

HFR & STAKEHOLDER RELATIONS COMMITTEE VIA RAIL CANADA INC.

1. PURPOSE

The Board of Directors (“Board”) has delegated to the High Frequency Rail (HFR) & Stakeholders’ Relations Committee the responsibility for oversight and monitoring of the following:

- 1.1 the development and implementation of a practical and achievable strategy to transform passenger rail service for Canadians in the Quebec City – Windsor Corridor by connecting more communities with more departures, improved schedules, shorter travel times, better on-time performance and new trains delivered through the Corridor Fleet Renewal Project (the “HFR Project”);
- 1.2 the Corporation’s communication plan related to its stakeholders to ensure that it supports the strategic and commercial objectives of the Corporation and that the Corporation maintains its social license from Canadians to operate Canada’s national passenger rail service while developing positive and productive relationships with all the Corporation’s stakeholders;
- 1.3 key corporate reports including the Corporation’s Annual and Quarterly Reports;
- 1.4 the standards of integrity and behavior adopted by the Corporation; and
- 1.5 the risk identification, evaluation and treatment related to the topics listed above.

The term “HFR Project” shall include the designing, building, financing, operating and maintaining of new railways dedicated to passenger rail services between Toronto, Ottawa, Montreal and Quebec City along with the growth and optimization of the Corporation’s existing passenger rail services in the Quebec City – Windsor Corridor.

The term “stakeholder” shall include any group who can affect, or who can be affected by the Corporation’s current or future commercial activities or operations. They include, but are not limited to, the Corporation’s Shareholder, its customers, employees, retirees and pensioners, contractors, business partners, regulators, communities, indigenous groups, groups representing people with disabilities, environmental and sustainability advocacy groups, and governments and non-government organizations.

2. COMPOSITION

- 2.1 The Committee shall be appointed by the Board and consist of at least three (3) directors of the Corporation.

- 2.2 The Chairperson of the Committee shall be appointed by the Chairperson of the Board.
- 2.3 It is desirable that the Chairperson of the Committee has knowledge and experience in dealing with various types of stakeholders.
- 2.4 It is desirable that at least one other member of the Committee has knowledge and/or experience in marketing communications, government relations and/or public relations.
- 2.5 It is desirable that for the HFR Project, at least one other member of the Committee has knowledge and/or experience in complex, large infrastructure projects and/or project risk management;
- 2.6 The Chairperson of the Board and the President & Chief Executive Officer are ex officio members of the Committee and may attend Committee meetings at their discretion.
- 2.7 The membership of the Committee as well as the chairpersonship shall be reviewed from time to time at the discretion of the Chairperson of the Board.

3. OPERATING PRINCIPLES AND PROCEDURES

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

In the event any Committee member declares a conflict of interest with regards to any one or more matters under consideration by the Committee, such Committee 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).

- 3.4 **Voting:** A matter to be recommended for approval at a meeting of the Committee shall be decided by consensus. If no consensus is reached in the opinion of the Chairperson of the Committee, the Chairperson of the Committee 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 Committee has a casting vote.

- 3.5 Frequency of Meetings:** The Committee shall meet at least four times annually, or more as required.
- 3.6 In-camera session:** At each Committee meeting, the Chairperson of the Committee shall determine if an in-camera session is necessary.
- 3.7 Supplemental Attendees:** Any person who may possess information that would be useful to the Committee in carrying out its duties may be invited by the Chairperson of the Committee to attend any meeting of the Committee.
- 3.8 Reporting:** The Chairperson of the Committee shall report on its activities to the Board after each Committee meeting.
- 3.9 Review of Mandate:** The Committee shall review and assess regularly the adequacy of its mandate in collaboration with the Chairperson of the Board, the President & Chief Executive Officer and the Corporate Secretary.
- 3.10 Self-assessment:** The Committee shall regularly conduct a self-assessment of its performance and the Chairperson of the Committee shall discuss the results with the Chairperson of the Board.
- 3.11 Outside Advisors:** Subject to approval of the Chairperson of the Board, the Committee 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.
- 3.12 Workplan:** The Committee shall, in consultation with management, develop an annual workplan responsive to the Committee's responsibilities and duties.

