

Sustainable Mobility Report 2018

Transforming for the Future



Sustainable Cities and Communities

Cleaner and Accessible Mobility

As Canada's national rail passenger service, we are helping improve the lives and livelihoods of millions of people by providing a safe, inclusive, cost-effective and environmentally responsible service from coast to coast.

The occasion of our 40th anniversary gave us a sense of great pride as we reflected on our achievements in sustainably connecting cities and communities in Canada while improving accessibility of travel for all.

Looking to the future, we will continue our journey to transform our corporation and the way people travel across Canada in a way that creates economic prosperity, healthier communities and greener, more efficient transportation.

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2018 Highlights

Increased number of passenger trips



4.74 million

total trips taken, with an 8% increase in ridership compared to 2017 within the Québec City – Windsor corridor, reaching 4.5 million trips

Investments in safety and efficiency



\$90.7M

including capital investments in the fleet, equipment and major infrastructure projects

Increased inter-modal ridership



+110%

increase in passenger volume from inter-modality since 2012

Improvements in train incidents



-55%

reduction in our train incident ratio per million train-miles since 2014 as a result of our strengthened safety culture and Safety Management System

Reduction in GHG emissions



-32%

reduction in greenhouse gas emissions per passenger-kilometre since 2005 as a result of various energy efficiency and reduction initiatives

Average hours of training



33.5 hours

training per employee in technical skill and leadership courses



CYNTHIA GARNEAU

President and Chief Executive Officer,
VIA Rail

President's Message

Elevating Sustainability

As President and CEO of VIA Rail, I feel privileged to be leading the corporation at such an important and pivotal time for the company – when the public's interest in passenger rail and sustainable travel is on a growth path. This is not only reflected in VIA Rail's year-over-year growth in ridership since 2014, but also in the shift toward collective modes of transport that have less of an impact on the environment.

VIA Rail is transforming. Our modernization plan reflects our vision to be the smarter way to move people by putting sustainability at the centre of everything we do. It enables us to provide mobility to Canadians in a safe, accessible and affordable way, all while connecting communities and contributing to the de-carbonization of our transportation systems. As we continue on this journey together, I am conscious of the important role VIA Rail plays in shaping the future of sustainable mobility in Canada. Our employees, management and Board are all working together to meet and surpass the needs and expectations of our current and future passengers, and to build a better future economically, socially and environmentally for all Canadians.

I am excited to be a part of this culture of positive change at VIA Rail, where sustainable mobility will be a primary focus in the choices we make, anchored by Canada's Federal Sustainable Development Strategy, the United Nations Sustainable Development Goals and the United Nations Global Compact Principles.

2018 Achievements

Reflecting on 2018, in which VIA Rail celebrated its 40th anniversary, I am proud of the progress being made to deliver on our sustainable mobility objectives, championed by our senior managers who are leading the charge to help us make a difference.


Our employees are engaged. They're supporting our agile and innovative work environment, building skills and knowledge, and collaborating to attract and develop a diverse and inclusive workforce. As well, we have built strong relationships with our key stakeholders and deepened our focus on responsible and ethical management.

Furthermore, with our Heritage Fleet Refurbishment Project underway, as well as the more recently approved Fleet Replacement Program announced as part of the 2018 Federal Budget, we will be significantly improving the reliability, comfort, accessibility and eco-efficiency of our trains.

All these achievements were made possible by our dedicated team. I thank everyone for their passion and hard work.

Looking Ahead

VIA Rail is extremely well positioned to shape the mobility of Canadians, especially through the many projects outlined within this report. The foundations we are laying today will propel VIA Rail towards a more promising future. I am thrilled to have a role in this journey by doing what I am most passionate about: fuelling the power of our team by creating a collaborative environment that allows us to have an impact on our employees, the communities in which we work, live and travel, and on the next generation. As we modernize, we will continue to ensure the successful and responsible transformation of our business, so that future Canadians can inherit a more sustainable Canada.




Supporting Canada's Sustainable Development Strategy

We recognize the important role we play to help contribute to a greener, healthier and more prosperous Canada for future generations.

We are committed to Canada's Federal Sustainable Development Strategy and continue to support the United Nations Sustainable Development Goals focusing on equitable access, efficiency, security and safety and green mobility.

This year we have further enhanced our Sustainable Mobility report by aligning it with the United Nations Global Compact Principles on Human Rights, Labour, Environment and Anti-Corruption.



2018 Recognition Highlights

Women in Governance Award

We received a Silver Parity Certification at the Women in Governance gala, in recognition of our efforts on strategies, actions and results to promote women in their leadership development, career advancement and representation at all levels of our organization.

Safety Award for Handling Workplace Accidents

The Railway Association of Canada recognized us with a prize for excellence in safety for a pilot project with our service attendants to reduce the potential for employee accidents in the workplace and the time needed to return to work. The project has improved our incident investigations process, engaged employees and increased workplace safety.

Sustainability Award for the Proposed High Frequency Rail Project

We were recognized at the 11th Global Infrastructure Leadership Forum for the proposed project's sustainability benefits.

VIA Rail at a Glance

Who We Are

VIA Rail operates Canada's national passenger rail service on behalf of the Government of Canada. An independent Crown corporation established in 1977, VIA Rail provides a safe, cost-effective, and environmentally responsible service from coast to coast in both official languages. The Corporation operates close to 514 train departures weekly on a 12,500-km network, connecting over 400 Canadian communities. With 3,115 employees at the end of the calendar year, VIA Rail carried close to 4.8 million passengers in 2018.

Where We Operate

400+

communities served across Canada

Passenger Revenues Per Train Route

80%

of passenger revenues are from inter-city travel (in the Corridor)

Inter-City Travel	Long-Distance	Regional
80%	19%	1%

Passenger Trips Per Train Route

96%

of passenger trips consist of inter-city travel (in the Corridor)

Inter-City Travel	Long-Distance	Regional
96%	3%	1%

Inter-City Travel (in the Corridor)

In the densely populated Corridor between Québec City, QC and Windsor, ON, VIA Rail trains provide travel between the downtown cores of major urban centres, as well as between suburban centres and communities.

Long-Distance Travel and Tourism

In Western and Eastern Canada, VIA Rail's trains support Canada's tourism industry by attracting travellers from around the world. The *Canadian*, VIA Rail's western transcontinental train, provides service between Vancouver and Toronto. In Eastern Canada, the *Ocean* runs between Montréal and Halifax.

Regional Services

VIA Rail provides passenger service in several rural and remote regions of Canada. Mandated by the Government of Canada to meet essential transportation needs, these trains serve many communities where alternative, year-round transportation is limited or unavailable.



* Services on Vancouver Island and Gaspé are suspended due to infrastructure availability.

Our key assets reflect the breadth of our business, from our stations and maintenance centres to the fleet of locomotives and train cars we operate, the passengers we serve, the buildings we occupy and the employees who work for us.

Frequency Train Departures

514

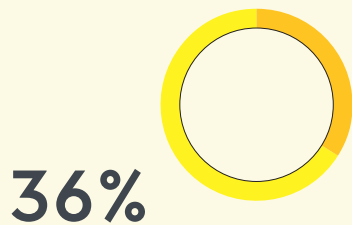
per week, of which 87% of our trains depart on time

Employees

3,115

Active Employees
as of the end of the calendar year

Employee Diversity



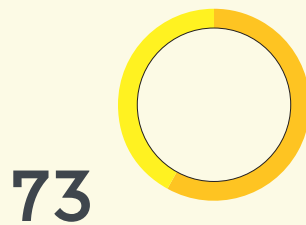
of our employees are women,
13% are visible minorities,
2% are people with disabilities, and
2% are Aboriginal People

Fleet

431

Train Cars
(in and out of service)

Locomotives



of which **71%** have been rebuilt
for improved operational and
environmental efficiency

Passengers

4.74M

passenger trips
covering 1.5 billion
kilometres across
Canada, of which:
96% is inter-city
travel, **3%** is long-
distance and **1%**
is regional.

Buildings

121

Train Stations

of which **54** are heritage
stations

7

Offices

1 head office, **6** regional

4

Maintenance Centres

state-of-the-art facilities

Celebrating 40 Years of Travelling Together

Moving People Sustainably

Sustainable mobility is an integral part of our vision to be the smarter way to move people. As we celebrate our 40 years of travelling together, we are proud of the value we create for Canadians enabling safer, more accessible, connected and greener cities and communities.

\$162 million

since 2010 invested in assets and amenities to improve accessibility and enhance the passenger experience

Enhanced Accessibility

We focus on ensuring that everyone has access to efficient, cost effective and inclusive mobility. We provide multiple accommodations at our trains and stations, including wheelchairs, braille seat numbers, companion seats, onboard mobility device lifts, and fully accessible washrooms. Our new fleet program will enable us to exceed accessibility standards so that we remain one of the most accessible modes of transportation in Canada.



Improved Community Safety

Since 1981, we have been an Operation Lifesaver partner actively participating in efforts to raise awareness and educate Canadians about precautions to take when walking or driving near rail facilities, railway crossings and tracks. Our employees get involved by being onsite at events and by running information sessions in stations, on board trains, near railway crossings and in schools.

23 cities

reached in 2018 through Operation Lifesaver

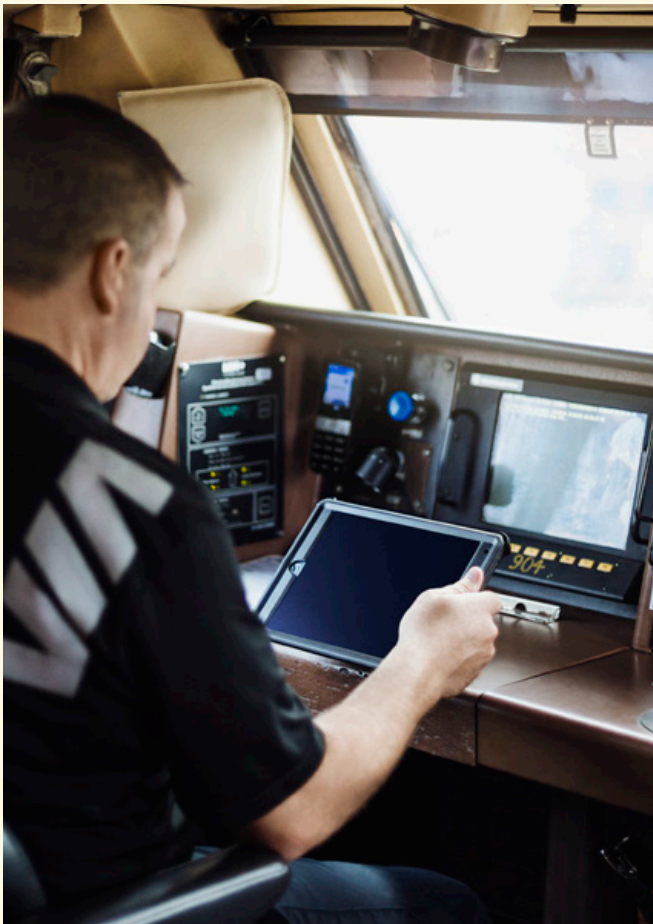


400+

communities connected along
a 12,500-kilometre network

Contributed to Socio-economic Progress

As part of our social fabric, we carry more than 4.7 million passengers enabling people to access jobs, participate in the economic activities of their communities, and improve their social connections and quality of life. To mark our anniversary, we adorned 41 of our train sets with the bright VIA 40 logo and colours alongside our message and belief that “The future is on board”.



Reduced Greenhouse Gas Emissions

Over the years, our locomotive fleet updates coupled with improved train handling and training for our locomotive engineers has enabled us to reduce our fuel consumption and greenhouse gas emissions. Further, as more people choose to take the train and leave their cars at home, they are reducing their own carbon footprints.

Starting in 2022, the delivery of our brand new fleet of trains will include more fuel-efficient Tier 4 Diesel engines with the option to operate on electrified rail infrastructure as it becomes available.

32% reduction

in greenhouse gas emissions per passenger-kilometre
since 2005 from improved rail operations



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Creating positive
impacts: where
it connects



Elevating our Sustainability Agenda

At VIA Rail, elevating our sustainability agenda is about embedding environmental, social, economic and ethical considerations into the strategy, values, culture, decision-making and operation of our business.



Jean-François Legault
Chief Legal & Risk Officer

Engaging in Dialogue

Anchored by our vision to be the smarter way to move people – our sustainable mobility strategy is focused on ensuring we manage our operations efficiently, effectively and economically, while providing a safe, secure, reliable and environmentally sustainable rail passenger service.

On an annual basis, we meet with employees from across our corporation to identify our sustainability efforts and objectives. This year, we also engaged our peers through the United Nations Global Compact Network Canada and gained valuable knowledge on how to communicate our progress. We have used this valuable insight to elevate our sustainability agenda and inform the content of this report.

Reinforcing our Commitments

We take a principle-based approach to sustainability in alignment with the Government of Canada's Federal Sustainable Development Strategy 2016-2019 as well as with international policies and commitments, including the:

- United Nation's (UN) Sustainable Development Goals (SDGs);
- World Bank Mobility Goals on Equitable Access, Safety and Security, Efficient and Reliable Services, and being Clean, Green and Resilient;
- International Union of Railways (UIC) Commitment to Climate Change Reduction; and,
- United Nations Global Compact Principles on Human Rights, Labour, Environment and Anti-Corruption.

Looking to the future, we are fully committed to ensuring that our growth is aligned with our commitment to strive towards becoming a more sustainable business.



Our Sustainability Pillars

Providing the best customer experience by ensuring a reliable, affordable, and accessible service

Supporting socio-economic development by using public funds efficiently and effectively, while contributing to Canada's economy

Operating safely and securely by embedding a culture where safety and security is everyone's first and foremost concern

Reducing our impact on the environment by being the preferred greener travel choice for Canadians, while reducing our emissions per passenger-kilometre

Being an attractive employer by supporting a workplace where each employee feels recognized and rewarded

Managing our business responsibly by ensuring good governance, accountability and integrity in everything we do

Strengthening our Priorities

Our sustainability priorities are connected to the six sustainability pillars of our strategy, and further aligned to the UN SDGs and the World Bank Mobility Goals.



Contributing to the UN sustainable development goals and the world bank sustainable mobility goals



Sustainability Risks and Opportunities



Bruno Riendeau
Director, Safety and
Sustainability

During the year, we engaged our team to better understand the sustainability issues that could impact our business, from ever-evolving customer preferences and demographics to security, climate change, and resource scarcity. To ensure we address these issues systematically, we have well-established policies and management practices to mitigate our risks and take advantage of the opportunities.

Our management practices are embedded into our sustainability strategy and, where relevant, compensation programs are linked to individual, departmental and company-wide sustainability objectives.

Our Chief Executive Officer has ultimate responsibility for our sustainability strategy, through the oversight of our Management Committee. Our Chief Legal & Risk Officer leads the successful execution of the sustainability strategy. Regular updates are provided to the Board of Directors, who is responsible for ensuring oversight on the implementation of our sustainable mobility plan, reviewing performance and approving our annual Sustainable Mobility Report.

