

# Board of Directors Mandate VIA Rail Canada Inc.

## 1. PURPOSE

The Board of Directors (“Board”) is accountable to the Shareholder and reports to Parliament through the Minister of Transport (“Minister”). The Board is responsible for the stewardship of VIA Rail Canada Inc. (“Corporation”). As part of its overall stewardship responsibility, the Board shall:

- 1.1. approve the strategic direction and the Corporate Plan for the Corporation;
- 1.2. ensure that the key risks of the Corporation's business have been identified and that appropriate systems to manage these risks have been implemented;
- 1.3. oversee management's succession plan including appointing, training and monitoring of performance of Executive Officers including the President & Chief Executive Officer;
- 1.4. ensure implementation of best governance practices in the context of the Corporation's status as a Federal Crown Corporation;
- 1.5. ensure that the Corporation's information systems and management practices meet its needs and give the Board confidence in the integrity of information produced; and
- 1.6. review the Corporation's social and environmental performance.

The Board must be sensitive to the mandate of the Corporation as expressed in the authorities granted to it by Parliament and to the fact that the Corporation is part of the federal government. In short, the Board oversees the Corporation on the Crown's behalf by holding management accountable for the Corporation's performance, its long-term viability and the achievement of its objectives.

## 2. DELEGATION

In discharging its duties, the Board is assisted by its Committees: the Audit & Pension Investment Committee, the Human Resources Committee, the Major Projects Committee, the Commercial & Stakeholders' Relations Committee, the Fleet Modernization Committee, the High Frequency Rail Committee and any other special committees which it may establish from time to time. The Board shall review and approve recommendations brought forward by its Committees in accordance with their mandates.

The Board delegates to management the power to manage the business of the Corporation, and defines the limits of management's authority through formal delegations of authority in conformity with VIA Rail's Risk Appetite Framework, statutory limitations and by-laws. By entrusting operational decisions to the Executive Officers of the Corporation, directors do not involve themselves in day-to-day management.

### 3. COMPOSITION

- 3.1 The Board shall consist of a maximum of thirteen (13) directors of the Corporation.
- 3.2 No officer or employee of the Corporation, other than the President & Chief Executive Officer, shall be a director of the Corporation.
- 3.3 The directors shall be appointed by the Minister, with the approval of the Governor in Council, for terms not to exceed four (4) years.
- 3.4 The Chairperson of the Board shall be appointed by the Governor in Council, for such term as the Governor in Council considers appropriate.

### 4. OPERATING PRINCIPLES AND PROCEDURES

- 4.1 **Chairpersonship:** The Chairperson of the Board shall preside at all meetings of the Board.
- 4.2 **Absence of Chairperson of the Board:** Should the Chairperson of the Board be absent or unable or refuse or fail to act, the members present may choose a chairperson from among their number unless the Chairperson of the Board has already appointed one of the directors to act as the chairperson for this specific meeting.
- 4.3 **Quorum:** A majority of members of the Board shall constitute a quorum.

In the event any member declares a conflict of interest with regards to any one or more matters under consideration by the Board, such member will not attend that portion of the meeting dealing with such matter(s) and the foregoing quorum requirement will be reduced by one (1) or more if many members are in conflict with regards to any decision or recommendation made with respect to such matter(s).

- 4.4 **Voting:** A matter to be recommended for approval at a meeting of the Board shall be decided by consensus. If no consensus is reached in the opinion of the Chairperson of the Board, the Chairperson of the Board may call for a vote and such matter shall then be decided by a majority of the votes cast. In the event of an equality of votes, the members shall attempt to resolve the matter by further discussion; however, in the absence of agreement, the Chairperson of the Board has a casting vote.

- 4.5 Frequency of Meetings:** The Board shall meet at least four times annually, or more as required.
- 4.6 In camera session:** At each meeting, the Chairperson of the Board shall determine if an in camera session is necessary.
- 4.7 Supplemental Attendees:** Any person who may possess information that would be useful to the Board in carrying out its duties may be invited by the Chairperson of the Board to attend any meeting.
- 4.8 Review of Mandate:** The Board shall review and assess annually the adequacy of its mandate in collaboration with the Chairperson of the Board, the President & Chief Executive Officer and the Corporate Secretary.
- 4.9 Self-assessment:** The Board shall regularly conduct an assessment of its performance.
- 4.10 Outside Advisors:** The Board has the authority to engage outside advisors including, but not limited to, legal counsels, consultants and other experts, as needed, to review any matter under its responsibility.
- 4.11 Workplan:** The Board shall, in consultation with management, develop an annual workplan responsive to the Board's responsibilities and duties.
- 4.12 By-Law No. 1:** The operation of the Board and its meetings is further explained in the Corporation's By-law No. 1.