4. RESPONSIBILITIES AND DUTIES

4.1 HFR Project

The role of the Committee is to conduct oversight of the HFR Project in order to facilitate greater review of the development of such project by the Board, including monitoring the deliverables or recommendations to be made by the joint project office created by the Canada Infrastructure Bank and the Corporation at the request of the Government of Canada. In that regard, the Committee may take any reasonable measure to ensure that the HFR Project emphasizes the Corporation's strategic goals, that appropriate due diligence is conducted, and reputation preserved, while successfully advancing the development and implementation of the HFR Project. Among other things, the role of the Committee may include the following responsibilities depending on the circumstances:

- a) assisting the Board in understanding the development and implementation of the HFR Project;

- b)** overseeing the development of the HFR Project and the readiness of the organization to move forward in every step of the HFR Project;
- c)** understanding the implications of potential pre-procurement activities such as (i) impact assessment work, if any, (ii) contracting with external advisors, (iii) third party agreements, (iv) property acquisitions, (v) development of a procurement framework, and (vi) consultations with key stakeholders, amongst other items;
- d)** monitoring the implementation of an appropriate internal organizational structure to ensure the progress of the HFR Project;
- e)** taking reasonable measures to ensure that management of the Corporation maintains free and open communications with the Committee, the Board, and any governmental oversight committee that could be created over time by the Government of Canada, regarding any aspect of the HFR Project, including relevant third parties; and
- f)** making sure that the management of the Corporation puts in place practices, procedures and policies to ensure the HFR Project is implemented using best practices and in compliance with the Corporation's obligations.

4.2 Budget

In satisfying its role, the Committee will review progress of the Corporation's annual High Frequency Rail budget, including chargebacks made by the joint project office, and review progress on the implementation of the project management structure and reports on actual results, variance in the budget and success in meeting goals.

4.3 Communication Strategy with Various Stakeholders

The HFR & Stakeholders' Relations Committee shall review and assess:

- a)** the Corporation's government relations strategy with federal government officials and other key players in charge of providing the public policy direction of the Corporation;
- b)** overseeing the Corporation's government relations strategy as well as the Corporation's internal and external communication strategy in order to generate stakeholders' engagement and obtain the social license required to operate and deploy new strategic initiatives;
- c)** the mechanisms in place to consult with key stakeholders and special interest groups to ensure rigor around proofing and social acceptability of the Corporation's strategic initiatives; and

- d) the mechanisms in place to incorporate stakeholders' useful feedback in ongoing commercial activities and operations in order to improve decision making and operational efficiencies and ultimately gain support from various stakeholders in new customer experience concepts and initiatives

4.4 Corporate Reporting

The HFR & Stakeholders' Relations Committee shall review and recommend for approval to the Board the Annual and Quarterly Reports (except the financial statements, the MD&A and the certification), along with the press release related thereto.

4.5 Standards of Integrity & Behaviour

The HFR & Stakeholders' Relations Committee shall review and assess:

- a) the 'tone at the top' established by the President & Chief Executive Officer and the executive management committee in terms of the example that is set with respect to integrity and ethics;
- b) the mechanisms in place to ensure that clear expectations and standards for integrity and ethical behaviour are communicated amongst the organization;
- c) practices for dealing with conflicts of interest;
- d) procedures for the receipt, retention and treatment of complaints or confidential and anonymous submissions received from employees and/or third parties regarding ethical matters;
- e) the incidents of material violations to the code of conduct and ethical standards; and
- f) the report of the Corporation's Compliance Officer on complaints or submissions regarding the disclosure of wrongdoing.

4.6 Risk Assessment

The HFR & Stakeholders' Relations Committee shall periodically review, identify, evaluate and assess the treatment of risks to which the HFR Project, Communications and Government Relations functions are exposed, and provide its input to the Board, including risks related to:

- a) the maintenance of positive and productive relationships with all stakeholders in order to obtain the social license required to deploy new strategic initiatives, including the HFR Project; and
- b) the alignment of the decisions taken for HFR Project and any stakeholder initiative with the desired outcomes of the Corporation's strategic plan.