Issues	Risks / Opportunities	Solutions
Environmental	<ul style="list-style-type: none">Waste and resource managementGHG emissions and air pollutantsClimate resilienceEnvironmental benefit of rail	<ul style="list-style-type: none">ISO 14001 environmental management systemClimate resilience planningStrategic positioning of the environmental benefits of rail with customers
Social	<ul style="list-style-type: none">Changing customer preferencesHealth and safetySecurityTalent attraction and developmentDiversity and inclusion	<ul style="list-style-type: none">Customer-focus strategyTalent acquisition strategySafety management systemHealth and well-being strategyEmployee engagement programsDiversity policySecurity strategic plan
Governance	<ul style="list-style-type: none">Ethical conduct and integritySocial license to operateTrust and transparency	<ul style="list-style-type: none">Code of EthicsReporting mechanismsIndependent Ethics CommissionerProactive stakeholder consultations

“By engaging multi-functional teams, we are evolving our thinking and embracing sustainability principles to maximize the opportunities to improve our performance and manage risks. Today, we have settled on 15 sustainability projects to lay the groundwork for our future success.”



↑
VIA Rail employee at the Montréal Maintenance Centre fuel plant.

Taking an Integrated Sustainability Approach

Embedding sustainability into all facets of our strategic direction leading up to 2025 has been an ongoing focus as we build and strengthen our business for the future.

Over the past year, we defined 15 sustainability projects to lay the groundwork for our future success. We engaged on a number of internal planning sessions and workshops, taking into account our 2025 business strategy alongside a consideration of how we could best mitigate potential risks and open up new opportunities to create meaningful and lasting benefits in Canadian society.

We defined charters for each of our sustainability projects and are now holding ourselves accountable to common objectives, targets, initiatives, timelines, and performance indicators.

Looking ahead, we will continuously improve our approach, while ensuring we align with the Government of Canada and international standards on our sustainability efforts.




Our Integrated Sustainability Projects

- Improve accessibility for all
- Optimize carbon efficient for rail
- Enhance the customer journey
- Elevate community investments
- Ensure holistic risk and opportunity analysis
- Integrate our environmental, health and safety management systems
- Improve material efficiency and minimize waste
- Drive energy and carbon efficiency
- Strengthen sustainable practices in procurement process
- Become climate resilient
- Improve employee well-being
- Ensure diversity and inclusion
- Embed sustainability into talent programs
- Promote sustainable awareness
- Strengthen our sustainability governance

Performance Highlights

2020 Sustainable Mobility Strategy

Pillar	Priority	2018 Achievement	2020 Objective
 Providing the best customer experience	Accessibility and Affordability	Increased capacity on our trains, obtained funding for our new fleet of trains, started refurbishing the Heritage Fleet, engaged stakeholders on accessibility and invested \$162M since 2010 to improve accessibility across our assets.	Make services affordable, increase rail access and frequency, and implement our multi-year accessibility plan
	Quality Service	Introduced pet travel allowances, updated better-for-you dietary choices onboard, and deployed our Customer Relationship Management knowledge platform.	Integrate sustainable mobility into the customer experience, including surveys, product offerings, and travel options
	Inter-modality Partnerships	Enhance our existing partnerships and benefitted from 122,861 passengers that took advantage of our intermodal transport options, an increase of 7% in the past year.	Increase partnerships to foster inter-modality and integrate sustainability into the sales strategy
	Sustainable Mobility Hubs	Completed renovations of Ottawa station, with more sustainable attributes. Collaborated with a host of communities, academia and peers to gain insights on leading practices for our sustainable mobility stations.	Formalize and implement sustainable mobility design criteria for new and existing stations
 Supporting socio-economic development	Fiscal Responsibility	Maintained sustainability incentives for relevant functions in the organization, including at the executive management level.	Integrate sustainable mobility into departmental and individual objectives
	Value for Money	Increased our revenues by 40% and passenger volumes by 25% since 2014 and an improvement of 15% of the operating deficit from the Government of Canada. Integrated sustainability criteria into the new fleet and fleet refurbishment projects.	Operate the business efficiently and ensure sustainability criteria are embedded into investment decisions
	Community Investment	Supported 1,500 community organizations with in-kind trip donations amounting to \$1,949,477.	Enhance our community strategy to align with the sustainable mobility objectives and measure impacts
 Operating safely and securely	Railway Safety Management System (SMS)	Successfully passed the Transport Canada SMS audit, launched and trained our people on our fatigue management policy, and continued to invest in railway safety technologies including thermal camera inspections.	Ensure the effective implementation of our SMS and measure our safety culture
	Occupational Health & Safety (OHS)	Engaged 885 employees on our safety culture survey and rolled out targeted programs on "taking care of ourselves" and mindfulness.	Reduce our year-over-year injury rate and improve health and well-being of employees
	Railway Security	Expanded the VIA Rail Police Services, grew our security presence at key stations, and formalized our security strategic objectives.	Strengthen security at all our stations
	Public Outreach	Actively participated in Railway Safety Week and other safety days across our network. We reduced crossing accidents by 14% since 2014.	Continue to reach communities on VIA Rail's safety initiatives to promote railway safety near railroads

Pillar	Priority	2018 Achievement	2020 Objective
 Reducing our impact on the environment	Climate Change Mitigation and Adaptation	Reduced our GHG emissions by 32% when compared to 2005, surpassing our 2020 objective. Initiated the development of our climate resilience plan to be completed in 2019.	Reduce our GHG emissions by 20% by 2020 and 30% by 2030, when compared to 2005. Develop and implement a climate resilience plan.
	Criteria Air Contaminants (CAC)	Improved our fuel conservation and train idling practices, achieving a 21% reduction since 2009.	Reduce our CACs by 20% based on 2009
	Waste Management	Conducted a comprehensive waste audit of our train operations and are now using the results to identify waste diversion strategies.	Contribute to the circular economy and divert a minimum of 10% of our waste from landfill
	Sustainable Procurement	We established a green strategy for the replacement of our fleet of vehicles. We formalized our commitment to sustainable station development through our Green Building Policy. We also embedded sustainability principles as part of our new fleet acquisition strategy.	Develop and implement sustainable procurement guidelines
	Environmental Benefits of Rail	We proudly supported youth representing the G7 countries to attend the Y7 Summit in Ottawa by providing free rail transport. Discussions focused on climate change, the environment, the economy and gender equality.	Promote VIA Rail as the smarter, greener travel choice at schools, businesses and government organizations
 Being an attractive employer	Attract People	Hired and successfully on-boarded 543 new employees.	Increase the internal and external talent pool
	Diversity and Inclusion	Maintained a gender-balanced Board of Directors. We were awarded the Silver Parity Certification at the Women in Governance gala in recognition for supporting women at all levels of our organization.	Increase gender diversity to 30% in management positions and develop an Indigenous Peoples strategy
	Talent Development	Average hours of training per employee was 33.5. We graduated 114 managers from our VIA Rail Leadership School Program and our first cohort of graduates from the Locomotive Engineer Apprenticeship Program.	Develop skills and competencies relating to our sustainable mobility objectives
	Employee Engagement	Achieved a 58% engagement score on our engagement survey – 70% would recommend us as a great place to work.	Strive for an employee engagement score of 65% or greater
	Innovation and Creativity	Engaged our people on creating an agile and innovative work environment.	Embed an innovation culture across the organization
 Managing our business responsibly	Modernizing VIA Rail	Gained Government of Canada approval for our fleet renewal program, deployed our customer-focus strategy, pursued High Frequency Rail studies, and launched our “Love the Way” communication platform.	Deploy our modernization strategy in alignment with the 2025 strategic vision
	Ethical Conduct and Risk Management	Participated in the United Nations Global Compact Canadian Chapter and aligned our commitments to their four principles on environment, labour, human rights and anti-corruption.	Integrate sustainability considerations into the Code of Ethics and risk management framework
	Transparency and Communication	Engaged 376 communities and community leaders across Canada.	Implement a stakeholder / community engagement strategy and framework

Providing the Best Customer Experience



Being Customer-centric

Being customer-centric is the focus of our strategic initiatives to modernize VIA Rail. We are dedicated to delivering excellent service and creating memorable travel experiences while offering sustainable mobility options, which will make it easier for people to leave their cars at home and take the train.

This year, we were pleased to see our passenger-first mission enticing more people to travel by train. More and more Canadians appreciate that taking the train is not only the smarter way to travel but also an accessible, safe and more environmentally responsible travel option.

We believe in the importance of making public transport affordable for all, and as part of our 40th anniversary celebrations we continued to offer our travellers multiple fare options, in addition to our Discount Tuesdays and Weekend Getaways. We developed a more reliable schedule for our *Canadian* train between Toronto and Vancouver to address ongoing delays and continued to improve schedules and train frequencies within the Québec City – Montréal – Ottawa route. Our inter-modality users also continued to increase mainly due to the stronger relationships we have with existing partners.

As part of our modernization strategy, we are transforming our organization to become even more tailored to our customers' needs. With the new Fleet Replacement program approved in the 2018-2019 Government of Canada budget and the Heritage Fleet Refurbishment Project, we will be significantly improving the reliability, comfort and accessibility of our trains. In 2018, we initiated a number of sessions to engage people living with accessibility issues. These sessions allowed us to gain insights on how to best bring universal accessibility to our services and amenities, whether on board or in our stations.

Looking forward, we will continue to focus on improving the customer experience, encouraging more and more Canadians to rediscover the joy of travel and contribute to our sustainable future.



Martin R. Landry
Chief Commercial Officer



2018 Achievements

Increased Train Ridership

4.74M

passenger trips representing an increase of 8% compared to 2017

Strengthening Customer Satisfaction

53

Net Promoter Score – an increase of 24.7% since 2015, reflecting the growing strong satisfaction our customers have with our service

Expanding Inter-modality Users

122,861

passengers used inter-modal connections in 2018, an increase of 110% since 2012

Creating positive impacts: where it connects



Delivering Quality Service

We continued to focus on providing a convenient and superior quality service to our customers. Improving our schedules and train frequencies within the Québec City – Windsor corridor remained a priority.



Network Planning: Improved Frequency

Through our network planning tool, we are optimizing the scheduling and dispatching of our fleet by considering market demand, customer needs, internal capacity and external constraints. Since 2014, routes along the corridor have seen:

+53%

weekly train miles
increase between Ottawa
and Toronto

7-10

daily train departures
between Ottawa and
Toronto

+52%

increase in passengers
between Ottawa and
Toronto

+35%

increase in available seat
miles in the Corridor

Optimizing our Operations

To adequately meet the capacity needs of our passengers, we continue to implement our push-pull strategy, allowing trains to be driven from either end, reducing operating costs and station turn-around times, and improving equipment utilization. Improving train cycling also allows us to optimize the timetables of our personnel and the fleet itself to better match supply to demand. These strategies are helping us improve the overall passenger experience as well as that of our employees, increase reliability overall and offer a superior service.

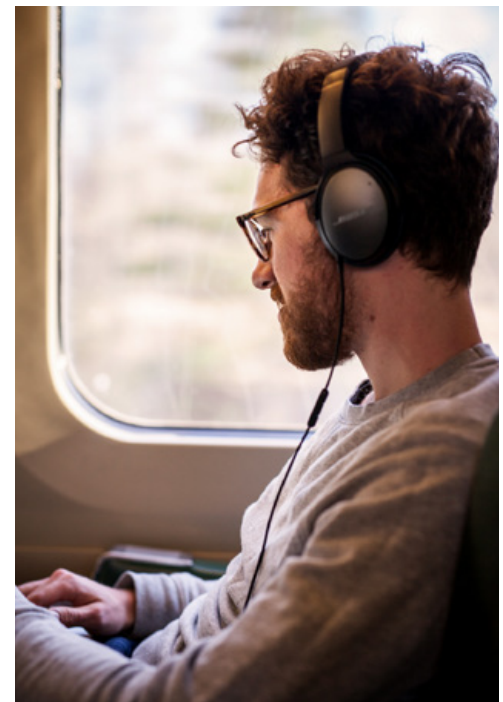
Over the year, our Network Planning Teams continued their work to expand our train services. We successfully increased daily train departures between Ottawa and Toronto to meet rising demands.

Know your Customer

In addition to train frequencies and convenience, we continued to personalize our customer interactions to create positive lasting and memorable experiences by developing the competencies, systems, and processes to better understand and respond to our customers' behaviours and preferences.

Our Customer Relationship Management (CRM) platform is now meeting the objectives set out in 2016 when it was implemented, by providing the information we need to personalize our customers' experiences. Going forward, we plan to identify and better understand each of our customer segments so that we can refine the experience at each stage and touchpoint of the customer journey.

→
Worthwhile Entertainment on Board
VIA Rail was asked to be part of a new podcast series about meeting and listening to our passengers. The podcast, called C4C Conversations, was led by six researchers working on behalf of not-for-profit media organization Challenge for Change. The six spent the summer travelling across Canada by train, striking up discussions with passengers. The conversations captured were thought-provoking, touching, at times dealt with delicate topics, and offer an important window on what it means to be Canadian today. The new podcast series was added to the On Train Entertainment system, available in the Québec City – Windsor corridor in 2018.



IN FOCUS

Personalizing our Customer Interactions

A great customer experience is all about leaving a positive, meaningful and lasting impression throughout the journey – from the moment the customer starts thinking about their trip until the moment they arrive at their destination. This year, we made notable improvements to the customer experience.



Better-for-you Choices

We updated the selection of our Special Service Dietary meals for passengers, providing an assortment of vegan, gluten-free and diabetic meals. We also piloted soymilk as a dairy alternative for coffee and breakfast in the Québec City – Ottawa market.

Locally Sourced Beverages

Passengers are offered the opportunity to sip on beverages from across the country through our six-month rotation of wines and craft beer in the Québec City – Windsor corridor. This year, wines from Palatine Hills Estate Winery in Niagara-on-the-Lake were introduced alongside beer options from Toronto-based Steam Whistle Brewing.



Digital Message Towers

We installed digital towers providing clearer signage at our Toronto, Ottawa, Montréal, Kingston and Québec City stations. In addition to essential information like gate, train numbers, destinations and stops, the screens display important messages for passengers. We also use the screens to broadcast security messages including Amber Alerts.



Travelling with a Pet

We were pleased to introduce a policy allowing our passengers to travel with their small cats and dogs. Passengers travelling on both Economy and Business class on board our trains in the Québec City – Windsor corridor can now bring along their furry companions, enriching their travel experience and bringing them comfort.

