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SUMMARY OF THE 2024 – 2028 CORPORATE PLAN AND 2024 OPERATING AND CAPITAL BUDGETS

October 10th, 2024

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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 fully aligned with its mandate of providing passenger rail services on behalf of the Government of Canada. VIA Rail's team is very ambitious, wanting to do more to ensure the delivery of its mandate is the best it can be, better than it has ever done.

This corporate plan explains the complexity of the operating environment in which VIA Rail trains operate across Canada. These complexities consist of having one of the oldest passenger car fleets in the world (other than purely tourist trains), the arrangements whereby passenger trains use infrastructure from freight and other railways, the impacts of climate change on railway operations and lastly but not least the financial impacts on many aspects of VIA Rail's activities.

As explained in this plan, VIA Rail believes that best practices should be used to facilitate efficient, timely movement of passengers in Canada. These best practices would include:

- clear and transparent capacity allocation and punctuality processes;
- clear and transparent access fees; and
- 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. It has a new strategic plan, VIAAction 2030, which focuses on continuous improvement, optimizing passenger rail services across Canada and optimizing VIA Rail's organization. All with a view to make VIA Rail a best-in-class passenger rail operator. The plan aims to streamline operations, achieve cost savings, and reduce the operating deficit to align with the federal budget targets.

VIA Rail has also continued to deliver, in an excellent manner, many large, complex projects, in a way never experienced in its past. From the refurbishment of the aging fleet to 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: the next phase of refurbishment of the old train cars and refurbishment and modernization of the maintenance facilities. 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 essential service for all Canadians from coast to coast. VIA Rail, and its corporate plan, is entirely aligned with the Government of Canada's objectives of providing efficient passenger rail service, achieving its environmental objectives, attaining reconciliation efforts and providing essential services. VIA Rail strives to be the most financially sustainable crown corporation it has ever been.

As this plan demonstrates, the Corporation's key priorities are as follows:

- **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 given the specialized training of the Corporation's employees.
- **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 is ready to begin the procurement process to replace its aging LDRR fleet.
- **Enhanced Train Control (ETC):** VIA Rail is actively working to develop and install ETC as it believes that 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.

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

In 2024, VIA Rail developed a new Strategic Plan up to the year 2030 (VIAction 2030) to lay the groundwork for future successes. As part of its annual strategic planning process, the Corporation reviews its strategic orientations and ensures that the roadmap of 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

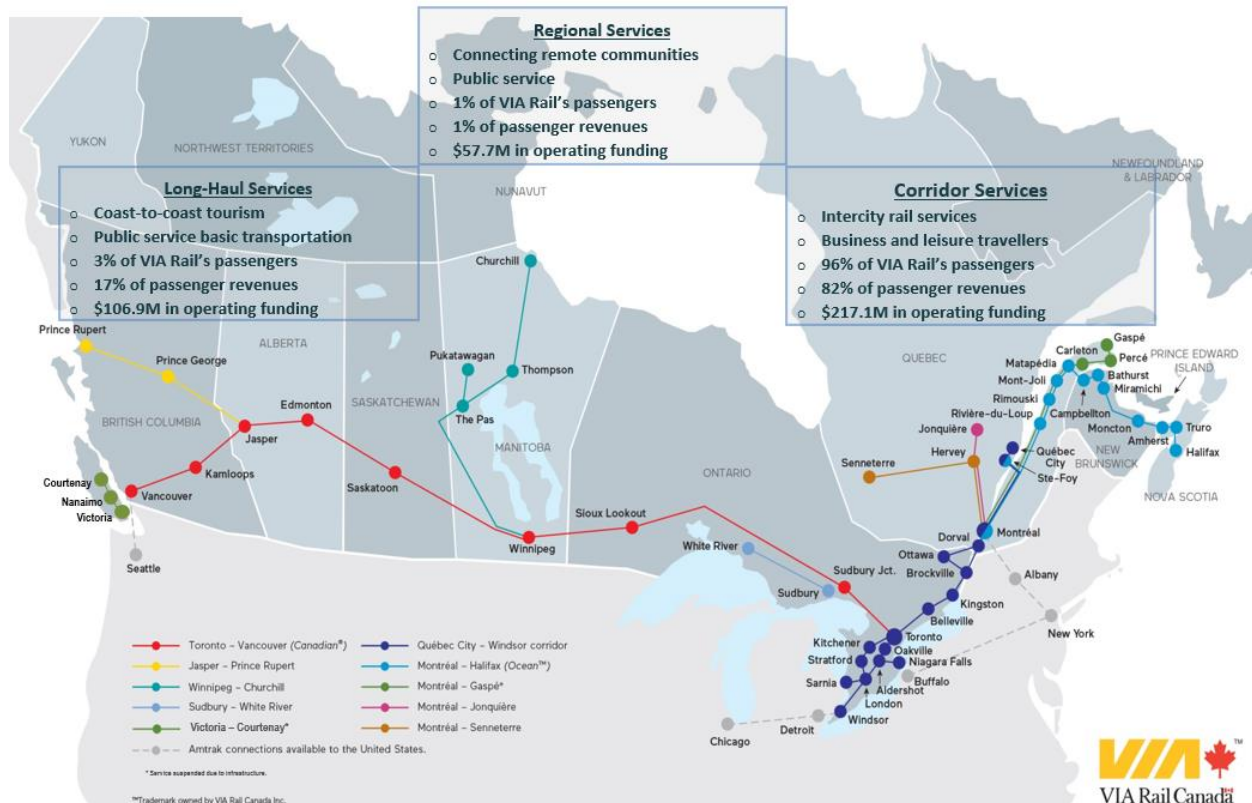
The underpinning of these pillars remains focused on long-term, high-impact projects, with the ambition of elevating VIA Rail's capacity to move more people and connect more communities across Canada. This ambition extends to the Corridor as well as the Long-distance, Regional and Remote services, while providing an unparalleled and inclusive travel journey, seamlessly connecting customers from doorstep to destination.

1.3. Activities and Financial Condition

VIA RAIL'S NETWORK 2023

4.1 million passengers per year
12,500 km network
3,250 employees

\$408.4M in revenues
\$381.8M in operating funding



In a typical year, VIA Rail operates over 450 trains per week in all regions of Canada over approximately 12,500 kilometres (or 7,800 miles) of rail. In 2023 VIA Rail carried 4.1 million passengers, with \$430.6 million in total revenue, 6.3 million train miles and 910 million passenger miles (the railway industry still uses the imperial system) – while in 2019, those results were 5.0 million passengers, \$411.1 million in total revenue, 6.9 million train miles and 1,055 million passenger miles.

VIA Rail has made significant efforts to contain the growth of its operating deficit and thus, its reliance on government funding. However the economic environment is applying upward pressures on VIA Rail's operating expenses, which makes this initiative more challenging. 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 mostly on busy freight railroads (mostly CN Rail) whose tracks are not optimal for passenger operating speeds, causing delays that affect the number of people that want to take the train due to poor on-time performance, especially in the corridor.

1.4. VIA Rail Markets & Services

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

The 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 is often no roads. VIA Rail is the only means of transportation for grocery shopping and healthcare 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 factor 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). The busiest segment is the Toronto – Montreal segment. The Corridor typically represents 96% of the overall VIA Rail ridership.

