of Destination 2025.

3.13 Property Divestiture and Development

VIA Rail considers opportunities to divest of properties should that prove to be a better economic choice. Where possible and beneficial, it will transfer ownership of some stations to municipalities, with VIA Rail leasing space within the stations. Communities will benefit from a station that can be used in a manner that better serves their needs.

VIA Rail will also continue the development or divestiture of underutilized parcels of land it owns through partnerships or joint ventures, providing additional services and amenities to customers, or improving the Corporation's financial or strategic position.

3.14 Cannabis

VIA Rail provides its passengers a smoke-free environment in all of its trains, and in all its stations and will continue to do so with the legalization of cannabis.

Passengers may carry with them the amount of cannabis permitted by the new applicable laws. It is the passengers' responsibility to understand and adhere to all applicable local, provincial, and federal regulations regarding the consumption, carriage and possession of cannabis. Dangerous behaviour and incivility, due to abuse of cannabis or other substance, will not be tolerated in our stations or on our trains. A multifaceted communications effort is in place to remind passengers boarding cross-border trains in Canada that they are not allowed to cross the border into the United States with cannabis. These efforts include:

- Reminders from VIA Rail employees, on viarail.ca and boarding passes.
- Signage, provided by Transport Canada, has been displayed in prominent locations at VIA Rail stations where Amtrak trains board passengers.

VIA Rail is committed to ensuring the safety, health, physical well-being of its customers and employees and maintains a safe workplace, free from negative effects of alcohol, drugs and medications. In light of the recent legalization of cannabis, the company will apply a Zero Tolerance policy for impairment or the use of cannabis while at work, just like for alcohol and any other drugs or medication.

3.15 Expected Results – Year End 2019:

Beyond the expected results outlined in the financial tables attached, VIA Rail has also set targets for the specific key performance indicators listed below. Please see the Key Performance Indicators table in the Annex.

- Ridership
- Capacity Deployed (Available Seat Miles)
- RASM (Revenue Per Available Seat Miles)
- CASM (Costs Before Past Service Pension Per Available Seat Miles)
- RASM/CASM
- % Of Capex Spent
- On-Time Performance
- On-Time Performance on VIA Rail Infrastructure
- Train Incidents
- Complete the Conceptual Design Review phase of the Fleet Renewal in Q4 2019.

4. FINANCIAL OVERVIEW

The segmentation of VIA Rail into market-based profit & loss centres, along with the shift to a customer-centric focus in 2014, brought with it the overarching aspiration to pursue strategies that will not negatively impact the corporation's bottom line. Financially, the company has stretched itself to grow revenues, contain the operating deficit and the reliance on government funding, and improve of the cost-recovery ratio.

4.1 Overview of the 2019-2023 Operating Plan

4.1.1 Revenues

Total system passenger revenues: will grow by 15.2%, from \$367.9 million in 2018 to \$423.7 million in 2023.

Corridor Total revenue: The Corridor will have growth of 19.2%, with annual revenues increasing from \$294.0 million in 2018 to \$350.4 million in 2023. This equates to a compounded average annual growth of 3.6%, which reflects the ability to protect capacity, and therefore revenues, pending the arrival of the new fleet starting in 2022. Growth is however restricted by the previously discussed combination of limited frequencies, increasing trip times, and deteriorating OTP.

The Canadian: is forecast to have revenue growth of 2.3% (from \$60.2 to \$61.6 million) over the Plan period. This equates to a compounded average annual growth of 0.5%. Deteriorating OTP and long trip time delays, uncertain arrival times, together with the partial suspension of one peak-season frequency starting in 2019, are reflected in this forecast.

The Ocean: is forecast to decline by -22.4%, from \$10.8 million in 2018 to \$8.4 million in 2023, mainly to the capacity decrease resulting from the loss of the rail loop in Halifax. This equates to a compounded average annual decline of -4.9%.

Regional Services: are forecast to have revenue growth of 15.5% (from \$2.9 to \$3.4 million) over the Plan period, due to GDP growth and inflation together with service delivery that is adjusted to better match its customers' needs.

Semi-Variable and Fixed Revenues: are categorized as revenues not incurred from direct passenger revenues. They can be categorized as revenues from station activity, marketing and sales activity, maintenance operations, or corporate activities. Semi-variable and fixed revenues are forecast to grow 11.1% (from \$24.8 to \$27.5 million) over the Plan period.

4.1.2 Operating Expenses

VIA Rail will continue to have difficulties offsetting compensation increases and inflation within the Plan period, even though the Corporation strives to implement productivity measures. Certain expenses are tied to agreements that include provisions for price escalation based on inflation indices. VIA Rail expects predictability in these expenses due to the signing of long term labour agreements with its main unions.

Variable expenses: are expected to increase from \$328.8 million in 2018 to \$368.5 million in 2023, or 12.1% over that period.

Corridor: Variable expenses are forecast to increase from \$217.0 million in 2018 to \$252.1 million in 2023, or 16.2% over the period, due mainly to increases in capacity, salaries, and inflation.

The Canadian: Variable expenses for the *Canadian* are forecast to decrease from \$66.7 million in 2018 to \$65.3 million in 2023, or -2.1% over the period, due mainly to the partial suspension of one peak-season frequency starting in 2019.