PERSONALIZED INTERACTIONS AND IMPROVEMENTS ON THE CUSTOMER JOURNEY



Plan and Purchase

- Updated privacy policy
- Attractive deals and discounts
- Loyalty program



Departure Station

- Digital information towers
- Station rejuvenations
- VIA Rail Police service



Boarding the Train

- Frequent passenger communication
- Smooth onboarding of luggage
- New pet policy allowing passengers to travel with their pet



Onboard Experience

- Reliable Wi-Fi for productive working
- Canadian content through On Train Entertainment system
- Renovated Economy class cars



Food/M meal on Board

- Refreshed selection of light meals
- Locally sourced craft beers, wine and tea
- Catering to 14 dietary restrictions



De-Training and Connecting

- Assistance with luggage
- Inter-modal options

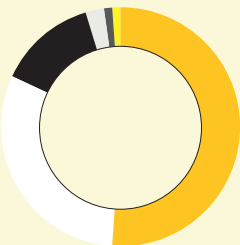
Providing Accessible Mobility

With more people choosing VIA Rail, our priority is to make the train more accessible to all and able to meet capacity needs, while delivering consistently great service. In addition to providing more convenient and affordable travel for our customers, we have also been rapidly transforming our business with significant modernization projects that will lead Canada towards a more sustainable future.

Discounted Fares

This year, we actively engaged with our customers to provide affordable travel options including lower fares for children, seniors, students, military, new Canadians and Indigenous People. Our discount packages have remained especially popular with students and parents travelling with their children, who get to explore Canada by train.

DISCOUNTED PACKAGES
% of total discounted trips taken



Students	51.3%
Children	30.9%
Military	13.1%
Seniors	2.7%
Indigenous People	1.1%
New Canadians	0.9%

Train Comfort and Capacity

As part of our modernization program, our Heritage Fleet Refurbishment Project and the new Fleet Replacement Program will be introducing travellers to a more comfortable, accessible and environmentally responsible travel experience.

The Heritage Fleet Refurbishment Project will extend the useful life of our current fleet, with 79 train cars being renovated over the next few years. In 2018, our Montréal Maintenance Centre team successfully rolled out its first Economy class car with refreshed interiors and overhauled railcar systems.

We also started planning for our Fleet Replacement Program which will provide a more comfortable and accessible travel experience. Through our efforts to upgrade our existing trains and build a new fleet, we are making positive contributions to the social, economic and environmental fabric of our country, all while keeping our customers at the forefront of our decision-making process.

FLEET REPLACEMENT PROGRAM

The delivery of the new fleet of trains will start in 2022. There will be 32 bi-directional trainsets, with a total capacity of 9,100 seats, designed for comfort and productivity, with trains that are more efficient and environmentally friendly. Benefits of the fleet replacement program include:

- **Comfort:** We've improved comfort in every way. With wide seats, quiet-zones, bike storage, and flexible luggage spaces.
- **Accessibility:** With universal accessibility for all Canadians and their caregivers, our new trains will help us exceed accessibility standards and remain one of the most accessible modes of transportation.
- **Environmentally responsible:** With some of the most energy-efficient technology available, our trains will produce four to five times less pollution than cars or other modes of transportation.
- **Efficiency:** Our bi-directional fleet will lower operating costs and provide more passenger capacity.



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IN FOCUS

Building Universally Accessible Transport

Our enhanced universal accessibility features guided by in depth and diverse stakeholder consultations are helping us meet and exceed accessibility requirements. Today, we offer multiple accommodations for wheelchairs (with more space) and other mobility devices in our stations and on board our trains.



IN-STATIONS

Specialized equipment and assistance are available, making it easier to enter and move around our stations. In most of our stations, an attendant is available to escort passengers to the platform, help get on and off the train, and assist with baggage.

In 2018, we completed work on updating the Ottawa Station to improve accessibility, including elevating the train platform, providing a side access ramp, and new elevators to the tunnel to make boarding platforms easier. We also started work at the Halifax Station, which will include replacing the doors to optimize accessibility for people with reduced mobility.



ON BOARD

Many of our cars are wheelchair-accessible equipped with grab bars in washrooms and narrow wheelchairs to make it easier to move around onboard. Through our Heritage Fleet Refurbishment Project, 17 cars in our current fleet are being upgraded and rebuilt to full accessibility. As well, our new fleet will be designed in accordance with the highest standards of universal accessibility, including braille seat numbers, companion seats, seat emergency call buttons, larger fully accessible washrooms, and onboard mobility device lifts.

INCLUSIVE CONSULTATIONS FOR BETTER DESIGN

To ensure the retrofits accommodate all people, we make stakeholder consultation a priority. This year, we held a series of consultations to inform car refurbishment designs. The outreach included representatives of people with disabilities such as the Canadian Council of the Blind and the Canadian Association of the Deaf, as well as people with reduced mobility, families and regulated parties. The input from these groups was used to inform a full-sized soft mock-up design of the cars, which will act as a proof of concept going forward.

\$162M

investment allocated to improve accessibility across our assets

100%

Our accessible reservation ecosystem includes a fully accessible website and APP for easy booking

15,847

special needs requests per year answered with care by our in-station and onboard employees



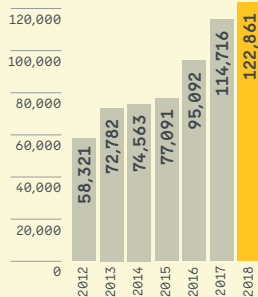
VIA Rail's new fleet will offer more space for people with reduced mobility.



Partnering on Sustainable Travel Options

Providing sustainable travel options for our customers is helping to make the travel experience seamless, while enabling lasting and memorable experiences for people travelling in Canada. Over the past year we have been collaborating with a diverse range of partners and working towards door-to-door inter-modality solutions for passengers looking for sustainable travel options.

Increased Ridership from Inter-modal Connections



+110%

increase in passenger volume from inter-modality since 2012

Intermodal Partnerships

Since 2011, we have been collaborating with other transport operators to offer seamless mobility options. By working together to reimagine the customer journey, we make it easier for passengers to choose a sustainable transport option and leave their cars at home.

Today, we have partnerships with a diverse range of inter-modal carriers including commuter trains, motor coaches, car-sharing companies, airport shuttle bus services, and airlines. Improvement in way-finding information is further enhancing the ability for our passengers to make their connections and complete their journey.

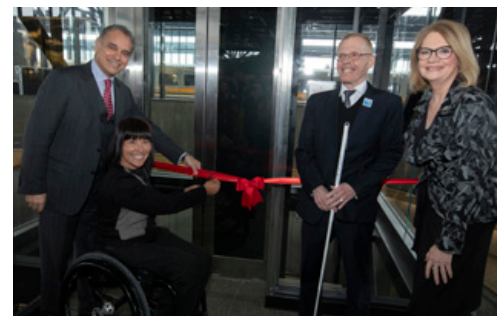
We are pleased with the results. In 2018, 122,861 passengers took advantage of inter-modal transport options – a 7% increase from the year before – helping further alleviate congestion in our cities and avoid GHG emissions from transportation. Instead of building new partnerships this year, we focused on developing our new reservation system. In 2019, we will be working on extending our partnership with OC Transpo to connect the Confederation Line with other travel modes and create a seamless experience for our passengers.

Sustainable Mobility Hubs

Improving our assets to be more sustainable and resilient is helping us shape the future of mobility. This year, we collaborated with a host of communities, academia and peers to gain insights on leading practices and expectations relating to sustainable stations of the future. The insights we learned will be used to inform sustainable design standards for our stations. Our focus will be on enabling the integration of all modes of transport, creating vibrant mixed-use environments, providing attractive public spaces with minimal ecological footprints, and delivering the safe and efficient movement of people with high levels of pedestrian activity.

In 2018, we completed significant renovations to the Ottawa station, which included a new heated and elevated platform, a new electrical and mechanical room, as well as upgrades to the roof and canopies to improve insulation and extend the life of the station. Work at the Halifax Station was started to improve the overall condition and showcase the historic architecture of this Heritage building. It will also include the installation of a new air conditioning system and the refurbishment of the main parking lot to meet our sustainable development guidelines.

→
Ceremonial opening of Ottawa station
 From left to right: Yves Desjardins-Siciliano, the Honourable Chantal Petitclerc, Senator, Jim Tokos of the Canadian Council of the Blind, and the Honourable Kate Young, MP.



IN FOCUS

Partnering on Sustainable Tourism

The extensive network on which we operate crosses provinces from coast to coast, making it a comfortable and sustainable choice for travellers to experience all that Canada has to offer.

Our passenger rail services across Canada are helping to promote Canadian culture and sustainable tourism by offering a unique way to experience Canada for Canadians and tourists. This includes the *Canadian* from Toronto to Vancouver, our inter-city service between Québec City and Windsor, the *Ocean* from Montréal to Halifax, and our Adventure Routes including Jasper to Prince Rupert, Winnipeg to Churchill and Montréal to Senneterre and Jonquière.



Adventure Routes

Already, our Adventure Routes are encouraging travellers to explore outdoor, culinary and cultural destinations in a way that preserves our country's natural beauty. In 2018, we successfully promoted sustainable tourism along our Adventure Routes, bringing travellers to remote communities in British Columbia, Manitoba, Ontario and Québec. They are welcomed by locals and get the opportunity to marvel at Canada's natural beauty while enjoying the outdoor activities, shops, restaurants and microbreweries that help drive regional economic growth.

Furthermore, from May to October, we allowed passengers to bring their bikes for free on the Montréal-Jonquière route to encourage them to get outside and be active. Not having to rent a car upon arrival at their destination makes it a truly sustainable trip for our passengers.



Senneterre by Railway

Local tourism in the Senneterre region of Québec has been an ongoing focus of ours for many years. In 2018, we partnered with the Senneterre Economic Development Corporation to launch the "History of Senneterre by the Railway".

Special trains between Amos and Senneterre helped mark the 100th anniversaries of the Barraute and Landrienne communities that were established alongside these tracks. On board, passengers relived moments from the region's history and were entertained with railway anecdotes to remind them of the great history of passenger rail. The events fostered community togetherness and spurred local tourism in the region.

↑
Mayor of
Senneterre,
Jean-Maurice
Matte, at
the launch
of "History of
Senneterre by
the Railway"



Northern Tourism Industry Award

→
We were pleased to have received the Northern Tourism Industry Award this year at the annual Northern Ontario Tourism Summit, in recognition for our contribution to the growth of local tourism in Northern Ontario.

Supporting Socio-economic Development



Contributing to Canada's Prosperity through Sustainable Choices

We are proud of the legacy of leadership we have built in Canada over the years to become an integral part of the social fabric of our society. This year we also celebrated our 40th anniversary, and we have so much to be proud of.

Today, our passenger rail services connect over 400 communities along 12,500 kilometres of track from coast to coast – enabling people to access jobs, participate in the economic activities of other communities and improve their social connections and quality of life.

Ensuring value for money to Canadians has remained a top priority for us. In addition to creating societal and economic benefits, we continued to ensure tax dollars were invested in meaningful projects.

The federal government 2018-2019 budget was also a highlight this year. We were pleased to obtain approval for the allocation of funds to acquire a brand new fleet of modern trains to service the Québec City – Windsor corridor, where 96% of our passenger trips are taken. The fleet, which will consist of 32 bi-directional trains is expected to further lower our operating costs and provide more passenger capacity as we grow our business for a sustainable future.

Building strong ties within the communities where we operate is an important part of our contribution to socio-economic development of Canada. As we celebrated our 40th anniversary, it provided us an important opportunity to give back and thank Canadians for their loyalty throughout the years. We organized numerous events to bring Canadians together, which included our anniversary contests, 40 sustainable actions challenge, and other special events.

We also deepened our engagement with Indigenous communities and organizations, in the spirit of inclusive growth and reconciliation, and supported more than 1,500 organizations across the country through our promotional in-kind travel credits.



Patricia Jasmin
Chief Financial Officer



2018 Achievements

Improving Financial Efficiency

+15%

improvement since 2014 in our operating deficit per passenger-mile excluding past service pension costs

Partnering with Communities

\$1,949,477

in-kind travel credits provided to support local community events

Supporting Local Suppliers

\$379M

payments to suppliers for goods and services, of which 93% are Canadian-based companies

Creating positive impacts: where it connects



Creating Value for Money

As Canada's only national passenger rail service, we are proud of the contribution we are making to provide a safe, cost-effective and environmentally responsible service from coast to coast. Creating value for money is as much about the socio-economic benefits we create in Canadian society as it is about how we manage taxpayer money to operate our services in the most efficient manner.

Socio-economic Benefits

Contributing to economic growth and enriching the social and cultural experience of Canadians and foreign tourists is how we can make a meaningful and impactful difference in society. In 2018, we moved passengers on over 4.74 million trips within the Corridor, along our long-distance routes and to remote communities where alternative and affordable travel is limited, helping to support an increasingly mobile and connected population. Greater mobility provides further indirect spillover benefits, enabling greater access to jobs, social and economic activities, and a better quality of life.

Our direct contribution to the economy includes the wages we pay to our 3,115 employees, the expenses we pay for the services of more than 2,673 suppliers, of which approximately 93% are Canadian-based companies. We source most of our on-board products from local businesses, including the Winnipeg-based cooperative that produces the bread we serve, craft beers from Atlantic Canada and other Canadian micro-breweries and Canadian wines.

We also supported more than 1,500 community groups this year, through the in-kind trip credits we donated to events that promote various groups, including youth, Indigenous People, military, new Canadians, people with disabilities, among others.

Fiscal Responsibility

Our financial teams are focused on ensuring tax dollars are invested effectively in meaningful projects, while containing our operating deficit through better deployment of our assets. We carefully plan our strategic investments to ensure we run a safe, efficient and reliable service.

In 2018, majority of our capital investments were directed towards improvement projects, including the Corridor Economy cars rebuild projects, track upgrades on infrastructure owned by us, as well as upgrades to the Ottawa station and the Toronto Union station revitalization project.

2018 Value Creation

CUSTOMERS

4.74M

passenger trips
providing safe and
accessible services



EMPLOYEES

\$312.8M

wages (including
benefits) distributed
improving quality
of life



SUPPLIERS

\$379M

payments to
suppliers for goods
and services



SOCIETY

271,888

tonnes CO₂e avoided
creating a healthier clean
environment



IN FOCUS

Improving our Financial Performance

Since 2014, we have been pursuing growth strategies while responsibly managing our costs. Our expansion and addition of train services to Canadians has enabled us to generate growth and improve our operating deficit per passenger-mile.



TOP-LINE GROWTH

Our customer-centric focus and enhanced network planning strategies have been instrumental in our ability to reverse the decline in revenues seen pre-2014. This has included: adding new frequencies and new station stops; adding new Québec City to Ottawa direct trains; optimizing schedules and equipment cycling; enhancing our customer marketing and advertising campaigns; and providing more value for customers while retaining price conscious passengers in a targeted way. As a result, since 2014, our revenues have increased 40.06% from \$280.3 to \$392.6 million.



OPERATING FUNDING IMPROVEMENT

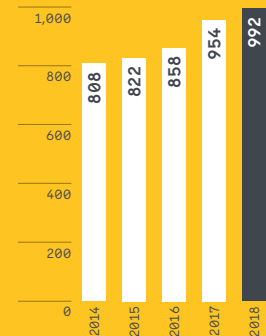
With these and other initiatives, we have retained new markets and revenue sources and achieved significant passenger revenue growth, which has led to a reduced operating funding per passenger-mile over time.