Train services are up to approximately 85% of their 2019 level in the Corridor. The Crown Corporation will have to balance service levels with its operating constraints throughout 2024 and 2025 as it manages the challenges associated with running its aging HEP cars, retiring its LRC cars and receiving and introducing the new Corridor fleet.

2.2. The Long-Distance Services

The *Canadian*

The *Canadian* is a product, serving both tourism and intercity travellers along the Toronto–Vancouver route, including some remote communities. While on-time performance is perceived differently to the travellers of this four-day trip, the delays are at times unacceptable.

The service experienced several years of robust revenue growth from 2014 to 2019 then again in the post-pandemic period from 2022 to 2023.

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, forcing VIA Rail trains to wait for several freight trains to pass and 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, 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 2024. 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. 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 significant delays due to poor track conditions on a segment called the Newcastle subdivision which sees very little use by the host railway, CN Rail.

In the past decade or so, a 44-mile section of that rail infrastructure had degraded significantly. So much so that, in 2014, the *Ocean* service was threatened, and CN Rail was considering abandoning that subdivision of its network. Investments under the leadership of VIA Rail in 2018-2019 helped temporarily bring the track up to better standards, but further degradation has since occurred, causing the schedule to be extended as it could not be kept any longer. VIA Rail believes that this condition will not change, and the potential acquisition of that subdivision may be considered in the near future in order to ensure continued operation of the *Ocean*.

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, poor rolling stock condition, 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 provide essential transportation to communities where alternative and affordable transportation is limited or unavailable.

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. 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

VIA Rail's regional routes are considered essential by the communities they serve as they provide the only means to get groceries or medical care.

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 a core element of VIA Rail's mandate. They provide essential transportation to communities, including First Nations, where

alternative and affordable transportation is limited or unavailable. These services are the following:

- Jasper – Prince-Rupert (AB, BC);
- Victoria – Courtenay (BC); *Suspended*
- Winnipeg – Churchill (MB through a portion of SK);
- The Pas – Pukatawagan (MB) - provided by the Keewatin Railway Corporation;
- Sudbury – White River (ON) – operated over Canadian Pacific’s 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 exceed its 2019 level in 2022 and reached 105% of its 2019 level in 2023.

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 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, with the work planned to begin during summer 2024 and to end towards the end of 2026, which should allow for the return of passenger service. In preparation for the potential return of service to Gaspé, VIA Rail will review the pattern of its operations as well as the state and the requirements of its stations 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 for various reasons. These include 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. All these factors, along with the continuing rise in the average age of the population and in housing and energy prices, make passenger rail an increasingly desirable solution.

VIA Rail is simultaneously seeing the benefits from growth or recovery in the primary determinants of travel demand – gross domestic product (GDP), population growth, and tourism (local and international). In fact, when controlling for a constrained level of service, 2023's performance comes very close to matching the record numbers in 2019. Thanks to a strong demand for travel, the Crown Corporation's ridership for 2023 was 82% of its level in 2019 with an offering that represented 84% of its level in 2019.

Between 2019 and 2023, Canada's real GDP grew 1.3% per year for a total growth of 5.1%. Over the same period, Canada's population grew by 1.6% per year for a total growth of 6.6%. The period also gave way to a 17.3% rate of decline of Canadian tourism GDP (nominal) and a 25.7% decrease in foreign tourism due to ongoing recovery of travel following the COVID-19 pandemic. However, from 2021 to 2023 Canadian tourism GDP (nominal) grew 42% and foreign tourism rose to about five 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 Frequency Rail procurement process and delivering sustainable and accessible services.

Inflation remains above the central bank's target rate of 2%. Canada's CPI reached 3.4% for the 12 months ending in December 2023. Between 2019 and 2023, it grew at a rate of 3.8% per year for a total growth of 16.1%. The price for energy products, commodities, food supplies and services such as rail infrastructure maintenance and construction have 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. 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, this extension will help avoid a possible disruption to VIA Rail's schedules and allow an equitable and transparent scope of work and cost-sharing agreement with CN. Some work was completed in 2022 and 2023 and VIA Rail will need the rest of the funds granted in order to pay CN for the remaining work in 2024.

2.6. Office of the Auditor General Special Examinations

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

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, the scope of the next special examination is under development. The review process is expected to begin in mid-2024 and last into 2025. Following completion of the analysis and preparation of its report, the OAG will issue a new set of findings.

2.7. 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.

2.8. Internal Environment

2.8.1. Maintenance Deficit of the 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. The success of the proposal heralds a new era for some of Canada's most iconic train journeys.

The average age of the VIA Rail rolling stock is 77 years, one of the oldest in the world. The majority of the cars used outside the Corridor (HEP cars) are well beyond the industry norm of 30 to 40 years, meaning that almost all are subject to unexpected issues. For example, a few years ago, temporary measures were put in place in accordance with the ministerial order (MO 22-06). Budget 2023 provided for additional funding for VIA Rail to undertake rehabilitation work on these passenger cars.

In Budget 2024 the Government of Canada confirmed its commitment to replace the Heritage Fleet. VIA Rail is working to make this lengthy procurement process as efficient as possible. Consequently, VIA Rail needs to ensure the current fleet is maintained, necessitating 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.

Facilities

VIA Rail was created in 1977 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.

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 so that it may maintain, and upgrade stations and maintenance centres in the Québec City-Windsor Corridor. Additional funds were also awarded through an off-cycle decision later that same year so that VIA Rail could maintain and upgrade stations and maintenance centres which support the Long-Distance, Regional and Remote services.

Examples of the work include repairs or replacements of roofing, bricks, windows, mechanical, structural and electrical systems, as well as improvements to accessibility features and replacement of platforms.

A short to medium-term investment program, until 2025 has been developed for facilities across the country. This plan is the first of its kind in many years and its arrival is timely for the upkeep and improvement of the Crown Corporation's facilities which face an aging condition that could impede VIA Rail's progress towards its five major strategic objectives. Despite the funding VIA Rail continues to face a large upkeep deficit.

2.8.2. Retention of Key Critical Skills

Employee contribution is crucial to VIA Rail's continued success in a highly competitive travel and tourism sector. 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. This despite the employer recognition described in a further section.

VIA Rail's overall engagement score for 2021 dropped to 61% from 67% in 2020. The toll of the COVID-19 pandemic on employees is the primary reason behind this decline.

2.8.3. Labour Force

As of December 31, 2023, VIA Rail had 3,250 active employees. Of the active employees, 2,440 members belong to one of two unions.

- TCRC is the union that represents locomotive engineers. The collective agreement 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 2024.