The Ocean: Variable expenses for the *Ocean* are forecast to grow from \$22.1 million in 2018 to \$23.8 million in 2023, or 7.4% over the period, due mainly to salary increase and inflation.

Regional: Expenses for Regional services are forecast to increase from \$23.0 million in 2018 to \$27.3 million in 2023, or 18.9% over the period, due mainly to salary increase and inflation.

Semi-Variable and Fixed Expenses: Semi-variable and fixed expenses are categorized as expenses not incurred from direct passenger operations. They include expenses related to station activity, marketing and sales activity,

maintenance operations, or corporate activities. Semi-variable and fixed expenses are forecast to grow 16.2% (from \$309.8 to \$360.0 million) over the Plan period.

4.1.3 Capital Expenditures and Ongoing Capital

The shareholder approved \$60 million annually, which was used for ongoing capital requirements for FY 2014-2015, through 2016-2017. This funding was invested towards the upkeep of VIA Rail's asset base and to maintain a state of good repair. Budget 2017 granted VIA Rail \$424.3 million for FY 2017-2018 through 2019-2020. This funding is only sufficient to keep VIA Rail's assets in a state of good repair, not for any major replacement or acquisition program. In addition, Budget 2018 identified funding for VIA Rail's Corridor Fleet Renewal initiative.

On-going capital requirements identified in the last four years of this Corporate Plan remain unfunded. Ongoing capital is required to ensure reliable, efficient, and economical operations in support of the various revenue optimization and productivity improvement initiatives. Failing the availability of funds, VIA Rail will not be capable of maintaining a state of good repair, and not be in a position to deliver its mandate.

4.1.4 Federal Government Infrastructure Initiatives

A total of \$102 million in capital funding has been earmarked for VIA Rail: \$18.6 million for FY 2015-2016 and \$83.4 million for FY 2017-2018. This funding targets infrastructure, safety, and trip time improvements in the Ottawa–Montréal rail corridor.

Budget 2016 provided \$3.3 million to Transport Canada over three years to support an in-depth assessment of VIA Rail's Windsor–Québec City corridor dedicated track high-frequency rail proposal. Moreover, Budget 2018 provided an additional \$8.0 million to further the analysis of this initiative.

The Federal Budget 2016 also provided \$37.9 million for improvements to VIA Rail's maintenance centres and stations, including upgrades to electrical and mechanical systems and roof upgrades, for safety upgrades, and for investments in improved security at VIA Rail's stations.

4.1.5 Infrastructure Investments

VIA Rail has been unsuccessful with negotiations to construct a connecting track from CN to CP as well as a detour track between Montréal and Ottawa.

VIA Rail will consider investing in RTM and Metrolinx infrastructure proportionate to usage, where necessary and when clear contractual benefits can be guaranteed.

4.1.6 Financing HFR

VIA Rail recognizes that there are multiple ways to finance this profit-generating project. It proposes that this vital infrastructure project be started as soon as possible. In his 2016 fall fiscal update, A Plan for Middle Class Progress, the Honourable Minister Bill Morneau announced the new Canada Infrastructure Bank. The HFR infrastructure project is ready and may be a viable model of infrastructure investment for parties interested in the Canada Infrastructure Bank. Canadian and international institutional investors already invest in passenger rail all over the world.

As noted in the 2016 Fall Economic Statement: "Institutional investors, including Canadian investors, are looking to invest their capital in assets that provide stable, long-term and predictable returns, and there is no investment that fits this description better than infrastructure."

By way of example, the Québec pension fund, the Caisse de dépôt et placement du Québec, has invested US\$850 million in buying the British government's 30% stake in Eurostar, which operates the London–Paris train through the Chunnel. On November 14, 2017, the Prime Minister spent an entire day in Toronto meeting with private and institutional investors assembled by BlackRock Inc., the world's largest asset manager. This demonstrates the potential market interest in funding infrastructure projects like HFR.

4.2 Financial Performance – 2017 to 2018

4.2.1 Corridor

- a) **Revenues:** In 2018, 4.5 million passengers traveled in the Corridor, representing 94% of VIA Rail's traffic and 80% of passenger revenue. Following an increase in ridership from 4.1 million in 2017, revenues increased from \$263.4 to \$294.0 million.

Corridor/Total Ridership and Passenger Revenue for 2017 and 2018

	Actual 2017	Forecast 2018
Corridor Ridership (millions of passengers)	4.1	4.5
Corridor Variable Revenue (millions of dollars)	263.4	294.0
Total Ridership (millions of passengers)	4.4	4.8
Total Variable Revenue (millions of dollars)	341.4	367.9

Notwithstanding considerable improvements brought about by tactical moves, the issues of trip time and reliability will continue to put pressure on the Corporation's revenue unless structural strategic change is made. Although it will continue to identify value added segments where services can be provided at higher prices, VIA Rail believes it is reaching the limits of its broad price increase strategy and therefore will return to revenue stagnation.

- b) **Operating Expenses:** For the period between 2017 and 2018, variable expenses have increased \$18.9 million (9.5%) due to increased compensation costs (mainly due to poor OTP), track access costs, and maintenance costs.

