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SUMMARY OF THE 2025 – 2029 CORPORATE PLAN AND 2025 OPERATING AND CAPITAL BUDGETS

October 10, 2025

Table of Contents

EXECUTIVE SUMMARY	3
1. OVERVIEW	5
1.1. Mandate and Public Policy Role	5
1.2. Vision and Mission.....	5
1.3. Activities and Financial Condition	6
1.4. VIA Rail Markets & Services.....	7
2. OPERATING ENVIRONMENT	8
2.1. Central Canada: Corridor Services	8
2.2. The Long-Distance Services.....	8
2.3. Regional Services.....	9
2.4. Macroeconomic Environment	11
2.5. Grade Crossing Regulations.....	12
2.6. CN Operating Restrictions	12
2.7. Office of the Auditor General Special Examinations	13
2.8. IFRS Standards Impact on Operating Expenses	13
2.9. Internal Environment.....	13
3. OBJECTIVES, ACTIVITIES, RISKS, EXPECTED RESULTS, AND PERFORMANCE INDICATORS	16
3.1. Access to Third Party Infrastructure	16
3.2. Heritage Fleet Replacement.....	18
3.3. Alto High-Speed Rail & Dorval Station Modernization	19
3.4. Operational Efficiency Initiatives.....	19
3.5. Other Strategic Activities	20
4. FINANCIAL OVERVIEW	24
4.1. Overview of the 2025-2029 Financial Plan	24
4.2. Financial Operating Performance – 2023 to 2024	28
4.3. Other Revenues and Expenses	30
4.4. Previous capital programs – 2017 to 2024	30
4.5. Audit Regime	31
ANNEX 1. MINISTERIAL MANDATE LETTER	32
ANNEX 2. CORPORATE GOVERNANCE STRUCTURE.....	33
ANNEX 3. FINANCIAL STATEMENTS AND BUDGETS	39
ANNEX 4. RISK AND RISK RESPONSES	43
ANNEX 5. COMPLIANCE WITH LEGISLATIVE AND POLICY REQUIREMENTS.....	48
ANNEX 6. GOVERNMENT PRIORITIES AND DIRECTION.....	55

EXECUTIVE SUMMARY

At a time when travel by train is enjoying a new worldwide relevance as an efficient, accessible, low carbon means of moving people, VIA Rail is rising to the moment.

The mission of Canada's national passenger rail service to connect communities has never been more important. VIA Rail is committed to its mandate of providing passenger rail services on behalf of the Government of Canada. VIA Rail's team is ambitious and aspirational, dedicated to not only succeeding in the delivery of its mandate, but excelling.

This corporate plan explains the complexity of the operating environment in which VIA Rail's trains function across Canada. The Corporation delivers its services with one of the oldest passenger car fleets in the world (other than purely tourist trains); it copes with the necessity that passenger trains must rely upon infrastructure from freight and other railways; and deals with the impacts of climate change on railway operations. All these complexities have an impact on VIA Rail's activities, which the Corporation must navigate.

As explained in this plan, VIA Rail is committed to facilitating safe, efficient and timely movement of passengers in Canada and across the 8 different provinces served by its network; a commitment which will support mobility and activity across provincial borders through the pursuit of best practices such as:

- clear and transparent allocation of track capacity, time slots, and punctuality processes
- clear and transparent access fees: VIA Rail has reached the limits of pricing for these access rights
- an independent government authority that plays a major role towards solving capacity allocation and punctuality issues.

VIA Rail has been hard at work preparing for the future. Recognizing that the Corporation and passenger rail in general are in the midst of a period of transformative change, VIA Rail has developed a new strategic plan, VIAAction 2030 to act as a blueprint to guide it through the decade. This blueprint focuses on continuous improvement, optimizing passenger rail services across Canada and ensuring VIA Rail's organization is efficient and cost-effective, that it always focuses on the customer, on safety and security, that it remains a desirable place to work and that it is always mindful of its obligations to the environment, society and reconciliation. The plan's overriding goal is to make VIA Rail a best-in-class passenger rail operator. One of the avenues by which to achieve this is by aiming to streamline operations and achieve cost savings. In this fashion, VIA Rail will build on previous federal budget deficit reduction targets and bring itself into alignment with the Comprehensive Expenditure Review that was announced in 2025. Namely by achieving its operating deficit reduction targets for 2026-27, 2027-28, and 2028-29. VIA Rail expects that while continuing to operate under similar parameters that characterized the base year that is 2025-26, it can achieve the operating deficit targets.

VIA Rail continues to demonstrate its excellence and expertise in delivering large, complex projects. From the resolution of complex refurbishments on the aging fleet to the launch of a state-of-the-art reservation system to taking delivery of a brand-new fleet of trains for the Corridor, VIA Rail is visibly improving all aspects of its services to Canadian passengers. VIA Rail has also made great progress on future projects, including the next phase of refurbishment of the old train cars and refurbishment and modernization of the maintenance facilities which support thousands of direct and indirect jobs across the country. Moreover, VIA Rail aims to replace its aging Heritage Fleet, supported by funding from Budget 2024, to improve services across Canada, including service to Indigenous communities.

This plan demonstrates VIA Rail's visionary work to make it an ever more relevant, environmentally friendly, fully accessible and essential service for all Canadians from coast to coast to coast. VIA Rail, as outlined in this corporate plan, is entirely aligned with the Government of Canada's objectives of providing efficient passenger rail service, achieving its environmental objectives, supporting reconciliation efforts and providing essential services. VIA Rail strives to be the most financially sustainable Crown Corporation it has ever been.

In addition to the important themes described above, this plan demonstrates several other of the Corporation's priorities, such as those that follow:

- **VIA Rail's regional routes:** they are considered essential by the communities they serve, providing a lifeline transportation function by being for example the only means to get groceries or medical care.
- **Talent retention:** an ongoing consideration, reflecting the specialized training required of the Corporation's employees and the competitive labour market within the railway industry.
- **Third-Party infrastructure:** to effectively transform VIA Rail, the terms of access with host railways must be modified.
- **Replacement of the Long-Distance, Regional and Remote (LDRR) fleet:** VIA Rail intends to advance procurement activities for rolling stock through separate, coordinated contracting processes. Procurement began with a request for qualifications (RFQ) process in Q4 2024.
- **Enhanced Train Control (ETC):** VIA Rail is actively working to develop and install ETC as it believes, when funded and approved, it will increase efficiency and improve safety for the travelling public.
- **Accessibility:** VIA Rail aspires to be Canada's most accessible national and intercity mode of transportation, delivering a barrier-free travel experience from reservation to destination.
- **CN imposed operating restrictions:** In October 2024, CN imposed arbitrary operating restrictions on VIA Rail inside the Quebec City-Windsor Corridor. VIA Rail is currently exploring opportunities to find a solution that will allow VIA Rail to resume normal operations within the Corridor.
- **Comprehensive expenditure review (CER):** VIA Rail expects that, while continuing to operate within a business environment comparable to 2025–26, it will progressively reduce its operating deficit and align with its operating deficit targets over the 2026–27 to 2028–29 period.

1. OVERVIEW

1.1. Mandate and Public Policy Role

VIA Rail Canada Inc.'s mandate is to operate the national passenger rail services on behalf of the Government of Canada, as approved through the annual Corporate Plan, offering intercity rail services and ensuring rail transportation services to regional and remote communities. Its objective is to offer a safe, accessible, efficient, reliable, sustainable, and environmentally friendly passenger rail service that meets the needs of Canadian passengers.

1.2. Vision and Mission

Given the growing interest in passenger rail, coupled with its array of ambitious projects, VIA Rail identified the need for a new strategic plan to act as a blueprint to guide its actions in the years to come. Titled **VIAction 2030**, it was launched in 2024, as a foundational document that will lay the groundwork for future successes. The plan ensures that its initiatives and critical projects are well aligned with VIA Rail's vision to be at the heart of Canada's passenger journey.

To deploy its strategy, VIA Rail will anchor itself around five main pillars:

- Customers and Communities
- Safety and Security
- People and Culture
- Environment
- Organizational sustainability

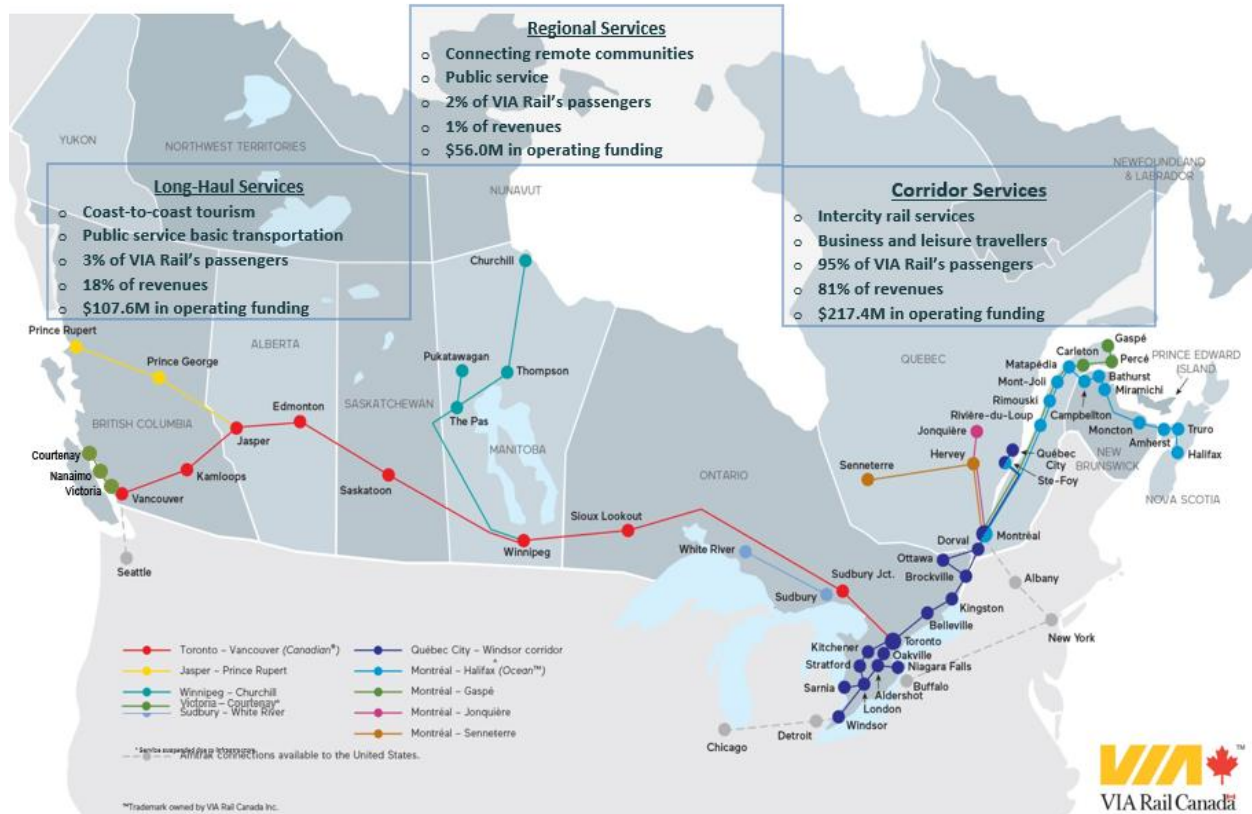
The underpinning of these pillars remains focused on long-term, high-impact projects, with the ambition of elevating VIA Rail's capacity to move more people and connect more communities and create more mobility partnerships across Canada.

1.3. Activities and Financial Condition

VIA RAIL'S NETWORK 2024

4.4 million passengers per year
12,500 km network
3,339 employees

\$480.2M in revenues
\$385.2M in operating funding



In a typical year, VIA Rail operates about 420 trains per week in all regions of Canada over approximately 12,500 kilometres (or 7,800 miles) of rail. In 2024 VIA Rail carried 4.4 million passengers, with \$480.2 million in total revenue, 6.6 million train miles and 967 million passenger miles (the railway industry still uses the imperial system).

VIA Rail employs about 3,339 employees as at the end of December 2024. While it is headquartered in Montréal, significant employee bases are spread across the country for operational reasons. For example, there are major maintenance centres located in Vancouver, Winnipeg, Toronto and Montréal. Operations employees (on-board personnel) are similarly spread across the country. This means that most employees are strategically located in Vancouver, Winnipeg, Toronto, Montreal, Moncton, and Halifax.

A recent socio-economic benefit assessment revealed that, for every dollar invested in VIA Rail by the federal government, a return of \$1.8 is experienced by the Canadian economy.

As articulated in the VIAction 2030 Strategic Plan, VIA Rail is determined to be an organization that operates with financial rigour, continuously innovating in a drive to deliver top value for money. The Corporation has made significant efforts to contain the growth of its operating deficit and thus its reliance on government funding. VIA Rail also has a unique opportunity as advancements in AI, digitalization, and cutting-edge technologies are reshaping the rail industry around the world. To ensure the Corporation's financial sustainability, its ambition is clear:

innovate in the way it delivers its services, in all areas of the organization and be recognized as best-in-class operator.

Even as the economic environment is applying upward pressures on VIA Rail's operating expenses, the Corporation continues to pursue commercial strategies to increase its ridership, the relevance of its services, and the growth of its revenues. VIA Rail operates primarily on busy freight railroads (mostly Canadian National Rail, "CN"), which creates a very challenging operating environment. Consider that the infrastructure is maintained to a level that is sufficient for freight trains but falls short of passenger speed requirements and the prevalence of operating restrictions, such as those enforced for some railway crossings at grade in October 2024. These conditions lead to persistent delays that affect the number of people that want to take the train due to poor on-time performance (OTP), especially in the Corridor.

1.4. VIA Rail Markets & Services

Passenger rail has played a significant role in the building of Canada. The completion of the transcontinental railway in 1885 led to British Columbia joining Confederation and facilitated the transport of generations of people to help the nation.

VIA Rail began operating independently, as a Crown Corporation, in 1978 to provide passenger rail services in Canada and is the proud steward of a grand tradition of travel by train. It continues to operate the venerable *Canadian* train, which operates between Toronto and Vancouver and is celebrated its 70th anniversary in 2025, and the *Ocean* service between Montréal and Halifax, which is marking its 120th year.

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

The Crown 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. For those communities, VIA Rail represents the transportation of people and goods and can be considered an essential service as there are often no roads. VIA Rail is the only means of transportation for groceries shopping and health care needs. These services are explained in more detail in section 2.

2. OPERATING ENVIRONMENT

2.1. Central Canada: Corridor Services

In the Québec City–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. It is a well-known fact in public transportation that frequency is a key driver to generate ridership.

The Corridor market consists of mostly Canadian residents travelling between Québec City, Montréal, Ottawa, Kingston, Toronto, London, Kitchener, Sarnia, and Windsor for a host of reasons (business, school, family matters, or simply visiting). With the busiest segment being that of Toronto – Montreal. The Corridor typically represents 95% of the overall VIA Rail ridership.

Corridor train services are at approximately 89% of their frequencies as compared to the record year that was 2019. Train services continue to operate below 2019 levels in the Corridor. The Crown Corporation will continue to balance service levels with operating conditions over the planning period, while managing the transition associated with its existing fleet, the retirement of LRC cars, and the introduction of the new Corridor fleet.

In October 2024, CN implemented arbitrary operating restrictions on VIA Rail over the Québec City–Windsor corridor. These arbitrary operating restrictions have resulted in a significant reduction in VIA Rail's on-time performance within the Corridor. VIA Rail is working with Transport Canada and Canadian National to explore solutions to resolve the matter and allow VIA Rail to resume regular operations within the Corridor.