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

In order to deliver intercity passenger rail services on behalf of the Government of Canada, VIA Rail requires access to infrastructure owned by third parties, mostly host railways providing freight rail services:

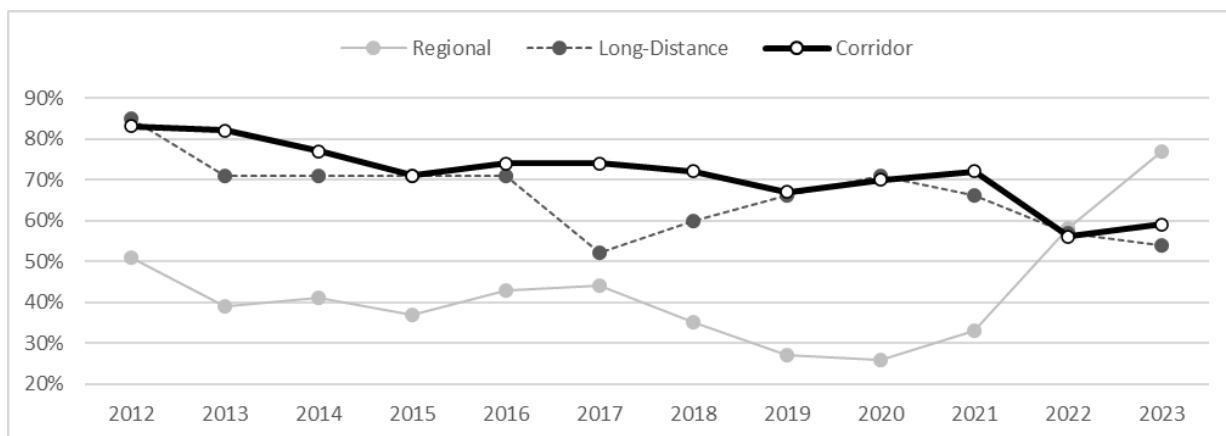
- Tracks owned by CN (the majority of the network VIA operates on);
- Tracks and platforms owned by Metrolinx to access Toronto’s Union Station; and
- Tracks and platforms owned by Immeuble VDS Inc. (VDS) to access Montreal Central Station.

These infrastructures are necessary 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 OTP results, dependent upon the host railways, have been declining or performing poorly for several years which is affecting its ability to fulfill its mandate and offer an attractive service for passengers. 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.

It is clear from numerous studies, and the OAG (2008 and 2016), that VIA Rail is not receiving value for the money it pays host railways. VIA Rail’s control is limited to the availability of trains at departure, preparation of the trains and boarding passengers and departure times.

Metrolinx continues with its plan to drastically increase frequencies in the Greater Toronto Area, and the REM's 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.

That is why VIA Rail believes that the best solution to address the unbalanced relationship with third parties 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.

Within the current planning period, VIA Rail has renewed two of its three fundamental access agreements which affect both its regular operations as well as its foremost transformation activities. The outstanding agreement is also by far the largest: the CN TSA.

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. As the two continue to deliberate, VIA Rail and CN continue to respect the terms of the existing, but expired, TSA.

For the other two fundamental track access agreements, VIA Rail and Metrolinx concluded negotiations of an interim agreement in 2023 that will be renegotiated in early 2025. The Greater Toronto Area where Metrolinx operates is VIA Rail's most important market in terms of ridership and revenue. Metrolinx is seeking to turn Toronto's Union Station into a state-of-the-art commuter rail hub with a maximum of 15-minute service on all its lines. This will lead to more congestion at Union Station where VIA Rail trains will experience more delays upon arrival at Union Station outside of their scheduled slot due to on-line delays.

3.2. Heritage Fleet Replacement

VIA Rail has received appropriations in 2022 and 2023 to address the aging of its Heritage Fleet and to refurbish their critical systems (electrical, plumbing, interiors, etc.). There are more than 250 cars and locomotives in VIA Rail's Heritage Fleet. Due to their age and condition, VIA Rail will prioritize the replacement of its Heritage Fleet. In the meantime, only necessary budgets must be used to deliver the reliability program for the existing fleet.

VIA Rail is ready to begin the procurement process to replace its aging Long-Distance, Regional and Remote 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. An RFP launch could come as early as fiscal year 2024-25.

VIA Rail will continue with its ongoing pre-procurement activities until it receives formal notice to proceed from the Government of Canada. This includes multiple Requests for Information (RFIs) and early

development of Technical Specs, Commercial/Legal terms, Outreach, and preparation of Request for Proposals (RFP) materials to protect long lead times. Completed pre-procurement activities include the business case submitted in 2022.

The procurement of this new fleet will take place through separate processes for locomotives and rolling stock.

3.3. High Frequency Rail

VIA Rail continues to play an important role in supporting the High Frequency Rail (HFR) project, which saw major milestones in 2023:

- February: launch of a Request for Qualifications (RFQ), which closed in April and was followed by the announcement of three qualified bidding teams in July;
- October: the Government of Canada subsequently launched a Request for Proposals (RFP). The evaluation is expected to take place in summer 2024. The goal is to select, in 2024, a private sector partner to collaborate on the development of the HFR project prior to a final investment decision.

VIA Rail has entered into agreements with VIA HFR and the Minister of Transport to define their roles, responsibilities and accountabilities related to the HFR Project. Throughout the Procurement and Co-Development Phases of the Project, VIA Rail will continue to provide all necessary support, expertise and co-operation to the Government Office and VIA HFR.

3.4. Operational Efficiency Initiatives

In 2022, VIA Rail launched a company-wide review 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.

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

The Corporation expects that efficiencies can be implemented in several areas:

- the delivery of food and beverage service;
- the implementation of the New Reservation System;

- the review of processes and responsibilities through the Entry into Service project of the Corridor Fleet Renewal;
- leveraging telework for office staff and call centres; and
- new technologies and regulatory changes.

3.5. Other Strategic Activities

3.5.1. 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. 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 continuing discussions with Transport Canada regarding a potential future funding request for the 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 HFR.

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.

3.5.2. Enhance Passenger Rail Services in Southwestern Ontario

With the goal of enhancing passenger rail services in Southwestern Ontario, VIA Rail and Transport Canada are continuing to work together to explore 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 is also executing investments at London station as well as various projects across the stations of Brantford, Chatham, Sarnia, Stratford and Woodstock. The funding for those projects was provided for in Budget 2022 and the 2022 off-cycle decision.

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.

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.

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 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. The 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.

Following the significant weather events encountered in December 2022, which caused several operational difficulties that negatively impacted customers, VIA Rail called upon experts to complete a review of its performance. The Crown Corporation has implemented multiple recommendations provided by the reviewing experts. For example, revised communication protocols and revised train provisioning will minimize the impact on customers should similar events occur in the future.

3.5.5. Detroit-Windsor International Passenger Rail Connection

Jointly with Amtrak, VIA Rail is exploring potential delivery solutions and operating configurations for the extension of Amtrak's Wolverine service. Initial efforts are underway to overcome challenges related to infrastructure, stations and routing.

Transport Canada has provided funding to VIA Rail so that it may undertake the necessary research and analyses within the context of Amtrak's proposed extension of its Wolverine service. 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.

3.5.6. Enhanced Train Controls

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.

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 Transport Canada will be working towards regulatory implementation of ETC standards by 2025 with them coming into force by 2030. 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 is also implementing efficiency measures to achieve the 3% reduction guidelines announced in Budget 2023.

Numerous assumptions had to be made to estimate the financial results of the current planning period. Although VIA Rail's operating environment is returning to a state of normality post-COVID, its 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 2024-2028.