- c) **Contribution and Efficiency:** In 2018, the Corridor's variable operating ratio (variable revenue/variable expenses) improved to 135% from 133% in 2017.

From 2017 to 2018, the Corridor's variable contribution increased by 18.0% from \$65.3 million to \$77.0 million.

4.2.2 The *Canadian*

- a) **Revenues:** From 2017 to 2018, the *Canadian's* revenues declined -5.6% primarily due to the poor OTP of the service. In 2018, the *Canadian* generated \$60.2 million in passenger revenue.
- b) **Variable Expenses:** Between 2017 and 2018, the *Canadian's* variable expenses increased by 5.9%, due to increased compensation costs (mainly due to poor OTP) and inflation.
- c) **Contribution and Efficiency:** Between 2017 and 2018, the *Canadian's* variable contribution deteriorated, going from \$0.8 million to \$-6.5 million. The operating ratio fell from 101% in 2017 to 90% in 2018.

4.2.3 The *Ocean*

- a) **Revenues:** From 2017 to 2018, the *Ocean's* ridership fell -1.9% and revenue increased 3.8%. The *Ocean* generated \$10.8 million in variable revenue.
- b) **Variable Expenses:** Between 2017 and 2018, the *Ocean's* variable expenses decreased by -1.3%, despite increased compensation costs and inflation.
- c) **Contribution and Efficiency:** The *Ocean's* negative variable contribution improved moderately over the period, decreasing from \$12.0 to \$11.3 million (-5.8%).

4.2.4 Regional Services

- a) **Revenues:** Between 2017 and 2018, Regional services revenues declined by \$-0.9 million (-23.7%). Tailored Regional service drove year over year passenger revenue increases in 2015 and 2016. These increases were the first since 2010. They represented \$0.8 million (19.8%), and \$0.4 million (9.6%) respectively. Unfortunately, issues with OTP have reversed this increase.
- b) **Variable Expenses:** For the period between 2017 and 2018 expenses decreased by \$-2.0 million (-8.0%). This is mostly due to the suspension of service to Churchill.
- c) **Contribution and Efficiency:** Given the offsetting declines in revenues and expenses, the negative variable contribution improved slightly from \$21.1 million in 2017 to \$20.0 million in 2018 (-5.2%).

4.3 Travel Policy Guidelines and Reporting

The Corporation's Travel Policy is aligned with the July 16, 2015 Treasury Board directive for Crown corporations guidelines and practices on travel, hospitality, conference and event expenditures for Directors and the CEO.

4.4 Audit Regime

VIA Rail is subject to three types of audits: internal audits, external annual financial audits, and periodic special examinations. An independent firm, currently PricewaterhouseCoopers (PwC), performs internal audits on an on-going basis and provides findings and recommendations to the Audit & Pension Investment Committee of VIA Rail's Board of Directors. The Office of the Auditor General of Canada also has free access to such audits. Beyond its ability to inquire into regular audits, the Office of the Auditor General of Canada is responsible for performing the annual external financial audits and special examinations every few years. The most recent special examination was completed in 2016.

As per *Financial Administration Act* requirements, these audits ensure that VIA Rail's:

- transactions comply with the regulations, the charter and by-laws of the Corporation, and any directive given to the Corporation;
- operations are carried out effectively;
- financial, human, and physical resources are managed economically and efficiently; and
- assets are safeguarded and controlled.

ANNEX 1. MINISTERIAL MANDATE LETTER

VIA Rail aligns with the guidance expressed in the Prime Minister's Minister of Transport Mandate Letter dated November 12, 2015, that was communicated to the President and Chief Executive Officer by the Honourable Marc Garneau, Minister of Transport.

<https://pm.gc.ca/eng/minister-transport-mandate-letter>

ANNEX 2. CORPORATE GOVERNANCE STRUCTURE

Board of Directors

Like all Crown corporations, VIA Rail was established to allow it to operate at arm's length from its sole shareholder, the Government of Canada. As a non-Agent Crown corporation, VIA Rail's Board of Directors is responsible for overseeing (i) the strategic direction and management of the Corporation, (ii) the analysis of business cases and service levels, (iii) the expenditure of operating and capital funds granted by the Government, and (iv) the approval of all strategies, initiatives, investments, budgets, Corporate Plans, high-value contracts and also reports on VIA Rail's operations to the Canadian federal government. In order to ensure maximum efficiency, the Board of Directors is comprised of individuals who possess a strong and relevant balance of skills, knowledge and experience to support the achievement of VIA Rail's vision and strategic objectives.

Both the Chair of the Board and the President and CEO are appointed by the Governor in Council on the recommendation of the Minister of Transport whereas the Board of Directors is appointed by the Minister of Transport with the approval of the Governor in Council.

In April of 2017, Ms. Françoise Bertrand was appointed as Chair of the Board of Directors for a five year term. In order to oversee strategic direction and management of the Corporation, as well as each of the four committees, the Board of Directors meet at least four times annually (once every quarter), with other meetings scheduled as needed.

Mr. Yves Desjardins-Siciliano joined VIA Rail in 2010 and was appointed President and CEO in May 2014 for five-year term. Along with VIA Rail's Executive team, he is responsible for directing the operations of the Corporation.

The Board of Directors also initiates the succession planning for the President and CEO for renewal / replacement when required.