2.2. The Long-Distance Services

The *Canadian*

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

It regularly appears on lists of best train journeys of the world and is considered an iconic Canadian attraction. Visitors experience the vastness and splendour of Canada, from the rugged landscapes of northern Ontario, across the eye-filling scenes of the prairies and through the breathtaking vistas of the Rockies. VIA Rail also supports businesses in Canada's tourism sector, either indirectly (by bringing tourists to towns / cities across Canada) or in a direct manner by partnering on inclusive travel packages. VIA Rail has partnered with a variety of tour operators and accommodation providers to offer train/hotel/activity all-inclusive vacation packages.

The *Canadian* serves 103 Indigenous communities, of which 23 are considered to be "remote/isolated". For these places VIA Rail is an essential service, providing transport not only for passengers but for groceries and important supplies.

The service experienced several years of robust revenue growth from 2014 to 2019 then again in the post-pandemic period from 2022 to 2024. While on-time performance is slightly less important to the travellers of this four-day trip, the delays are at times unacceptable.

OTP has been a long-term recurring problem since 2002. It is important to note that the OTP issues are outside of VIA Rail's control. The main reason is increased freight traffic on CN's single track network with longer trains that do not fit into the sidings provided and the removal of many

sidings over the years. This forces VIA Rail trains to wait for several freight trains to pass as there's no incentive for CN Rail to try to optimize VIA Rail's performance. Despite schedule extensions or departure time changes in 2009, 2018 and 2019 for the purpose of alleviating OTP issues, the difficulty persists. The current scheduled travel time is now significantly longer (about 24 hours) than it was prior to these extensions.

The result is reduced efficiency, increased operating costs and equipment utilization pressures. Since 2009, this increased running time for trains between Toronto and Vancouver required more train sets to cover the new schedules: up to five train sets required at a point in time to cover the three frequencies. VIA Rail does not have sufficient rolling stock to make up five train sets; the frequency was reduced to 2 trips a week in off-peak. VIA Rail manages to have three frequencies in peak season but has no spare rolling stock during that period (lower than world standard requirements for spare parts), which complicates maintenance cycling. The equipment utilization pressures are such that VIA Rail cannot plan to reinstate the full third frequency within the corporate plan period, nor can it plan to operate the seasonal, temporary and partial third frequency on the *Canadian* between Edmonton and Vancouver for 2025. The fact that the train will only operate two full frequencies will harm the financial performance of this route as compared to the alternative where three full Toronto-Vancouver frequencies were offered.

With the funding announcement from the latest federal budget, VIA Rail is optimistic that once the new railway cars are received, the reliability aspects within VIA Rail's control will be increased again and potentially new frequencies and schedules will be developed, making the long-distance travel between communities better for Canadians.

The Ocean

The *Ocean* operates between Montréal and Halifax. Although it also appears on international lists of great train journeys, it is more a transportation service within a tour package (particularly as there are limited time-effective air travel options between Quebec City and Halifax). *The Ocean* is typically included in rail-tour packages, but most operators have indicated that the *Ocean* is currently less of a selling feature, as the onboard experience differs from that offered on the *Canadian*.

This train is used by a combination of end-to-end users and intermediate point travellers, particularly between Miramichi, Campbellton, Moncton, and Halifax. This line experiences delays related to track conditions on the Newcastle Subdivision, which is used on a limited basis by the host railway, CN.

In 2013, frequencies for the *Ocean* were reduced from six return departures per week to three return departures. The equipment that serves the *Ocean* is also falling behind customer expectations and is due for modernization. With those conditions (insufficient frequencies, passenger cars falling below customer expectation, poor on-time performance), the *Ocean* is not sufficiently competitive to deliver an adequate travel alternative in the multiple markets between Montréal and Halifax. People find it easier and faster to drive between many cities than to take the train. The renewal of the fleet will allow resolution of one of these challenges: the condition of the rolling stock. The others are important and need to be resolved.

2.3. Regional Services

Regional services are part of VIA Rail's mandate. They provide essential transportation to communities where alternative and affordable transportation is limited or unavailable. Where options are available, VIA Rail's LDRR services are often more affordable. For example, air travel

to northern Manitoba communities could range from \$730+ one-way, versus approximately \$200 for VIA Rail.

For the nearly 3 million people who live in non-urban (rural, remote and isolated) areas served by the LDRR network, the availability of viable transportation options is vital as many of these communities have limited access to essential services and rely on connectivity to larger population centers and hubs to meet their basic needs.

Across the VIA Rail LDRR network, 34%-47% of non-urban residents do not have access to essential amenities (healthcare, pharmacy or grocery) in their communities. Returning/sending groceries by train is also an important role played by VIA Rail's LDRR services on some services.

The lack of transportation access can increase poverty for vulnerable groups by separating them from educational and economic opportunities. Access to transportation empowers residents of rural and remote communities to seek these opportunities outside of their community. It also enables professionals (e.g., doctors, nurses, teachers, etc.) to travel to provide services to rural and remote communities.

The LDRR services play an important role in reconciliation. The network can serve 165 First Nations communities and close to 600,000 Indigenous-identifying people, representing about one-third of Canada's Indigenous-identifying population. Moreover, in the remote and isolated rail communities lacking access to year-round roads, about 53% of the population are members of First Nations.

These are considered public services, sometimes deemed essential as they connect remote communities, 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 areas and First Nations territories.

Indigenous populations are more likely to experience poverty than the general population. Without accessible and affordable transportation options, travel adds to the high cost of obtaining food, goods, and services such as healthcare for Indigenous Peoples. Additionally, there are concerns of safety issues with regards to Indigenous women and girls traveling alone in remote areas, who also face a higher risk of poverty and therefore may turn to high-risk means of transportation like hitchhiking in the absence other transportation options. With a higher Indigenous-identifying population in remote and isolated areas served and many remote and isolated First Nations communities found along the LDRR network, continued access to safe, affordable, and reliable transportation is vital, particularly in advancing steps towards reconciliation.

Given VIA Rail's commitment to supporting ESG (Environmental, Social and Governance), the Corporation places a high priority on playing its role in delivering these kinds of essential services to vulnerable populations.

It is important to note that these services have been in place since the construction of the trans-continental railway, in the later part of the 1800s. These services offer some seasonal peak volume, whether during cottage season in Québec and Northern Ontario, or tourist season (Canadian and international) in Northern British Columbia and Northern Manitoba (for example, polar bears or northern lights season in the Hudson Bay).

Regional services are defined as the following:

- Victoria – Courtenay (BC); *Suspended*
- Jasper – Prince-Rupert (AB, BC).
- The Pas – Pukatawagan (MB) - provided by the Keewatin Railway Corporation.

- Winnipeg – Churchill (MB through a portion of SK).
- Sudbury – White River (ON) – operated over Canadian Pacific Kansas City infrastructure.
- Montréal – Senneterre / Jonquière (QC); and
- Matapédia – Gaspé (QC). *Suspended*

These services are highly valued by the communities they serve. For example, despite the COVID-19 pandemic, ridership on the Winnipeg – Churchill service remained above 75% of its 2019 level in 2020 and 2021 then exceeded its 2019 level in 2022. As of the end of 2024, ridership along the route is at 124% of the 2019 level.

Although these services are crucial, they are smaller scale, typically accounting for 1% of VIA Rail's ridership and revenues and 7% of costs, representing the most subsidized lines on VIA Rail's network.

The Victoria–Courtenay and Matapédia–Gaspé services have been suspended for safety reasons due to the poor condition of the rail infrastructure and lack of investment by host railways. Reinstatement of services may take place only once the quality of the infrastructure has been restored and VIA Rail is satisfied that it is safe to operate and that reasonable track speeds, schedules, and connectivity (for Matapédia-Gaspé) are achievable. Of course, such service resumption will also depend on the availability of rolling stock.

The *Société du chemin de fer de la Gaspésie*, the infrastructure owner of the Matapédia–Gaspé line, was purchased by the Government of Québec in 2015. In 2023, the Government of Québec announced infrastructure improvements. Work began in 2024 and was originally expected to last into 2026; however, there has been a review of the project's procurement strategy which has sent a portion of the work back to the planning stage and upended the completion date. In preparation for the potential return of service to Gaspé thanks to the planned improvements, VIA Rail will review the pattern of its operations as well as its requirements with a view to assessing any potential funding requirements.

The service from Victoria to Courtenay was suspended in 2011 due to the poor condition of the rail infrastructure. In 2023, the provincial minister of transport showed interest in restarting this service, but no plan is currently in place.

2.4. Macroeconomic Environment

VIA Rail is ready to lead a new golden age in passenger rail service. There are rich opportunities because people are considering train travel again due to increased environmental concerns, growing demand for sustainable and accessible transportation and lower carbon travel options than road travel, significant reduction in intercity bus services and air travel options due to fewer regional flights and increased security processes at increasingly congested airports. Coupled with an aging population and increasing prices for housing and energy, passenger rail is becoming increasingly desirable.

VIA Rail may continue to face certain constraints; however, the macroeconomic environment continues to support the pursuit of opportunities considering the growth or recovery in the primary determinants of travel demand – gross domestic product (GDP), population growth, and tourism (local and international). Thanks to a strong demand for travel, the Crown Corporation's ridership for 2024 grew from 82% to 88% of its level in 2019 with an offering that grew, despite the internal constraints, from 84% to 99% of its level in 2019.

Between 2019 and 2024, Canada's real GDP grew 1.2% per year for a total growth of 6.2%. Over the same period, Canada's population grew by 1.9% per year for a total growth of 9.8%. The period also gave way to a 3.3% rate of decline of Canadian tourism GDP (nominal) and a 10.1% decrease in foreign tourism due to ongoing recovery of travel following the COVID-19 pandemic. However, from 2021 to 2024 Canadian tourism GDP (nominal) grew 35% and foreign tourism rose to about six and a half times the level it had seen in 2021.

To capitalize on these opportunities, VIA Rail must move ahead with its commitments of securing and improving access to third-party infrastructure, modernizing its rolling stock, supporting the Government's High-Speed Rail initiative (Alto) and delivering sustainable and accessible services.

As of December 2024, inflation finally fell below the central bank's target rate of 2%, settling at 1.8% year-over-year. Canada's CPI had been as high as 6% during the COVID-19 pandemic and reached 3.4% for the 12 months ending in December 2023. Between 2019 and 2024, it grew at a rate of 3.4% per year for a total growth of 18.2%. The price for energy products, commodities, food supplies and services such as rail infrastructure maintenance and construction has been significantly impacted – often to an extent larger than indicated by the general CPI rate. Also, the COVID-19 pandemic has had lasting effects on supply chains and labour markets the world over. Consequently, VIA Rail is facing strong upward pressure in its expenses, particularly those related to inputs and services.

2.5. Grade Crossing Regulations

In November 2014 new Grade Crossing Regulations were enacted with a seven-year compliance period coming into full effect on November 28, 2021. The regulations established new safety standards aimed at reducing the frequency of accidents at grade crossings. One of the key elements is that road authorities, private entities, and railway companies will be required to maintain sightlines at grade crossings. More recently, Transport Canada approved a change in the scope of the regulations and an extension of the deadline. The extension offered an additional year for high-risk crossings (November 28, 2022) and an additional three years for those that are not (November 28, 2024).

While VIA Rail is already compliant on its own infrastructure, the extension avoids potential schedule disruptions and supports an equitable and transparent scope of work and cost-sharing arrangement with CN. Work is continuing, with CN acting as lead. VIA Rail anticipates requiring the remaining granted funds to complete the outstanding work in 2025.

2.6. CN Operating Restrictions

The compliance requirements from the preceding sections are the result of regulatory changes enacted by the government of Canada. They are distinct and unrelated to the operating restrictions mentioned in the present section. These additional operating restrictions were arbitrarily imposed by CN in October 2024. The operating restrictions, which are specifically tied to VIA when operating on CN's Infrastructure in the Corridor, require that trains reduce their speed at multiple grade crossings, which is causing delays up to 45 minutes for certain trains.

The safety of VIA Rail's passengers and employees has been and will always be VIA Rail's top priority. VIA Rail will never compromise the safety of Canadians under any circumstances and that is why the organization is working expeditiously with stakeholders and Transport Canada to identify solutions to the current situation. VIA Rail confirms that all protocols and regulations have been rigorously upheld.

2.7. 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.

The deficiencies noted indicate that VIA Rail does not own most of the rails that it uses and that its trains do not have priority to the right of way. It also noted the increasing rail network congestion, on-time performance issues and the fact that improvements of tracks belonging to CN on the Kingston subdivision and subsidized by the Federal Government did not result in additional frequencies and improved travel times.

At the time of writing, most recent special examination is underway. The review process began in mid-2024 and to lasted into 2025. Following completion of the analysis and preparation of its report, the Office of the Auditor General (OAG) will issue the results.

2.8. IFRS Standards Impact on Operating Expenses

International Financial Reporting Standards (IFRS) requirements are such that certain projects (particularly cloud-based projects) and specific activities tied to major transformation projects (employee training, change management services and general training costs for the new fleet and the new reservation system, among others) must be treated as operating expenses.

2.9. Internal Environment

2.9.1. Maintenance deficit of Rolling Stock & Facilities

Rolling Stock

In 2023, VIA Rail presented a compelling proposal to replace its Heritage Fleet, which delivers the Long-Distance, Regional and Remote (LDRR) services.

In Budget 2024 the Government of Canada confirmed its commitment to replace the Heritage Fleet. VIA Rail is working to make the procurement process as efficient as possible and will continue to maintain the current fleet, necessitating ongoing investment until receipt of the new cars. With a portion of the funding from Budget 2023 and 2024, VIA Rail is launching a reliability program designed to complement the scope of the Heritage Fleet Modernization program. These investments will begin to improve the reliability of the Heritage Fleet until the arrival of the new trains.

As the procurement process begins, VIA Rail's resourceful and dedicated maintenance teams continue to ensure that the existing fleet operate effectively. The average age of the VIA Rail rolling stock is 78 years, one of the oldest in the world. Many of the cars used outside the Corridor (HEP cars) are well beyond the industry norm of 30 to 40 years, and Budget 2023 provided additional funding for VIA Rail to undertake rehabilitation work.

Facilities

VIA Rail began operating independently in 1978 and most of the stations transferred to it at that time already predated the Crown Corporation by many years. As such, the average age of its stations is over 95 years old. In addition, several are considered landmark buildings protected by the *Heritage Railway Stations Protection Act*. These include some of VIA Rail's major stations such as Vancouver, Winnipeg, Ottawa, Québec City and Halifax. Thanks to their rich history and positioning, VIA Rail is strategizing as to how some of its lands and stations could be used to

support the Government's commitment towards improving affordability, namely in housing, and spurring growth in new homes.

The five-year funding awarded in 2020 and the off-cycle funding awarded in 2022, allowed VIA Rail to better plan on the long-term and support its modernization efforts.

The 2022 Federal Budget awarded funds to VIA Rail to support the maintenance and upgrade of stations and maintenance centres in the Québec City–Windsor Corridor. Additional funding was also awarded through an off-cycle decision later that same year to support stations and maintenance centres serving Long-Distance, Regional, and Remote services.

The scope of work includes repairs or replacements to building components such as roofing, masonry, windows, and mechanical, structural, and electrical systems, as well as improvements to accessibility features and station platforms.

A short- to medium-term investment program, extending to 2025, has been developed to address facility needs across the network. While this program represents an important step forward, VIA Rail continues to manage a significant facilities upkeep requirement.

