

Board of Directors Mandate VIA Rail Canada Inc.

1. PURPOSE

The Board of Directors (“Board”) is accountable to VIA Rail Canada Inc.’s (“Corporation”) shareholder, the Government of Canada, and reports to Parliament through the Minister of Transport (“Minister”). The Board is responsible for the stewardship of the Corporation.

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 responsibilities and duties, the Board is assisted by its standing Committees: the Audit & Pension Investment Committee, the Human Resources Committee, the Major Projects & Fleet Modernization Committee, the Stakeholder Engagement and Communications Committee, the Governance Committee and any other ad hoc committee or standing committee it may choose to create for a specific purpose which it may establish from time to time. The Board shall delegate any of the responsibilities and duties outlined herein to its Committees, in addition to any others it considers appropriate and make any changes it deems necessary to allow a more fulsome review of these responsibilities and duties . The Board shall review and approve recommendations brought forward by its Committees in accordance with the responsibilities and duties delegated to them.

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, through the Corporation’s Authority Matrix, 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 RESPONSIBILITIES AND DUTIES

As part of its responsibilities and duties, the Board shall oversee the following:

3.1 Corporation's Mandate, Strategy & Corporate Plan

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 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) review and approve the Corporation's annual operating and capital budgets;
- d) 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 and the President & Chief Executive Officer shall be involved and participate in these discussions as appropriate;
- e) monitor the implementation and effectiveness of the approved strategies and the Corporate Plan;
- f) approve major business decisions and expenses including key modifications to the Corporation's service offering which may have a material impact on the Corporation's value proposition, the whole in accordance with the Corporation's Authority Matrix; and
- g) review and approve the Corporation's objectives and performance measures, review the performance of the Corporation against such objectives and take action where appropriate.

3.2 Risk Oversight

The Board shall:

- a) approve the Enterprise Risk Management Framework as well as the Enterprise Risk Management Policy for the Corporation's key risks;

- b) the Corporation's key risks and management's approach to addressing the potential impacts of these risks on the execution of the Corporation's objectives and strategic plan;
- c) ensure that controls and procedures are in place to identify, manage and mitigate the key risks to which the Corporation is exposed validate management's ownership and accountability of these risks;
- d) review the coverage offered under the Corporation's Corporate insurance programs to ensure adequate coverage

3.3 Human Resources

The Board shall:

- a) review the succession planning processes for Executive Officers and critical and key positions, and approve, when appropriate, the appointment, termination, compensation , evaluation and training of Executive Officers;
- b) approve the President & Chief Executive Officer's objectives and submit such objectives for the Minister's approval on an annual basis;
- c) assess the performance of the President & Chief Executive Officer against the agreed upon duties and objectives on an annual basis; and
- d) approve the benefits of the President & Chief Executive Officer on an annual basis .
- e) 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;
- f) human resource strategic plan including, employee compensation and benefits, organizational structure, employee and union relations and health & safety and the human resources strategic plan

3.4 Governance Policies and Practices

On recommendations made by the Governance Committee, the Board shall examine the adequacy and effectiveness of its governance practices covering, among others, Board evaluation, review of Board and Committee mandates, creation and composition of committees; orientation and training of directors and Board calendars and budgets, and implementing improvements thereon as deemed appropriate.

3.5 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 MD&A, the Annual Report and other corporate level annual and quarterly reports and the submission of this information to the Shareholder;
- b) review the effectiveness of the Corporation's internal controls and information management systems;
- c) review, the processes and controls in connection with the certification of the Corporation's financial statements; and
- d) monitor the quality and integrity of the Corporation's financial statements and oversee their compliance with applicable audit, accounting and reporting standards and requirements.

3.6 Environmental, Social and Governance ("ESG") and Corporate Social Responsibility (CSR)

The Board shall:

- a) monitor the development and implementation of an ESG Policy and understand how current corporate ESG and CSR approaches and initiatives compare to best practices and how it's being integrated into the Corporation's management, operations and decisions;
- b) approve the documentation for public dissemination prepared by management regarding the Corporation's ESG framework and performance and CSR initiatives;
- c) monitor the Corporation's compliance to ESG and CSR related statutory and regulatory requirements and industry standards, and, where applicable, ensure any remedial plans and programs are carried out; and
- d) approve the annual reporting of the Corporation's ESG and CSR performance and initiatives.

3.7 Commercial & Socio-Economic Value Proposition

The Board shall:

- a) understand how the Corporation's brand is perceived in the Corridor and the Long Distance and Regional markets and shall review and assess the commercial and socio-

economic value proposition to differentiate the Corporation's products and services from those of competitors while finding the appropriate trade-offs between its commercial objectives and its public policy objectives; and

the strategic direction, broad market developments and new initiatives in the passenger transportation industry and how this may impact the value proposition statement defined by the Corporation.

3.8 Service Offering

The Board shall review and assess:

- a) any key modifications to the service offering including but not limited to the abandonment of services.
- b) the Corporation's brand, marketing and customer experience objectives and monitor progress against plans;
- c) the business cases for key revenue generation initiatives including but not limited to major partnerships, marketing, service design, revenue management & network planning initiatives;
- d) the marketing plans by which new and/or revamped products and/or services will be introduced to key stakeholders and deployed in the market;
- e) the exit strategies for key existing products and/or services to be abandoned and the communication strategy associated to such strategies; and
- f) the post project reviews of significant commercial improvements and initiatives.

3.9 Asset Management Plan

The Board shall:

- a) review and monitor the Corporation's implementation of its strategic direction for the management of the Corporation's key assets as described in its Asset Management Plan.
- b) review and approve any material purchase, sale, donation or other types of property transfer of land and real estate assets in accordance with appropriate legislation and the Corporation's Authority Matrix.

3.10 Crisis Management & Communication

The Board shall:

- a) review and oversee the establishment of communication protocols between the President & CEO and the Chairperson of the Board and other interested parties in connection with the implementation of the Corporation's crisis management plans.

3.11 Stakeholder relations

The Board shall:

- a) define, review and approve the Corporation's multi-stakeholder strategy, as well as the related allocations of investment and resources, notably for its stakeholders outside the Corridor.
- b) review and oversee the performance measurement systems and processes so they provide clarity on the drivers and outcomes of the Corporation's performance in achieving its purpose and meeting the value creation expectations of its stakeholders.

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.
- 4.4 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).
- 4.5 **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.
- 4.6 **Frequency of Meetings:** The Board shall meet at least four times annually, or more as required.
- 4.7 **In-camera session:** At each meeting, the Chairperson of the Board shall determine if an in-camera session is necessary.

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- 4.8 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.
- 4.9 Review of Mandate:** The Board shall on an annual basis review and assess the adequacy of its mandate in collaboration with the Governance Committee, the Chairperson of the Board, the President & Chief Executive Officer and the Corporate Secretary
- 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 Self-assessment:** The Board shall determine on an annual basis the process for the assessment of the Board, each Committee and individual directors.
- 4.13 By-Law No. 1:** The operation of the Board and its meetings is further explained in the Corporation's By-law No. 1.

5. COMPOSITION

5.1 The Board shall consist of a maximum of thirteen (13) directors of the Corporation.

5.2 No officer or employee of the Corporation, other than the President & Chief Executive Officer, shall be a director of the Corporation.

5.3 The directors shall be brought forward for appointment and re-appointment by the Minister, with the approval of the Governor in Council, for such term as the Governor in Council considers appropriate.

5.4 The Chairperson of the Board shall be appointed and re-appointment by the Governor in Council, for such term as the Governor in Council considers appropriate.