The Board of Directors reports to the Minister of Transport and consists of the Chair, the President and CEO Officer and currently nine other Directors. All members of the Board sign a Code of Ethics reflecting the spirit and intent of the *Federal Accountability Act, S.C. 2006, c.9*, which sets out standards of transparency and accountability for the Officers and Directors of Crown corporations.

VIA Rail Canada – Board of Directors

FRANÇOISE BERTRAND – CHAIR
YVES DESJARDINS-SICILIANO – PRESIDENT AND CEO
KATHY BAIG, Laval (Quebec)
DANIEL GALLIVAN, Halifax (Nova Scotia)
JONATHAN GOLDBLOOM, Montreal (Quebec)
RAMONA MATER, Vancouver (British Columbia)
JANE MOWAT, Toronto (Ontario)
GLENN RAINBIRD, Belleville (Ontario)
GAIL STEPHENS, Victoria (British Columbia)
KENNETH TAN, Richmond (British Columbia)
GENEVIÈVE TANGUAY, Montreal (Quebec)

The appointment and expiration dates of VIA Rail's Board of Directors are as follows:

- Françoise Bertrand – April 12, 2017 – April 11, 2022 (five years);
- Yves Desjardins-Siciliano – May 9, 2014 – May 8, 2019 (five years);
- Kathy Baig – June 21, 2017 – June 20, 2021 (four years);
- Daniel Gallivan – June 21, 2017 – June 20, 2020 (three years);
- Jonathan Goldbloom – June 21, 2017 – June 20, 2021 (four years);
- Ramona Materi – October 4, 2015 – October 3, 2018 (three years, second term);
- Janet Mowat - June 21, 2017 – June 20, 2020 (three years, second term);

- Glenn Rainbird – June 21, 2017 – June 20, 2021 (four years);
- Gail Stephens – June 21, 2017 – June 20, 2021 (four years);
- Kenneth Tan – June 21, 2017 – June 20, 2020 (three years);
- Geneviève Tanguay – August 15, 2017 – August 14, 2021 (four years);

The biographies of the Board of Directors are available at:

<http://www.viarail.ca/en/about-via-rail/governance-and-reports/board-directors>

Committees of the Board of Directors

Four committees assist the Board of Directors in oversight: the (i) Human Resources Committee, (ii) Audit & Pension Investment Committee, (iii) Communication & Stakeholders' Relations Committee, and (iv) the Major Projects Committee.

The Human Resources Committee is responsible of overseeing and monitoring the following:

1. The performance evaluation and compensation of the President and CEO;
2. The performance evaluation and compensation of Executive Officers;
3. The design and implementation of employee compensation, incentives, benefits and retirement plans;
4. The effectiveness of the organizational structure;
5. The design and implementation of management's development and succession plans;
6. The management of employee and labour relations, including negotiation mandates for unionized employees;
7. The design and implementation of the human resources strategic plan;
8. The occupational health and safety framework; and
9. The risk identification, evaluation and treatment related to each topic listed above.

The members of the Human Resources Committee are as follows:

- Gail Stephens, Chairperson;
- Ramona Materi;
- Kenneth Tan; and
- Geneviève Tanguay.

The Audit & Pension Investment Committee is responsible of overseeing and monitoring the following:

1. The Corporation's financial reporting and disclosure such as the quarterly and annual reports, the financial statements, the MD&A and the related press release;
2. The five year Corporate Plans along with the annual operating and capital budgets;
3. The Corporation's internal control practices, including the internal audit process;
4. The Corporation's external audit process, including any special examination launched by the Corporation's external auditors;
5. The legal and regulatory compliance framework applicable to the Corporation;
6. The standards of integrity and behaviour adopted by the Corporation;
7. The pension plans and supplemental retirement plans investment performances, policies and related matters thereto; and
8. The risk identification, evaluation and treatment related to each topic listed above.

The members of the Audit & Pension Investment Committee are as follows:

- Jane Mowat, Chairperson;
- Daniel Gallivan;
- Jonathan Goldbloom;
- Glenn Rainbird;
- Gail Stephens; and
- Geneviève Tanguay.

The Communication & Stakeholders' Relations Committee is responsible of overseeing and monitoring the following:

1. The Corporation's communication strategy to ensure that it supports the strategic and commercial objectives of the Corporation and to maintain positive and productive relationships with all the Corporation's stakeholders;
2. The Corporation's value proposition statement in support of its strategic objectives;
3. Any modifications to the service offering which may have a material impact on the Corporation's value proposition; and
4. The risk identification, evaluation and treatment related to the topics listed above.

The members of the Communication & Stakeholders' Relations Committee are as follows:

- Daniel Gallivan, Chairperson;
- Kathy Baig;
- Jonathan Goldbloom; and
- Glenn Rainbird.

Major Projects Committee is responsible of overseeing and monitoring of the following:

1. The major projects & programs identified as such by the Major Projects Committee;
2. The business cases for major projects & programs requiring expenses in capital or considered out of "normal course of business" exceeding \$5M, the whole in accordance with the Corporation's Authority Matrix;
3. The Corporation's policies, practices and procedures regarding management of major projects & programs;
4. The monitoring of capital spending;
5. The management of capital assets; and
6. The risk identification, evaluation and treatment related to each topic listed above.