Infrastructure

VIA Rail owns 186 miles of mainline track, with 89 bridges and 336 grade crossings. The infrastructure requires regular investments to sustain or improve the quality of service while also addressing early signs of needed attention particularly for bridges, culverts and the tracks. Therefore, it's in the process of analysing potential funding requirements which it will communicate to Transport Canada in a future report, with an eye towards securing increased infrastructure funding through the mechanism best suited for the size and timing of the request.

2.9.2. Retention of Key Critical skills

Employee contribution is crucial to VIA Rail's continued success in a highly competitive travel and tourism sector, where for VIA Rail in particular, bilingualism is a requirement for front-line service staff pursuant to the *Official Languages Act*. VIA Rail recognizes that the ability to recruit and retain candidates with the right skill set is paramount for the Crown 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. The evolving state of the travel and tourism sector, along with a niche employment pool, mean that VIA Rail needs to remain flexible and attentive to the employment terms that will attract the right talent.

To compete in the labour market, the Crown Corporation requires the ability to react rapidly to changing conditions by reviewing all facets of its compensation and benefits (e.g., pay scales, insurance coverage, vacation days, flexible working hours, etc.).

2.9.3. Labour Force

As of December 31, 2024, VIA Rail had 3,339 active employees. Of the active employees, 2,570 members belong to one of two unions.

- Teamsters Canada Rail Conference (TCRC) is the union that represents locomotive engineers. The collective agreement was renewed in 2023 and expires in December 2025.
- Unifor represents a broad class of workers totalling more than 1,600 VIA Rail employees across Canada. The collective agreement expires in December 2027.

VIA Rail is in an environment where it must balance cost containment efforts with reasonable and competitive compensation to attract and retain skilled employees.

Various Recognitions

Even though companies from transportation sector saw an important decline in their overall reputation, VIA Rail maintained its first position in the sector, as per 2024 Canadian Reputation study published by Leger. VIA Rail is also proud to remain first in its sector as an employer of choice, well above the average of the transportation sector and overall companies.

The Crown Corporation is proud to announce that it was recognized as one of Canada's Best Employers for 2024 by Forbes, a renowned business magazine. VIA Rail ranked first in the air and rail passenger transportation industry. This prestigious accolade serves as a statement to VIA Rail's commitment to providing a positive work environment to its employees, including a good work-life balance, training and growth opportunities.

The Institute for Canadian Citizenship (ICC) awarded VIA Rail with the 2023 Canoo Founders Award in recognition of its long-standing contribution to the Canoo program, which facilitates the integration of newcomers into Canadian society. This award recognizes VIA Rail's commitment toward equity, diversity & inclusion, not only within the organization but also in Canadian society.

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

3.1. Access to Third Party Infrastructure

Although VIA Rail is tasked by the Government of Canada to deliver intercity passenger rail services across the nation, the Corporation must do so in the face of a significant challenge: it only owns about 3% of the tracks upon which it operates. It means that VIA Rail requires access to infrastructure owned by third parties, mostly host railways providing freight rail services:

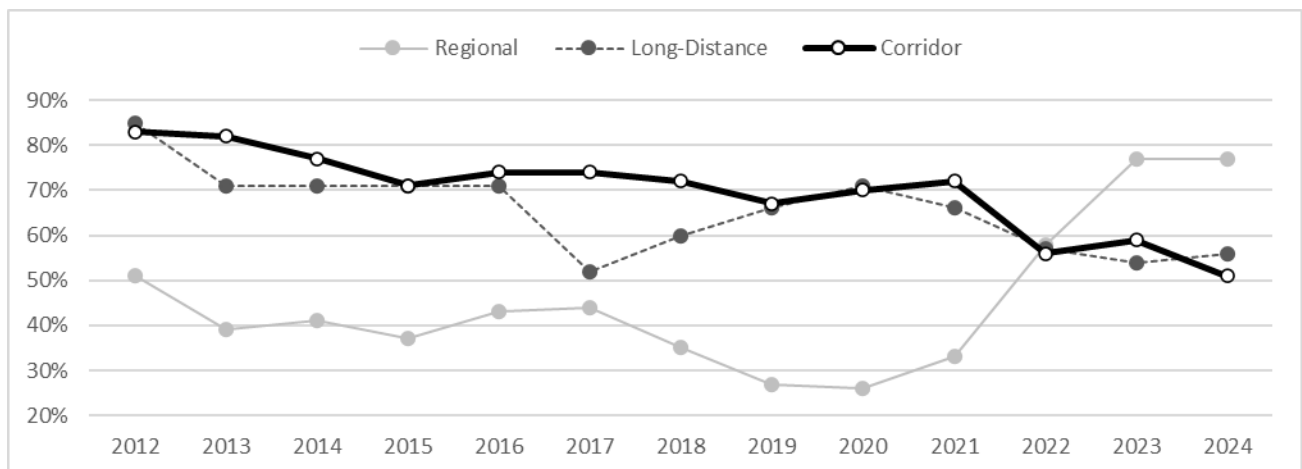
- Tracks owned by CN (the majority of the network VIA Rail operates on);
- Tracks and platforms owned by Metrolinx to access Toronto’s Union Station; and
- Tracks and platforms owned by Immeuble VDS Inc. (VDS) to access Montreal Central Station.

These infrastructures are essential for VIA Rail to deliver efficient intercity passenger rail services. Access agreements are required for all the infrastructures to support VIA Rail’s existing operations.

To effectively transform VIA Rail, the terms of access with host railways must be modified.

The Crown Corporation operates over a network which is majority-owned by CN (83%) and almost entirely owned (97%) by all third parties combined. The result is that every VIA Rail train must operate over third-party infrastructure. It means that VIA Rail must compete for limited track capacity with host railways (CN, CP, and others) with whom it must negotiate its Train Service Agreements (TSAs). VIA

Rail’s on-time performance (OTP) is influenced by operations on host railways and has varied over the past several years. This trend has been a consideration in VIA Rail’s ongoing efforts to fulfill its mandate and enhance the passenger experience. VIA Rail’s OTP over the past 10 years is illustrated in the chart below.



VIA Rail has struggled with host railways to offer reliable, frequent, and on-time operations that are competitive with alternatives and effective in cost-recovery rates. The challenges are vividly shown with the *Canadian* service as explained earlier in that service’s description. In addition, trip times for Corridor and Long-Distance routes have worsened over the years.

Since October of 2024, VIA Rail has been grappling with yet another complication linked to travel time and on-time performance. Trains operating in the Corridor are being forced to reduce speed at multiple public crossings, causing delays that can reach 45 minutes per train. In the first quarter of 2025, on-time performance fell sharply from 72% in Q1 2024 to just 30%. This disruption coincided with a dip in ridership of 2.7%, marking the first such decline since the recovery from the pandemic began due to sudden CN-imposed arbitrary operating restrictions.

VIA Rail is engaging Transport Canada and CN so that VIA trains can continue operating on CN infrastructure without impacting travel times for passengers.

VIA Rail's control is limited to activities at departure, including train preparation, passenger boarding, and departure readiness.

Metrolinx continues with its plan to drastically increase frequencies in the Greater Toronto Area, and the Réseau Express Métropolitain's (REM) commuter service is now in its introductory stage following VDS' acquisition of the infrastructure at Montréal's Central Station. The large-scale investments being made in and around these stations may lead to increased expenses for VIA Rail because of its tenancy and the cost-sharing component present within the commercial agreements.

Passenger rail services in Europe (EU) are rightly acclaimed for excellent, punctual service. A key reason is the regime governing access to tracks. Unlike in Canada, where the passenger rail provider must negotiate access with freight railways, in the EU there is an open access regime that requires infrastructure managers to allow freight and passengers services to operate in a non-discriminatory manner. Access is administered by an independent railway regulator in each EU country.

In Canada, dedicated track for passenger rail service would be one way to resolve the issues that are driving poor on-time performance. VIA Rail believes there also other solutions that would address the unbalanced relationship with third parties. One solution is that future access agreements, for stations or tracks, should leverage and feature best practices regarding capacity and punctuality performance management and be subject to enhanced regulatory oversight that would create better conditions for passenger rail users across Canada.

These best practices would include:

- clear and transparent capacity allocation and punctuality processes,
- clear and transparent access fees,
- independent government authority that plays a major role towards solving capacity allocation and punctuality issues.

During the current planning period, VIA Rail has one outstanding fundamental access agreement with CN, currently under review by the CTA, which affects both regular operations and key transformation initiatives.

The two engaged in discussions towards the renewal of a new agreement, with VIA Rail striving for safe and effective access with a focus on addressing challenges around poor OTP. Negotiations unfortunately halted. As the CTA continues to deliberate on the filing, VIA Rail and CN continue to respect the terms of the existing TSA.

VIA Rail and Metrolinx are actively working on a 1-year extension until January 31, 2027, of the existing Consolidated and Restated Amended Access Agreement (CRAAA) which is set to expire on January 31, 2026. The Greater Toronto Area where Metrolinx operates is VIA Rail's most important market in terms of ridership and revenue. Beyond access rates, Metrolinx is seeking to

turn Toronto's Union Station into a state-of-the-art commuter rail hub. With Union Station operating at capacity, congestion may create operational constraints for VIA Rail, resulting in reduced operational efficiencies, particularly when arrivals occur outside scheduled slots due to on-line delays. This congestion can reduce operational flexibility and contribute to variability in arrival times at Union Station.

3.2. Heritage Fleet Replacement

The far-sighted decision in Budget 2024 to provide funding to replace the Heritage Fleet is an investment that will pay dividends for decades, both in terms of economic stimulus and in the provision of important services. VIA Rail conducted an economic impact study that indicates the acquisition of the new fleet, along with related maintenance activities and facility upgrades, is expected to generate a significant economic opportunity.

On many levels, VIA Rail is already a positive contributor to the broader economy, delivering good value for the support it receives. The study concluded that for every dollar invested by the Government of Canada in VIA Rail's LDRR services, \$1.8 of economic value is added to the Canadian economy.

VIA Rail will readily begin the procurement process to replace its aging Long-Distance, Regional and Remote fleet.

The LDRR network serves about 13.5 million Canadians (one third of the nation's population), including 600,000 who identify as Indigenous. For some communities, VIA Rail service is part of a limited set of transportation options available, making it a critical lifeline service. 34% of Canadians in rural, remote or isolated areas do not have access to health care in their communities, 47% do not have access to

a pharmacy and 42% do not have access to groceries. Fully 24% do not have access to any of these three services in their communities, i.e., neither health care nor pharmacy nor groceries. They count on VIA Rail to provide essential transport to link them to those services. The CPCS report concluded that without the LDRR network, the social and economic vitality of those communities is at risk.

While VIA Rail proceeds with the acquisition of a new fleet, it is focused on maintaining the current equipment. To that end, the Corporation has received funding through appropriations in 2022 and 2023 to address aging assets and the refurbishment of critical systems for the Heritage Fleet (electrical, plumbing, interiors, etc.). As VIA Rail must prioritize the replacement of its Heritage Fleet, while waiting on the new equipment, only necessary budgets must be used for refurbishments to deliver the reliability program on the existing fleet.

Well before Budget 2024 provided funding to replace the Heritage Fleet, the VIA Rail team prepared for a speedy launch of a fair and transparent procurement process. Separate procurement processes are planned for locomotives and cars, with the processes running in parallel. The procurements began with an RFQ process in Q4 2024 to identify up to three qualified suppliers for both cars and locomotives. That step was followed in Q1 2025 by an RFP to choose one preferred supplier for locomotives.

3.3. Alto High-Speed Rail & Dorval Station Modernization

In February of 2025, Former Prime Minister Justin Trudeau and Minister Anita Anand unveiled Cadence, the consortium selected to design the Toronto-Québec City High-Speed Rail Network with Alto, also confirmed funding for the development phase and awarded \$71 million to VIA Rail through an off-cycle decision to fund its activities in relation to Alto.

VIA Rail continues to play a crucial role in supporting the High-Speed Rail (HSR) initiative, now known as Alto. As a partner to Alto in the delivery and operationalization of the project, VIA Rail provides expertise in achieving operational excellence while the two parties are also cooperating to ensure the cohesiveness of current and future railway investments. These activities are intended to effectively arrive at a smooth project launch that will properly position the ultimate success of HSR.

VIA Rail has also been advancing, throughout 2024, its prioritization efforts at the Dorval Station to improve current and future fluidity around greater Montreal. In late February 2025, it launched a Request for Qualifications (RFQ) to find a co-development partner for this hub which is seeking to continue offering passengers a facility that meets their needs and also better integrate operations with public transit services to offer passengers a more seamless experience.

3.4. Operational Efficiency Initiatives

VIA Rail is progressing with its company-wide review, launched in 2022, to identify opportunities to streamline operations with the goal of generating cost savings and/or additional revenues. The project prioritized major initiatives and developed plans to implement them. New net recurring revenues will be generated through integrated mobility partners, and the Corporation will leverage new technologies, using innovations in artificial intelligence (AI) and automation to supplement the excellence and commitment of VIA Rail employees to improve productivity. A working group has been established with representatives from the various business units to identify potential opportunities for the practical employment of AI. For example, VIA Rail is trying an AI technology that allows managers in the maintenance centres to conduct walkthroughs and supervisory tasks without the need to manually log the information they are observing and collecting. After just 60 days of initial use, VIA Rail found that managers were able to conduct their duties more effectively. They were able to spend more time actively moving around the centre, rather than being trapped at their desks dealing with the administrative work of recording their logs.

VIA Rail intends to create a digitization plan and a standalone AI plan, both of which should be ready by the end of 2025. They will outline a path forward, with the specific technologies that the Corporation is considering. These goals align with the objective identified in the strategic plan to reduce the operating deficit, while also supporting growth. The savings target means that while continuing to operate under similar parameters to that of 2025-26, VIA Rail is expecting to achieve a reduction in its operating deficit across three consecutive years, 2026-27, 2027-28, and 2028-29, using 2025-26 as the baseline year.

This groundwork offers a favourable starting position from which VIA Rail can build a proposal to align itself with the Comprehensive Expenditure Review, and its associated targets, that was announced in July of 2025.

As part of VIAction 2030, the Corporation is determined to, amongst others, be an organization that operates with financial rigour, continuously innovating to deliver top value for money.

3.5. Other Strategic Activities

3.5.1. Canada Strong

Under the leadership of Canadian Heritage, VIA Rail is aligned with the Federal initiative to offer discounted travel fares for families and young people during the summer of 2025. The initiative offers free travel to those under 18 who are travelling with an adult as well as discounted fares for individuals aged 18 to 24. By enticing people to discover Canada, this summertime offer is promoting Canadian unity, supporting the Canadian economy and celebrating this beautiful country. The Government of Canada has opted to relaunch the Canada Strong Pass from December 12, 2025, to January 15, 2026, offering the same discounted fares for families and young people as was offered in Summer 2025. VIA Rail is ready to reimplement the Federal initiative for passengers using its services.

3.5.2. Southwestern Ontario (SWO) and Corridor Fleet Renewal

Train travel in the Corridor is already being transformed by the arrival of new trainsets. VIA Rail has brought in this major procurement project on budget, with a remarkably smooth launch. Many trainsets are in commercial operation with several others soon to be commissioned. The delivery schedule of the full complement of 32 trainsets is going to continue into 2025.

To enable the Corridor Fleet Renewal and adapt operations to the requirements of the new trainsets, VIA Rail is proceeding with upgrades to the Montréal and Toronto Maintenance Centres, funded by appropriations from Budget 2018 as well as those from Budget 2022.