4.1. Overview of the 2024-2028 Financial Plan

Revenues

Total variable revenues are forecast to grow by 27% over the Plan period (from \$407.3 million in 2023 to \$519.0 million in 2028).

Semi-variable and fixed revenues are forecast to grow by 6% (from \$23.4 million in 2023 to \$24.7 million in 2028) 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.

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 34% over the Plan period (from \$418.3 million in 2023 to \$562.3 million in 2028). 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 VIA Action 2030 initiatives to optimize operations and generate costs savings.

Semi-variable and fixed expenses are forecast to grow 10% (from \$392.6 million to \$432.3 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 37% (from \$334.1 million to \$456.1 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 growth of 37% (from \$279.9 million to \$382.2 million) over the Plan period. VIA Rail will attempt to constrain the increase of its operating expenses as part of its continuous improvement initiatives.

4.1.2. The *Canadian*

Variable Revenues

The *Canadian* is forecast to have variable revenue decline of 22% (from \$56.0 million to \$43.5 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 expenses growth of 28% (from \$71.9 million to \$91.9 million) over the Plan period. VIA Rail will attempt to contain the increase of its 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 16% (from \$12.9 million to \$14.9 million) over the Plan period, due to growth in demand and inflation.

Variable Expenses

The *Ocean* is forecast to have variable expenses growth of 28% (from \$31.6 million to \$40.5 million) over the Plan period. VIA Rail will attempt to contain the increase of its 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 10% (from \$4.2 million to \$4.6 million) over the Plan period, due to growth in demand and inflation.

Variable Expenses

The Regional services are forecast to have variable expenses growth of 36% (from \$35.0 million to \$47.7 million) over the Plan period. VIA Rail will attempt to contain the increase of its 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.

Sustainable program

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 station 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 building 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 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.

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 HFR

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 frequency rail project. 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 condition.

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.

4.2. Financial Operating Performance – 2022 to 2023

4.2.1. Corridor

Variable Revenues

In 2023, 3.9 million passengers travelled in the Corridor, representing 96% of all VIA Rail's traffic and accounting for 82% of passenger revenues. Following an increase in ridership from 3.2 million in 2022 to 3.9 million in 2023, revenues increased by \$76.9 million, from \$257.2 million in 2022 to \$334.1 million in 2023 (+30%).

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 increasing ridership to continue generating revenue growth.

Variable Expenses

For 2023, the Corridor's variable expenses have increased by \$50.9 million, from \$229.0 million in 2022 to \$279.9 million in 2023 (+22%). 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's program to optimize operations and generate costs savings.

Deficit and Efficiency

The Corridor's variable contribution increased by \$26.0 million in 2023, from \$28.2 million in 2022 to \$54.2 million in 2023. The variable operating ratio (variable revenue/variable expenses) has improved to 119% in 2023, from 112% in 2022.

4.2.2. The Canadian

Variable Revenues

In 2023, the *Canadian's* variable revenues have increased by \$9.2 million, from \$46.8 million in 2022 to \$56.0 million in 2023 (+20%), reflecting the impact of the reintroduction of services and increase in ridership.

Variable Expenses

The *Canadian's* variable expenses have increased by \$12.5 million, from \$59.4 million in 2022 to \$71.9 million in 2023 (+21%). 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's program to optimize operations and generate costs savings.

Deficit and Efficiency

The *Canadian's* variable deficit has increased by \$3.3 million from \$12.6 million in 2022 to \$15.9 million in 2023. The variable operating ratio (variable revenue/variable expenses) has decreased slightly to 78% in 2023, from 79% in 2022.

4.2.3. The Ocean

Variable Revenues

In 2023, the *Ocean's* variable revenues have increased by \$3.3 million, from \$9.6 million in 2022 to \$12.9 million in 2023 (+34%) reflecting the impact of the reintroduction of services and increase in ridership.

Variable Expenses

In 2023, the *Ocean's* variable expenses have increased by \$6.5 million, from \$25.1 million in 2022 to \$31.6 million in 2023 (+26%). This increase is explained by 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's program to optimize operations and generate costs savings.

Contribution and Efficiency

The *Ocean's* variable deficit has increased by \$3.2 million from \$15.5 million in 2022 to \$18.7 million in 2023. The variable operating ratio (variable revenue/variable expenses) has improved to 41% in 2023, from 38% in 2022.

4.2.4. Regional Services

Variable Revenues

In 2023, the regional services' variable revenues have increased by \$0.8 million, from \$3.4 million in 2022 to \$4.2 million in 2023 (+24%) primarily due to higher ridership caused by reintroduction of services.

Variable Expenses

In 2023, the regional services' variable expenses have increased by \$5.3 million, from \$29.7 million in 2022 to \$35.0 million in 2023 (+18%). This increase is explained by the additional capacity deployed as well as the impact of annual cost. These increases were partly offset by cost containment measures as part of VIA's program to optimize operations and generate costs savings.

Contribution and Efficiency

The Regional services' variable deficit has increased by \$4.6 million from \$26.2 million in 2022 to \$30.8 million in 2023. The variable operating ratio (variable revenue/variable expenses) has improved to 12% in 2023, from 11% in 2022.

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 \$0.9 million in 2023 to \$1.4 million in 2028. In 2019, the expenses related to Travel and Entertainment totalled \$1.5 million. Expenses in that category significantly decreased due to the pandemic and of work from home policy. Over the Plan period, expenses will increase at an average annual rate of 5.0% starting in 2024 as business activities resume a more normal course.

4.4. Previous capital programs – 2017 to 2023

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.

VIA Rail has already requested a reprofile, through the Supplementary Estimates and ARLU process.

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 \$1.5B. At the end of December 2023, VIA Rail spent \$804.1M (54.0%) for this important project leaving \$685.7 million to be spent in future years.

2020 Federal Budget program

The Federal Government's Off-cycle decision in 2020 provided \$500.0 million for ongoing capital projects. As of December 2023, VIA Rail spent \$329.5 million of this envelop, leaving \$170.5 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 frequency rail project. 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. As of December 2023, VIA Rail spent \$14.0 million of this envelop, leaving \$476.1 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 December 2023, VIA Rail spent \$94.2 million of this envelop, leaving \$281.1 million to be spent in future years.

2023 Federal Budget program

The Federal Budget 2023 provided for \$327.4 million to VIA Rail to conduct maintenance on its trains on routes outside the Québec City–Windsor Corridor and to maintain levels of service

across its network. As of December 2023, VIA Rail spent \$1.1 million of the \$212 million capital component, leaving \$210.9 million of capital funding to be spent in future years.

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, KPMG, 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 was completed in 2016.

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

- transactions comply with the regulations, the charter and by-laws of the Corporation, and any directive given to the Corporation;
- operations are carried out effectively; 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 with the guidance expressed in the Prime Minister's December 2021 Mandate Letter to the Minister of Transport, that was communicated to the President and Chief Executive Officer by the Honourable Omar Alghabra, Minister of Transport.