The members of the Major Projects Committee are as follows:

- Kenneth Tan; Chairperson
- Kathy Baig;
- Ramona Materi; and
- Jane Mowat.

Executive Compensation

2018 Executive Compensation Range Disclosure¹

Cash Compensation ²	President and CEO	Officers
Base Salary Range	\$257,900 – \$303,400	\$189,805 – \$304,500
Incentive Program Range	13% – 26%	35% – 50%
Total Compensation Range per Calendar Year	\$291,427 – \$382,284	\$256,237 – \$456,750

Perquisites Program

Car Allowance	\$45,000	\$24,000
Social, Sport Club Memberships		
Health Care Spending Account		
Comprehensive Medical Exams		
Financial Planning Services		

¹ On December 31st, 2018, Executives were: President and Chief Executive Officer, Chief Communications Officer, Chief Commercial Officer, Chief Transportation and Safety Officer, Chief Asset Management Officer, Chief Financial Officer, Chief Mechanical and Maintenance Officer, Chief Business Transformation Officer, Chief Human Resources, and Chief Legal & Risk Officer.

² The Cash Compensation does not report the actual salary and incentives paid to Executives but merely the range for their respective positions.

ANNEX 3. FINANCIAL STATEMENTS AND BUDGETS

ANNEX 4. RISK AND RISK RESPONSES

VIA Rail's dedicated Enterprise Risk Management (ERM) function performs regular risk assessments and monitoring of key risks, which allows Management to update risks for periodic review with the Board of Directors and its committees.

VIA Rail has been recognized with two awards (Railway Association of Canada 2015 and Institute of Risk Management, in London, England, 2016) for its comprehensive ERM approach.

The following sections outline the placement on long-term heat maps of VIA Rail's key risk components, for each risk category, based on its perceived likelihood of occurrence and impact, along with a description of VIA Rail's key treatment strategies. Certain of the long-term heat maps show the projected or residual risk of given risk components once the treatment strategies have been implemented. Management is currently assessing the residual risk levels of all risk components based on the implementation of the described treatment strategies.

Safety of Passengers, Employees and the Public

The safety and security of passengers, employees, and the public constitute VIA Rail's primary concern. A collision, derailment, or crossing/pedestrian accident would have significant human impact. Similarly, contaminated food items or beverages served on board our trains could pose a safety concern to our passengers. The vulnerabilities of passenger rail to terrorism or third party malicious acts is also amongst the most significant concerns facing mass transit today. In addition to the human impacts, these occurrences can also cause significant financial, environmental, and reputational impacts.

Employee Contribution

Employee contribution is crucial to VIA Rail's continued success in a highly competitive travel and tourism sector. VIA Rail recognises that the ability to recruit and retain candidates with the right skillset is paramount for the Corporation's long-term success and viability. The design and implementation of competitive talent development, succession, employee compensation, incentives, and benefits programs are important elements to maintain and increase employee contribution and engagement.

Despite scoring well on customer service surveys, strong employee engagement continues to be an important competitive advantage that VIA Rail needs to preserve and enhance.

Employees through their skills, competencies, experience and engagement may have a positive or negative impact on the achievement of VIA Rail's strategic objectives, including the provision of a safe travel experience and customer service that meets the expectations of passengers.

Information Technology

The availability, reliability, and responsiveness of existing and new information technology (IT) may have a significant impact on the achievement of VIA Rail's strategic objectives and management of other key risks. VIA Rail has no appetite for a decrease in the availability, reliability, and responsiveness of its IT platforms. VIA Rail has a risk appetite for the development of new cost-effective, integrated, engaging, or revenue-generating IT platforms that support the achievement of strategic objectives.

There is a risk that VIA Rail may be underinvesting in IT relative to industry benchmarks, which may translate into out-of-date equipment, no-longer-maintained software, understaffing of IT support personnel for new applications and hardware, and lack of supervisory personnel to adequately manage IT supplier delivery and risk.

Cyber security risks such as hacking attempts occur regularly around the world and affect financial institutions and large retail companies in particular. No corporation can afford to neglect cyber security risk and VIA Rail intends to continue managing that risk by implementing its treatments strategies.

Revenue Generation

Revenue generation represents a major risk that directly impacts funding sufficiency.

Risk components include:

- Passenger tickets revenues;
- On board revenues; and
- Other revenues.

Infrastructure Availability, Reliability and Quality

The availability, reliability and quality of the rail infrastructure used by VIA Rail has a negative impact on OTP, trip time and the ability to add frequencies to effectively meet market demand, influencing passenger satisfaction, their propensity to take the train and, eventually, the number of VIA Rail passengers served and revenues earned.

The growing segmentation of rail ownership also increases the complexity of access (e.g. Metrolinx acquisitions around Union Station in Toronto), leading us to believe that dedicated track access for passenger rail is the better long-term solution. The implementation of this solution would virtually eliminate the residual risk of the risk components related to this risk category, for the Corridor.

Equipment Availability, Reliability and Quality

The availability, reliability, and quality of VIA Rail's equipment may have a positive or negative impact on the satisfaction of passengers, their propensity to take the train and, eventually, on the number of VIA Rail passengers served and revenues earned.

