

Major Projects Committee Mandate

VIA Rail Canada Inc.

1. PURPOSE

The Board of Directors (“Board”) has delegated to the Major Projects Committee the responsibility for oversight and monitoring of the following:

- 1.1. the major projects & programs identified as such by the Major Projects Committee;
- 1.2. the business cases for major projects & programs requiring expenses in capital or considered out of “normal course of business” exceeding \$5M, the whole in accordance with the Corporation’s Authority Matrix;
- 1.3. the Corporation’s policies, practices and procedures regarding management of major projects & programs;
- 1.4. the monitoring of capital spending;
- 1.5. the management of capital assets; and
- 1.6. the risk identification, evaluation and treatment related to each topic listed above.

The goal of this Committee’s increased oversight is to facilitate greater review of major project activities and provide assurance to the Board that appropriate due diligence is conducted, risks assessed and mitigated, and reputation preserved, while successfully advancing the Corporation’s major projects & programs in scope, on time and on budget.

2. COMPOSITION

- 2.1 The Committee shall be appointed by the Board and consist of at least three (3) directors of the Corporation.
- 2.2 The Chairperson of the Committee shall be appointed by the Chairperson of the Board.
- 2.3 Each member of the Committee shall be literate in major project management and governance matters, or shall become so within a reasonable period of time after appointment to the Committee. “Literate in major project management and governance matters” means the ability to understand the value for money and assess major project and program risks that present a breadth and level of complexity that is generally comparable to the breadth and level of complexity that can reasonably be expected to be raised by the Corporation’s major projects.

- 2.4 The Chairperson of the Committee shall have knowledge and experience with complex large infrastructure or asset acquisition projects and with project management.
- 2.5 At least one other member of the Committee shall have experience with complex large infrastructure and acquisition projects.
- 2.6 It is recommended that one member of the Committee should have experience in project risk management.
- 2.7 The Chairperson of the Board and the President & Chief Executive Officer are ex officio members of the Committee and may attend Committee meetings at their discretion.
- 2.8 The membership of the Committee as well as the chairmanship shall be reviewed from time to time at the discretion of the Chairperson of the Board.

3. OPERATING PRINCIPLES AND PROCEDURES

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

In the event any Committee member declares a conflict of interest with regards to any one or more matters under consideration by the Committee, such Committee member will not attend that portion of the meeting dealing with such matter(s) and the foregoing quorum requirement will be reduced by one (1) with regards to any decision or recommendation made with respect to such matter(s).

- 3.4 **Voting:** A matter to be recommended for approval at a meeting of the Committee shall be decided by consensus. If no consensus is reached in the opinion of the Chairperson of the Committee, the Chairperson of the Committee may call for a vote and such matter shall then be decided by a majority of the votes cast. In the event of an equality of votes, the members shall attempt to resolve the matter by further discussion; however, in the absence of agreement, the Chairperson of the Committee has a second vote.
- 3.5 **Frequency of Meetings:** The Committee shall meet at least four times annually, or more as required.

- 3.6 In camera session:** At each Committee meeting, the Chairperson of the Committee shall determine if an in camera session is necessary.
- 3.7 Supplemental Attendees:** Any person who may possess information that would be useful to the Committee in carrying out its duties may be invited by the Chairperson of the Committee to attend any meeting of the Committee.
- 3.8 Reporting:** The Chairperson of the Committee shall report on its activities to the Board after each Committee meeting.
- 3.9 Review of Mandate:** The Committee shall review and assess annually the adequacy of its mandate in collaboration with the Chairperson of the Board, the President & Chief Executive Officer and the Corporate Secretary.
- 3.10 Self-assessment:** The Committee shall regularly conduct a self-assessment of its performance and the Chairperson of the Committee shall discuss the results with the Chairperson of the Board.
- 3.11 Outside Advisors:** Subject to approval of the Chairperson of the Board and the Corporate Secretary, the Committee has the authority to engage outside advisors including, but not limited to, legal counsels, consultants and other experts, as needed, to review any matter under its responsibility.
- 3.12 Workplan:** The Committee shall, in consultation with management, develop an annual workplan responsive to the Committee's responsibilities and duties.