INVESTING IN OUR FUTURE

As our top-line improved over time due to higher passenger and revenue volumes, we have been focused on investing in our future. Our continued investments prioritize the protection of our assets' integrity and state of good repair, as well as proposed strategic investments that support the growth of the business, improvements to operations, and the customer experience, while contributing to our commitment towards sustainable mobility.

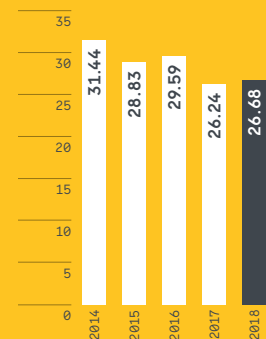
TOTAL PASSENGER-MILES

(in millions)



OPERATING DEFICIT* PER PASSENGER-MILE

(in cents/passenger-mile)



* Deficit before past service pension costs



Our customer-centric focus has been instrumental to our increased revenue and ridership.



Contributing to Community Development

Working together with local, regional and national organizations, we are contributing in-kind travel credits to support diverse causes, including our youth, Indigenous organizations, new Canadians, and Canadian heritage.



Travel credits

Our in-kind travel credits are being used by a broad array of organizations, including charity groups and not-for-profit organizations, enabling us to create social benefits within the many communities where we live and work.

In 2018, we contributed a value of

\$1,949,477

of in-kind tickets to a total of

1,510

organizations in

600

communities across Canada.



Youth

We recognize the important role we can play to encourage the health, well-being and education of young people to help them become the leaders of tomorrow.

In 2018, we participated and contributed \$473,550 in in-kind trips to youth programs and events that encourage them to discover their country through learning, social involvement and civic responsibility.

We were proud to participate once again with the Children's Breakfast Clubs organization in 2018. VIA Rail transported over 200 young Canadians from Toronto to Ottawa as part of Black History Month. During this event, the participants visited Parliament Hill, met with parliamentarians and learned about Black History Month as well as the prominent and noteworthy African American figures who played a key role in our government and shaped Canadian history.



Indigenous Communities

We are proud to serve our Indigenous communities and continue to identify and work in partnership to support local initiatives through the investment of time and the provision of transportation resources. As defined in our recently launched Indigenous Relations Policy, VIA Rail will focus on relationship building, Indigenous business development and partnerships, investment in communities, and Indigenous employee recruitment and retainment strategies.

In 2018, we were associated with the Emerging Leaders for Sustainable Community Development Conference and the 16th annual Canadian Council for Aboriginal Business Gala, among others. We also sponsored the Aboriginal Peoples Television Network's Indigenous Day Live event in celebration of National Indigenous Peoples Day.



Canadian Military

We work with various organizations representing current and retired military members in various Canadian cities. In 2018, we continued to build strong ties with Canadian Armed Forces by collaborating with Salus Ottawa, the Wounded Warriors Highway of Heroes Bike Ride, the launch of Supporting Wounded Veterans Canada dedicated to supporting troubled veterans, and the Grand rassemblement des vétérans made possible by the Retour en Force initiative.

We also partnered on several other events, including with Du Régiment aux Bâtiments organization and VETS Canada to collaborate and recruit more candidates from the defense community and the 10th edition of the 2018 Army Run.

1. Children's Breakfast Clubs trip to Ottawa
2. APTN Indigenous Day Live event
3. VIA Rail military familiarization visit

IN FOCUS

VIA Rail's 40th Anniversary: 40 Sustainable Actions

In 2018, we celebrated four decades as an autonomous Crown Corporation. To give back and to thank Canadians for their loyalty throughout the years, we launched numerous activities to celebrate the event.

To commemorate our anniversary, we wrapped 17 locomotives and 24 cars, installed posters and banners in stations, and gave the general public numerous opportunities to engage with us and highlight this special event through our 40 Sustainable Actions Initiative. This community-based initiative touched on our sustainability pillars. We undertook 40 collective actions across the country – each action representing one year of service – engaging our employees and community members. The 40 community actions were selected based on their potential to offer long-term impacts in the many communities where we operate. All 40 sustainable actions are showcased on the VIA Rail blog at: <https://blog.viarail.ca/40-sustainable-actions/>



1.



2.



3.



4.



5.

1. Redistributing Non-perishable Food

We served meals to more than 400 people at the Old Mission Brewery; and continue to donate non-perishable food not sold on-board our trains.

2. Welcoming New Canadians

We hosted 40 new citizens and their families at the Ottawa station for an ICC citizenship ceremony.

3. Sustainable Urban Ecosystem Development

Our employees collaborating with students at the Marie-Rivier High School to build water storage ponds for the installation of a viable and sustainable urban ecosystem.

4. Planting Red Maple Trees

Our employees welcomed over 600 visitors to Sarnia's Centennial Park where we had a commemorative planting of red maple trees. We also planted red maple trees with the Friends for Mental Health.

5. Promoting Arts and Culture

We accompanied our mini-train during Port Hope's annual Candlelight Walk organized by Critical Mass, a non-profit organization that promotes the presence and influence of art in the city.

Operating Safely and Securely



Safety is our Core Value

Fostering a strong safety and security culture is at the heart of everything we do – whether in our maintenance centres, in our stations, on board our trains or in the communities where we operate. Our goal is to go from safe to safer as we strive to be a zero incident, no-harm work environment.

Nothing is more important to us than the safety and security of our people, passengers and the public. Every year, we make significant investments to ensure the safety and security of our infrastructure and assets. We spent considerable funds maintaining our tracks, conducting inspections to prevent and detect failures and we continue to use our technologies to monitor and track our safety performance.

In 2018, for the first time, we engaged our people through our safety culture survey. We learned that a majority of our people feel that safety is a priority at VIA Rail, and that while we have areas of strength, we still have important opportunities for improvement. We used the results to strengthen our safety management system and were pleased to have successfully passed the Transport Canada audits on the effectiveness of our risk management processes.

Safety awareness on our strategy remained an ongoing focus, with new technical training on our incident management system as well as our enhanced Locomotive Engineering training program. In recognition of our efforts, we were pleased to accept a Safety Award from the Railway Association of Canada for our operational safety strategy.

We also continued to strengthen our railway security presence at key stations along our network. This year, 10 police constables and 7 civilians were sworn-in to the VIA Rail Police Service. We also invested in more canines for our specialty unit and successfully upgraded our video surveillance system and building access control systems.



Marc Beaulieu
Chief Transportation
and Safety Officer



2018 Achievements

Reducing Accident Frequency Rates

-44.5%

reduction in accident rates per 200,000 hours worked since 2011

Lowering Train Incidents

-55%

reduction in the number of train incidents since 2014 as a result of our strengthened safety culture

Formalizing our Security Service

10 police constables
7 civilians

were sworn-in to the VIA Rail Police Service

Increasing Safety Training

15,702

hours spent on employee safety training

Creating positive impacts: where it connects



Promoting a Preventive Safety Culture

Embedding a strong preventive safety culture is an integral part of our goal to achieve a zero incident, no-harm work environment. Our Operational Safety Strategy anchors our approach to safety culture, which we have based on three pillars – training, communication and monitoring. To support our strategy, we have been strengthening our local teams, ensuring we have dedicated health and safety professionals to support our business units and promoting our preventive safety culture in day-to-day activities.

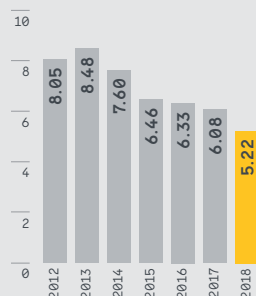


Incident Management APP

We introduced a new app enabling employees to report all environment and health and safety incidents from their phones, including accidents and near-misses. Engaging our employees in the field in a user-friendly way helps to build a strong safety culture while making it easier for us to follow up in a timely manner and manage statistics in real-time. Continuous communication with employees helps us improve awareness and proactively identify where mitigation plans are needed.

ACCIDENT FREQUENCY RATE

per 200,000 hours worked



Critical Risks

Over the years, we have been assessing systematic issues that allow us to improve our training and feedback to apply best practices. We now place more attention on our critical risks focusing on analyzing our health and safety data to determine possible predictive patterns and trends. We look at both leading and lagging indicators and share these insights with our people. By building the capabilities and safety awareness of our teams, we can get better at identifying and addressing systemic issues that might be contributing to unsafe behaviours.

Reducing Workplace Injuries

This year, VIA Rail's Mechanical Services piloted a program to promote a robust approach to the management of the manual handling tasks of its workforce. Working with a leading Health and Safety partner, we devised a program that focused on the specific activities and risks our manual labour force faced on a daily basis. Over 700 employees were trained on how to apply safe manual handling practices, and dozens of supervisors and coaches were also trained to spot and correct techniques. Additionally, visual reminders were strategically placed to reinforce the principles.

Awareness Sessions

Strengthening our communications on health and safety issues is an ongoing priority. We take every opportunity to communicate and train our people on incidents, share good practices and provide real-time feedback on-the-job. Employees

are encouraged to discuss issues related to health and safety, share lessons learned and provide feedback. On a monthly basis, we review performance incidents and discuss improvement plans.

Incident Management Training

In 2018, we elevated our weekly departmental meetings to focus discussions on health and safety incidents, lessons learned, and good practices. In addition to mandatory health and safety training courses, we worked in partnership with the Université du Québec à Montréal, to develop a training program for critical incident management and support.

The content was piloted in Toronto with our transportation managers and was well received by our Health and Safety National Policy Committee. After a few iterations, we presented the training program at the Teamsters Canada Rail Conference. We plan to roll it out to other locations in 2019.

Safety Culture Survey

To track our progress, we engaged more than 885 employees this year through our industry leading safety culture survey. The survey sought feedback on our workplace and everyday employees' experience. The results indicated that our people recognize and identify with our strong values of preventive safety. Working with our business units, we used the survey results to identify action plans to inform our continuous improvement efforts.

Over the past year, we elevated our commitment to promoting the mental health and well-being of our employees, passengers and the broader community. Working together through our 40 VIAWELL Ambassadors across Canada, we spent the year increasing awareness focusing on five key pillars – prevention, early intervention, recovery, absence and return to work.

We rolled out a mindfulness program, which included a 30-day challenge for employees to learn how to take 5 minutes out of their day to practice mindfulness. We also started mindfulness sessions for our leaders to promote psychological health and wellness in the workplace, teaching strategies on how to manage stress, and reduce conflicts and absenteeism.



We ran a series of short videos for our employees on strategies to “take care of yourself”. A broad number of topics were covered, from well-being to nutrition and psychological health. More and more, the cause of disability in the workplace has to do with mental health. Through the video sessions, we aim to prevent illness and ensure early intervention so that people learn how to get treatment early.

Through our Employee Family Assistance Program, our employees now have access to the Life Speak Program. The program brings acclaimed health and wellness experts delivering practical information and useful tips on a range of health and wellness topics through a readily accessible well-being platform.

↑
**VIWELL Ambassadors
at an annual
training session**



Ensuring Effective Railway Safety Management

We have a robust safety management system (SMS) that anchors how we identify and manage the safety risks across our railway operations. It includes procedures, processes and responsibilities for safety management in accordance with the SMS regulations under the Railway Safety Act, and in alignment with the ISO 45001 Safety Management System.

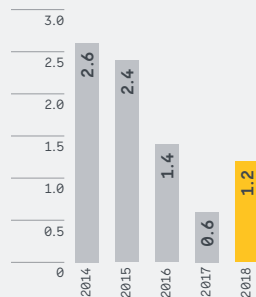


Public Safety Outreach

We take every opportunity to educate Canadians on safety around rail property and trains. Once again this year we were active participants in Railway Safety Week.

We also teamed up with CN for Safety Day, and are now collaborating with our partners CP and Metrolinx to install suicide prevention signage at high-risk locations where incidents and trespassing are common.

TRAIN INCIDENT RATIO per million train-miles travelled



Includes rail yard collisions, mainline collisions, derailments with at least one wheel off the track, exceeding limits of authority violations, speeding infractions; excludes crossing accidents and trespassing.

Fatigue Management Plans

We worked diligently this year and successfully launched our fatigue management policy. The policy was the result of a rigorous risk assessment process, and was well received by our infrastructure partner, CN. We also developed a fatigue management course to help our employees better understand fatigue and how to reduce it. The course provides education on what is fatigue, the stages of sleep and best practice measures to counter fatigue. Our Operations Control Center Controllers received the training. In the coming years, we plan to integrate our fatigue management course into the recertification program.

Safety Audits

We hold ourselves to high levels of safety performance and are subject to annual audits by Transport Canada to ensure our SMS is not only adequate but also operates effectively. In 2018, we successfully passed the Transport Canada audit, which demonstrated that our SMS is effective in supporting our policies and objectives as required by the Railway SMS regulations.

Investing in Technology

Each year we invest significantly in technology and infrastructure to run a safe and efficient rail service. This year, we continued to use our Wi-Tronix information to coach our Locomotive Engineers on better train handling practices. As well, our Train Status Information Plus provides us with real-time information on locomotive and train performance. The speed of our trains is monitored to ensure compliance and feedback before a failure occurs, and our thermal camera inspections has resulted in less time troubleshooting failures.



Rail Safety Day

We teamed up with CN for Safety Day in Moncton to promote and encourage rail safety in a fun, educational and interactive setting. Over 1,000 visitors were treated to a 20-minute free train ride between the station and the CN Rail yard.



Thermal Camera Inspections

We are able to inspect our cars more quickly and with more accuracy thanks to the use of thermal cameras, which give us a view beyond the frame of the train cars to the interior systems. We have therefore increased the number and shortened the time to do train inspections, while reducing the resources needed to conduct them. This has resulted in faster turnaround time for maintenance, allowing cars to go back into service more quickly.



IN FOCUS

Infrastructure Improvements

Investing in our technology and infrastructure programs is critical if we are to offer a safe, reliable and comfortable passenger rail service. To meet the highest standards of safety performance, we made significant improvements in our technology and infrastructure over the past year.

1. Improving OTP through infrastructure

We identified opportunities to improve on-time performance (OTP) at Brockville for the Ottawa-Toronto route. In 2019, we will be replacing existing siding tracks with active siding to minimize the effect of traffic and delays on the tracks.

2. Ongoing Track Maintenance

Track maintenance remains a priority to ensure our trains keep running quickly and smoothly for improved safety and passenger comfort. In 2018, we resurfaced tracks to make them level, upgraded 10 surface crossings, tested tracks for geometric defects, de-stressed the rail where needed, and successfully completed our track maintenance program in the Chatham region.

3. Improving Trespassing Safety

A major fencing program is underway with the collaboration of the City of Windsor and Transport Canada to prevent trespassing in high risk areas along the Québec City – Windsor corridor. We also plan to extend the fencing program to the Smiths Falls subdivision in the coming year.

4. Implementing grade crossing regulations

Following new Transport Canada regulations, we continued to upgrade crossings to improve traffic safety around our tracks. We are smoothing surface crossings and taking measures to improve visibility with signage, cross boxes, mileposts, stop signs and more. By the end of 2018, we completed 295 crossings, with seven left to be done.