Government and Strategy

VIA Rail's limited powers under its current Crown corporation status constitutes a risk in the efficient delivery of its services, and in the planning and execution of its medium-to-long-term strategy.

Risk components included are:

- Lack of clarity of mandate in part due to the absence of enabling legislation like most Crown corporations;
- Lack of certainty regarding secure, multiyear funding;
- New regulations; and
- Pension liabilities.

Strategic Resource Capacity & Industry Disruption

VIA Rail recognizes that vigilance and prudent resource planning will be required to (i) carry on current operations and execute on multiple major strategies and modernization plans all at the same time, and: (ii) adapt its strategies and plan to industry disrupters.

Operating Funding

Without sufficient and timely funding, VIA Rail would be obliged to make cuts, which is a significant business and reputational risk, exacerbated by layoffs (detrimental to employee contribution and loss of critical competencies), significant restructuring costs, including employment security and severance payments, and start-up costs when the service resumes.

Funding of Pension Plan Liabilities

Notwithstanding recent increases, the long period of low interest rates used to discount pension liabilities continues to put pressure on the pension plans, which forces continued employer contributions and consistently threatens plan sustainability. The level of reserves needed in the Plan to meet the projected payouts is determined through audits conducted by the Office of the Superintendent of Financial Institutions and by federal legislation, namely the *Pension Benefits Standards Act*. VIA Rail is legally required to comply with the results of the audit. As interest rates rise, mandatory three-year smoothing will slow the improvement in the solvency deficit. The current situation still poses a risk, which VIA Rail is mitigating through a series of measures.

Capital Funding

Budget 2017 provides VIA Rail \$424 million for FY 2017-2018 through 2019-2020. This funding is only sufficient to keep VIA Rail's assets in a state of good repair, not for any major replacement or acquisition program, whether of equipment or infrastructure. Beyond April 2020, capital requirements are unfunded.

Culture Risk

As VIA Rail is currently conducting an initiative in order to assess the existing culture and to evaluate the desired culture to reach all strategic objectives, the Culture risks were identified but not assessed.

- Change acceptance
- Investment culture
- Innovation culture

Projects Resource Capacity

VIA Rail recognizes that vigilance and prudent resource planning will be required to execute multiple major projects and has identified the following risk components related to this category.

- Project management
- Resource availability
- Consultants
- Prioritization

Corporate Security Strategy

The vulnerabilities of passenger rail to terrorism and violent crime are significant concerns facing transit. In North America, several planned attacks on rail systems have been thwarted including a failed terrorist plot to derail a VIA Rail train in 2013. Transport Canada and the Integrated Terrorism Assessment Centre jointly assessed the terrorist threat level to Canada's intercity passenger and commuter rail network at medium, which "indicates that an individual or group within Canada or abroad has the intent and capability to commit an act of terrorism

With this heightened threat environment, VIA Rail has, with industry experts, developed and put in place in place a Security Strategy to address its security needs, which are unique to the intercity passenger rail environment.

ANNEX 5. COMPLIANCE WITH LEGISLATIVE AND POLICY REQUIREMENTS

Travel, Hospitality, Conference and Event Expenditures

The Corporation's Travel Policy is aligned with the July 16, 2015 Treasury Board directive for Crown corporations guidelines and practices on travel, hospitality, conference and event expenditures for Directors and the CEO.

Access to Information Act

Since 2007, VIA Rail has had a dedicated unit to ensure compliance with access to information and privacy requirements. The unit has been under the responsibility of the Corporate Secretary since 2010.

Employment Equity Act

VIA Rail must ensure that no one is denied employment opportunities or benefits for reasons unrelated to ability. Moreover, the Corporation is committed to ensuring equitable treatment for everyone, and to taking special measures to correct any disadvantages suffered by the members of the four groups designated by the Act in the field of employment, i.e. aboriginal peoples, persons with disabilities, women and persons who are, because of their race or colour, in a visible minority in Canada.

The main aim of this policy is to ensure that in all job categories, these designated groups be represented among VIA Rail employees in numbers proportionate to their representation in the labour force. Accordingly, VIA Rail has adopted action plans and programs with specific hiring objectives and the appropriate means to attain these targets, for example:

- recognizing that professional skill is the sole criterion for hiring and promotion;
- preventing any discrimination in terms of recruitment, selection, promotion, training and compensation against any member of the designated groups;
- promoting the use of methods to facilitate the recruitment of members of these designated groups, and to progressively increase their numbers in all employment categories.

In short, VIA Rail is committed to offering equal chances for employment and advancement in the Corporation to everyone, including members of the designated groups.

Connecting people and places from coast to coast, it is only natural that VIA Rail would be committed to providing a productive and welcoming workplace that reflects our Canadian society. This commitment entails:

- Recognizing the value of a diverse and representative workforce, encouraging wider participation and ensuring dignity and respect for all employees.
- Planning and implementing programs, systems, policies and practices that aim to decrease any type of discrimination and promote equal employment opportunities and foster the establishment of a representative workforce.
- Promote inclusion and diversity while complying with our legal obligations as regards employment equity, multiculturalism and other human rights related obligations.