Via Rail will support the mandate which includes instruction for the Minister of Transport as quoted below:

“As Minister of Transport, your immediate priority is to enforce vaccination requirements across the federally regulated transport sector that are in place and to continue to advance the restart and rebuilding of the commercial air sector. You will also prioritize work to make High Frequency Rail a reality, and to advance measures that support Canada's transition to net zero, including accelerating the transition to zero emission vehicles.

To realize these objectives, I ask that you achieve results for Canadians by delivering the following commitments.

- Require that travellers on interprovincial trains, commercial flights, cruise ships and other federally regulated vessels are vaccinated, and continue to work with the federally regulated transportation sector to ensure that COVID-19 vaccination is prioritized for those workers.
- Continue working with the Minister of Public Safety and the Minister of Health to protect the health and safety of Canadians through safe, responsible and compassionate management of the border with the United States and other ports of entry into Canada.
- Launch a procurement process and move forward with the High Frequency Rail project in the Toronto to Québec City corridor using electrified technology, working towards the goal of extending the high frequency rail project to Southwestern Ontario.”

<https://pm.gc.ca/en/mandate-letters/2021/12/16/minister-transport-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 for 2024 are scheduled February 20-21; March 19-21; May 28-30; August 20-22, October 8-9 and November 19-21.

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 February 29, 2024, as well as details regarding the Directors. Note that requests for the appointment or the renewal of some Board members' mandates or seats (i.e. was submitted in 2023 to Transport Canada. Under section 105(4) of the Financial Administration Act they continue in office until their successors are appointed.

VIA Rail Canada – Board of Directors					
Name	Location	Appointment date	Expiration date of the term	Term length	Term
Françoise Bertrand	Montréal (QC)	April 12, 2017	Apr. 11, 2025	5+1.5+1.5 years	Third
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	Feb. 24, 2026	4+4 years	Second
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;
- Jonathan Goldbloom;
- Glen Rainbird;
- Gail Louise Stephens;

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. HFR Project support: Monitor and support the High Frequency Rail (HFR) project, 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.

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.

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.

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

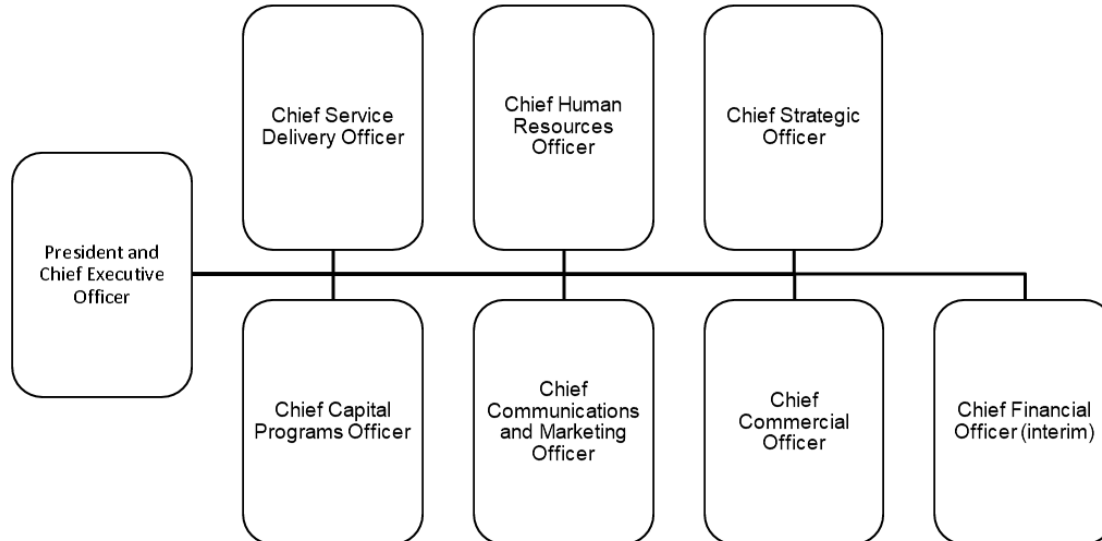
1. Governance policies and practices: Overseeing corporate governance matters, reviewing and improving Board practices, and updating the Corporation's By-laws.
2. Board and Committee operations: Handling director orientation, communication procedures, document access, annual mandate reviews, committee 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.



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	Officers
Base Salary Range	\$204,445 – \$327,984
Incentive Program Range	35% - 50%
Total Compensation Range per Calendar Year	\$311,788 – \$573,972
Perquisites Program	
	Officers
Car Allowance	\$24,000
Social, Sport Club Memberships	
Health Care Spending account	
Comprehensive Medical Exams	
Financial Planning Services	

1. On December 31, 2023, Executive Officers were: Chief Capital Programs Officer, Chief Service Delivery Officer, Chief Communications and Marketing Officer, Chief Human Resources Officer, Chief Commercial Officer, Chief Strategic Officer and Chief Financial Officer (interim).

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

*Financial statements and budgets exclude Budget 2024 funding approved for LDRR

VIA RAIL CANADA INC.
2024-2028 CORPORATE PLAN
OPERATING AND CAPITAL BUDGETS

VIA FISCAL YEAR ENDING DECEMBER 31								
(MILLIONS OF DOLLARS)	ACTUAL		PLAN					TOTAL
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2024-2028</u>
Operating	689.4	812.4	875.1	903.1	935.2	988.6	1,024.7	4,726.6
Capital	318.2	391.2	598.3	409.0	309.0	465.1	336.7	2,118.1
Total	1,007.6	1,203.7	1,473.4	1,312.1	1,244.2	1,453.7	1,361.4	6,844.8

ANTICIPATED SHORTFALL OR SURPLUS

VIA FISCAL YEAR ENDING DECEMBER 31								
(MILLIONS OF DOLLARS)	ACTUAL		PLAN					TOTAL
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2024-2028</u>
Available funding (Government Appropriation)	702.1	1,315.4	1,343.6	806.3	374.2	189.5	150.0	2,863.7
Anticipated External Revenues	335.1	430.7	475.6	509.3	528.9	536.4	543.8	2,593.9
Total Revenues	1,037.2	1,746.0	1,819.2	1,315.7	903.0	725.9	693.8	5,457.6
Anticipated Expenses (Operating and Capital)	1,007.6	1,203.7	1,473.4	1,312.1	1,244.2	1,453.7	1,361.4	6,844.8
Anticipated Surplus (Shortfall)	29.6	542.4	345.8	3.6	(341.1)	(727.9)	(667.6)	(1,387.2)
Proposed reprofiling of funding	0.0	0.0	(345.8)	(3.6)	167.4	415.1	336.7	569.9
Anticipated Surplus (Shortfall) after reprofiling ⁽¹⁾	29.6	542.4	0.0	0.0	(173.7)	(312.7)	(330.9)	(817.3)
Cash on Hand	9.7	22.8	10.0	10.0	10.0	10.0	10.0	50.0