5. Maintaining structures and culverts

We are working with local authorities to identify infrastructure upgrades to keep our trains running smoothly and to keep local communities safe. In 2018, we assessed the impact of rain events and increased the capacity of the drainage system by installing new culverts in the Smiths Falls and Brockville regions. We also initiated an intensive bridge program this year, which involved replacing timber deck and span, as well as repairs to caps and abutments.

6. Strengthening signals and communication

We initiated a project to identify areas where signals and communications were vulnerable to the impacts of severe weather and power outages. We are putting measures in place to improve signal crossing reliability, ensuring they continue to meet required standards and zero defects. This includes increasing the capacity of back-up batteries and installing lightning arrestors and solar panels.



Strengthening Railway Security

We recognize the important responsibility we have to ensure the security of all our passengers at our stations and on board our trains. We continued to grow our security presence at key stations along our network, strengthening our systems by installing innovative technology upgrades and increasing the presence of security officers. We also continued to expand our canine unit for specialty security work.

This year, we formalized our security objectives, settling on five areas where we have been focusing our efforts:

ENHANCING OPERATIONAL EFFECTIVENESS & EFFICIENCY: Adopt best practices, new capabilities and implement lessons learned to improve effectiveness. Monitor performance against key performance indicators.



Example: We implemented the Ontario Police Technology Information Co-operative (OPTIC) records management system through which we can collaborate with other law enforcement agencies.

PREVENTING CRIME & SECURITY INCIDENTS: Focus on crimes and security incidents that cause the greatest harm to VIA Rail's passengers, employees and infrastructure. Identify the most likely points of impact from terrorism and ensure non-tolerable risks are treated.



Example: We are leveraging data from OPTIC and our own security and risk vulnerability assessments to identify our priority incident types, including fraudulent activities.

PROTECTING PEOPLE WHO ARE VULNERABLE AND AT RISK: Protect, support and safeguard vulnerable and at-risk people suffering from mental health conditions, behavioural disorders, learning difficulties as well as poor, frail, disabled, economically disadvantaged, homeless, and isolated persons.



Example: We are working to enhance the environmental design around our stations to prevent loitering and crime.

SUPPORTING PASSENGER TRAIN SERVICES: Support employees who are victims of crime and anti-social behaviour. Work in partnership and respond quickly to police-related incidents that cause delay and rapidly engage to reinstate services.



Example: We are running education and awareness training and offering legal support to employee victims.

PROMOTING CONFIDENCE IN USING PASSENGER RAIL: Maintain trust, confidence and support of the passengers, employees and communities VIA Rail serves in their personal security on trains and in stations. Inspire high standards of integrity, behaviour and service.



Example: We are enhancing our threat monitoring capabilities, conducting security exercises and revamping our security incident alert system to better align with our partners.

→
Our Network Operations and Transportation team was presented with the 2018 Railway Association of Canada Safety Award in the category of Passenger – Employee Incident for our operational safety strategy.



IN FOCUS

Working Together to Eliminate Fraudulent Activity

We are working diligently to eliminate the presence of fraudulent ticket purchases. In 2018, our VIA Rail Police and Corporate Security team established a Fraud Strategic Committee to decrease fraudulent ticket purchases, and to deter criminal activity on board our trains. The committee also provides support to employees working at our call centres, on-train services and stations.

The Fraud Strategic Committee engaged employees across our network representing a wide array of departments, as well as partner organizations, including financial institutions, IT and partner law enforcement agencies, to identify the most common characteristics of fraud. We implemented measures to support employees who are faced with fraudulent activity, including a process to positively identify passengers when fraudulent activity is suspected, and expanded our VIA Rail police presence at stations and on board our trains.

The results have been positive, with a 11% reduction in fraud since the Committee's actions were implemented. We are now looking at various technological tools to intervene and prevent fraudulent ticket purchases, with the goal of eliminating all fraudulent activity.



The Fraud Strategic Committee's goals centre around three main objectives:

1

To ensure the safety and security of both employees and passengers;

2

To minimize disruption to VIA Rail operations; and

3

To prevent incidents by supporting enforcement and investigation of fraud.



UPGRADING VIDEO SURVEILLANCE

We successfully completed an upgrade of our video surveillance and building access control systems to improve the safety and security of our passengers and employees. The new CCTV system covers our sites across Canada and is controlled and monitored by VIA Rail Police and Corporate Security. The building access control system is aligned with the opening and closing of stations, which in turn coincides with train arrival and departures when station staff are not present.



EXPANDING THE PRESENCE OF OUR RAIL POLICE

Established in 2015 with the goal of ensuring the safety of passengers, employees and the public, as well bridging with Canadian police agencies and the intelligence community, our VIA Rail Police Service is now operational and deployable along the Québec City – Windsor corridor. This year, ten more police constables and seven civilian members were sworn-in to the VIA Rail Police Service.



Reducing our Impact on the Environment

Leading us Towards a more Sustainable Future

As we transform our business for the future, we are committed to reducing the environmental impacts of our fleet and buildings, and have set bold energy and carbon reduction targets that align with the Government of Canada and the International Union of Railways goals on climate change.

We believe that we can help to relieve growing congestion and smog in our urban centres as one of Canada's most environmentally-friendly, fuel-efficient inter-city transportation options.

Our Environmental Management System, which has been given the internationally recognized ISO 14001 designation, was successfully upgraded this year, enabling us to strengthen and continuously improve our processes at three of our maintenance facilities in Montréal, Vancouver and Winnipeg.

We continued to reduce the greenhouse gas emissions associated with our operations. Working closely with our locomotive engineers, we improved fuel conservation from better train handling and idling practices. We also continued to invest in energy efficiency in our buildings – including our Ottawa station for which we are working to attain LEED Silver green building status this year. In addition to various green building feature upgrades such as LED fixtures, a white roof, air conditioning and boiler upgrades and the installation of Electrical

Vehicle Charging stations, we are also now exploring sustainable parking options, battery storage devices and other cleaner energy alternatives.

Partnering within the sector on climate resilience has continued to be an important focus for us. Ensuring the resilience of our infrastructure and assets to extreme weather is critical to operating a safe and fluid passenger rail service. This year, we started working on our climate resilience plan, which will be completed in 2019.

Consistent with circular economy principles, we continued to divert waste from landfill through various reduce, reuse and recycle initiatives.

Specifically, in 2018, we conducted a comprehensive waste audit of our operations. We plan to use the results to identify opportunities to reach our landfill waste diversion target of 10% by 2020 and embed zero-waste concepts in our business over the long-term.



Robert St-Jean
Chief Asset
Management Officer



2018 Achievements

Lowering our Carbon Footprint

-32%

reduction in greenhouse gas emissions per passenger-kilometre since 2005

Procuring Electric Vehicles

100%

administrative vehicles purchased were zero emission vehicles

Reducing Air Contaminants

-21%

reduction in CAC emissions per passenger-kilometre since 2009

Creating positive
impacts: where
it connects





Mario Bergeron
Chief Mechanical and
Maintenance Officer

Adapting to Climate Change

Climate change is one of the most significant threats that could have devastating impacts on our operations, those of our passengers, and the economy as a whole. This is why we are working hard to reduce our carbon footprint, ensure the resilience of our assets and operations, and support the transition to low carbon options in our economy.

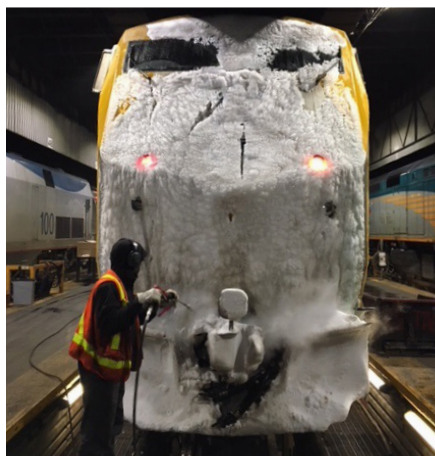
“Ensuring the efficiency and fluid operation of our rail locomotives and network is a constant priority, especially during extreme weather events. This is why we are so focused on building resilience into everything we do, which is reflected in the way we operate and maintain the assets across our network.”

Strengthening our Resilience to Climate Change

Working closely with the National Research Council of Canada on the climate resilience of our infrastructure has been an important focus for us this year. Specifically, we installed sensors on our owned track and rolling stock to understand the impact of extreme weather.

We also regularly monitor stress on our rail network, including through Continuous Welded Rail thermal stress studies, radar ballast assessments, and bridge deck replacement. In order to systematically mitigate the risks of climate change, we are working on an industry leading climate resilience plan, which will be completed in 2019.

To ensure continuous operation of our Operation Call Centers during extreme weather, a generator and an UPS were installed in Montréal and Moncton.



Mitigating Severe Weather Events

People count on the reliability of the train, especially during winter, when the weather can be unpredictable. After a particularly difficult 2017-2018 winter season, our Mechanical and Maintenance Team initiated a winter-readiness project to mitigate the effects of severe weather conditions on our departures, arrivals and fleet.

A multidisciplinary team was created as part of our project to address the effects of severe winter conditions on our departures and fleet. The team was mandated with identifying any pitfalls we may encounter due to difficult conditions. Several workshops were organized across different locations and departments to gather ideas from employees. These workshops led to the creation of a “playbook” that clearly defines the contributions and commitments needed to achieve better on-time performance and passenger satisfaction during times of inclement weather. It included a weather alert system, simulation testing, optimized snow removal, and emergency response trains. The playbook was successfully tested as a drill and then saw its first activation with a forecast of freezing rain across parts of the Corridor. With the ongoing participation of employees, the playbook will continue to be used and refined.

IN FOCUS

Modernizing our Current Fleet

Launched in 2018, VIA Rail's Heritage Fleet Refurbishment Program centers on a reuse/recycle/re-purpose approach and will see major renovations to 79 cars in our current fleet. Scheduled to be completed in 2020, the initiative aims to provide an improved customer experience pending the delivery of our much-anticipated new fleet.

BEHIND THE MAKEOVER: EFFECTIVE PARTNERSHIPS

Equipment: **Economy class (HEP1)**

Number of cars being renovated: **25**

Provider: **CAD Railway Industries**

Highlights: **Interior, mechanical and electrical refurbishment**

Equipment: **Economy and Business class (HEP2)**

Number of cars being renovated: **33**

Provider: **Montréal Maintenance Centre**

Highlights: **New seats, washrooms and energy-saving LED lighting system**

Equipment: **Accessible Economy class (HEP3)**

Number of cars being renovated: **17**

Provider: **Bombardier**

Highlights: **New accessible areas and interior modernization**

Equipment: **Diner (HEP1)**

Number of cars being renovated: **4**

Provider: **Rail GD**

Highlights: **Kitchen reconfiguration and modernization of the dining area**

Equipment: **Locomotives (EPA-42)**

Number of cars being renovated: **14**

Provider: **Montréal Maintenance Centre**

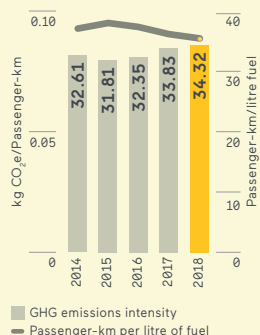
Highlights: **Reconditioning of the engines, electrical components, and air conditioning system**



Improving our Eco-efficiency

As a rail transportation company, we see our opportunity to contribute to the circular economy by reducing materials at source, engaging suppliers on eco-design options, elongating material life cycles through reuse, repair and recycling, and working with our partners to recover and recycle materials at the end of their life.

GHG Emissions Intensity vs. Fuel Efficiency

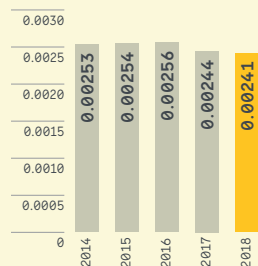


-32%

reduction in fuel intensity since 2009

Criteria Air Contaminants Emissions Intensity

Tonnes per passenger-kilometre



Historic CAC intensity figures have been restated to align with the Railway Association of Canada's emission factor calculation methodology.

-21%

reduction since 2009

Improving Energy and Carbon Efficiency

With more than 74% of our GHG emissions generated from our rail operations, our focus continues to be on improving the fuel efficiency of our fleet.

Over the past year, we made progress by training and coaching our Locomotive Engineers (LEs) to reduce train idling and improve fuel efficiency. Using our telemetry Wi-Tronix system to track performance, our LEs gain insights on fuel efficiency opportunities through their personalized energy management scorecards.

We have also been upgrading our trains to reduce fuel consumption, including using Genset wayside power. As our train fleet naturally approaches the end of its life, we expect to see significant reductions with our upcoming fleet modernization projects.

We also invest in the energy efficiency of our buildings, from lighting fixtures, air conditioning and boiler system upgrades to complete building refurbishments.

For example, we are working to attain LEED Silver green building designation at our Ottawa station.

As well, we are reviewing the use of cleaner and renewable energy options, such as battery storage, green roofs and parking spaces at our stations and maintenance centres.

Learning from Waste Audits

We are committed to reducing our waste footprint and have taken steps to systematically analyze our operations and waste streams. Identifying areas for improvement will enable us to reach our landfill waste diversion target of 10% by 2020 and embed zero-waste concepts in our business over the long-term.

In 2018, we conducted solid, non-hazardous waste audits for waste removed from on board the trains at the Toronto Maintenance Centre. The purpose of the audits was to understand the nature of the waste streams, how it is being managed, and pinpoint new recycling opportunities to strengthen the existing recycling initiatives.

Based on the findings of our waste audit, we will be working toward improving waste signage for passengers, implementing an organics program, training and educating our onboard employees, and purchasing more recyclable products for onboard distribution.





Considering Green Design Features for Buildings

As part of our Green Building Policy – formalizing our commitment to sustainable station development – we are working towards achieving LEED certifications on select buildings. Where practical, we also plan to incorporate green building requirements and credits from LEED at our stations, maintenance centres and infrastructure. In 2018, we developed a green buildings standards document and an evaluation procedure to ensure environmental impacts are considered when working on improvements at our stations, maintenance centres and infrastructure.



GREEN BUILDING DESIGNS

The green buildings standards document and evaluation procedure were further ingrained in our way of thinking in 2018 and the process was made more robust with the introduction of internal reporting processes. Our Capital Asset Management team now must demonstrate which green options were considered, how they were evaluated, and which of our sustainability pillars they impact.

Reducing Fuel Consumption and Exhaust Emissions

Through our Automatic Engine Start/Stop project we are reducing the amount of fuel consumed as well as the exhaust emissions by safely shutting down and restarting the locomotive engine during idle periods. Overall fuel consumption during idling times was reduced by 21.7% since 2012.

Procuring Zero Emission Vehicles

This year, we established a green strategy for the replacement of our fleet of vehicles. Our goals align with the Government of Canada's Greening Government Strategy. We aim for 75% of new vehicle purchases to be zero emission vehicles (ZEVs), and to have green vehicles comprise 80% of our fleet by 2030.