Official Languages Act

In compliance with the Act, VIA Rail's policy is to:

- recognize the right of the public, and particularly passengers, to be served in the official language of their choice;
- promote the use of both official languages by its employees;
- ensure that its employees reflect the presence of both official language communities in each work group, hierarchical level and geographic location;
- cooperate fully with government and other organizations striving to promote the use of both official languages.

Accordingly, VIA Rail is committed to:

- taking the necessary steps to provide services in both official languages for the general public and passengers;
- providing Headquarters with employees able to communicate with the public and employees in both official languages;
- eliminating administrative obstacles to the use of both official languages in the workplace;
- ensuring internal and external communications in both official languages;
- guaranteeing equal chances for employment and advancement to members of the two official language communities.

Through our Statement on Official Languages, VIA Rail Canada recognizes English and French as the two official languages. The Corporation is committed to taking positive measures to serve members of the public and its clients in the official language of their choice.

Pension Plan Reform Directives

VIA Rail is aligned with the Government of Canada directive for the federal public service to shift to a balanced 50/50 employee / employer share of pension contributions, as announced in Budget 2012.

Order in Council - Labour

The Economic Action Plan 2013 Act No. 1 enacted sections 89.8 to 89.92 of the Financial Administration Act, which created oversight mechanisms in relation to compensation of employees of Crown corporations that can be triggered by Order of the Governor in Council. On December 9, 2013, an Order in Council was issued (P.C. 2013-1354) directing VIA Rail to obtain the Treasury Board's approval of its negotiating mandates with respect to collective agreements that expire in 2014 or later. It also directed the Corporation to obtain the Treasury Board's approval before fixing the terms and conditions of employment of its non-unionized employees.

On June 3, 2016, an Order in Council was issued (P.C. 2016-0443) that repealed the requirement for VIA Rail to obtain the Treasury Board's approval of its negotiating mandates with respect to collective agreements. The requirement to obtain Treasury Board approval prior to fixing the terms and conditions of employment for non-unionized employees was however maintained.

Regulatory Requirements

VIA Rail supports and complies with the following key legislation that affect various facets of its operations:

Corporate

- Canada Anti-Spam Legislation
- Canada Business Corporations Act, RSC 1985, c C-44
- Competition Act
- Copyright Act
- Criminal Code
- Financial Administration Act, RSC 1985, c F-11
- Economic Action Plan 2013 Act, No. 1, SC 2013, c 33
- Economic Action Plan 2014 Act, No. 1, SC 2014, c 20
- Trade-Marks Act

Government Institutions

- Auditor General Act R.S.C., 1985, c. A-17
- Conflict of Interest Act, SC 2006, c 9, s 2
- Commercial Arbitration Act, RSC 1985, c 17 (2nd Supp.)

Trade Agreements

VIA Rail is subject to and complies with the following trade agreements:

- North American Free Trade Agreement (NAFTA) and the United States-

- Library and Archives of Canada Act, SC 2004, c 11
- Lobbying Act, RSC 1985, c 44 (4th Supp.)
- Privacy Act, RSC 1985, c P-21
- Public Servants Disclosure Protection Act, SC 2005, c 46

Regulatory Statutes

- Canada Transportation Act, SC 1996, c 10
- Railway Safety Act
- Canadian Transportation Accident Investigation and Safety Board Act
- Heritage Railway Stations Protection Act
- Memorandum of Understanding on Railway Security
- Canada Labour Code, RSC 1985, c L-2
- Canadian Environmental Assessment Act, 2012, SC 2012, c 19, s 52
- Canadian Environmental Protection Act, 1999, SC 1999, c 33
- Canadian Human Rights Act, RSC 1985, c H-6
- Mexico-Canada Agreement (USMCA) once ratified.
- Comprehensive Economic and Trade Agreement (CETA) is a free-trade agreement between Canada, the European Union and its member states.

ANNEX 6. GOVERNMENT PRIORITIES AND DIRECTION

Transparency and Open Government

Within the required timeframes, VIA Rail openly publishes its Public reports such as Annual and Quarterly Reports, Summary Corporate Plans, Proactive Disclosures and Access to Information Act inquiries. The Corporation aims to respond in a timely manner to all information requests as well as reasonably address their associated concerns when feasible.

Gender-based Analysis plus, Diversity, Employment Equity

To improve the manner in which women, men and gender-diverse people may experience policies, programs and initiatives, VIA Rail has established several strategies under the GBA+ lens.

Supporting Diversity Internally

A Regional Inclusion & Diversity Network exists at VIA Rail. It is composed of employees from various cultural backgrounds who promote diversity in the workplace and holds several celebratory events throughout the year. This group was also implicated in the development of the VIA Rail's Employment Equity and Diversity plans.

The VIAWELL Ambassador program exists to champion workplace mental health at all levels. There are currently 33 VIAWELL Ambassadors trained to provide support, reduce the stigma of mental illness and promote employee engagement on this issue.

As part of VIA Rail's commitment to parity, equity, diversity, and inclusion, the management team implemented a program to enhance the representation of women at all levels of the company and in non-traditional roles. On September 11, 2018, VIA Rail received Silver Parity Certification from the Women in Governance organization in recognition of these efforts.