## 5. RESPONSIBILITIES AND DUTIES

### 5.1 Mandate & Strategic Planning

The Board shall:

- a) assess periodically the relevance of the Corporation's mandate taking into consideration amongst other things its financial sustainability objectives and public policy mandate, and, if appropriate, propose changes for the consideration of the Minister;
- b) review and approve the Corporation's strategic direction and priorities on a continuous basis as well as the Corporate Plan on an annual basis, taking into account the Corporation's public policy objectives, business opportunities, mandate, financial sustainability and effective risk management;
- c) represent the Corporation and speak collectively, through the Chairperson of the Board, to the Minister and other government officials as part of the consultations on the statement of priorities and accountabilities; the President

& Chief Executive Officer shall be involved and participate in these discussions as appropriate;

- d) monitor the implementation and effectiveness of the approved strategies and the Corporation's Corporate Plan;
- e) approve major business decisions including key modifications to the Corporation's service offering; and
- f) review and approve the Corporation's objectives and performance measures, review the performance of the Corporation against such objectives and take action where appropriate.

## 5.2 Oversight of Risks

The Board shall:

- a) approve the Enterprise Risk Management Framework, including key risks, risk appetite and tolerance levels for such risks as well as the Enterprise Risk Management Policy;
- b) assess the Corporation's Risk Culture and receive quarterly reports on the Corporation's Risk Profile;
- c) ensure that controls and procedures are in place to identify, manage and mitigate the key risks to which the Corporation is exposed including without limitation risks pertaining to Infrastructure, Equipment, Safety, Information Technology, Revenue, Employee Engagement, Relation with Government and any other emerging risks;
- d) validate management's ownership and accountability of these risks; and
- e) review annually the coverage offered under the Corporation's insurance programs.

## 5.3 Succession Planning and Evaluation of Management Performance;

The Board shall:

- a) review, with the assistance of the Human Resources Committee, the succession planning processes for Executive Officers and critical and key positions, and approve, when appropriate, the appointment, termination, compensation and evaluation of Executive Officers;
- b) approve the President & Chief Executive Officer's objectives and submit such objectives for the Minister's approval;

- c) assess the performance of the President & Chief Executive Officer against the agreed upon duties and objectives; and
- d) approve the benefits of the President & Chief Executive Officer.

#### **5.4 Governance Policies and Practices**

The Board shall:

- a) examine the adequacy and effectiveness of the Board's practices in light of changing requirements and make improvements as appropriate;
- b) design a process for the evaluation of the effectiveness of the Board and its Committees and conduct such evaluation periodically;
- c) review periodically the mandates of the Board and its Committees;
- d) review periodically and update the Corporation's By-law No. 1;
- e) upon a vacancy occurring, participate in identifying and evaluating profiles required from potential candidates to assume the position of director based on a skills matrix;
- f) make recommendations, through the Chairperson of the Board, to the Minister on the selection criteria and mandate for the position of President & Chief Executive Officer;
- g) review on a regular basis orientation and continuing education programs for directors;
- h) ensure that proper indemnification arrangements are in place to cover the liability of directors and officers with respect to their service to the Corporation;
- i) review procedures for satisfactory communications among the members of the Board and between management and the directors;
- j) ensure that the Board and its Committees has timely access to all documentation relevant to the accomplishment of their functions; such documentation should be presented in similar format and of similar quality;
- k) review quarterly directors' fees and expenses and apply the directors' compensation guidelines;
- l) establish the annual calendar for Board and Committees' meetings;
- m) approve the annual budget for Board activities and directors' expenses and training in accordance with its policy;

- n) review, update and ensure ongoing compliance of *Directors' Code of Conduct and Ethics* and guidelines pursuant to *Conflict of Interest Act* and *Federal Accountability Act*; and
- o) take all reasonable measures to satisfy itself as to the integrity of management and that management creates a culture of integrity throughout the Corporation.

## 5.5 Internal Controls, Corporate Disclosure & Reporting

The Board shall:

- a) oversee the establishment of processes for the accurate, timely production, approval and disclosure of the quarterly and annual financial statements and the annual and quarterly reports and the submission of this information to the Shareholder;
- b) review, with the assistance of the Audit & Pension Investment Committee, the effectiveness of the Corporation's internal controls and information management systems;
- c) review, with the assistance of the Audit & Pension Investment Committee, the processes and controls in connection with the certification of the Corporation's financial statements; and
- d) monitor, with the assistance of the Audit & Pension Investment Committee, the quality and integrity of the Corporation's financial statements and oversee their compliance with applicable audit, accounting and reporting standards and requirements.

## 5.6 Corporate Social Responsibility

The Board shall:

- a) oversee the development and implementation of a corporate social responsibility framework and understand how current corporate social responsibility governance approach compares to best practices and how it's being integrated into the Corporation's management, operations and decisions; and
- b) approve annually the Sustainable Mobility Report prepared by management.