VIA Rail is well positioned to capitalize on the success of the new trains. Given the growth of the Corporation's revenue and ridership, and their strong recovery in 2022, there is a clear opportunity. Within the Corridor Fleet Renewal contract, VIA Rail negotiated the right to order additional cars, locomotives or complete trainsets. The evidence is compelling. Ridership grew 31% from 2015 to 2019, while revenues grew 38%. In 2022, ridership began at 37% of its 2019 level in Q1 and grew to 79% in Q3. Revenue began at 44% of its 2019 level and grew to 106% of its 2019 level over the same period.

In view of these positive trends, VIA Rail is proposing a funding request regarding a potential future acquisition of additional rolling stock for the Québec City-Windsor Corridor. The additional equipment would enable VIA Rail to build on the growing momentum and interest in travel by train, capture growing demand and in the process increase revenue by operating longer trains. It also replaces seats lost due to the removal of some HEP cars that can no longer operate. As an added benefit, it will support VIA Rail's strong and loyal customers in advance of the rollout of HSR.

Obtaining additional cars will support Transport Canada and VIA Rail's mutual goal of enhancing passenger rail service in Southwestern Ontario, given current capacity issues between Toronto and London. It is an exceptionally busy region, with substantial challenges with automobile traffic. It needs more and better transportation options. The current proposal will increase near-term and long-term capacity in Southwestern Ontario. Although the goal is to enhance service in Southwestern Ontario, any improvements will have salutary effects throughout the corridor because VIA Rail treats it as one, large, integrated network. The Corporation and Transport Canada are continuing to work together to explore further delivery solutions that could include investments to increase capacity and improve utilization. VIA Rail will provide and support necessary research and analyses to help consider increased passenger service frequency scenarios.

VIA Rail aspires to be Canada's most accessible national and intercity mode of transportation, delivering a barrier-free travel experience from reservation to destination.

Having additional rolling stock for the Corridor will also provide VIA Rail with the ability to better protect its services during challenging periods. More equipment allows VIA Rail to cope better when faced with potential cycling challenges related to host railway handling (e.g., work programs, station dwell time restrictions), during moments of surge demand, and in the case of significant weather events such as those encountered in December 2022 when the lack of equipment significantly impacted VIA Rail's efforts to rescue stranded passengers.

In parallel with fleet planning activities, VIA Rail is considering options to enhance service, including the potential introduction of additional daily round trips.

Beyond infrastructure considerations, VIA Rail is also advancing investment activities at London Station, along with various projects across stations in Brantford, Chatham, Sarnia, Stratford, and Woodstock. These initiatives support ongoing station and facility improvements across the network.

The above investments will support existing operations and benefit any potential future enhancements to passenger rail service in Southwestern Ontario.

3.5.3. Accessibility and Sustainability Commitments

As part of its transformation, VIA Rail is determined to lead by example in building a more accessible and sustainable future for all. The Crown Corporation's ambitious commitments are articulated in the 2021-2025 sustainability plan and the 2022-2025 accessibility plan, both available on VIA Rail's website.

The multi-year accessibility plan charts the course for a more accessible and inclusive experience for employees at work and for passengers. Vivid evidence of the commitments is already seen in the new trainsets for the Corridor, which are among the most accessible trains in North America. They offer wheelchair lifts, Braille seating numbers, Braille embossed high-contrast signage, surface transitions, automatic doors, more grab bars and mobility-aid seating options, accessible washrooms and screen displays indicating travel information.

Other planned improvements from 2023 and 2025 include accessible communication, and station accessibility. VIA Rail will create an accessible guide for its communications and train its employees. Station improvements will be guided by a customer journey approach, by considering site and building accessibility as well as building navigation. Stations will receive updated curb cuts, automatic doors, Braille station maps, autonomous wayfinding and quiet areas.

VIA Rail will make further enhancements by acting upon recommendations in the Office of the Auditor General's (OAG) report entitled Accessible Transportation for Persons with Disabilities. These include conducting meaningful and continuous dialogue with persons with disabilities, ensuring online content meets web accessibility standards, addressing gaps in its accessibility training and ensuring training is delivered in a timely manner. VIA Rail has committed to meaningful and inclusive consultations during its project to obtain a new Long-Distance and

Regional and Remote fleet, annually reviewing the web accessibility of its site and conducting stringent follow-ups on accessibility training and any gaps within its training.

VIA Rail will continue to report in accordance with the recommendations issued by the Task Force on Climate-Related Financial Disclosures (TCFD) through an updated standalone report covering results for 2023. In addition to the previous assessments of physical and transition risks, the report is furthered by a scenario analysis over two-time horizons and a mapping of the potential categories of financial impacts resulting from the risks and opportunities of the scenario analysis. The Crown Corporation will work on further integrating climate change risks in critical governance and decisional mechanisms and assessing the resource requirements and financial impacts of both, the reporting obligations and the changes required at the operational level to align with its ambitions.

VIA Rail remains committed to sustainability and its membership in the United Nations Global Compact. As part of its 2021-2025 sustainability plan, VIA Rail upgraded its GHG reduction target to support 2050 net-zero emissions ambitions and is working towards improving fuel and energy efficiency across operations. Furthermore, VIA Rail follows the Global Reporting Initiative (GRI), seeks to offer a zero-waste experience in the Québec City-Windsor corridor by 2025 and is aiming to increase its recycling rate and introduce organic waste collection.

3.5.4. Enhance Customer Satisfaction and Booking Experience

In 2023, the new ReserVIA online booking platform successfully replaced its 30-year-old predecessor. Though the modernization continues, online users can already enjoy a seamless, user-friendly and personalized experience, with seat selection and seamless functionality across devices. Mobile phone users will be able to experience the most recent enhancement in the form of the newly released mobile booking application. The ReserVIA platform will continue to evolve to support its objective of integrating social media, providing more personalized content and enabling the growth of VIA Rail's business by handling larger volumes of passenger bookings.

On labour-day weekend of 2024, a train departing from Montréal to Québec City experienced two consecutive mechanical problems that could not be resolved in the field. Despite VIA Rail's efforts, arrangements for alternative transportation proved difficult to achieve leading to a 10-hour delay. With that in mind, VIA Rail has undertaken a thorough review of the facts along with the support of independent experts. VIA Rail continues to seek to improve its services and processes to offer passengers the best possible customer experience.

3.5.5. International Passenger Rail Connections

Jointly with Amtrak, VIA Rail continues to explore potential delivery solutions and operating configurations for the proposed extension of Amtrak's Wolverine service, as well as the increase in frequencies between Seattle and Vancouver.

Transport Canada has provided funding to VIA Rail to overcome challenges related to infrastructure, stations and routing. The proposal calls for the extension to Toronto of one round trip on the Wolverine service using a newly redeveloped Michigan Central Terminal to link large urban areas across the international border. While both parties aspire to an ongoing and productive collaboration, the reality of the current international political context has led to an adjusted level of engagement related to the extension of the Wolverine and any potential next steps are subject to discussion.

VIA Rail is working with Amtrak to support a strategic initiative aimed at promoting long-term cross-border travel between Seattle and Vancouver. The project includes enlarging and unifying

the platform serving Amtrak, expanding the train fencing enclosure, and extending the platform canopy to support efficient passenger access to and from Vancouver and Seattle, including for passengers with accessibility needs.

3.5.6. Enhanced Train Controls

VIA Rail is an active member of the industry Enhanced Train Controls (ETC) working groups. The Crown Corporation contributed to a multi-year plan that was shared with Transport Canada, prior to 2024, for the development of system requirements and key standards. It is expected that

VIA Rail is actively working to develop and install Enhanced Train Control as it believes that it will increase efficiency and improve safety for the travelling public.

Transport Canada will be working towards regulatory implementation of ETC standards. In light of this information and the necessary time for VIA Rail to implement and become compliant with the anticipated standards, the Crown Corporation has initiated preparations regarding this project. The funds would serve to launch the procurement process that will see ETC equipment installed on or in VIA Rail's equipment, infrastructure and operation control centre.

4. FINANCIAL OVERVIEW

Financially, the company has made strides to grow revenues, and contain the operating deficit, and the reliance on government funding. VIA Rail has implemented efficiency measures to achieve a notable reduction of its operating deficit. Per its strategic plan, VIA Rail will not only improve its efficiency but also go well beyond the 3% reduction guidelines announced in Budget 2023. Furthermore, this groundwork offers a favourable starting position from which VIA Rail can build a proposal to align itself with the Comprehensive Expenditure Review, and its associated targets, that was announced in July of 2025.

Numerous assumptions had to be made to estimate the financial results of the current planning period. VIA Rail's train services remain constrained by multiple factors. Indeed, there is still an important risk that these financial projections may not materialize, especially considering difficulties of obtaining frequencies, reduced availability of equipment, and the financial pressure resulting from unprecedented costs increases.

The following section (4.1) presents the financial plan for years 2025-2029.

4.1. Overview of the 2025-2029 Financial Plan

Revenues

Total variable revenues are forecast to grow by 28% over the Plan period (from \$449.5 million in 2024 to \$576.0 million in 2029).

Semi-variable and fixed revenues are forecast to grow by 12% (from \$28.4 million in 2024 to \$31.8 million in 2029) over the Plan period. Semi-variable and fixed revenues are categorized as revenues not incurred from direct passenger revenues – they can be categorized as revenues from station activities, marketing and sales activities, maintenance operations, or corporate activities.

Expenses

As a responsible train operator, VIA Rail continuously strives to improve the efficiency of its train operations while delivering on its ambitious transformation initiatives. 2020 and 2021 were an example of VIA Rail's ability to aggressively manage its operating costs considering the impacts of the pandemic on its business while progressing on key strategic programs such as the Corridor Fleet Replacement project and the new reservation system initiative. VIA Rail will continue to focus on continuous improvements during the life of the corporate plan, to be able to reach the deficit reduction target as per VIAAction 2030.

Prior to the exceptional market conditions and high inflation that characterized 2022, VIA Rail already expected difficulties in offsetting some expenses, such as compensation increases and inflation within the Plan period despite the Crown Corporation's efforts to implement productivity measures. Certain expenses are tied to agreements that include provisions for price escalation based on inflation indices which have far exceeded Canada's target rate of 2% and caused expense increases to be higher than anticipated. Although certain expenses have increased significantly relative to the previous planning period, VIA Rail expects that by signing new multi-year agreements, for example for labour and track access, it can achieve predictability in these expenses over the periods covered by those agreements.

Variable expenses are expected to increase by 30% over the Plan period (from \$466.1 million in 2024 to \$607.4 million in 2029). This increase is mostly due to the resumption of services and increases in certain categories of expenses. These increases will be partly offset by cost

containment measures as part of VIAAction 2030 initiatives to optimize operations and generate costs savings.

Semi-variable and fixed expenses are forecast to grow 4% (from \$396.2 million to \$413.3 million) over the Plan period. 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.

4.1.1. Corridor

Variable Revenues

The Corridor is forecast to have variable revenue growth of 34% (from \$367.7 million to \$494.2 million) over the Plan period. The steady delivery of the new fleet will allow VIA Rail to increase ridership and therefore increase its revenues.

Variable Expenses

The Corridor is forecast to have variable expenses grow by 35% (from \$312.4 million to \$422.1 million) over the Plan period. VIA Rail will attempt to constrain the increase of its other operating expenses as part of its continuous improvement initiatives.

4.1.2. The *Canadian*

Variable Revenues

The *Canadian* is forecast to have variable revenues decline by 3% (from \$62.6 million to \$60.7 million) over the Plan period, due to the suspended frequency and decreasing availability of the aging Heritage Fleet.

Variable Expenses

The *Canadian* is forecast to have variable expense growth of 20% (from \$79.6 million to \$95.4 million) over the Plan period. VIA Rail will attempt to contain the increase of its other operating expenses, as part of its continuous improvement initiatives.

4.1.3. The *Ocean*

Variable Revenues

The *Ocean* is forecast to have variable revenue growth of 9% (from \$14.1 million to \$15.4 million) over the Plan period, due to growth in demand and inflation.

Variable Expenses

The *Ocean* is forecast to have variable expense growth of 18% (from \$34.5 million to \$40.5 million) over the Plan period. VIA Rail will attempt to contain the increase of its other operating expenses, as part of its continuous improvement initiatives.

4.1.4. Regional Services

Variable Revenues

The Regional services are forecast to have variable revenue growth of 9% (from \$5.2 million to \$5.6 million) over the Plan period, due to growth in demand and inflation.

Variable Expenses

The Regional services are forecast to have variable expense growth of 25% (from \$39.6 million to \$49.4 million) over the Plan period. VIA Rail will attempt to contain the increase of its other operating expenses, as part of its continuous improvement initiatives.

4.1.5. Capital Investment Plan and Ongoing Capital

Through numerous recent funding appropriations, including Budget 2024, VIA Rail's sustainable capital requirements are funded until 2026. For 2027, only \$25 million is funded while \$75M remain unfunded.

Capital Programs

Station program & Maintenance Centre Program

VIA Rail owns 34 stations in the Corridor and 68 stations outside of the Corridor as well as four maintenance centres located in Montréal, Toronto, Winnipeg and Vancouver. VIA Rail is also a tenant in 11 stations in the Corridor and 24 stations outside of the Corridor.

The 5-year stations program includes investment to maintain the buildings and their various components in a state of good repair.

The 5-year maintenance centre program includes investment to maintain the buildings and equipment in a state of good repair at the 4 locations.

The above amounts do not include funding for major improvement projects or any accessibility improvements that may stem from recent legislative changes. C-81 – Accessibility: An Act to Ensure a Barrier-free Canada and Accessible Transportation for Persons with Disabilities Regulations.

Infrastructure program

VIA Rail owns 186 miles of mainline track, with 89 bridges and 336 grade crossings.

The 5-year program includes the multi-year track and bridge program.

Information technology program

The 5-year program includes the remaining investment to complete the final enhancements of the new reservation system and various upgrades to deliver a digital experience to customers and improve cybersecurity, as well as advancements in AI, digitalization, and cutting-edge technologies.

As it pertains to information technology and certain services provided through those technologies, IFRS accounting standards have changed such that they must be accounted for

as Operating rather than Capital expenditures. To manage this impact, VIA Rail will need to make transfers between its Operating and Capital allocations.

Equipment program

The corridor fleet includes 97 LRC cars, 33 HEP2 cars, 15 Renaissance cars, 7 HEP1 cars and 45 locomotives. Fleet operating in non-Corridor services include 197 HEP, 6 RDC and 38 Renaissance cars, as well as 28 F40 Locomotives.

The 5-year program includes investment to maintain the equipment in a state of good repair.

Corridor Fleet Renewal Program

The new corridor fleet began passenger service with a soft launch in 2022. The arrival of new cars will continue until 2025. During the transition, VIA Rail will ensure protection of Corridor capacity and revenues; it will also seek opportunities to optimize rolling stock usage across the network. Investments required to maintain the current fleet are in progress and funding was obtained in the 2017 federal budget.

Renaissance and LRC cars will be progressively retired until the completion of the renewal program.

The program should be completed in 2028.

Infrastructure Project - 3rd Party Grade Crossings

The Federal Budget 2017 allocated \$99.9 million for VIA Rail's share of CN's grade crossing compliance project. This amount was later reviewed, leaving VIA with a revised funding of \$84.9 million.

In 2021, Transport Canada changed the scope of the regulations. Low-risk crossings will not need to meet all requirements, and the deadline has been extended using a risk-based approach for all grade crossings.