VIA RAIL CANADA INC.
2024-2028 CORPORATE PLAN
OPERATING FUNDING STATEMENT

VIA FISCAL YEAR ENDING DECEMBER 31								
(MILLIONS OF DOLLARS)	ACTUAL		PLAN					TOTAL
	2022	2023	2024	2025	2026	2027	2028	2024-2028
REVENUES								
Total Revenues	335.1	430.7	475.6	509.3	528.9	536.4	543.8	2,593.9
EXPENSES								
Total Expenses	679.4	810.9	873.6	900.1	930.0	960.4	994.6	4,658.8
Operating Deficit Before Government Subsidy and Pension Costs	344.3	380.2	398.0	390.7	401.1	424.1	450.9	2,064.8
Government Subsidy	323.5	357.0	411.4	410.2	207.9	139.5	150.0	1,319.0
Transfer of Capital Funding to Operations	30.0	12.4	(1.8)	0.0	(42.4)	0.0	0.0	(44.2)
Operating Funding Surplus / (Deficit) before Pension Costs	9.2	(10.8)	11.6	19.5	(235.7)	(284.6)	(300.8)	(790.0)
PENSION COSTS								
Total Pension Costs	10.0	1.6	1.5	3.0	5.2	28.1	30.1	67.9
less: Supplementary Government Pension Funding	30.5	26.2	23.5	5.7	0.0	0.0	0.0	29.2
Pension Costs Funding Surplus / (Deficit)	20.5	24.6	22.0	2.7	(5.2)	(28.1)	(30.1)	(38.7)
Proposed Reprofiting of Operating Funding	0.0	(11.3)	(33.6)	(22.2)	67.1	0.0	0.0	11.3
Operating Surplus / (Deficit) after Government Funding ⁽¹⁾	29.6	2.5	0.0	0.0	(173.7)	(312.7)	(330.9)	(817.3)

VIA RAIL CANADA INC.
2024-2028 CORPORATE PLAN
SUMMARY - TOTAL CAPITAL EXPENDITURES

VIA FISCAL YEAR ENDING DECEMBER 31								
(MILLIONS OF DOLLARS)	ACTUAL		PLAN					TOTAL
	2022	2023	2024	2025	2026	2027	2028	2024-2028
Major Capital Programs								
Equipment Projects	39.2	36.2	34.8	65.7	88.5	120.0	113.1	422.0
Infrastructure Projects	32.8	34.8	105.2	47.0	34.5	171.4	171.4	529.4
Sub-Total Major Programs	72.0	71.0	140.0	112.6	123.0	291.3	284.5	951.5
Other Capital Programs	246.2	320.3	458.3	296.4	186.0	173.8	52.2	1,166.7
Total Capital Expenditures	318.2	391.2	598.3	409.0	309.0	465.1	336.7	2,118.1
Gov't Capital Funding Required	318.2	391.2	598.3	409.0	309.0	465.1	336.7	2,118.1
Total Gov't Capital Funding	348.2	932.2	908.7	390.3	166.3	50.0	0.0	1,515.4
Proposed Reprofiting of Capital Funding	30.0	540.9	310.4	(18.7)	(142.6)	(415.1)	(336.7)	(602.7)
Funding Shortfall / (Surplus) ⁽¹⁾	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

NOTE 1: Sum may differ due to rounding

VIA RAIL CANADA INC.
2024-2028 CORPORATE PLAN
STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

VIA FISCAL YEAR ENDING DECEMBER 31							
(MILLIONS OF DOLLARS)	ACTUAL		PLAN				
	2022	2023	2024	2025	2026	2027	2028
Operating Deficit Before Government Subsidy	(354.3)	(381.8)	(399.4)	(393.7)	(406.4)	(452.2)	(481.0)
Item (not requiring) not providing operating funds	(134.9)	(130.1)	(172.3)	(194.1)	(188.0)	(178.8)	(188.4)
Income tax expense	10.5	1.2	-	-	-	-	-
Operating loss before funding from the Government of Canada	(478.7)	(510.7)	(571.7)	(587.8)	(594.4)	(631.0)	(669.4)
Operating funding from the Government of Canada	354.3	381.8	444.4	416.0	165.5	139.5	150.0
Amortization of deferred capital funding	109.2	120.0	138.0	161.6	157.8	171.4	183.1
Net income (loss) for the year	(15.2)	(8.9)	10.7	(10.2)	(271.1)	(320.1)	(336.3)

VIA RAIL CANADA INC.
2024-2028 CORPORATE PLAN
STATEMENT OF CASH FLOWS

VIA FISCAL YEAR ENDING DECEMBER 31							
(MILLIONS OF DOLLARS)	ACTUAL		PLAN				
	2022	2023	2024	2025	2026	2027	2028
Operating activities							
Net loss for the year	(15.2)	(9.0)	(34.3)	(32.4)	(201.5)	(320.1)	(346.2)
Adjustments to determine net cash (used in) providing by operating activities	23.4	15.5	24.0	35.4	204.7	323.5	349.5
Net cash (used in) provided by operating activities	8.2	6.5	(10.3)	3.0	3.2	3.4	3.3
Investment activities							
Net cash (used in) provided by investing activities	1.3	10.5	0.0	0.0	0.0	0.0	0.0
Financing activities							
Net cash (used in) provided by financing activities	(4.2)	(4.0)	(2.5)	(3.0)	(3.2)	(3.4)	(3.3)
Cash and cash equivalents							
(Decrease) increase during the year	5.3	13.0	(12.8)	0.0	0.0	0.0	0.0
Balance, beginning of year	4.4	9.8	22.8	10.0	10.0	10.0	10.0
Balance, end of year	9.7	22.8	10.0	10.0	10.0	10.0	10.0

VIA RAIL CANADA INC.
2024-2028 CORPORATE PLAN
STATEMENT OF FINANCIAL POSITION

VIA FISCAL YEAR ENDING DECEMBER 31							
(MILLIONS OF DOLLARS)	ACTUAL		PLAN				
	2022	2023	2024	2025	2026	2027	2028
Cash	9.7	22.8	10.0	10.0	10.0	10.0	10.0
Current assets	190.4	227.4	214.8	216.9	218.6	219.9	221.2
Non-current assets	2,391.2	2,618.4	3,403.4	3,962.8	4,678.8	5,567.2	6,884.1
TOTAL ASSETS	2,591.3	2,868.6	3,628.2	4,189.7	4,907.4	5,797.1	7,115.3
Current liabilities	280.4	335.7	264.8	217.9	525.7	846.6	1,184.7
Other payables	29.5	35.2	40.0	60.0	-	-	-
Deferred income tax	48.0	35.2	0.0	0.0	0.0	0.0	0.0
Lease liabilities (Operating)	99.9	98.3	95.8	92.8	89.6	86.2	82.9
Employee benefit liabilities	31.2	32.6	50.4	75.0	97.4	96.9	95.4
Deferred capital funding	1,867.1	2,137.3	2,972.3	3,549.2	4,271.1	5,163.8	6,484.9
TOTAL LIABILITIES	2,356.1	2,674.3	3,423.3	3,995.0	4,983.8	6,193.6	7,848.0
Share capital	9.3	9.3	9.3	9.3	9.3	9.3	9.3
Balance, beginning of year	144.7	225.8	185.0	195.6	185.4	(85.7)	(405.8)
Net loss for the year	(15.2)	(9.0)	10.6	(10.2)	(271.1)	(320.1)	(336.2)
Other comprehensive (loss) income	96.4	(31.8)	0.0	0.0	0.0	0.0	0.0
Balance, ending of year	225.9	185.0	195.6	185.4	(85.7)	(405.8)	(742.0)
SHAREHOLDER'S EQUITY	235.2	194.3	204.9	194.7	(76.4)	(396.5)	(732.7)
TOTAL LIABILITIES AND SHAREHOLDER'S DEFICIENCY	2,591.3	2,868.6	3,628.2	4,189.7	4,907.4	5,797.1	7,115.3