GREEN VEHICLE FLEET

In 2018, 100% of the five administrative vehicles VIA Rail purchased were ZEVs, surpassing our procurement target. We also replaced utility vehicles at our maintenance centres with electric ones. Today, VIA Rail's 53 vehicle fleet includes 5 hybrid vehicles. To achieve our goal of 80% we have completed a green vehicle replacement plan and included green requirements in our replacement strategy. We expect these actions will enable us to meet our goal within the next three years, well ahead of our 2030 deadline, and will result in 90 tonnes of carbon avoided per year.

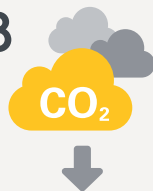


Promoting the Environmental Benefits of Rail

Passenger rail transportation is the most environmentally-friendly inter-city transportation mode, and an important part of the environmental solution for Canada. Today, the transport sector in Canada accounts for 23% of GHG emissions. Of this, a mere 0.07% comes from our passenger rail services, whereas 51% comes from passenger road transport.

271,888

tonnes of carbon avoided in 2018 by VIA Rail trains compared to car travel.



As the greener travel option, we recognize the important responsibility we have to promote passenger rail as the environmentally friendly option. We view passenger rail as a lynchpin for reaching Canada's greenhouse gas emission reduction targets, improving air quality and alleviating congestion in our cities.

Promoting Better Air Quality

Transport and engine exhaust emissions are a major contributor to poor air quality. The Government of Canada estimates that 14,400 premature deaths each year in Canada can be linked to air pollution. This puts pressure on the public health system through respiratory and heart conditions.

With passenger rail, Criteria Air Contaminants (CAC) are significantly reduced, including carbon monoxide, volatile organic compounds, nitrous oxides, sulphur dioxides and particulate matter. CACs from rail transport are much lower than road transport and in 2018, we marked a 21% reduction in CACs from our operations since 2009.

Supporting Conversations on Climate Change and Environment

We proudly supported our youth representing their respective G7 countries attend the Y7 Summit in Ottawa by providing free rail transport for the young delegates. The event brought together young people from seven nations to discuss topics relating to climate change and the environment, the economy, and gender equality, who went on to present their ideas to the G7 Summit leaders in June 2018.



Lowering Greenhouse Gas Emissions

A shift of passengers from road and air travel to rail has the potential to mitigate the effects of climate change by reducing Canada's carbon footprint. For instance, rail travel is more than twice as efficient as road travel. In 2018, we enabled Canadians to avoid 271,888 tonnes of carbon by choosing to leave their cars at home and travel by train.

Enabling Cleaner Energy Alternatives

Newer rail technologies are being designed to be cleaner and more efficient. Welcoming our new fleet in the Québec City - Windsor corridor will be an important milestone for us. The new fuel-efficient locomotives will not only meet the EPA Tier 4 emission standards, but also boast a carbon emission reduction of up to 80% compared to current equipment, while providing a smooth and comfortable ride for our passengers.

IN FOCUS

New Fuel Efficient Fleet

Our new fleet of bi-directional trains, with a scheduled arrival beginning in 2022 until 2024, will lead Canadians towards a greener, more accessible and more efficient future. With a reduced environmental footprint – thanks to some of the most energy-efficient technology available – our new fleet will result in significantly less greenhouse gas emissions from our rail operations.

Starting 2022, millions of our passengers travelling in Canada's busiest Québec City – Windsor corridor will enjoy a brand new set of trains, with more comfortable seats, offering spaces for people with reduced mobility and equipped with the latest technology to be more fuel-efficient and reduce the carbon footprint of travel.



Tier 4 Diesel Engines producing four to five times less pollution than cars or other modes of transportation

Electric features with the option to operate on electrified rail infrastructure in the future

Improved comfort for travellers:

wide seats, quiet-zones, bike storage and flexible luggage space



32 bi-directional trainsets capable of operating in either direction reducing turnaround times for trains at stations in urban centers

9,100 passenger seats providing more passenger capacity and lower operating costs

Being an Attractive Employer



Elevating the Employee Experience

Our 3,115 people are the most valued asset we have as a business and the driving force behind our success.

We care about the well-being of everyone on our team, from front-line employees and maintenance or administrative workers to management and specialized professionals. We want them to have the best employee experience with us, where they feel valued, supported and empowered to be successful both personally and professionally.

To ensure we continue to thrive in a rapidly changing environment, we are investing in our people – both current and future employees. We are working to attract the best talent and provide them with opportunities to develop their skills and feel proud of the work they do, the company they work for, and the difference they make.

As we continue to transform VIA Rail, we are committed to ensuring that we attract new talent while providing the best possible work experience for our employees. This year, we modernized and streamlined our talent acquisition process to make it easier for candidates to interact with us. We also revamped our on-boarding process, including new toolboxes to facilitate interactions between new employees and hiring managers. In 2018, we were pleased to have successfully on-boarded 543 new hires.

We continued to attract and develop a diverse and inclusive workforce, and made important strides working collaboratively with Indigenous People and members of the Canadian Armed Forces (reservists) and veterans. In 2018, we were awarded the Silver Parity Certification at the Women in Governance gala in recognition of our success promoting and supporting women at all levels of our company.

Furthermore, management and technical training were highlights this year. The average hours of training per employee was approximately 33.5. We were proud to see 114 employees graduate from the VIA Rail Leadership School Program, as well as our first cohort of graduates from the Locomotive Engineer Apprenticeship Program.

Our focus on creating an agile and innovative work environment also came to life. As part of our strategic goals leading up to 2025 – we engaged our people to imagine stations of the future; we piloted digitally enabled solutions for the blind or partially sighted, and co-designed solutions at our stations. As we evolve on our journey to modernize the business, our plan is to elevate the employee experience and redefine how we connect and interact with our people.



Linda Bergeron
Chief Human Resources Officer



2018 Achievements

Developing Skills

104,001

total hours of training in 2018, with an average of 33.5 hours per employee

Recognized for Diversity

Silver

Parity certification from Women in Governance

Engaging our People

74%

participation rate in our employee engagement survey

Creating positive impacts: where it connects



4 QUALITY EDUCATION



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH

Attracting and Developing Top Talent

With roughly 15% of our workforce set to retire in the coming years, we still have work to do to recruit new talent. As well, to address the talent shortages in high-risk positions in critical areas of our operations, we developed a strategic plan that we will be deployed in 2019. Our focus continues to be on attracting talent, onboarding them effectively and providing top-notch training and development.



Employee Engagement Survey Results

This year saw a lot of change as we transform for the future. Like any major change, our transformation brought forth some challenges and uncertainties, which explain the small decrease in engagement. Meanwhile, other factors, such as our trust index score, increased and, our engagement survey results remain in line with the average for large companies.

74%

participation rate, a decrease of 4% since 2017

58%

engagement score, a decrease of 4% compared to 2017

+27%

increase in our trust index score compared to 2015

70%

of employees would recommend VIA Rail as a great place to work

Attracting Talent

As we prepare to welcome a new generation of talent, we are modernizing our talent acquisition process to make it easier for candidates to interact with us and securely communicate all required information.

In 2018, we hired 543 people, including both unionized and non-unionized employees who replaced our retiring employees and filled new strategic positions.

As well, we continued to maintain strong relationships with various recruitment organizations, universities and technical schools to access the best talent pool.

Onboarding our New Hires

Through our onboarding process, we are focusing on giving our new hires the knowledge, tools and support to succeed in our organization. Successful candidates now benefit from a revamped onboarding process, including new toolboxes to facilitate interactions between new employees and hiring managers.

Training

Our structured approach to training and development is focused on both management and technical skills training. In 2018, 114 participants graduated from our VIA Rail Leadership School Program. We also continued to successfully implement our Locomotive Engineer Apprenticeship Program and in 2018, we graduated the first group of students. This program builds on the skills of more experienced workers to ensure the transfer of knowledge before their retirement.

Furthermore, more than 150 tradesmen at VIA Rail are part of our Mechanical Services' Apprenticeship program, which is critical for the ongoing execution of maintenance operations. Under this program, apprentices benefit from a combination of classroom instruction and on-the-job training under the supervision of a journey-level craft person to learn the practical, theoretical and safety aspects of their job. It also offers developmental opportunities for employees, since apprentices can come from other departments within the company.

Employee Engagement

We continue to engage our people through our annual surveys. While we had decreased our engagement score by 4% when compared to 2017, we were pleased to see 70% of employees would recommend us as a great place to work. From the results of the survey, it was clear that we have to do more to engage our senior management, new hires and the younger generation. Championed by our senior management, we now have plans in place to improve our engagement.

Centres of Excellence

At our maintenance centres, we are empowering our employees to work together to find innovative solutions to day-to-day problems through our Centre of Excellence (CoE). The CoE was created to increase employees' engagement in order to improve operations, reduce costs and to make the workplace safer. Since its implementation in 2016, VIA Rail has created 14 centres across the country. An amazing 1,063 improvement ideas have been collected with 738 initiatives already put in place.

IN FOCUS

Promoting Diversity and Inclusion

By prioritizing diversity, we aim to build a workforce that is well positioned to serve our customers and Canada's diverse population. We are committed to providing inclusive employment opportunities for women, people with disabilities, visible minorities and Indigenous People.



Promoting Gender Diversity

Our efforts to increase the number of women in management positions continued in 2018. As of December 31, our Board of Directors was composed of six women and five men and company executives are made up of four women and six men. The rest of our organization is also on the right track: 31.5% of managers and 30.5% of non-managers are women. In 2018, we were proud to be recognized by Women in Governance for the success of our dedication to gender diversity.



RECOGNITION FOR SUPPORTING THE ADVANCEMENT OF WOMEN

We were recognized by Women in Governance with a silver parity certification for our efforts and achievements in terms of strategy, action and results in the promotion and support of women for the development of their leadership, career advancement and representation at all levels of the organization.



Empowering Indigenous People

This year was pivotal for us in establishing new connections with Canada's Indigenous communities. In collaboration with the Canadian Council for Aboriginal Business (CCAB), we continued working towards attaining the base level CCAB Progressive Aboriginal Relations Certificate. To be considered for certification, we must demonstrate leadership actions, equitable employment programs, business development with Indigenous-owned businesses, and establish and maintain positive community relations.



ENCOURAGING INCLUSION OF INDIGENOUS PEOPLE

We participated in roundtables co-organized by Indigenous Work and the Canadian Chamber of Commerce to encourage the inclusion of Indigenous People in the Canadian economy. We were also present at the Indspire Soaring Conferences in Winnipeg which encourages Indigenous youth to think about their future employment.



Supporting Minorities

We are building stronger ties with visible minorities, people with disabilities and other groups that are under-represented. For example, we have continued to support the Canadian Armed Forces, to ease their transition from military to a civilian career. We increased our efforts to encourage more veterans to join our staff – including through our participation at the Canadian Forces Leadership and Recruit School, the Prince's Operation Entrepreneurship program and the gala Hall of Femmes by La Force au Féminin. Today, we have 86 military members in our workforce.

Empowering Agility in the Workforce

As part of our mission to be the smarter way to move people, we continuously strive to offer our employees an experience that dares to see things differently.

This year, our innovation strategy – part of our strategic goals leading up to 2025 – really came to life.

The overall objective of our innovation strategy is to catalyze an ecosystem of internal and external collaborations to drive three key outcomes: delighting our customers, transforming our services and empowering our employees. To bring innovation into sharper focus, we worked on four streams of activities to engage our employees:

- **Leadership:**
shifting the mindset of our management to be willing to try new processes and ask unexpected questions;
- **The Sandbox:**
an incubator to rapidly develop and prototype new ways of working;
- **The Foundry:**
putting in place evaluation and measurement structures to advance innovation; and,
- **The CO.LAB:**
collaborating with internal and external partners to improve the speed, scale or insight of our efforts.

Co-designing Station Challenges

In 2018, we launched an innovation lab experience with station employees at Toronto's Union Station. The purpose was to empower employees to co-design solutions to station challenges. Three teams (a total of 10 employees) were coached to apply design thinking to tackle challenges around communications, empowerment of passenger-facing employees, and how to close the knowledge gap unresolved by training. Front-line managers became facilitators, providing guidance and mentorship, while allowing the employee teams to maintain responsibility and accountability for their solutions.

The lab resulted in three solutions that are now being adopted and tested, including a new format for manager and employee meetings, a new concept to help empower front line employees to make the best decisions for our passengers and a new post-training mentorship program to bridge operational and customer engagement knowledge gaps. The formula proved successful and a group of procurement employees is now leveraging this approach with coaching from the innovation team to refresh and improve how we create statements of work as part of our RFP/RFQ process.

Generating Employee-owned Solutions

To support a new On Train Service (OTS) employee base in Ottawa, our innovation team partnered with the Customer Experience OTS manager and his staff to demonstrate the power of the agile methodology for rapidly generating employee-owned solutions. Staff worked with the innovation team to develop a solution to reduce the amount of paper at the station. They iteratively created an application that met communication, notification and schedule needs and the process was so popular with OTS staff that they volunteered additional time on their days off.





Digital Solutions for the Blind/Partially Sighted

We accepted the challenge issued by the UIC to enable a blind/partially sighted passenger to navigate autonomously in their station journey from “curb to platform”. We partnered with the Canadian Council of the Blind and Canadian National Institute for the Blind to understand the lived experience of these passengers. With this understanding, we installed beacons to improve situational awareness and provided sonar wristbands to detect obstacles. Following a project pilot, we received very positive feedback from our partners and we are developing an action plan to further advance the technology across the Québec City – Windsor corridor in 2019.

Learning through our 10-10 Challenge

We revamped our innovation awards to put the focus on empowerment and learning. A new initiative, the 10-10 Challenge, allowed employees to imagine how they could spend 10 work days and a budget of up to \$10,000 to bring an idea to life with coaching and guidance from the innovation team. The team received 50 submissions from which they selected three finalists who will be working in 2019 to implement their ideas. The winning submissions ranged from creating more conditions for job enrichment for station staff, to imaging what a “loft” car might look like in the Corridor, to creating a high fidelity training environment by repurposing equipment which is about to be retired.

Imagining a Station of the Future

VIA Rail was challenged to outline the scope and roadmap for the station of the future as part of our 2025 strategic plan. We leveraged Mosaic, the innovation and creativity organization of HEC Montréal, to explore new ways of conducting benchmarking and strategic exploration. Our business owner and senior innovation advisor visited a variety of organizations, engaged with thought leaders, and spent time working and reflecting with teams of masters’ students, professionals and academics. The methodology allowed us to change our mindset and behavior.



Managing Third-Party Rail Requests

Our infrastructure engineering team manages all third party access requests for activities on or near our tracks and station infrastructure. This year, we cost-effectively and collaboratively built a digital portal to replace the manual process of managing these requests with detailed tracking that is transparent to all parties. The result was an 80% improvement in revenue, 700% improvement in process efficiency enabling the repurposing of a full-time employee.

A woman with short blonde hair and a young girl with dark hair are looking out a window. The woman is wearing a yellow and black striped sweater, and the girl is wearing a light blue shirt and denim overalls. The girl is pointing her hand towards the window. The background is a bright, slightly blurred view of the outdoors. A large yellow and black striped graphic is overlaid on the top left of the image.