Targeted Infrastructure Investments and HSR

The Federal Budget 2021 provided \$490.1 million to VIA Rail Canada for infrastructure investments that benefit VIA Rail's existing services and would also support the overall success of the high-speed rail (HSR) initiative.

These investments will help reduce bottlenecks, improve fluidity and connectivity on the existing service network, and allow VIA Rail to take an important step towards high frequency rail in the Corridor.

2022 Budget and Off-Cycle Requests

Budget 2022 provided for funding to support investments in facilities and rolling stock. The purpose of those investments is to further support the overall success of the high frequency rail project and the Corridor Fleet Replacement, improve rail capacity for services in the Corridor, ensure the serviceable life of the Long-Distance, Regional and Remote rolling stock and address accumulated maintenance deficits and necessary safety work at stations and maintenance centres.

2023 Budget

The Federal Budget 2023 provided funding to VIA Rail Canada to enable investments in its rolling stock. The funding will ensure the serviceable life of the legacy rolling stock and address their structural conditions.

2024 Budget

The Federal Budget 2024 provided new funding to VIA Rail Canada to replace its aging fleet on routes outside the Québec-Windsor corridor.

The 5-year program includes spending for the LDRR Fleet procurement. Funding amounts remain confidential to protect the government's negotiating position in the ongoing procurement.

2025 Budget

The Federal Budget 2025 provided new funding to VIA Rail Canada to implement technologies to improve on-time performance on its Corridor services.

4.2. Financial Operating Performance – 2023 to 2024

4.2.1. Corridor

Variable Revenues

In 2024, 4.4 million passengers traveled in the Corridor, representing 95% of all VIA Rail's traffic and accounting for 82% of revenues. Following an increase in ridership from 4.1 million in 2023 to 4.4 million in 2024, revenues increased by \$33.6 million, from \$334.1 million in 2023 to \$367.7 million in 2024 (+10%).

Notwithstanding considerable improvements brought about by tactical moves, the issues of trip time and reliability will continue to put pressure on the Crown Corporation's revenues 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 will emphasize on increasing ridership to continue generating revenue growth.

Variable Expenses

For 2024, the Corridor's variable expenses increased by \$32.5 million, from \$279.9 million in 2023 to \$312.4 million in 2024 (+12%). The increase reflects the additional capacity deployed as well as the impact of annual cost increases. These increases were partly offset by cost containment measures as part of VIA Rail's program to optimize operations and generate costs savings.

Deficit and Efficiency

The Corridor's variable contribution increased by \$1.1 million in 2024, from \$54.2 million in 2023 to \$55.3 million in 2024. The variable operating ratio (variable revenues/variable expenses) decreased to 118% in 2024, from 119% in 2023.

4.2.2. The Canadian

Variable Revenues

In 2024, the *Canadian's* variable revenues increased \$6.6 million, from \$56.0 million in 2023 to \$62.6 million in 2024 (+12%), mostly driven by higher average fares and high demand for this service in peak season.

Variable Expenses

The *Canadian's* variable expenses increased by \$7.7 million, from \$71.9 million in 2023 to \$79.6 million in 2024 (+11%). The increase reflects the impact of annual cost increases. These increases were partly offset by cost containment measures as part of VIA Rail's program to optimize operations and generate costs savings.

Deficit and Efficiency

The *Canadian's* variable deficit increased by \$1.1 million from \$15.9 million in 2023 to \$17.0 million in 2024. The variable operating ratio (variable revenues/variable expenses) increased to 79% in 2024, from 78% in 2023.

4.2.3. The Ocean

Variable Revenues

In 2024, the *Ocean's* variable revenues increased by \$1.2 million, from \$12.9 million in 2023 to \$14.1 million in 2024 (+9%) reflecting the impact of higher passenger volumes and higher average fares.

Variable Expenses

In 2024, the *Ocean's* variable expenses increased by \$2.9 million, from \$31.6 million in 2023 to \$34.5 million in 2024 (+9%). The increase reflects the impact of annual cost increases. These increases were partly offset by cost containment measures as part of VIA Rail's program to optimize operations and generate costs savings.

Deficit and Efficiency

The *Ocean's* variable deficit increased by \$1.7 million from \$18.7 million in 2023 to \$20.4 million in 2024. The variable operating ratio (variable revenues/variable expenses) was stable at 41% in 2024 and 2023.

4.2.4. Regional Services

Variable Revenues

In 2024, the regional services' variable revenues increased by \$1.0 million, from \$4.2 million in 2023 to \$5.2 million in 2024 (+22%) primarily due to higher ridership caused by the reintroduction of services.

Variable Expenses

In 2024, the regional services' variable expenses increased by \$4.6 million, from \$35.0 million in 2023 to \$39.6 million in 2024 (+13%). The increase reflects the impact of annual cost increases.

These increases were partly offset by cost containment measures as part of VIA Rail's program to optimize operations and generate costs savings.

Deficit and Efficiency

The Regional services' variable deficit increased by \$3.7 million from \$30.8 million in 2023 to \$34.5 million in 2024. The variable operating ratio (variable revenues/variable expenses) increased to 13% in 2024, from 12.0% in 2023.

4.3. Other Revenues and Expenses

4.3.1. Travel Policy Guidelines and Reporting

VIA Rail forecasts an increase in Travel and Entertainment expenses, from \$1.1 million in 2024 to \$1.3 million in 2029. Over the Plan period, expenses will increase at an average annual rate of 3.0% starting in 2025, which corresponds to inflation.

4.4. Previous capital programs – 2017 to 2024

2017 Federal Budget program

The Federal Budget 2017 allocated \$99.9 million for VIA Rail's share of CN's grade crossing compliance project.

In 2021, Transport Canada changed the scope of the regulations. Low-risk crossings will not need to meet all requirements, and the deadline has been extended using a risk-based approach for all grade crossings. High-risk crossings received only a one-year extension, while all other crossings received three years, and another extension was provided until the end of 2025.

2018 Federal Budget program

The government of Canada announced on March 19, 2018, the replacement of VIA Rail's Québec City–Windsor Corridor fleet with 32 new, modern trainsets that are safer, more accessible, reliable, will have improved amenities, and will be more environmentally friendly.

The funding for this initiative is \$1.5 billion. At the end of March 2025, VIA Rail spent \$1,113.7 million (76%) for this important project leaving \$344.8 million to be spent in future years.

2020 Federal Budget program (Sustainable)

The Federal Government's Off-cycle decision in 2020 provided \$500.0 million for ongoing capital projects. As of March 2025, VIA Rail spent \$478.0 millions of this envelope, leaving \$22.0 million to be spent in future years.

2021 Federal Budget program

The Federal Budget 2021 provided for \$490.1 million to VIA Rail Canada for infrastructure investments that benefit VIA Rail's existing services and would also support the overall success of the high-speed rail initiative. These investments will help reduce bottlenecks, improve fluidity and connectivity on the existing service network, and allow VIA Rail to take an important step towards high-speed rail in the Corridor. As of March 2025, VIA Rail spent \$21.1 millions of this envelope, leaving \$469 million to be spent in future years.

2022 Federal Budget program

The Federal Budget 2022 provided for \$375.3 million to VIA Rail Canada to enable investments in its facilities and rolling stock. The funding will ensure the serviceable life of its legacy rolling stock and address accumulated maintenance deficits and necessary safety work at stations and maintenance centres. As of March 2025, VIA Rail spent \$184.5 millions of this envelope, leaving \$190.8 million to be spent in future years.

2023 Federal Budget program

The Federal Budget 2023 provided for \$327.4 million (Operating & Capital), starting in 2023-24, to VIA Rail, to conduct maintenance on its trains on routes outside of the Québec City–Windsor Corridor and to maintain levels of service across its network. As of March 2025, VIA Rail spent \$2.0 million of the \$212 million capital component, leaving \$210 million of capital funding to be spent in future years.

2024 Federal Budget program

The Federal Budget 2024 provided for access to new funding to offset operating and capital costs over the next three years (2024-25 to 2026-27) and to replace VIA Rail's long distance, regional and remote fleet of trains over the next 20 years (2024-25 to 2043-44).

4.5. Audit Regime

VIA Rail is subject to three types of audits: internal audits, external annual financial audits, and periodic special examinations. An independent firm, Deloitte, performs internal audits on an ongoing 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 perform 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 is ongoing, the report will be available once complete.

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; and
- financial, human, and physical resources are managed economically and efficiently; and assets are safeguarded and controlled.

ANNEX 1. MINISTERIAL MANDATE LETTER

VIA Rail aligns itself with the guidance expressed in the Prime Minister's May 2025 Mandate Letter to Cabinet which includes the quote below:

"While fulfilling your core responsibilities as a member of the Ministry, you should identify how specifically you can contribute to these missions. You will be expected and empowered to lead, and to bring new ideas, clear focus, and decisive action to your work. Over the coming weeks, I will look to each of you to identify the key goals and measures of success on which to evaluate the results you will achieve for Canadians as a member of the Ministry."

Via Rail will support the mandate of the Minister of Transport and the goals advanced by Transport Canada in pursuit of results that will deliver on the seven priorities described in the Mandate Letter.

- Establishing a new economic and security relationship with the United States and strengthening our collaboration with reliable trading partners and allies around the world.
- Building one Canadian economy by removing barriers to interprovincial trade and identifying and expediting nation-building projects that will connect and transform our country.
- Bringing down costs for Canadians and helping them to get ahead.
- Making housing more affordable by unleashing the power of public-private cooperation, catalysing a modern housing industry, and creating new careers in the skilled trades.
- Protecting Canadian sovereignty and keeping Canadians safe by strengthening the Canadian Armed Forces, securing our borders, and reinforcing law enforcement.
- Attracting the best talent in the world to help build our economy, while returning our overall immigration rates to sustainable levels.
- Spending less on government operations so that Canadians can invest more in the people and businesses that will build the strongest economy in the G7.

<https://www.pm.gc.ca/en/mandate-letters/2025/05/21/mandate-letter>

ANNEX 2. CORPORATE GOVERNANCE STRUCTURE

Board of Directors

Like all non-Agent 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, independent Crown Corporation, VIA Rail's Board of Directors is responsible for overseeing the following:

1. the strategic direction and management of the Corporation;
2. the analysis of business cases and service levels;
3. the expenditure of operating and capital funds granted by the Government; and
4. the approval of all strategies, initiatives, investments, budgets, Corporate Plans, high-value contracts and reports on VIA Rail's operations to the Canadian federal government.

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 Chairperson of the Board and the President and Chief Executive Officer are appointed by the Governor in Council on the recommendation of the Minister of Transport whereas the Directors are appointed by the Minister of Transport with the approval of the Governor in Council.

To oversee strategic direction and management of the Corporation, as well as each of the five committees, the Board of Directors meet at least four times annually, once for every Quarter, as well as twice form strategic sessions, with other meetings scheduled as needed. The meetings of the Board for 2026 are scheduled to occur during in the second week of February; third week of March; then the fourth week of May; third week of August; second week of October and third week of November.

The Board of Directors reports to the Minister of Transport and consists of the Chairperson, the President and Chief Executive Officer and 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.

The table below presents the composition of the Board of Directors as of June 30, 2025, as well as details regarding the Directors.

VIA Rail Canada – Board of Directors

Name	Location	Appointment date	Expiration date of the term	Term length	Term
Grant Christoff	Vancouver (BC)	March 28, 2019	Sept 24, 2027	4 + 4 years	Second
Daniel Gallivan	Halifax (NS)	June 21, 2017	Sept. 24, 2026	3+2+3 years	Third
Jonathan Goldbloom	Montréal (QC)	June 21, 2017	Apr. 11, 2030	4+4+5 years	Third
Miranda Keating Erickson	Calgary (AB)	March 28, 2019	Sept 24, 2027	4+4 years	Second
Glenn Rainbird	Belleville (ON)	June 21, 2017	Feb. 24, 2027	4+2+3 years	Third
Gail Louise Stephens	Victoria (BC)	June 21, 2017	Feb. 24, 2026	4+4 years	Second
Kenneth Tan	Richmond (BC)	June 21, 2017	Sept. 24, 2027	3+2+4 years	Third
Catherine Kloepfer	Winnipeg (MB)	May 24, 2024	May 23, 2028	4 years	First
Filipe Dinis	Ottawa (ON)	May 24, 2024	May 23, 2028	4 years	First
Jonathan Scott	Bradford West Gwillimbury (ON)	July 19, 2024	July 18, 2028	4 years	First

The biographies of the Board of Directors are available at: <https://corpo.viarail.ca/en/company/board-directors>

Committees of the Board of Directors

Five committees assist the Board of Directors in oversight: the (i) Human Resources Committee, (ii) Stakeholders Engagement and Communications Committee, (iii) Major Projects / Fleet Modernization Committee, (iv) Audit & Pension Investment Committee and (v) Governance Committee.

i. The Human Resources Committee: is responsible of overseeing and monitoring of key strategic Human Resources matters which include the following:

1. CEO and Executive management: Review and recommend CEO's objectives, performance, compensation, and benefits. Oversee executive appointments, terms, compensation, and performance.
2. Employee compensation and benefits: Approve labour negotiation mandates, compensation design, incentive programs, and salary budgets. Evaluate the effectiveness of compensation policies.
3. Organizational structure: Recommend major changes in management structure as proposed by the CEO.
4. Management development and succession: Assess succession plans for executives and critical positions, development strategies for potential successors, and talent retention.
5. Employee relations: Evaluate employee engagement, diversity, equity, inclusion initiatives, and labour relations.
6. Health and Safety: Oversee the health and safety strategy to minimize workplace risks.
7. HR Strategic planning: Review long-term HR objectives, workforce plans, and their alignment with corporate goals.
8. Risk assessment: Evaluate risks related to HR responsibilities within the enterprise risk management framework.

The members of the Human Resources Committee are as follows:

- Miranda Keating Erickson, Chairperson;
- Daniel Gallivan;
- Glen Rainbird;
- Gail Louise Stephens;
- Jonathan Scott

ii. The Stakeholders Engagement and Communications Committee is responsible of overseeing and monitoring the following:

1. Communication & marketing strategy: Oversee and monitor the corporation's communication and marketing strategies, ensuring alignment with strategic objectives and maintaining social license.
2. Key corporate reports: Review and recommend key corporate reports and press releases, with a focus on their financial aspects in coordination with the Audit and Pension Investment Committee.
3. ESG Initiatives: Oversee the Environmental, Social, and Governance (ESG) and Corporate Social Responsibility (CSR) strategies, ensuring implementation and compliance with related standards.
4. HSR initiative support: Monitor and support the High-Speed Rail (HSR) initiative, facilitating necessary collaboration and understanding its impact on service objectives.
5. Risk assessment: Evaluate and assess risks related to the committee's responsibilities within the Enterprise Risk Management (ERM) framework.
6. Business continuity and crisis management: Approve and review the corporation's Business Continuity and Crisis Management Plans.

The members of the Stakeholder Engagement & Communications Committee are as follows:

- Jonathan Goldbloom, Chairperson;
- Grant Christoff;
- Daniel Gallivan;
- Jonathan Scott

iii. The Major Projects & Fleet Modernization Committee: is responsible of overseeing and monitoring of the following:

1. Major projects oversight: Identifies and monitors major projects and programs with significant budgets or strategic importance, ensuring they meet the corporation's strategic plan, assessing key risks, and managing project scope and complexity.
2. Fleet modernization oversight: Oversees the execution of the Fleet Modernization Program, ensuring it is timely, does not adversely affect current operations, and is communicated transparently to the Board and management. Monitors the Fleet Modernization Program's budget and ensures management complies with the governance framework and authority matrix.
3. Management of major projects and fleet modernization: Evaluates policies, practices, and procedures for major projects and programs to ensure value for money and proper risk management.
4. Capital spending monitoring: Reviews the corporation's capital spending on equipment, infrastructure, stations, maintenance centres, and IT infrastructure to assess progress, budget adherence, and overall success.
5. Risk assessment: Reviews and assesses risks related to the Committee's responsibilities within the corporation's Enterprise Risk Management framework.