4. RESPONSIBILITIES AND DUTIES

4.1 Oversight of Major Projects & Programs

The Major Projects Committee shall determine the projects or programs to be identified as appropriate for the Major Projects Committee oversight, utilizing but not limited to the following criteria:

- a) the total for the project or program being greater than \$5M;
- b) the assessment of the importance of the project or program in meeting the desired outcomes of the Corporation's strategic plan;
- c) the project's or program's key risks, including execution risks; or
- d) the complexity of the project's or program's scope (i.e. organization-wide, multi-year).

A program (a grouping of related projects) that meets any of the above criteria may also receive oversight from the Committee irrespective of its individual projects meeting any of the criteria.

In connection with each project or program, the Major Projects Committee shall receive regular reports from management containing such information it deems relevant to fulfill its mandate, including but not limited to information concerning:

- a) project governance, including project scope, project structure, staffing and overall management;
- b) project timetable, critical path events and progress to completion;
- c) major project milestones, including variance analysis and mitigation strategies;
- d) key risks and proposed mitigation strategies; and
- e) project budget updates, showing actual expenditures versus budget, use of contingencies and projected final expenditures.

Following the completion of each project or program with a total budget value of more than \$5M, management shall present to the Major Projects Committee a post-completion review of such project or program.

4.2 Business Cases Approval

In accordance with the Authority Matrix and Approval Policy, the Major Projects Committee shall review, monitor and recommend for approval to the Board the business cases for projects in capital or considered out of “normal course of business” exceeding \$5M. The Major Projects Committee shall also review the business cases for projects in capital or considered out of “normal course of business” exceeding \$3M.

4.3 Management of Major Projects & Programs

The Major Projects Committee shall evaluate and offer advice to the Board to ensure that the Corporation has appropriate policies, practices and procedures in place to confirm value for money and address project and program risks in developing and implementing projects & programs.

In satisfying this role, the Major Projects Committee will also review and assess relevant reports related but not limited to:

- a) management’s project prioritization;
- b) management’s risks identification methodology and elaboration of mitigation plans;

- c) management's methods of validating project plans including scope, timetable and budget;
- d) key performance indicators reported indicating program and project status;
- e) management's approach to ongoing project financial assessment, comparing forecasts to actuals and outlining the causes of material variances; and
- f) management's thoroughness in capturing critical path events, progress to completion and major project milestones.

4.4 Capital Spending

The Major Projects Committee shall review and monitor quarterly the Corporation's progress in implementing its capital spending program including activity reports on actual achievement of meeting milestones, variances in budgets and schedules, and overall success of the following spending program elements:

- a) equipment;
- b) infrastructure;
- c) stations and lands;
- d) maintenance centers; and
- e) information technology infrastructure.

4.5 Capital Asset Management

The Major Projects Committee shall review and recommend for approval to the Board any purchase, sale, donation or other types of property transfer of land and real estate assets.

The Major Projects Committee shall also review and assess:

- a) the Corporation's implementation of its strategic direction for the management of the Corporation's key assets;
- b) the capital asset management organization to ensure that best practices are followed including effective management through partnering and third parties in the industry;
- c) the development and implementation of environmental and sustainable policies, procedures and guidelines as it relates to the Corporation's key assets; and

- d) the Corporation's environmental and sustainable practices and monitor systems with regard to compliance to statutory and regulatory requirements and industry standards regarding such matter, and, where applicable, ensure any remedial plans and programs are carried out.

4.6 Risk Assessment

The Major Projects Committee shall periodically review, identify, evaluate and assess the treatment of risks to which the Business Transformation and Capital Asset Management functions are exposed, and provide its input to the Board, including risks related to:

- a) the alignment of key projects or programs with the desired outcomes of the corporation's strategic plan;
- b) the delivery of projects or programs in scope, on time and on budget; and
- c) the management's prioritization of projects or programs and its thoroughness in capturing critical path events and major program milestones to completion.