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

VIA RAIL CANADA INC.
2024-2028 CORPORATE PLAN
FUNDING REQUIREMENTS AND SOURCES

GOVERNMENT FISCAL YEAR ENDING MARCH 31									
	(MILLIONS OF DOLLARS)		ACTUAL		PLAN				TOTAL
	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2024-2028	
APPROVED FUNDING	Operating Funding Reference Level	146.8	146.8	146.8	146.8	146.8	146.8	146.8	733.8
	Additional Operating Funding Approved	190.7	243.8	240.3	229.0	(9.0)	(6.7)	6.6	460.3
	Total Operating Funding - Approved	337.5	390.5	387.1	375.7	137.8	140.1	153.4	1,194.0
	Pension Funding Approved	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Additional Pension Funding	28.8	25.3	22.9	0.0	0.0	0.0	0.0	22.9
	Total Pension Funding - Approved	28.8	25.3	22.9	0.0	0.0	0.0	0.0	22.9
FUNDING REQUIREMENTS	Capital Funding Approved	336.3	1,066.7	856.7	234.9	200.0	0.0	0.0	1,291.6
	Total Capital Funding - Approved	336.3	1,066.7	856.7	234.9	200.0	0.0	0.0	1,291.6
	Total Gov't Funding Approved	702.6	1,482.5	1,266.6	610.6	337.8	140.1	153.4	2,508.5
	Operating Funding required	349.6	387.3	387.5	392.8	406.7	430.7	454.1	2,071.8
	Pensions Costs Funding required	4.6	1.0	1.8	3.4	10.7	28.5	30.5	74.9
	Total Capital Funding required	336.3	415.7	616.9	359.7	348.6	446.0	311.2	2,082.4
Total Via Gov't Funding Required⁽¹⁾	690.5	804.0	1,006.2	755.9	766.0	905.2	795.8	4,229.1	
FUNDING DEFICIT	Operating Funding Surplus / (Deficit)	(12.1)	3.3	(0.4)	(17.0)	(268.9)	(290.7)	(300.7)	(877.8)
	Pension Costs Funding Surplus / (Deficit)	24.2	24.3	21.1	(3.4)	(10.7)	(28.5)	(30.5)	(52.0)
	Capital Funding Surplus / (Deficit)	(0.0)	651.0	239.7	(124.8)	(148.6)	(446.0)	(311.2)	(790.9)
	Total Funding Surplus/(deficit)⁽¹⁾	12.1	678.6	260.4	(145.2)	(428.2)	(765.1)	(642.4)	(1,720.6)
ADDITIONAL FUNDING REQUIRED	Additional Operating Funding	(12.1)	(2.5)	0.0	0.0	254.3	319.1	331.2	904.6
	Additional Capital Funding	0.0	(651.0)	(239.7)	124.8	148.6	446.0	311.2	790.9
	Total Additional Funding Requested	(12.1)	(653.5)	(239.7)	124.8	402.9	765.1	642.4	1,695.5
FUNDING REPROFILING	Proposed Reproiling of Operating Funding	0.0	(25.0)	(20.7)	20.4	25.3	0.0	0.0	25.0
	Proposed Reproiling of Capital Funding	0.0	(651.0)	(239.7)	124.8	148.6	446.0	311.2	790.9
	Total Capital Funding Reproiling Requested	0.0	(676.1)	(260.4)	145.2	173.9	446.0	311.2	815.9

VIA RAIL CANADA INC.
2024-2028 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
	2022	2023	2024	2025	2026	2027	2028	2024-2028	
APPROVED FUNDING	Operating Deficit VIA's fiscal year	353.5	369.4	409.6	410.2	165.5	139.5	150.0	1,274.9
	Adjustment*	(16.0)	21.1	(22.5)	(34.5)	(27.7)	0.6	3.3	(80.8)
	Operating Deficit Gov't fiscal year	337.5	390.5	387.1	375.7	137.8	140.1	153.4	1,194.0
	Pension Expenses VIA's fiscal year	30.5	26.2	23.5	5.7	0.0	0.0	0.0	29.2
	Adjustment*	(1.7)	(0.9)	(0.6)	(5.7)	0.0	0.0	0.0	(6.3)
	Pension Expenses Gov't fiscal year	28.8	25.3	22.9	0.0	0.0	0.0	0.0	22.9
	Capital VIA's fiscal year	318.2	919.8	910.5	390.3	208.7	50.0	0.0	1,559.6
	Adjustment*	18.1	146.9	(53.8)	(155.4)	(8.7)	(50.0)	0.0	(268.0)
	Capital Gov't fiscal year	336.3	1,066.7	856.7	234.9	200.0	0.0	0.0	1,291.6
	Total VIA's Approved Funding	702.1	1,315.4	1,343.6	806.3	374.2	189.5	150.0	2,863.7
Adjustment*	0.4	167.1	(77.0)	(195.7)	(36.4)	(49.4)	3.3	(355.1)	
Total Gov't Approved Funding	702.6	1,482.5	1,266.6	610.6	337.8	140.1	153.4	2,508.5	
FUNDING REQUIREMENTS	Operating Deficit VIA's fiscal year	344.3	380.2	398.0	390.7	401.1	424.1	450.9	2,064.8
	Adjustment*	5.3	7.0	(10.5)	2.0	5.6	6.7	3.2	6.9
	Operating Deficit Gov't fiscal year	349.6	387.3	387.5	392.8	406.7	430.7	454.1	2,071.8
	Pension Expenses VIA's fiscal year	10.0	1.6	1.5	3.0	5.2	28.1	30.1	67.9
	Adjustment*	(5.4)	(0.5)	0.3	0.4	5.5	0.3	0.4	7.0
	Pension Expenses Gov't fiscal year	4.6	1.0	1.8	3.4	10.7	28.5	30.5	74.9
	Capital VIA's fiscal year	318.2	391.2	598.3	409.0	309.0	465.1	336.7	2,118.1
	Adjustment*	18.1	24.4	18.6	(49.3)	39.6	(19.2)	(25.4)	(35.7)
	Capital Gov't fiscal year	336.3	415.7	616.9	359.7	348.6	446.0	311.2	2,082.4
	Total VIA's Funding Required⁽¹⁾	672.5	773.0	997.8	802.7	715.3	917.4	817.6	4,250.9
Adjustment*	18.0	30.9	8.4	(46.9)	50.7	(12.1)	(21.8)	(21.8)	
Total Gov't Funding Required⁽¹⁾	690.5	804.0	1,006.2	755.9	766.0	905.2	795.8	4,229.1	

* 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. 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	Execution Capacity and Efficiency
2	Positioning
3	Service Offering
4	Talent Management
5	Labour 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	Operational Security and Safety
13	Environment, Social, and Governance (ESG)

Notes:

1) 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 all its enterprise risks and their components through a detailed risk register which includes risk drivers, controls and action plans. Though that is the case, the following section will not include a detailed look at each

enterprise risk. Focus will be placed on Operational Safety and Security; Access to Third-Party Assets, Execution Capacity and Efficiency; Positioning; Service Offering; Environment, Social and Governance; and Talent Management.