The members of the Major Projects & Fleet Modernization Committee are as follows:

- Glenn Rainbird, Chairperson;
- Miranda Keating Erickson;
- Kenneth Tan;
- Filipe Dinis;
- Catherine Kloepfer

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

1. Financial reporting: Oversee the integrity of financial reporting and disclosures, including annual and quarterly reports, ensuring compliance with applicable laws and standards.
2. Corporate Plan and budgets: Review and recommend the financial aspects of the Corporate Plan and annual operating and capital budgets, ensuring alignment with strategic objectives.
3. Internal Audit and controls: Oversee the internal audit functions and assess the effectiveness of internal controls and procedures to prevent fraud and ensure financial accuracy.
4. External Auditor oversight: Coordinate with the external auditor for the annual audit plan, financial statement audits, and any special examinations, ensuring audit quality and compliance.
5. Pension Plan auditing and investment: Oversee the auditing and investment management of the corporation's pension plans, ensuring sound actuarial valuations and investment policies.
6. Contract and business case review: Review and recommend approval for significant contracts and business cases, ensuring alignment with the corporation's financial and strategic framework.
7. Risk assessment and insurance: Evaluate financial and investment risks, including cyber security and compliance risks, and assess the corporation's insurance coverage adequacy.

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

- Gail Louise Stephens, Chairperson;
- Grant Christoff;
- Kenneth Tan;
- Catherine Kloepfer;
- Filipe Dinis
- Glenn Rainbird

v. The Governance Committee: is responsible of overseeing and monitoring of the following:

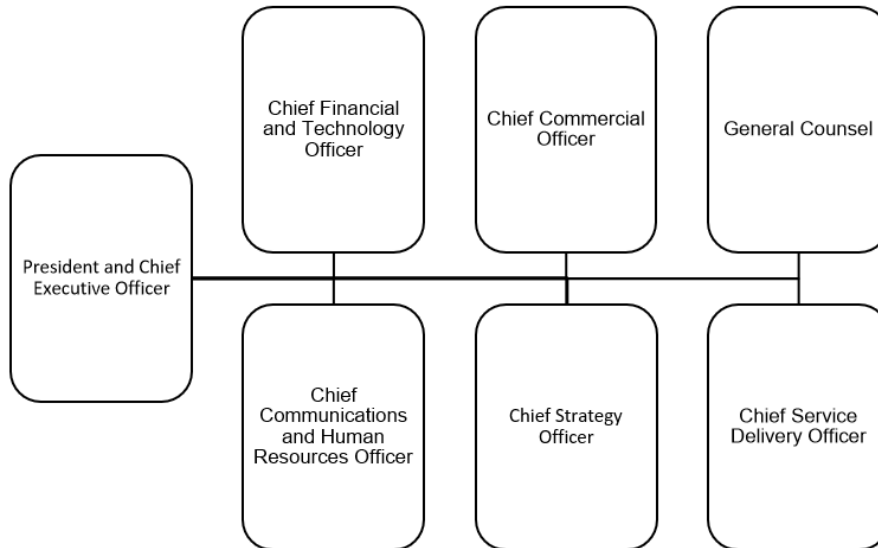
1. Governance policies and practices: Overseeing corporate governance matters, reviewing and improving Board practices, and updating the Corporation's By-laws.
2. Board and Committee operations: Handling director orientation, communication procedures, document access, annual mandate reviews, committee structure, director self-assessments, candidate evaluation, and maintaining a directors' skills matrix.
3. Director compensation and training: Managing quarterly compensation reviews, setting the Board and Committee meeting calendar, approving budgets for board activities, ensuring compliance with Directors' Code of Conduct, and overseeing liability insurance for directors and officers.
4. Enterprise risk management (ERM): Approving the ERM Framework and Policy, assessing key risks, and ensuring risk controls and procedures.
5. Legal and Regulatory compliance: Ensuring compliance with tax, financial reporting, and other legal requirements, overseeing remedial plans for non-compliance, and managing travel, hospitality, and expense policies.

The members of the Governance Committee are as follows:

- Daniel Gallivan, Chairperson
- Miranda Keating Erickson;
- Jonathan Goldbloom;
- Glenn Rainbird;
- Gail Louise Stephens.

VIA Rail's Executive Leadership Structure

Below is represented the organisational chart of VIA Rail executive leadership structure, comprised of the President and CEO as well as the Officers as at December 31, 2024.



Executive compensation

The table below presents a range for the executive compensation for VIA Rail's officers.

Executive Compensation Range Disclosure ¹		
Cash Compensation ²	President & Chief Executive Officer	Officers
Base Salary Range	\$382,300 – \$449,700	\$221,000 – \$324,000
Incentive Program Range	15% - 26%	35% - 50%
Total Compensation Range per Calendar Year	\$439,600 – \$566,600	\$287,600 – \$499,000

Perquisites Program	President & Chief Executive Officer	Officers
Car Allowance	\$45,000	\$24,000
Social, Sport Club Memberships		
Health Care Spending account		
Comprehensive Medical Exams		
Financial Planning Services		

1. On December 31, 2024, Executives Officers were: President and Chief Executive Officer, Chief Communications and Human Resources Officer, Chief Financial and Technology Officer, Chief Strategy Officer, Chief Commercial Officer, Chief Service Delivery Officer and General Counsel.

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

VIA RAIL CANADA INC.
2025-2029 CORPORATE PLAN
OPERATING AND CAPITAL BUDGETS

VIA FISCAL YEAR ENDING DECEMBER 31								
(MILLIONS OF DOLLARS)	ACTUAL		PLAN	PLAN				TOTAL
	2023	2024	2025	2026	2027	2028	2029	2025-2029
Operating	812.4	865.4	943.5	918.3	975.7	1,015.7	1,045.2	4,898.4
Capital	391.2	527.1	1,064.3	1,122.8	861.2	1,386.1	1,201.5	5,635.9
Total	1,203.7	1,392.5	2,007.8	2,041.1	1,836.8	2,401.8	2,246.8	10,534.3

ANTICIPATED SHORTFALL OR SURPLUS

VIA FISCAL YEAR ENDING DECEMBER 31								
(MILLIONS OF DOLLARS)	ACTUAL		PLAN	PLAN				TOTAL
	2023	2024	2025	2026	2027	2028	2029	2025-2029
Available funding (Government Appropriation)	1,315.4	1,816.7	2,394.4	1,676.1	1,040.9	1,501.1	1,333.0	7,945.4
Anticipated External Revenues	430.7	480.2	505.1	556.5	563.5	585.0	607.8	2,817.7
Total Revenues	1,746.0	2,296.9	2,899.4	2,232.5	1,604.4	2,086.1	1,940.7	10,763.1
Anticipated Expenses (Operating and Capital)	1,203.7	1,392.5	2,007.8	2,041.1	1,836.8	2,401.8	2,246.8	10,534.3
Anticipated Surplus (Shortfall)	542.4	904.3	891.7	191.4	(232.5)	(315.7)	(306.1)	228.8
Proposed reprofiling of funding	(539.9)	(900.6)	(891.7)	(357.9)	(30.8)	43.1	38.0	(1,199.2)
Anticipated Surplus (Shortfall) after reprofiling⁽¹⁾	2.6	3.7	0.0	(166.5)	(263.2)	(272.6)	(268.1)	(970.4)
Cash on Hand	22.8	64.1	10.0	10.0	10.0	10.0	10.0	50.0

VIA RAIL CANADA INC.
2025-2029 CORPORATE PLAN
OPERATING FUNDING STATEMENT

VIA FISCAL YEAR ENDING DECEMBER 31								
(MILLIONS OF DOLLARS)	ACTUAL		PLAN	PLAN				TOTAL
	2023	2024	2025	2026	2027	2028	2029	2025-2029
REVENUES								
Total Revenues	430.7	478.0	505.1	556.5	563.5	585.0	607.8	2,817.7
EXPENSES								
Total Expenses	810.9	862.3	942.5	916.6	952.7	992.0	1,020.8	4,824.4
Operating Deficit Before Government Subsidy and Pension Costs								
Operating Deficit Before Government Subsidy and Pension Costs	380.2	384.3	437.4	360.1	389.2	407.0	413.0	2,006.7
Government Subsidy	357.0	363.8	432.7	237.8	149.0	158.1	169.4	1,146.9
Transfer of Capital Funding to Operations	12.4	(1.8)	0.0	(42.4)	0.0	0.0	0.0	(42.4)
Operating Funding Surplus / (Deficit) before Pension Costs	(10.8)	(22.2)	(4.7)	(164.7)	(240.2)	(249.0)	(243.6)	(902.2)
PENSION COSTS								
Total Pension Costs	1.6	1.3	1.1	1.8	23.0	23.7	24.5	74.0
less: Supplementary Government Pension Funding	26.2	23.5	5.7	0.0	0.0	0.0	0.0	5.7
Pension Costs Funding Surplus / (Deficit)	24.6	22.2	4.7	(1.8)	(23.0)	(23.7)	(24.5)	(68.2)
Proposed Reprofiling of Operating Funding	(11.3)	0.0	0.0	(0.0)	0.0	0.0	0.0	0.0
Operating Surplus / (Deficit) after Government Funding⁽¹⁾	2.5	0.0	0.0	(166.5)	(263.2)	(272.6)	(268.1)	(970.4)

VIA RAIL CANADA INC.
2025-2029 CORPORATE PLAN
SUMMARY - TOTAL CAPITAL EXPENDITURES

VIA FISCAL YEAR ENDING DECEMBER 31								
(MILLIONS OF DOLLARS)	ACTUAL		PLAN	PLAN				TOTAL
	2023	2024	2025	2026	2027	2028	2029	2025-2029
Major Capital Programs								
Equipment Projects	36.2	29.3	71.6	98.6	77.6	72.8	68.5	389.1
Infrastructure Projects	34.8	50.0	51.4	84.8	69.1	94.8	88.9	389.1
Sub-Total Major Programs	71.0	79.3	123.0	183.4	146.7	167.6	157.4	778.2
Other Capital Programs	320.3	449.5	941.3	939.4	714.5	1,218.5	1,044.1	4,857.8
Total Capital Expenditures	391.2	528.8	1,064.3	1,122.8	861.2	1,386.1	1,201.5	5,636.0
Gov't Capital Funding Required	391.2	528.8	1,064.3	1,122.8	861.2	1,386.1	1,201.5	5,636.0
Transfer of Capital Funding to Operations	(12.4)	0.0	31.8	10.6	0.0	0.0	0.0	42.4
Total Gov't Capital Funding	932.2	1,429.4	1,924.2	1,470.1	891.9	1,343.0	1,163.6	6,792.7
Proposed Reprofitting of Capital Funding	(528.5)	(900.6)	(891.6)	(357.8)	(30.8)	43.1	38.0	(1,199.2)
Funding Shortfall / (Surplus) ⁽¹⁾	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Note 1: Sums may differ due to rounding.

VIA RAIL CANADA INC.
2025-2029 CORPORATE PLAN
STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

VIA FISCAL YEAR ENDING DECEMBER 31							
(MILLIONS OF DOLLARS)	ACTUAL		PLAN	PLAN			
	2023	2024	2025	2026	2027	2028	2029
Operating Deficit Before Government Subsidy	(381.8)	(385.6)	(438.4)	(361.9)	(412.1)	(430.8)	(437.5)
Item (not requiring) not providing operating funds	(130.1)	(146.2)	(231.4)	(243.3)	(253.6)	(287.1)	(357.1)
Income tax expense	1.2	0.0	0.0	0.0	0.0	0.0	0.0
Operating loss before funding from the Government of Canada	(510.7)	(531.8)	(669.8)	(605.2)	(665.7)	(717.9)	(794.6)
Operating funding from the Government of Canada	381.8	385.6	438.4	195.4	149.0	158.1	169.4
Amortization of deferred capital funding	120.0	146.3	196.4	209.0	240.5	274.7	327.0
Net income (loss) for the year	(9.0)	0.1	(35.0)	(200.8)	(276.4)	(285.0)	(298.2)

NOTE 1: Sum may differ due to rounding

VIA RAIL CANADA INC.
2025-2029 CORPORATE PLAN
STATEMENT OF CASH FLOWS

VIA FISCAL YEAR ENDING DECEMBER 31							
(MILLIONS OF DOLLARS)	ACTUAL		PLAN	PLAN			
	2023	2024	2025	2026	2027	2028	2029
Operating activities							
Net loss for the year	(9.0)	0.1	(35.0)	(200.8)	(276.4)	(285.0)	(298.2)
Adjustments to determine net cash (used in) providing by operating activities	15.5	(23.6)	(16.2)	204.1	279.7	288.3	301.5
Net cash (used in) provided by operating activities	6.5	(23.5)	(51.2)	3.3	3.3	3.3	3.3
Investment activities							
Net cash (used in) provided by investing activities	10.5	68.4	0.0	0.0	0.0	0.0	0.0
Financing activities							
Net cash (used in) provided by financing activities	(4.0)	(3.5)	(3.0)	(3.2)	(3.4)	(3.3)	(3.3)
Cash and cash equivalents							
(Decrease) increase during the year	13.0	41.3	(54.2)	0.1	(0.1)	0.0	0.0
Balance, beginning of year	9.8	22.8	64.1	10.0	10.0	10.0	10.0
Balance, end of year ¹	22.8	64.1	10.0	10.0	10.0	10.0	10.0

NOTE 1: Sum may differ due to rounding

VIA RAIL CANADA INC.
2025-2029 CORPORATE PLAN
STATEMENT OF FINANCIAL POSITION

VIA FISCAL YEAR ENDING DECEMBER 31							
(MILLIONS OF DOLLARS)	ACTUAL		PLAN	PLAN			
	2023	2024	2025	2026	2027	2028	2029
Cash	22.8	64.1	10.0	10.0	10.0	10.0	10.0
Current assets (Excluding Cash)	227.4	183.9	185.6	188.3	189.6	191.3	193.0
Non-current assets	2,618.4	3,171.6	3,299.7	3,510.3	3,527.5	3,467.0	3,343.7
TOTAL ASSETS	2,868.6	3,419.6	3,495.3	3,708.6	3,727.1	3,668.3	3,546.7
Current liabilities	335.7	322.2	142.3	376.2	648.6	929.8	1,224.2
Other payables	35.2	81.4	60.0	0.0	0.0	0.0	0.0
Deferred income tax	35.2	0.0	0.0	0.0	0.0	0.0	0.0
Lease liabilities (Operating)	98.3	95.8	92.8	89.6	86.2	82.9	79.7
Employee benefit liabilities	32.6	32.1	59.3	85.7	90.9	96.4	102.1
Deferred capital funding	2,137.3	2,518.2	2,805.8	3,022.9	3,043.5	2,986.3	2,866.1
TOTAL LIABILITIES	2,674.3	3,049.7	3,160.3	3,574.4	3,869.3	4,095.5	4,272.1
Share capital	9.3	9.3	9.3	9.3	9.3	9.3	9.3
Balance, beginning of year	225.8	185.0	360.7	325.7	124.9	(151.5)	(436.5)
Net loss for the year	(9.0)	0.1	(35.0)	(200.8)	(276.4)	(285.0)	(298.2)
Other comprehensive (loss) income	(31.8)	175.6	0.0	0.0	0.0	0.0	0.0
Balance, ending of year	185.0	360.7	325.7	124.9	(151.5)	(436.5)	(734.7)
SHAREHOLDER'S EQUITY	194.3	370.0	335.0	134.2	(142.2)	(427.2)	(725.4)
TOTAL LIABILITIES AND SHAREHOLDER'S DEFICIENCY	2,868.6	3,419.6	3,495.3	3,708.6	3,727.1	3,668.3	3,546.7