Women in Governance has a mission of supporting women in their leadership development, career advancement and access to Board seats. Parity Certification recognizes an organization's efforts to promote the equal representation of women and men within their strategies, actions and results. VIA Rail has achieved parity within its Board of Directors, which is composed of six women and five men, and it is also doing well with its executives, with five women and six men. The rest of the organization is also on the right track: 31% of managers and 34% of non-managers are women.

Partnering for Diversity

In 2017, VIA Rail executed or initiated a variety of partnerships to publicly promote and engage with groups beyond biological sex and socio-cultural gender.

- Pursuit of the Canadian Council for Aboriginal Business (CCAB) Progressive Aboriginal Relations Certificate. To be considered for the certification, Via Rail must demonstrate leadership actions, equitable employment programs, business development with Aboriginal-owned businesses and establish and maintain positive community relations.
- Proud sponsor of the 2017 Invictus Games, a major international Paralympic multi-sport competition where more than 550 international athletes (wounded, injured or sick members of the Armed Forces and Veterans) compete in various disciplines.
- Contributed \$2 million worth of tickets to over 1510 community groups. Examples include: Salon immigration, Immigration Quebec, Black Girl's Magazine, Black African Museum, Women Engineering Forum.
- Partnered with Montreal and Toronto Pride to celebrate diversity and community as well as sponsoring the Diversity & Inclusion Conference in Toronto.
- Hosted a citizenship ceremony in Quebec City to celebrate new Canadians and also supports various retention programs for International students through partnerships with Montreal International and Quebec International.
- Participated in several job fairs targeting designated groups, including: YWCA WorkBC Job fair, Salon de l'immigration et de l'intégration au Québec.

Employment of Veterans and Reservists

In 2017, VIA Rail was honoured on two separate occasions by the Canadian Forces Liaison Council for its supportive employment practices and its CEO, Yves Desjardins-Siciliano, was appointed Honorary Lieutenant-Colonel of the Régiment de Maisonneuve.

VIA Rail has set a goal that 10% of new hires be veterans and reservists. To that end, VIA Rail is working with Veterans Affairs Canada, Canada Company Military Employment Transition (MET), and the Mission Emploi employment programs, to connect potential applicants from the Canadian Armed Forces members and Veterans with VIA Rail jobs.

VIA Rail has also put into effect an employment Policy for reservists to ensure that these members of our workforce are able to take an authorized leave of absence for their military training and service without impacting their pay, benefits, and career progression.

VIA Rail recognizes that transitioning members of the Canadian Armed Forces, Veterans, or Reservists share common values such as discipline, dedication to country, and service to fellow Canadians. Military members and Veterans are highly qualified professional individuals with years of acquired know-how and leadership that will help VIA Rail succeed.

GBA+ Statistics 2017

GRI / VIA RAIL INDICATOR		2017	2016	2015
EMPLOYEES				
102-7	Number of active employees at the end of the calendar year	2,899	2,731	2,577
405-1	Number of active male employees	1,913	1,865	1,701
405-1	% of active male employees	66%	68%	66%
405-1	Number of active female employees	986	866	876
405-1	% of active female employees	34%	32%	34%
102-41	Unionized employees (%)	81%	81%	81%
401-1	New hires	545	566	393
VIA Rail	New hires from Canadian Armed Forces	22	25	5
401-1	Employee turnover rate (%)	11%	10%	11%
VIA Rail	Attendance rate (%)	94%	95%	93%
405-1	Number of active Indigenous employees	54	52	n/a
405-1	% of active Indigenous employees	2%	2%	n/a
405-1	Number of active visible minority employees	350	278	n/a
405-1	% of active visible minority employees	11%	10%	n/a
405-1	Number of active people with disabilities employees	67	49	n/a
405-1	% of active people with disabilities employees	2%	2%	n/a
405-1	Number of active veteran employees	50	38	n/a
405-1	% of active veteran employees	2%	1%	n/a
405-1	Age group over 50 (%)	35%	39%	43%
405-1	Age group between 30-50 (%)	50%	44%	42%
405-1	Age group below 30 (%)	15%	17%	15%
102-22	Female board directors (%)	50%	50%	50%

Sustainable Development and Greening Government Operations

Greening

As the national passenger rail service, VIA Rail Canada is devoted to meeting its customers' current and future needs in an environmentally sustainable and responsible manner. VIA Rail is continuously striving for a better environment for all Canadians.

THE BASIS OF OUR COMMITMENT

- Make the environment an integral component of our business decisions;
- Continue to improve our environmental performance and achieve our environmental objectives and targets;
- Comply with or exceed applicable laws and regulations;
- Maximize our efforts while taking into account their economic and technological feasibility.

OBJECTIVES FOR REDUCING OUR ENVIRONMENTAL FOOTPRINT

- Minimize the impact of our activities on the environment;
- Develop and implement energy conservation programs;
- Reduce the use of environmentally harmful products and materials;
- Apply the Reduce, Reuse and Recycle (3R) principle to minimize consumption of resources and production of waste.

Safety

Operation Life Saver's Rail Safety Week is a yearly engagement that VIA Rail considers to be particularly important. In more than 25 cities across the country, employees man kiosks and run information sessions at railway stations, on trains, around railway crossings, and in various schools to spread awareness about the dangers of railroads and the precautions to take when approaching a railway.