Managing our Business Responsibly

Transforming by Doing

Our 2025 strategic roadmap is helping us accelerate the transformation and modernization of VIA Rail. Its four strategic orientations – responsible, personalized, collaborative and connected – lay the foundation for our future success, helping position us as leaders in the passenger rail industry.

As we evolve on this journey, we recognize the important responsibility we have to ensure fairness and integrity, drive project management excellence, and communicate and engage our stakeholders in a transparent and constructive way.

Our vision to be the smarter way to move people is anchored on three key strategic projects: customer experience, the new fleet and our proposed High Frequency Rail project. To ensure the success of these projects, we spent this year establishing a strong foundation built on ethical conduct and operational excellence. We reinforced high standards of project management oversight to ensure we prioritize the right projects in alignment with our corporate objectives, and deliver them efficiently.

Through the leadership of our Chief Communications Officer, we revisited our vision and resurfaced with a new communication platform – Love the Way. It reflects what makes train travel unique – an invitation to encourage more and more Canadians to rediscover the joy of travel. Through this new communication platform, we plan to

promote the message that taking the train is an easy, sustainable and enjoyable experience that meets the individual needs and preference of our passengers.

We continued to maintain and build our relationships with communities across Canada, connecting with citizens from urban and rural regions alike, and strengthening cultural and economic interconnectedness. Over the course of the year, we participated at 376 meetings with governments, and business and community organizations to gain insights on issues of mutual interest. We were especially proud of the relations we began to build, meeting numerous Indigenous People across Canada – an important milestone in establishing new connections and partnerships.



Sonia Corriveau
Chief Business
Transformation Officer



2018 Achievements

Engaging a Broad Audience

174,768

Facebook fans

46,961

followers on Twitter

18,400

followers on Instagram

Reaching Communities

376

meetings with governments, business and community organizations on our strategic projects and other collaborations

Creating positive
impacts: where
it connects



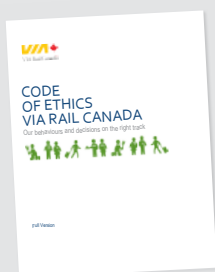
Being Good Stewards

We are committed to conducting our business in an ethical, responsible and prudent manner, ensuring we comply with all laws and regulations as we transform and modernize our business for the future.



Ensuring Ethics and Integrity

As stewards of the company, our Board of Directors – appointed by the Governor-in-Council – is responsible for overseeing our strategic direction and management. They sign our Code of Ethics reflecting the spirit and intent of the Federal Accountability Act. In addition, all our management and unionized employees also sign and adhere to our Code of Ethics.



Supporting Human Rights

We are committed to upholding the UN Universal Declaration of Human Rights and the core standards set out by the International Labour Organization. We support the Guiding Principles on Business and Human Rights endorsed by the United Nations Human Rights Council.

The management of human rights is embedded into all aspects of our business, including through:

- Employment standards covering topics such as diversity, equality opportunity, workplace violence, and health and safety;
- Supplier expectations in our contractual documents that promote human rights in our supply chain;
- Collective bargaining agreements that protect the rights of people through our unions; and,
- Accessibility standards that ensure people from all walks of life are accommodated through our passenger rail services.

Reinforcing Anti-corruption

We have a zero-tolerance approach to bribery and corruption, as set out in our Code of Ethics. All our employees are required to refuse to accept gifts or benefits that may affect objectivity. Performance against our anti-corruption and anti-bribery expectations are reviewed through our internal audit process.

As part of our process, all employees have access to whistleblowing mechanisms that they can use to get advice and to report suspected cases of misconduct anonymously. In 2018, no cases of corruption or bribery were reported through our whistleblowing mechanisms.

Delivering Projects Responsibly

As part of our business transformation and modernization of VIA Rail, we have established substantive projects to elevate our customer experience, improve the deployment of assets through our new fleet, as well as feasibility studies on our proposed High Frequency Rail project. To ensure we responsibly manage and successfully deliver these projects, we have built a robust capital projects management office. This year, our focus was to continuously improve project prioritization in line with our corporate objectives, and enhance the maturity of our project management processes, tools and competencies.

IN FOCUS

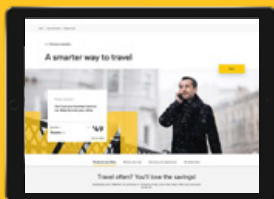
Love the Way

A New Communication Platform to Help Build our Future

In the midst of our remarkable transformation, we are building on our values of innovation, trust and agility to elevate our communications in a way that brings to life what makes train travel unique. We want Canadians to rediscover the joy of travel and in doing so gain an appreciation for how they are contributing to a better more sustainable future.

Our new communication platform – Love the Way – builds on our values and personality characteristics and promotes our belief that travelling should be an easy, sustainable and enjoyable experience that meets the individual needs and preference of our passengers. Love the Way is a reflection of what makes train travel truly unique.

In order to reach a wide audience, the new communication platform was rolled out through television spots, online video spots and banners, movie theatres, digital out-of-home billboards and print media across the Québec City – Windsor corridor. Furthermore, as part of our sustainable approach to promote the use of public transport overall, our platform was also rolled out on a Flexity streetcar wrap and on the Tec Tower Digital billboard at Dundas Square in Toronto.



Ann Bouthillier
Chief Communications
Officer

“Refreshing our brand identity has enabled us to sharpen our focus on the innate characteristics that distinguish us as an organization. Our new internal and external communication platform, Love the Way, marks a first milestone on our journey to make us stand out in the eyes of our customers.”

Engaging our Stakeholders

Ever since our establishment 40 years ago, we have been proud to engage with Canadians, connecting citizens from urban and rural regions alike, and strengthening cultural and economic interconnectedness. Working together and collaborating with our stakeholders enriches our understanding and enables us to build even stronger relationships in the community.



This past year, our Government and Community Relations team reached out to a broad range of audiences – governments, Indigenous People, associations, suppliers, academia and the public – to understand their views and the issues that matter most to them. Engagement took place through individual meetings, conferences, roundtables, regional initiatives, town halls and various business partnerships.

Meeting Towns and Cities

We are committed to working with communities to better understand the needs of travellers in order to develop plans for improved service. For example, during the past year, we travelled to communities such as Drummondville, Québec, and Peterborough, Ontario, to meet with the respective mayors to discuss our present operations and future plans, as well as how our proposed High Frequency Rail project could be used to provide more sustainable transport options for people living in communities across Canada.



Collaborating with Industry Associations

We continued our in-depth dialogue with stakeholders and associations that represent the interest of Canada, our passengers and the communities we currently serve as well as those of the future.

In 2018, we were excited to contribute to the success of such flagship events as the launch of the Ontario Chamber of Commerce's dialogue on the future of transportation in Ontario, the Economic Club's youth exchange program, the Canadian Urban Transit Association's Awareness Days, Sommet ferroviaire of the Union des municipalités du Québec, the 2018 Global Progress Summit, and the Kingston Chamber of Commerce's Connect EXPO Showcase.

Strengthening Relations with Indigenous People

As defined through our recently launched Indigenous Relations Policy, we are committed to maintaining and enhancing relationships with Indigenous People. This engagement includes information sharing regarding proposed projects and future plans, collaboration on community ventures and celebrations, and strengthening efforts to share opportunities that facilitate prosperity and growth.

IN FOCUS

Indigenous Communities Elevating the Dialogue

We are committed to maintaining and enhancing relationships with Indigenous communities to build relationships and develop business through strategic partnerships.

In 2018, we held several meetings throughout the year; we had engagement sessions with the Iroquois Caucus and Algonquins of Ontario, and attended several meetings with Chiefs and Indigenous leaders from the Mohawk Council of Kahnawàke, the Huron-Wendat Nation, the Atikamekw Nation, and the Assembly of First Nations.

We also engaged in numerous discussions on our vision for the future of passenger rail and the future implications for our indigenous partners. We participated in flagship events including the Canada 2020 Aboriginal Economic Symposium, the Canadian Council for Aboriginal Business, the Aboriginal Economic Development Conference and the Indigenous Women in Leadership (IWIL) Award. We were also proud sponsors of the Aboriginal

Peoples Television Network's Indigenous Day Live to honour and recognize the vital role of Indigenous heritage and culture in Canadian society.

These efforts will be important as we work towards our Canadian Council for Aboriginal Business Progressive Aboriginal Relations Certification, which builds a foundation for establishing and maintaining positive relationships with Indigenous communities and businesses.



Jacques Fauteux
Director Government and
Community Relations

"We are proud to serve indigenous communities from coast to coast. We are building strong partnerships with indigenous communities through respectful and meaningful relations and open dialogue."



← Members of the VIA Rail Progressive Aboriginal Relations (PAR) Working Group with Brenda Thwaites and Luanne Whitecrow (director of the PAR program) of the Canadian Council for Aboriginal Business, 2nd and 3rd from left, respectively.

Aligning to International Standards

GRI Index

In compiling the content for our 2018 Sustainable Mobility Report, we were guided by the reporting principles set out in the Global Reporting Initiative (GRI) Standards Reporting Framework, using the Core option. The following GRI index presents the GRI standard disclosures covered in our report and other resources available on our website.

General Disclosures

GRI DISCLOSURE		SECTION / LOCATION	PAGE / SOURCE
GRI 101: FOUNDATION 2017		Does not include any disclosures.	
GRI 102: GENERAL DISCLOSURES 2017			
Organizational profile			
102-1	Name of the organization	Communicating our Progress About this Report	64
102-2	Activities, brands, products, and services	VIA Rail at a Glance	4
102-3	Location of headquarters	Corporate Offices	Back Cover Page
102-4	Location of operations	VIA Rail at a Glance	4
102-5	Ownership and legal form	VIA Rail at a Glance	4
102-6	Markets served	VIA Rail at a Glance	4
102-7	Scale of the organization	VIA Rail at a Glance, Data Summary Table	4, 5, 62
102-8	Information on employees and other workers	Being an Attractive Employer, Data Summary Table	45, 62
102-9	Supply chain	Supporting Socio-economic Development	23*, 24*
102-12	External initiatives	Moving People Sustainably, Supporting Socio-economic Development, Operating Safely and Securely, Being an Attractive Employer, Managing our Business Responsibly	6-9, 23, 24, 26, 27, 31, 32, 47-49, 51-55
102-13	Membership of associations	Communicating our Progress About this Report	64*
Strategy			
102-14	Statement from senior decision-maker	President's Message	2
102-15	Key impacts, risks, and opportunities	President's Message Sustainability Risks and Opportunities	2*, 10, 11
Ethics and Integrity			
102-16	Mechanisms for reporting concerns about unethical or unlawful behavior	www.viarail.ca/sites/all/files/media/pdfs/About_VIA/Code_ethics_complete_EN.pdf	Code of Ethics VIA Rail Canada
102-17	Mechanisms for advice and concerns about ethics	www.viarail.ca/sites/all/files/media/pdfs/About_VIA/Code_ethics_complete_EN.pdf	Code of Ethics VIA Rail Canada

* Partially reported

GRI DISCLOSURE		SECTION / LOCATION	PAGE / SOURCE
Governance			
102-18	Governance structure	Sustainability Risks and Opportunities	10*
102-19	Delegating authority	Sustainability Risks and Opportunities	10*
102-20	Executive-level responsibility for economic, environmental, and social topics	Sustainability Risks and Opportunities	10*
102-21	Consulting stakeholders on economic, environmental, and social topics	Sustainability Risks and Opportunities, Managing our Business Responsibly	11, 54, 55
102-22	Composition of the highest governance body and its committees	Sustainability Risks and Opportunities	10*, 63
102-23	Chair of the highest governance body	Sustainability Risks and Opportunities	10*
102-24	Nominating and selecting the highest governance body	Sustainability Risks and Opportunities	10*
102-30	Effectiveness of risk management processes	Sustainability Risks and Opportunities, Operating Safely and Securely, Reducing our Impact on the Environment	10*, 30, 32, 34, 35, 38
102-31	Communicating critical concerns to the highest governance body	https://www.viarail.ca/sites/all/files/media/pdfs/About_VIA/Code_ethics_06152018-2.pdf	Code of Ethics VIA Rail Canada
Stakeholder Engagement			
102-40	List of stakeholder groups	Managing our Business Responsibly	54
102-41	Collective bargaining agreements	Managing our Business Responsibly	52
102-43	Approach to stakeholder engagement	Managing our Business Responsibly, Communicating our Progress About this Report	54, 64
102-44	Key topics and concerns raised	Elevating our Sustainability Agenda, Sustainability Risks and Opportunities	8, 10*
Reporting Practice			
102-45	Entities included in the consolidated financial statements	VIA Rail at a Glance	4
102-46	Defining report content and topic boundaries	Elevating our Sustainability Agenda, Sustainability Risks and Opportunities, Communicating our Progress About this Report	8, 10, 64
102-47	List of material topics	Elevating our Sustainability Agenda	8
102-50	Reporting period	Communicating our Progress About this Report	64
102-51	Date of most recent report	Communicating our Progress About this Report	64
102-52	Reporting cycle	Communicating our Progress About this Report	64
102-53	Contact point for questions regarding the report	Communicating our Progress About this Report	64
102-54	Claims of reporting in accordance with the GRI Standards	GRI Index	56
102-55	GRI content index	GRI Index	56
102-56	External assurance	Communicating our Progress About this Report	64

GRI Index

Material Topics

GRI DISCLOSURE		SECTION / LOCATION	PAGE / SOURCE
GRI 103: MANAGEMENT APPROACH 2017			
103-1	Explanation of the material topic and its boundary	Elevating our Sustainability Agenda, Strengthening our Priorities, Sustainability Risks and Opportunities	8-11
103-2	The management approach and its components	Elevating our Sustainability Agenda, Strengthening our Priorities, Sustainability Risks and Opportunities	8-11
GRI 200: ECONOMIC STANDARD SERIES 2017			
Economic Performance			
103	Management approach	Supporting Socio-economic Development	24
203-1	Infrastructure investments and services supported	Supporting Socio-economic Development	23-25
203-2	Significant indirect economic impacts	Supporting Socio-economic Development, Data Summary Table	23-25, 62, 63
204-1	Proportion of spending on local suppliers	Supporting Socio-economic Development, Data Summary Table	23, 62
Indirect Economic Impact			
103	Management approach	Supporting Socio-economic Development	24
203-1	Infrastructure investments and services supported	Supporting Socio-economic Development	23-25
203-2	Significant indirect economic impacts	Supporting Socio-economic Development, Data Summary Table	23-25, 62, 63
204-1	Proportion of spending on local suppliers	Supporting Socio-economic Development, Data Summary Table	23, 62
GRI 300: ENVIRONMENTAL STANDARD SERIES 2017			
Energy			
103	Management approach	Reducing our Impact on the Environment	37
302-3	Energy intensity	Reducing our Impact on the Environment, Data Summary Table	40-42, 62
302-4	Reduction of energy consumption	Reducing our Impact on the Environment, Data Summary Table	40-42, 62
302-5	Reductions in energy requirements of products and services	Reducing our Impact on the Environment, Data Summary Table	40-42, 62
Emissions			
103	Management approach	Reducing our Impact on the Environment	37
305-1	Direct Greenhouse Gas (GHG) Emissions (Scope 1)	Reducing our Impact on the Environment, Data Summary Table	40-42, 62
305-2	Energy indirect greenhouse gas (GHG) emissions (scope 2)	Reducing our Impact on the Environment, Data Summary Table	40-42, 62
305-4	Greenhouse gas (GHG) emissions intensity	Reducing our Impact on the Environment, Data Summary Table	40-42, 62
305-5	Reduction of greenhouse gas (GHG) emissions	Reducing our Impact on the Environment, Data Summary Table	40-42, 62
305-7	Criteria air contaminants (nitrous oxides, sulphur dioxides, particulate matter, hydro carbons, and carbon monoxide)	Data Summary Table	62
Supplier Environmental Assessment			
103	Management approach	Reducing our Impact on the Environment	40
308-2	Negative environmental impacts in the supply chain and actions taken	Reducing our Impact on the Environment	40