Pro-forma Financial Statements prepared in accordance with International Financial Reporting Standards

VIA RAIL CANADA INC.
2025-2029 CORPORATE PLAN
FUNDING REQUIREMENTS AND SOURCES

GOVERNMENT FISCAL YEAR ENDING MARCH 31									
	(MILLIONS OF DOLLARS)	ACTUAL		PLAN					TOTAL
		2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2025/26 - 2029/30
APPROVED FUNDING	Operating Funding Reference Level	146.8	144.2	146.8	146.8	146.8	146.8	146.8	733.8
	Additional Operating Funding Approved	243.8	204.1	319.7	14.8	(2.0)	15.7	25.0	373.2
	Total Operating Funding - Approved	390.5	348.3	466.5	161.5	144.8	162.5	171.7	1,107.0
	Pension Funding Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Additional Pension Funding	25.3	22.9	0.0	0.0	0.0	0.0	0.0	0.0
Total Pension Funding - Approved	25.3	22.9	0.0	0.0	0.0	0.0	0.0	0.0	
FUNDING REQUIREMENTS	Capital Funding Approved	1,066.7	507.3	1,848.6	1,041.0	643.6	1,365.4	870.4	5,769.0
	Total Capital Funding - Approved	1,066.7	507.3	1,848.6	1,041.0	643.6	1,365.4	870.4	5,769.0
	Total Gov't Funding Approved	1,482.5	878.6	2,315.1	1,202.6	788.4	1,527.9	1,042.1	6,876.0
	Operating Funding required	387.3	369.9	426.3	381.1	390.7	411.3	419.8	2,029.2
	Pensions Costs Funding required	1.0	1.1	1.1	7.0	23.1	23.8	24.6	79.5
Total Capital Funding required	415.7	507.1	1,311.4	1,038.7	819.7	1,578.8	1,071.9	5,820.6	
Total Via Gov't Funding Required⁽¹⁾	804.0	878.2	1,738.8	1,426.8	1,233.5	2,013.9	1,516.3	7,929.3	
FUNDING DEFICIT	Operating Funding Surplus / (Deficit)	3.3	(21.5)	40.2	(219.6)	(245.9)	(248.9)	(248.1)	(922.2)
	Pension Costs Funding Surplus / (Deficit)	24.3	21.8	(1.1)	(7.0)	(23.1)	(23.8)	(24.6)	(79.5)
	Capital Funding Surplus / (Deficit)	651.0	0.2	537.2	2.4	(176.1)	(213.4)	(201.5)	(51.5)
	Total Funding Surplus/(deficit)⁽¹⁾	678.6	0.4	576.3	(224.2)	(445.1)	(486.1)	(474.2)	(1,053.3)
ADDITIONAL FUNDING REQUIRED	Additional Operating Funding	(2.5)	0.0	0.0	187.5	269.0	272.7	272.7	1,001.8
	Additional Capital Funding	(651.0)	0.3	(537.2)	(2.4)	176.1	213.4	201.5	51.5
	Total Additional Funding Requested	(653.5)	0.3	(537.2)	185.1	445.1	486.1	474.2	1,053.3
FUNDING REPROFILING	Proposed Reprofitting of Operating Funding	(25.0)	(0.0)	(39.1)	39.1	0.0	0.0	0.0	0.0
	Proposed Reprofitting of Capital Funding	(651.0)	0.3	(537.2)	(2.4)	176.1	213.4	150.0	0.0
	Total Capital & Operating Funding Reprofitting Requested	(676.1)	0.3	(576.3)	36.7	176.1	213.4	150.0	0.0

VIA RAIL CANADA INC.
2025-2029 CORPORATE PLAN
RECONCILIATION FROM VIA'S FISCAL YEAR TO GOV'T FISCAL YEAR

VIA FISCAL YEAR ENDING DECEMBER 31 & GOVERNMENT FISCAL YEAR ENDING MARCH 31									
	(MILLIONS OF DOLLARS)	ACTUAL		PLAN					TOTAL
		2023	2024	2025	2026	2027	2028	2029	2025-2029
APPROVED FUNDING	Operating Deficit VIA's fiscal year	369.4	362.1	432.7	195.4	149.0	158.1	169.4	1,104.5
	Adjustment*	21.1	(13.7)	33.8	(33.9)	(4.2)	4.4	2.3	2.5
	Operating Deficit Gov't fiscal year	390.5	348.3	466.5	161.5	144.8	162.5	171.7	1,107.0
	Pension Expenses VIA's fiscal year	26.2	23.5	5.7	0.0	0.0	0.0	0.0	5.7
	Adjustment*	(0.9)	(0.6)	(5.7)	0.0	0.0	0.0	0.0	(5.7)
	Pension Expenses Gov't fiscal year	25.3	22.9	0.0	0.0	0.0	0.0	0.0	0.0
	Capital VIA's fiscal year	919.8	1,431.1	1,956.0	1,480.7	891.9	1,343.0	1,163.6	6,835.1
	Adjustment*	146.9	(923.8)	(107.3)	(439.7)	(248.3)	22.4	(293.2)	(1,066.1)
	Capital Gov't fiscal year	1,066.7	507.3	1,848.6	1,041.0	643.6	1,365.4	870.4	5,769.0
	Total VIA's Approved Funding	1,315.4	1,816.7	2,394.4	1,676.1	1,040.9	1,501.1	1,333.0	7,945.4
Adjustment*	167.1	(938.1)	(79.3)	(473.5)	(252.5)	26.8	(290.9)	(1,069.3)	
Total Gov't Approved Funding	1,482.5	878.6	2,315.1	1,202.6	788.4	1,527.9	1,042.1	6,876.0	
FUNDING REQUIREMENTS	Operating Deficit VIA's fiscal year	380.2	384.3	437.4	360.1	389.2	407.0	413.0	2,006.7
	Adjustment*	7.0	(14.4)	(11.1)	21.0	1.5	4.3	6.8	22.5
	Operating Deficit Gov't fiscal year	387.3	369.9	426.3	381.1	390.7	411.3	419.8	2,029.2
	Pension Expenses VIA's fiscal year	1.6	1.3	1.1	1.8	23.0	23.7	24.5	74.0
	Adjustment*	(0.5)	(0.1)	0.1	5.2	0.1	0.1	0.1	5.6
	Pension Expenses Gov't fiscal year	1.0	1.1	1.1	7.0	23.1	23.8	24.6	79.5
	Capital VIA's fiscal year	391.2	528.8	1,070.8	1,120.6	856.9	1,386.1	1,201.5	5,636.0
	Adjustment*	24.4	(21.7)	240.6	(81.9)	(37.2)	192.7	(129.7)	184.6
	Capital Gov't fiscal year	415.6	507.1	1,311.4	1,038.7	819.7	1,578.8	1,071.9	5,820.6
	Total VIA's Funding Required⁽¹⁾	773.0	914.4	1,509.3	1,482.5	1,269.1	1,816.8	1,639.0	7,716.7
Adjustment*	30.9	(36.2)	229.6	(55.7)	(35.6)	197.2	(122.7)	212.7	
Total Gov't Funding Required⁽¹⁾	804.0	878.2	1,738.8	1,426.8	1,233.5	2,013.9	1,516.3	7,929.3	

* Minus the first quarter of VIA's current fiscal year plus the first quarter of VIA's next fiscal year. VIA's first quarter is from January 1st to March 31st.

NOTE 1: Sum may differ due to rounding

ANNEX 4. RISK AND RISK RESPONSES

VIA Rail's dedicated Enterprise Risk Management (ERM) function performs regular risk assessments and the monitoring of key strategic, operational and project risks, which allows Management as well as the Board of Directors to better understand uncertainty, its impact on the Corporation's objectives and the associated treatment strategies.

Over time, VIA Rail has been deploying increasingly robust methodologies such as the use of Key Risk Indicators as well as data analytics in order to improve risk management and decision support. VIA Rail is using a tiered approach for risks where, based on their materiality, they will be discussed either at the Board of Directors' level on a quarterly basis, or kept at management level and discussed yearly as to strategic risks at the Board of Director level.

In 2022, VIA Rail identified thirteen enterprise risks and attributed a risk response to each, as shown in the table below. Each risk response is determined after consideration of the risk's likelihood, impact and controls. The four strategies are defined as follows:

- **Improve:** High-risk exposures with limited levels of mitigation/control form priorities for improvement opportunities.
- **Test:** High-risk exposures with strong mitigations/controls & management efforts form the focus for audit to provide assurance that controls are adequate and efficient.
- **Optimize:** Low risk exposures with a moderate level of mitigation/control may be consciously accepted or may be a focus to optimize the processes and controls for greater efficiency.
- **Monitor:** Low risk exposures accompanied by a lower level of mitigation/control are often considered emerging and must remain a focus for ongoing analysis and monitoring efforts.

No.	Risk
1	Transformation and Execution Capacity
2	Stakeholder Management
3	Relevant Service Offering
4	Talent Management
5	Employee Relations
6	Ethics and Regulatory Compliance
7	Use of Technology
8	Cybersecurity
9	Access to Third-Party Assets
10	Asset Management
11	Financial Sustainability
12	Security and Safety
13	Environment and Climate Action
14	Artificial Intelligence

Notes:

1) In 2024 VIA Rail carried out a complete review of its ERM risks. The results of the ERM review are reflected in the present table, for example new to the risk register is the state and use of Artificial Intelligence.

2) The risk numbers represent the label given in VIA Rail's risk register. The numbering and order of the list do not reflect priority.

The risks have been linked to the various strategic initiatives that are being pursued by the Crown Corporation in order to assess which are the most interconnected and as such susceptible to impact the implementation of the organization's strategy.

VIA Rail manages its enterprise risks through a comprehensive risk register that identifies key risk drivers, controls, and action plans. While the register addresses all enterprise risks in detail, the following section focuses on selected priority areas:

- Safety and Security
- Access to Third-Party Assets
- Financial Sustainability
- Relevant Service Offering and Operations
- Cyber Security
- Artificial Intelligence

For the risks from the table above that do not appear in the upcoming section, it is important to note that each of them was thoroughly assessed, and they are being managed with appropriate mitigation measures.

Safety and Security

This risk is described by the statement: protecting the safety and security of people and assets.

Applied controls include a range of integrated security, safety, and operational measures designed to manage risk across the network. These include:

- Regulatory compliance frameworks
- Operational monitoring and inspection programs
- Coordination with internal teams and external partners
- Workforce training and awareness initiatives
- Asset protection and infrastructure safeguards
- Incident response and oversight mechanisms
- Continuous improvement processes supported by audits, reviews, and performance monitoring.

There are established mitigations and controls in place to manage this risk. The safety of the public, passengers, and VIA Rail employees remains a fundamental priority for the Crown Corporation. Taken together, the nature of the risk and the associated controls and management practices provide assurance that these controls are appropriate and effective.

Access to Third-Party Assets

This risk is described by the statement: managing third-party relations to maintain, and expand as necessary, the access to and quality of third-party infrastructure to meet short and long-term priorities.

Examples of applied controls include:

- Use of established regulatory and governance frameworks to support infrastructure access
- Ongoing engagement and relationship management with key external partners
- Monitoring of operational and commercial requirements to inform planning and improvement efforts
- Coordination with government and public-sector stakeholders on infrastructure access and related considerations
- Structured approaches to access arrangements that support continuity and viability of intercity services

While mitigation measures are in place, the significance of this risk warrants continued attention from the Board of Directors and Senior Management. VIA Rail will continue to strengthen its management of the Access to Third-Party Assets risk.

Financial Sustainability

This risk is described by the statement: effectively managing revenue, funding, operating expenses and operational deficit to execute operational and strategic priorities and promote continued financial viability.

Examples of applied controls include:

- Financial planning, forecasting, and monitoring processes
- Ongoing engagement with government partners and oversight bodies
- Industry and regulatory participation and coordination
- Investment governance, oversight, and risk management practices
- Procurement planning, sourcing, and contract management frameworks
- Access to internal expertise and external advisory support

Relevant Service Offering and Operations

This risk is described by the statement: the ability to stay relevant, drive revenue and meet community needs through existing and future service offerings, while respecting the organization's mandate.

Examples of applied controls are:

- Stakeholder and partner engagement strategies and governance frameworks
- Commercial, operational, and workforce planning processes
- Use of data and analytics to inform service planning, pricing, and demand management

- Service standards and product strategies that balance public service objectives with commercial considerations
- Marketing, customer experience, and journey management practices
- Ongoing monitoring of customer, community, and market needs to inform product and service evolution
- Performance monitoring and management oversight, including service reliability and on-time performance
- Structured approaches to infrastructure access and asset management, including third-party and internal assets
- Fleet, rolling stock, and maintenance planning and lifecycle management practices
- Supply chain and contract management for key operational inputs
- Inventory, pricing, and promotional strategies aligned with market conditions, seasonality, and regional demand
- Organizational structures and cross-functional coordination mechanisms supporting service, fleet, and strategy development

While the potential impact on VIA Rail is significant, mitigation measures are in place and the risk is considered manageable. The risk response focuses on ongoing oversight, with the Board of Directors and Senior Management continuing to monitor the effectiveness of existing measures to ensure the risk remains stable.

Cyber Security

This risk is described by the statement: promote the confidentiality, integrity and availability of organizational, personal and Government of Canada information.

Examples of applied controls:

- Cybersecurity governance frameworks and continuous enhancement of digital security practices
- Organization-wide security awareness and training initiatives
- Third-party risk management and oversight processes
- Protective measures to support the resilience and availability of digital platforms and systems

Artificial Intelligence

The risk is described by this statement: AI is responsibly leveraged to support the achievement of the organization's strategic priorities.

Example of applied control:

- Acceptable Use Standards

ANNEX 5. COMPLIANCE WITH LEGISLATIVE AND POLICY REQUIREMENTS

Recent Legislative Changes

Access to Information

C-58 – An Act to amend the Access to Information Act and the Privacy Act

The *Access to Information Act* has been amended into two parts:

- Part I: new request and complaints processes;
 - Information commissioner's (IC) powers are expanded to include order-making;
 - Institutions may seek IC's approval to decline requests on certain grounds;
 - ATIA reports to be tabled within 15 days of the house sitting in the fall;
- Part II: New proactive publication requirements.

VIA Rail will fully comply and:

- will proactively disclose the travel and hospitality expenses of senior officials within 30 days of the month they are reimbursed via its website or <http://open.canada.ca>
- will publish its ATIP annual report on its website or on open.canada.ca 30 days after it is tabled in Parliament.

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 head of the Legal Department since 2010.

Accessibility

C-81 – Accessibility: An Act to Ensure a Barrier-free Canada

This bill outlines how to identify and remove accessibility barriers and prevent new barriers, including in: built environments (buildings and public spaces); employment (job opportunities and employment policies and practices); information and communication technologies (digital content and technologies used to access it); procurement of goods and services; delivering programs and services; and transportation (by rail as well as by air, ferry and bus carriers that operate across a provincial or international border).