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

Operational Safety and Security

This risk covers all operational security and safety incidents.

Examples of applied controls are:

- employee security awareness training and public awareness campaigns,
- VIA Rail police services, background checks and implementation of the Passenger Rail Transportation Security Regulations,
- digital and physical protection measures,
- inspection, maintenance and repair programs,
- hydrological studies to identify flood-prone areas and satellite imagery to identify potential threats of washout,
- psychological health & safety program.

As demonstrated by the non-exhaustive list of examples above, there are numerous, strong mitigations and controls in place to counter this risk. The safety of the public, passengers and VIA Rail employees has always, and will always be a top priority for the Crown Corporation.

Access to Third-Party Assets

This risk considers that operational services could be impacted by access to third-party assets.

Examples of applied controls are the utilization of the regulatory framework to obtain commercially competitive terms, continuous monitoring of VIA Rail's requirements to identify improvement opportunities, participation in industry forums and lastly engagement with host railways.

Execution Capacity and Efficiency

This risk captures the need to balance ongoing operations and transformative initiatives to achieve its strategic initiatives.

Examples of applied controls are: the simplification and standardization of project life cycles, while allowing for tailoring of specific product delivery processes, regular portfolio reviews; ongoing monitoring and management of capacity; the development or adaptation of communications to address needs of recurring communications; the establishment of prioritization criteria; and lastly, implementing a more robust governance.

Positioning

As one of the most trusted brands in Canada, continues to contribute to Canada's economic, social and regional development in alignment with Governments' strategies through the provision of safe, efficient, accessible and sustainable services.

To control this risk VIA Rail is positioning itself as the Government of Canada's steward for sustainable mobility through VIA Rail's sustainability plan. It is also developing key partnerships with other levels of government and ensuring the Government's mobility investments include VIA Rail as a potential player in an inter-mobility network.

Service Offering

Captured in this risk is the ability to meet travel market needs through existing and future services.

Examples of applied controls are continued monitoring of customer needs and demand; focused marketing campaign, better seasonal offering, and continued development of product offering.

Environmental, Social and Governance (ESG)

This risk considers how environmental sustainability and social accountability are identified and built into the operations of the organization.

VIA Rail applies numerous controls in the management of this risk. Examples are: the deployment of a sustainability strategy and quarterly reporting to the Board of Directors; a complete climate and transition risks analysis; the exploration of science-based greenhouse gas reduction targets; development of a 3-year accessibility plan; the use of a client survey on accessibility.

Talent Management

This risk considers that VIA Rail's operational effectiveness could be impacted by the ability to resource initiatives and attract and retain qualified personnel.

To control this risk, VIA Rail is working on the modernization of offerings for employees, the review of the hiring strategy (particularly post COVID-19), adjusting the positioning and branding of the Corporation, and deployment of an updated diversity strategy..

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.

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

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

- North American Free Trade Agreement (NAFTA) and the United States-Mexico-Canada Agreement (USMCA) once ratified.
- Comprehensive Economic and Trade Agreement (CETA) is a free-trade agreement between Canada, the European Union and its member states.

ANNEX 6. GOVERNMENT PRIORITIES AND DIRECTION

Transparency and Open Government

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

Gender-based Analysis plus, Diversity, Employment Equity

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

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, 2023

EMPLOYEES							
Indicator	Note	Measurement	2023	2022	2021	2020	2019
WORKFORCE							
Total workforce		Number of individuals	3,250	3,100	2,763	2,312	3,234
EMPLOYEES DISTRIBUTION							
By gender							
Female		% of total employees	35%	34%	33%	28%	34%
Male		% of total employees	65%	66%	67%	72%	66%
EMPLOYEES BY CONTRACT TYPE							
Permanent employees	(a)	Number of individuals	3,232	3,090	2,723	-	-
Temporary employees	(a)	Number of individuals	18	10	40	-	-
Employees covered by collective agreement		% of total employees	75%	73%	73%	68%	77%
DIVERSITY AND EQUAL OPPORTUNITY							
Employment equity Canada (c)							
Women		% of total employees	37%	34%	33%	28%	34%
Indigenous		% of total employees	3%	2%	2%	2%	2%
Visible minorities		% of total employees	21%	18%	16%	14%	13%
People with disabilities		% of total employees	6%	3%	2%	1%	2%
Senior management positions							
Female	(a)	% of senior management	34%	34%	34%	-	-
Male	(a)	% of senior management	66%	66%	66%	-	-
Management positions							
Female	(a)	% of management positions	33%	31%	29%	-	-
Male	(a)	% of management positions	67%	69%	71%	-	-
Other positions							
Female	(a)	% of other positions	45%	45%	44%	-	-
Male	(a)	% of other positions	55%	55%	56%	-	-
Board of Directors							
Female		% of the Board	38%	50%	58%	58%	58
Male		% of the Board	63%	50%	42%	42%	42
Distribution by age							
Below 30		% of total employees	12%	12%	11%	9%	15%
Between 30-50		% of total employees	61%	61%	59%	57%	54%
Over 50		% of total employees	27%	27%	30%	34%	31%

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	Upgrade GHG reduction targets to support 2050 net-zero emissions ambition.	Reduce GHG emissions by 30% or more by 2030, compared to 2005.	13 CLIMATE ACTION 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
		Improve fuel and energy efficiency in all operations.	Integrate climate change risks in critical governance and decisional mechanisms.	
		Complete review of climate change risks and implement action plan.		
ENVIRONMENTAL	Environmental management	Reduce waste generated in our operations.	Offer a zero-waste train in the Québec City-Windsor Corridor.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
		Increase reuse, recycling, and organic waste collection.	Increase recycling to 60% and introduce organic waste collection in prioritized sites.	
SOCIAL	Employee Mobilization	Mobilize employees through an inclusive and sustainability centered culture.	Train 100% of employees on sustainability. Majority of employees believe sustainability is a top priority for VIA Rail.	8 DECENT WORK AND ECONOMIC GROWTH 5 GENDER EQUALITY
		Community engagement	Expand active stakeholder engagement and develop strategic community investments in communities in Canada.	Align 80% of community investments with strategy. Have a national employee volunteering program in place.
GOVERNANCE	Responsible sourcing	Implement responsible sourcing policy and program.	Reach 80% integration of Policy by suppliers.	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 8 DECENT WORK AND ECONOMIC GROWTH
		Credibility and recognition	Strengthen transparency through reporting and recognition in sustainability. Actively contribute to the United Nations Sustainable Development Goals.	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.

National Parks

In alignment with the Ministerial Mandate to "Work with VIA Rail to make opportunities to travel to Canada's National Parks more accessible and affordable", VIA Rail and the Parks Canada Agency will continue discussions regarding the planning and partnering of various travel opportunities to National Parks.