GRI DISCLOSURE		SECTION / LOCATION	PAGE / SOURCE
GRI 400: SOCIAL STANDARD SERIES 2017			
Employment			
103	Management approach	Being an Attractive Employer	45-46
401-1	New employee hires and employee turnover	Being an Attractive Employer, Data Summary Table	46, 63
Occupational Health and Safety			
103	Management approach	Operating Safely and Securely	29-30
403-1	Formal joint management – worker health and safety committees	https://media.viarail.ca/sites/default/files/publications/SustainableMobilityReport2016_EN_FINAL.pdf	2016 Sustainable Mobility Report, p. 28
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Data Summary Table	62
403-3	Workers with high incidence or high risk of diseases related to their occupation	Operating Safely and Securely	30, 32
Training and Education			
103	Management approach	Being an Attractive Employer	45
404-1	Average hours of training per year per employee	Being an Attractive Employer, Data Summary Table	45, 63
404-2	Programs for upgrading employee skills and transition assistance programs	Being an Attractive Employer	46, 48, 49
Diversity and Equal Opportunity			
103	Management approach	Being an Attractive Employer	47
405-1	Diversity of governance bodies and employees	Being an Attractive Employer, Managing our Business Responsibly, Data Summary Table	45, 47, 63
Local Communities			
103	Management approach	Supporting Socio-economic Development	23, 26, 27
413-2	Operations with significant actual and potential negative impacts on local communities	Supporting Socio-economic Development	23, 26, 27







United Nations Global Compact

The following table demonstrates our report's alignment with the ten principles of the United Nations Global Compact (UNGC) including areas of human rights, labour, environment, and anti-corruption.

FOCUS AREA	PRINCIPLE	SECTION / LOCATION	PAGE / SOURCE
Human Rights	1 Businesses should support and respect the protection of internationally proclaimed human rights	Managing our Business Responsibly	52
	2 Businesses should make sure that they are not complicit in human rights abuses	Managing our Business Responsibly	52
Labour	3 Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	Managing our Business Responsibly	52
	4 Business should uphold the elimination of all forms of forced and compulsory labour	Managing our Business Responsibly	52
	5 Businesses should uphold the effective abolition of child labour	Managing our Business Responsibly	52
	6 Businesses should uphold the elimination of discrimination in respect of employment and occupation	Being an Attractive Employer, Managing our Business Responsibly	47, 52
Environment	7 Businesses should support a precautionary approach to environmental challenges	Sustainability Risks and Opportunities, Reducing our Impact on the Environment	10, 38
	8 Businesses should undertake initiatives to promote greater environmental responsibility	Reducing our Impact on the Environment	37-43
	9 Businesses should encourage the development and diffusion of environmentally friendly technologies	Reducing our Impact on the Environment	39-43
Anti-corruption	10 Businesses should work against corruption in all its forms, including extortion and bribery	Managing our Business Responsibly, www.viarail.ca/sites/all/files/media/pdfs/About_VIA/Code_ethics_complete_EN.pdf	52 Code of Ethics VIA Rail Canada

Impacts Across our Value Chain

In prioritizing the sustainability topics relevant to our business, we considered our entire value chain covering suppliers, offices and stations, services and operations, customers, and community and ecosystem. This process has helped us to focus our policies, programs, and initiatives to mitigate risks and maximize opportunities, as presented in the table below.

SUSTAINABILITY		VALUE CHAIN				
PILLARS	PRIORITIES	SUPPLIERS	OFFICES AND STATIONS	SERVICES AND OPERATIONS	CUSTOMERS	COMMUNITY AND ECOSYSTEM
 Providing the Best Customer Experience	Accessibility and Affordability		•	•	•	•
	Quality Service	•	•	•	•	
	Inter-modality Partnerships			•	•	•
	Sustainable Mobility Hubs		•	•	•	•
 Supporting Socio-economic Development	Fiscal Responsibility	•	•	•	•	•
	Value for Money	•			•	•
	Community Investment					•
 Operating Safely and Securely	Railway Safety Management System (SMS)	•	•	•	•	•
	Occupational Health & Safety (OHS)	•	•	•		
	Railway Security	•	•	•	•	•
	Public Outreach		•	•	•	•
 Reducing our Impact on the Environment	Climate Change Mitigation and Adaptation		•	•	•	•
	Criteria Air Contaminants (CAC)		•	•	•	•
	Waste Management	•	•	•	•	•
	Sustainable Procurement	•	•	•	•	•
	Environmental Benefits of Rail			•	•	•
 Being an Attractive Employer	Attracting People		•	•		
	Diversity and Inclusion	•	•	•		
	Talent Development		•	•		
	Employee Engagement		•	•		
	Innovation and Creativity		•	•		
 Managing our Business Responsibly	Modernizing VIA Rail	•		•	•	•
	Ethical Conduct and Risk Management	•	•	•	•	•
	Transparency and Communication	•	•	•	•	•

Measuring Performance

Data Summary Table

GRI / VIA RAIL INDICATOR		2018	2017	2016
Customer				
VIA Rail	Passengers (in thousands)	4,744	4,392	3,974
VIA Rail	Passengers-miles (in millions)	992.07	954	858
102-43/44	Customer satisfaction (Corridor Net Promoter Score) ^{a)}	53	52	48
VIA Rail	On-time performance (in %)	71%	73%	73%
VIA Rail	Passengers taking advantage of fare discounted packages (in thousands)	447	452	393
VIA Rail	Inter-modality passengers (in thousands)	123	115	95
Socio-economic				
201-1	In-kind trip donations (\$)	1,949,477	2,423,222	1,416,849
203-2	Total suppliers supported	2,673	2,818	2,562
203-2	Local canadian suppliers supported (%)	93%	94%	93%
203-2	Supplier expenses for purchased services, material and fuel (in \$ millions)	379	364	334
Safety				
403-2	Train incident ratio per million train-miles ^{b)}	1.2	0.6	1.4
403-2	Crossing accidents	12	9	7
403-2	Trespassing accidents	18	17	16
403-2	Accidents per 200,000 hours worked (frequency)	5.22	6.1	6.3
403-2	Days lost per 200,000 hours worked (severity)	102.5	95.0	118.6
403-2	Lost-time incidents	147	158	153
403-5	Safety training hours ^{c)}	15,702	42,865	42,652
Environment				
VIA Rail	Total GHG emissions (scope 1 and 2) (tCO ₂ e) ^{d)}	150,975	138,437	136,293
305-1	Total direct GHG emissions (scope 1) (tCO ₂ e) ^{d)}	148,025	136,510	132,961
305-1	Rail locomotives (tCO ₂ e) ^{d)}	138,548	126,533	124,683
305-1	Maintenance centres and stations (tCO ₂ e)	10,894	9,615	7,786
305-1	Road vehicles (tCO ₂ e)	383	362	491
305-2	Total indirect energy consumed – electricity (scope 2) (tCO ₂ e) ^{d)}	2,950	1,928	3,332
VIA Rail	GHG emissions avoided by VIA Rail trains compared to cars since 2009 (tCO ₂ e) ^{e)}	271,888	261,357	235,155
VIA Rail	% reduction in GHG emissions since 1990 ^{f)}	34%	40%	41%
VIA Rail	% reduction in GHG emissions intensity since 2009 ^{f)}	30%	34%	30%
VIA Rail	Reduction in GHG emissions intensity since 2005 (%) ^{f)}	32%	30%	28%
305-4	Kilograms CO ₂ e per passenger-kilometre ^{f)}	0.089	0.089	0.090
GRI Sector	Litres of fuel per passenger-kilometre ^{f)}	0.029	0.030	0.031
VIA Rail	% reduction in fuel intensity since 2005 ^{f)}	32%	30%	26%
305-7	Total criteria air contaminants (CAC) kilotonnes ^{g)}	3.84	3.28	3.16
305-7	Nitrous oxides (kilotonnes)	3.32	2.11	2.03
305-7	Sulphur oxides (kilotonnes)	0.001	0.001	0.001
305-7	Particulate matter (kilotonnes)	0.07	0.043	0.042
305-7	Hydrocarbons (kilotonnes)	0.12	0.82	0.79
305-7	Carbon monoxide (kilotonnes)	0.33	0.30	0.29
VIA Rail	CAC intensity (tonnes per thousand passenger-kilometre)	0.0024	0.0021	0.0023
VIA Rail	% reduction in CAC intensity since 2009	21%	24%	27%

GRI / VIA RAIL INDICATOR		2018	2017	2016
Employees				
102-7	Number of active employees at the end of the calendar year	3,115	2,899	2,731
405-1	Number of active male employees	2,371	1,913	1,865
405-1	% of active male employees	64%	66%	68%
405-1	Number of active female employees	1,308	986	866
405-1	% of active female employees	36%	34%	32%
102-40/41	Unionized employees (%)	78%	81%	81%
401-1	New hires	543	545	566
Via Rail	New hires from Canadian Armed Forces	26	22	25
401-1	Employee turnover rate (%)	12%	11%	10%
VIA Rail	Attendance rate (%)	95%	94%	95%
405-1	Number of active Indigenous employees	71	54	52
405-1	% of active Indigenous employee	2%	2%	2%
405-1	Number of active visible minority employees	467	350	278
405-1	% of active visible minority employees	13%	11%	10%
405-1	Number of active people with disabilities employees	81	67	49
405-1	% of active people with disabilities employees	2%	2%	2%
405-1	Number of active veteran employees	86	50	38
405-1	% of active veteran employees	2%	2%	1%
405-1	Age group over 50 (%)	32%	35%	39%
405-1	Age group between 30-50 (%)	53%	50%	44%
405-1	Age group below 30 (%)	16%	15%	17%
404-1	Total hours of training ^{b)}	104,001	129,003	106,893
404-1	Transportation and safety training hours	15,702	42,865	42,652
404-1	Commercial training hours	59,183	42,072	31,283
404-1	Mechanical training hours	25,287	n/a	n/a
404-1	Corporate training hours	3,830	n/a	n/a
404-1	Number of employees who received training	3,102	2,800	2,630
404-1	Average hours of training per employee	33.5	46.0	40.6
Governance				
102-22	Board directors	11	12	10
102-22	Non-executive directors	10	11	9
102-22	Female board directors (%)	55%	50%	50%

- a) Our 2017 and 2018 Net Promoter Score ("NPS") data was restated to reflect VIA Rail's corporate decision to narrow the NPS data collection and reporting scope coverage from all regions to the Corridor region.
- b) Includes rail yard collisions, mainline collisions, derailments with at least one wheel off the track, exceeding limits of authority violations, speeding infractions; excludes crossing accidents and trespassing.
- c) In the last year, VIA has optimized its training approach, transitioning from traditional in-person safety training to more efficient, self-paced online solutions including e-learning, micro-learning and virtual classrooms. This transition has improved quality, personalization, efficiency all while reducing the total quantity of training hours.
- d) GHG emissions relates to scope 1 emissions from rail locomotives, road vehicles, and natural gas consumption from maintenance centres and stations and scope 2 emissions from electricity and steam consumption from maintenance centres and stations. It includes CO₂, CH₄ and N₂O. We applied a base year of 2009 when measuring our progress towards the International Union of Railways objective. We applied a base year of 2005 when measuring progress towards VIA Rail's GHG reduction target. We use the GHG protocol for our reporting standard, and apply the emission factors from Environment Canada's National Inventory 2015. GHG emissions for 2016 have been restated since the last report to include most up to date GHG calculation.
- e) Based on the study "Comparison of Passenger Rail Energy Consumption with Competing Modes" (2015) for door-to-door direct activity.
- f) Does not include emissions from road vehicles, maintenance centres or stations. Data from 2016 has been restated since last report to include most up-to-date GHG calculation.
- g) Emission factors for criteria air contaminants (CAC) are based on the "2016 Locomotive Emissions Monitoring Report", page 25, table 8, total passenger for diesel locomotives (g/L).
- h) VIA Rail has changed its training classifications to more accurately align with its business sectors. "Health and safety" has been reclassified as "Transportation and safety" and "Customer service" has been reclassified as "Commercial".

Communicating our Progress

About this Report

We are committed to ensuring our communication on sustainable mobility is transparent, credible and engaging for all our stakeholders. Aligning our approach to reporting with international standards is an important part of how we ensure the information we provide is relevant to a broad audience.



Your Feedback is Important to us

We want you to be part of our sustainable mobility journey as we strive to improve our performance and reporting process. Engaging with our stakeholders is an important part of how we can determine if the information we are communicating is relevant.

We would like to invite you to send your comments, suggestions or questions on this report to:

Corporate Communications
VIA Rail Canada
3 Place Ville Marie
Suite 500
Montréal, Québec
H3B 2C9

sustainablemobility@viarail.ca

Reporting Scope

The 2018 Sustainable Mobility Report is our fourth formal standalone report where we communicate our commitment, programs and performance related to sustainability. The report covers quantitative data from our operations across Canada for the 2018 calendar year, unless otherwise stated.

The report reflects VIA Rail's vision, objectives and performance with respect to six sustainability pillars that we believe are important to our business and our stakeholders: customer experience, socio-economic development, safety, environment, our employees, and responsible management.

Alignment with International Standards

We have aligned the contents of this report with the Global Reporting Initiative (GRI) Standards and its Transportation and Logistics Sector Supplement. Our GRI Index provides references to information sources on how our corporate disclosures align with the GRI requirements.

While we did not conduct an extensive materiality assessment, an internal stakeholder engagement exercise was undertaken to identify the priorities of greatest impact to our business and to society at large.

As we mature in our reporting, we expect to further strengthen our materiality assessment process to focus our reporting priorities and identify areas of improvement.

Also, as a member of the International Union of Railways, we are committed to ensuring that we use our Sustainable Mobility Report to actively communicate VIA Rail's climate-friendly initiatives to raise awareness, acceptance and recognition of the role of transport as part of the solution to climate change, and report data on our energy consumption and carbon emissions.

Third Party Assurance

The data provided in this report has not been third party verified. Over the next few years, we will be focusing on strengthening our data management systems.

We will be considering third party assurance in future years to add to the credibility of our communication.

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