Royal Assent was on June 21, 2019, and Regulations came into force within two years following, no later than July 11, 2021.

Consultation on these regulations will determine whether the planning/reporting will be part of the annual Corporate Plan cycle or on a separate cycle such as ATIP/Privacy.

VIA Rail has, as per the *Accessible Canada Act*:

- published its first accessibility plan covering a three-year period. It will also continue to develop progress reports during interim years and establish a feedback process for its employees and customers with respect to barriers to accessibility.
- include participation, with direct consultation from a diverse group of persons with disabilities.

Further, regulated entities such as VIA Rail are also expected to establish accessibility advisory committees and share each plan with the government's Accessibility Commissioner. VIA Rail has put in place its committee in 2021 and is working with the communities to ensure compliance with the legislation.

VIA Rail has also started its planning toward ensuring that it complies with the provisions set out in the Regulations in Accessible Transportation for Persons with Disabilities Regulations, including all regulations applicable to Division 2 Rail Carriers, Application 86 to 133.

VIA Rail has designed and approved a three-year plan for 2021 to 2023 to comply with the legislation. The accessibility plan includes three different levels of deployment maturity across each focus area (built environment, internal and external communications, information & communication technologies, procurement, and design and delivery of services programs), allowing VIA Rail to deploy a baseline scenario in year one against which succeeding years will be benchmarked.

The Corporation has held both public and stakeholder consultations; as well as workgroups with various partners including nine advocacy groups and Accessibility Standards Canada. These advocacy groups are on board with the baseline initiative identified for year one, specifically 2021.

It is worthwhile to note that currently every VIA Rail train provides accessible transportation to persons with disabilities. As the Canadian population continues to grow and age rapidly, the ratio and the actual number of people with disabilities will also markedly grow. VIA Rail trains provide a more accessible service than automobiles, buses, or airplanes. Further, VIA Rail is committed to continuing to make improvements, particularly with the renewal of the fleet and continuing upgrades to stations and will fully comply with all accessibility regulations.

VIA Rail's new fleet will comply with and even exceed some regulations that were in force during the procurement process. In addition, the new fleet is being designed to meet the needs of customers with accessibility needs. Customer consultations have been an integral part of the process and will continue as the designs are finalized. To date, feedback has been extremely positive.

Canada Labour Code

Bill C-86 – Budget Implementation Act (2018)

Bill C-86, outlines changes in federal labour and employment relations regulations. The regulations come into effect in 2019 with staggered implementation dates.

The most relevant change to VIA Rail's operating environment is that, since September 1, 2019, employees are entitled to five personal days of leave for illness, certain family responsibilities, urgent matters and attending citizenship ceremonies.

- Three of the days will be paid where an employee has completed three consecutive months of continuous employment with the employer;
- 10 days for victims of family violence (five of the days are paid);
- Five unpaid days for indigenous practices.

While applicable to all employees, this change from an operational or financial perspective will affect approximately two thirds of VIA Rail's workforce. These positions are mostly operational, many customer-facing, be they on-board trains or within stations. Should these employees be absent, a replacement employee will be required to maintain service. This will entail the additional

expense of a second employee, possibly at overtime rates called from spare boards. Prior to this provision, most of VIA Rail's unionized workforce did not have paid personal or sick days.

Bill C-3 – An Act to amend the Criminal Code and the Canada Labour Code (2021)

Bill C-3 received Royal Assent on December 17, 2021, and will come into force on a date to be fixed by order of the Governor in Council. This will allow time for employers to implement payroll changes and work with unions as needed to adjust collective agreements.

These changes to the *Canada Labour Code* will provide ten days of paid sick leave to all federally regulated private sector employees, which includes interprovincial rail transportation, and federal Crown corporations.

The legislation also amends bereavement leave under Part III of the *Canada Labour Code* to provide up to eight weeks of leave for employees who lose a child or experience a stillbirth.

Paid sick leave will protect workers and their families, as well as their workplaces and is an important step in the fight against COVID-19.

Pay Equity

Bill C-86 – Budget Implementation Act (2018)

A new *Pay Equity Act (PEA)* has been created, along with related amendments to the *Canadian Human Rights Act*, that aims to redress systemic gender-based discrimination in the compensation practices and systems of employers. Specifically, the *PEA* focuses on discrimination that is experienced by employees who occupy positions in predominantly female job classes, with the aim of ensuring employees receive equal compensation for work of equal value, while taking into account the needs of employers.

In contrast with the prior federal complaint-based legislation compliance will be proactive, with employers having to demonstrate that they achieved Pay Equity. As well, the definition of compensation is not limited on only base salary, but rather it will include variable pay as well as benefits.

Indeed, under the *Pay Equity Act* adopted in 2021, all federally regulated employers are required to create a pay equity committee. VIA Rail has established such a committee, composed of unionized employees, non-unionized employees and of the employer. Participants will meet eight to ten times over a period of several months, starting in January 2024.

The main objective of the committee is to evaluate all existing positions at VIA Rail to ensure fair and equitable treatment, also known as “equal pay for work of equal value”, which is important because it addresses the undervaluation of women’s work and the gender wage gap.

Safe Workplaces & Leave Provisions

Bill C-65 – An Act to amend the Canada Labour Code (harassment and violence)

Among numerous recent changes to the *Canada Labour Code*, the existing framework for the prevention and reporting of harassment and violence has been strengthened. This bill amends legislation and grants authority to develop consolidated regulations for harassment and violence prevention, which includes: the requirement for comprehensive workplace harassment and

violence prevention policies; courses & training; effective workplace committees; clear definitions; employee-driven resolution process with timelines. Part II of the Code is amended to include specific duties of the employer related to workplace harassment and violence, as well as to broaden the scope of those duties related to access to information. The bill expands the definition of workplace harassment and violence to include harassment and violence of a sexual nature.

Duty/Rest Rules for Railway Operating Employees

The new Duty/Rest Rules for Railway Operating Employees were approved on November 25, 2020.

The application and compliance of these new regulations will be staggered, with the following coming into force dates:

- Revision of Fatigue Management Plans: within 12 months,
- New fitness for duty processes: 24 months,
- Compliance with limits:
 - 30 months for freight railways;
 - 48 months for passenger railways.
- Different and longer thresholds for passenger services (longer periods), this will negate most of the problematic issues and additional costs and staffing.

VIA Rail's and the TCRC's review of its Fatigue Management Plans was completed ahead of schedule and filed with Transport Canada.

The safety and security of passengers, employees, and the public is always VIA Rail's primary concern. VIA Rail is pleased that Regulations recognize the distinct operational differences between passenger and freight railway. The passenger rail environment is characterized by scheduled and predictable work. In particular passenger rail operates predominantly during day and evening hours. As such it is an operating environment with a significantly reduced risk of fatigue compared to the freight rail environment.

The distinction between passenger and freight environments addresses labour force issues and potential service cancellations that VIA Rail would have faced under a unilateral application of rules.

Locomotive Voice and Video Recorder Regulations

As Published within the Canada Gazette on September 2, 2020, Bill C-49, the *Transportation Modernization Act*, amends the *Railway Safety Act* (RSA) to require rail companies to fit their railway equipment with recording instruments. Federally regulated railways are required to install locomotive voice and video recorder systems in the cabs of controlling locomotives. The regulation came into effect on September 2, 2022, and VIA Rail is fully compliant with the requirements therein.

Rules Respecting Track Safety

The Track Safety Rules regulate the maintenance of the track. On April 1, 2020, Transport Canada issued a Ministerial Order to the Railway Association of Canada (RAC) to revise the Rules Respecting Track Safety in phases. The 3 phases have been completed, and the new regulation was effective as of May 31st, 2022. VIA Rail has updated their track standards to reflect the change in the regulation and all affected employees have been informed.

Travel, Hospitality, Conference and Event Expenditures

The Corporation's Policy is aligned Treasury Board directive for Crown Corporations guidelines and practices on travel, hospitality, conference and event expenditures including the changes put forward by the Treasury Board Secretariat effective August 1, 2020:

Amongst the changes:

- Removed the duplication in policy related to the proactive publication of travel and hospitality expenses (section 4.1.2), as this requirement is now fully covered under the [Access to Information Act](#) (ATIA). CFOs will remain responsible for the accuracy of proactive publication under the ATIA as per sections 4.2.8.3 and 4.2.13 of the [Policy on Financial Management](#). In addition, please note VIA Rail has now finalized the [Guide to the Proactive Publication of Travel and Hospitality Expenses](#);
- Added provisions prohibiting the reimbursement of travel expenditures for companions (e.g. spouses);
- Made existing provisions prohibiting private club memberships mandatory by moving them from the *Guide on Travel, Hospitality, Conference and Event Expenditures* to the *Directive on Travel, Hospitality, Conference and Event Expenditures*.

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;
- 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 its legal obligations as regards employment equity, multiculturalism and other human rights-related obligations.

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 the Canadian society.

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.

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. Transport Canada will work with VIA Rail to review how best to proceed to balance providing VIA Rail with corporate flexibility and appropriate oversight.

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.)

- 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
- Impact Assessment Act, S.C. 2019, c. 28, s. 1
- Canadian Environmental Protection Act, 1999, SC 1999, c 33
- Canadian Human Rights Act, RSC 1985, c H-6

Trade Agreements



**la voie qu'on aime
love the way**

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

- Canada-United States-Mexico Agreement (CUSMA).
- 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.

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 wellness of all its employees will always be important. VIA Rail continues to offer a telemedicine application to facilitate access to medical services and tools to support its employees such as the LifeWorks platform by Morneau Shepell and its new unified Employee and Family Assistance Program (EFAP) platform, which also includes Diversity and inclusion awareness material. The VIAWELL Ambassador program exists to champion workplace mental health at all levels. Ambassadors are trained to provide support, reduce the stigma of mental illness and promote employee engagement on this issue.

Partnering for Diversity

From year to year, VIA Rail participates in a variety of ongoing or one-off partnerships to publicly promote and engage with groups beyond biological sex and socio-cultural gender. Through these partnerships the Corporation intends to demonstrate leadership actions, equitable employment practices, inclusivity and targeted support for diverse groups.

To further improve and imbed this culture VIA Rail has developed and is deploying a formal diversity and inclusion strategy.

The features of this strategy include:

- A full-time expert resource for Diversity and Inclusion (D&I).
- A 3-year D&I strategy and action plan to elevate VIA Rail's diversity maturity.
- D&I committee, with defined roles and responsibilities to support and promote the D&I strategy.
- The D&I Leadership Statement and commitment.
- The D&I SharePoint including lexicons, training resources, strategy, and recorded events, for all employees.
- A D&I communication plan to share the D&I strategy and objectives throughout the organization, including "My Voice, My Story" for the D&I Senior Advisor.
- A review of VIA Rail's recruitment process from a D&I and Accessibility Lens.

Employment of Veterans and Reservists

VIA Rail continues to work 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 are able to take an authorized leave of absence for their military training and service without impacting their pay, benefits, and career progression.

GBA+ Statistics as at December 31, 2024

EMPLOYEES							
Indicator	Note	Measurement	2024	2023	2022	2021	2020
WORKFORCE							
Total workforce		Number of individuals	3,339	3,250	3,100	2,763	2,312
EMPLOYEES DISTRIBUTION							
By gender							
Female		% of total employees	37%	35%	34%	33%	28%
Male		% of total employees	63%	65%	66%	67%	72%
EMPLOYEES BY CONTRACT TYPE							
Permanent employees	(a)	Number of individuals	3,335	3,232	3,090	2,723	-
Temporary employees	(a)	Number of individuals	4	18	10	40	-
Employees covered by collective agreement		% of total employees	77%	75%	73%	73%	68%
DIVERSITY AND EQUAL OPPORTUNITY							
Employment equity Canada (c)							
Women		% of total employees	37%	37%	34%	33%	28%
Indigenous		% of total employees	3%	3%	2%	2%	2%
Visible minorities		% of total employees	24%	21%	18%	16%	14%
People with disabilities		% of total employees	6%	6%	3%	2%	1%
Senior management positions							
Female	(a)	% of senior management	27%	34%	34%	34%	-
Male	(a)	% of senior management	73%	66%	66%	66%	-
Management positions							
Female	(a)	% of management positions	32%	33%	31%	29%	-
Male	(a)	% of management positions	68%	67%	69%	71%	-
Other positions							
Female	(a)	% of other positions	45%	45%	45%	44%	-
Male	(a)	% of other positions	55%	55%	55%	56%	-
Board of Directors							
Female		% of the Board	36%	38%	50%	58%	58%
Male		% of the Board	64%	63%	50%	42%	42%
Distribution by age							
Below 30		% of total employees	12%	12%	12%	11%	9%
Between 30-50		% of total employees	61%	61%	61%	59%	57%
Over 50		% of total employees	27%	27%	27%	30%	34%

Sustainable Development and Greening Government Operations

Sustainable Development

Sustainability supports VIA Rail’s strategy and modernization program and aligns with its corporate value of acting today for a better tomorrow.

As of 2022, VIA Rail’s Sustainability Plan is available on its website. The Sustainability Plan is built to contribute to the objectives and priorities set forth in the Treasury Board of Canada’s Greening Government Strategy and in alignment with Global Reporting Initiative (GRI) standards. The Sustainability Plan rests on six environment, social and governance (ESG) pillars with well-defined goals and action plans.

VIA Rail’s Sustainability Plan Summary

Priorities	Strategies	2025 goals	Contribution to the SDGs ¹	
ENVIRONMENTAL	Climate Action	<ul style="list-style-type: none"> Upgrade GHG reduction targets to support 2050 net-zero emissions ambition. Improve fuel and energy efficiency in all operations. Complete review of climate change risks and implement action plan. 	<ul style="list-style-type: none"> Reduce GHG emissions by 30% or more by 2030, compared to 2005. Integrate climate change risks in critical governance and decisional mechanisms. 	<ul style="list-style-type: none"> 13 CLIMATE ACTION 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
	Environmental management	<ul style="list-style-type: none"> Reduce waste generated in our operations. Increase reuse, recycling, and organic waste collection. 	<ul style="list-style-type: none"> Offer a zero-waste train in the Québec City-Windsor Corridor. Increase recycling to 60% and introduce organic waste collection in prioritized sites. 	<ul style="list-style-type: none"> 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
	Employee Mobilization	<ul style="list-style-type: none"> Mobilize employees through an inclusive and sustainability centered culture. 	<ul style="list-style-type: none"> Train 100% of employees on sustainability. Majority of employees believe sustainability is a top priority for VIA Rail. 	<ul style="list-style-type: none"> 8 DECENT WORK AND ECONOMIC GROWTH 5 GENDER EQUALITY
SOCIAL	Community engagement	<ul style="list-style-type: none"> Expand active stakeholder engagement and develop strategic community investments in communities in Canada. 	<ul style="list-style-type: none"> Align 80% of community investments with strategy. Have a national employee volunteering program in place. 	<ul style="list-style-type: none"> 11 SUSTAINABLE CITIES AND COMMUNITIES 17 PARTNERSHIPS FOR THE GOALS
	Responsible sourcing	<ul style="list-style-type: none"> Implement responsible sourcing policy and program. 	<ul style="list-style-type: none"> Reach 80% integration of Policy by suppliers. 	<ul style="list-style-type: none"> 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 8 DECENT WORK AND ECONOMIC GROWTH
GOVERNANCE	Credibility and recognition	<ul style="list-style-type: none"> Strengthen transparency through reporting and recognition in sustainability. Actively contribute to the United Nations Sustainable Development Goals. 	<ul style="list-style-type: none"> Receive third-party recognition of sustainability performance. 	

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.