

Special Committee on Fleet Renewal Procurement – Mandate VIA Rail Canada Inc.

1. PURPOSE

The Board of Directors (“Board”) has delegated to the Special Committee the role of overseeing the following:

- 1.1 the procurement process for the Corporation’s proposed major program to renew its fleet of trainsets in the Quebec-Windsor corridor (the “Fleet Renewal Program”);
- 1.2 the framework regarding the standards of integrity and behaviour applicable to the Fleet Renewal Program;
- 1.3 the risk identification, evaluation and treatment related to each topic listed above.

2. COMPOSITION

- 2.1 The Special Committee shall be composed of the following individuals: the Chairperson of the Board, the President & Chief Executive Officer, the members of the Audit & Pension Investment Committee and the Chairperson of the Major Projects Committee.
- 2.2 The Chairperson of the Audit & Pension Investment Committee shall act as Chairperson of the Special Committee.
- 2.3 No Special Committee members shall be in conflict, or appear to be in conflict, with any of the potential suppliers within the meaning of the Conflict of Interest Declaration for the Fleet Renewal Program to sit on the Special Committee.

3. GENERAL 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.
- 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

April 10, 2018

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 on a biweekly basis or as required from time to time.
- 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 Committee shall report on its activities to the Board on a quarterly basis.
- 3.9 Review of Mandate: The Committee may review and assess periodically the adequacy of its mandate in collaboration with the Chairperson of the Board, the President & Chief Executive Officer and the Corporate Secretary.
- 3.10 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 and other experts, as needed, to review any matter under its responsibility.
- 3.11 Workplan: The Committee may, in consultation with management, develop a workplan responsive to the Committee's role.

4. DUTIES AND RESPONSIBILITIES

4.1 Fleet Renewal Program – Procurement Process

The role of the Committee is to conduct oversight of the Fleet Renewal Program procurement process in order to facilitate greater review of the activities of this major project by the Board. In that regard, the Committee may take any reasonable measure to ensure that the procurement approach emphasizes the Corporation's strategic goals, that appropriate due diligence is conducted and reputation preserved, while successfully advancing the Fleet Renewal Program procurement process in scope, on time and on budget. Among other things, the role of the Committee may include the following items depending on the circumstances:

- a) assisting the Board in understanding the Fleet Renewal Program procurement process, including any request for qualifications ("RFQ") or request for proposals ("RFP");

April 10, 2018

- b) providing oversight regarding the governance of the Fleet Renewal Program procurement process, including any measure aimed at ensuring that the RFQ and RFP process is conducted in a fair, open, transparent and competitive manner compliant with Canadian and applicable trade agreements;
- c) overseeing the implementation of the Fleet Renewal Program procurement process, including any measure aimed at ensuring the timeliness of the procurement process;
- d) overseeing the appropriateness of the processes leading to the shortlisting of suppliers following the RFQ and RFP processes;
- e) recommending for approval by the Board the identification of the negotiating partner(s) and the ultimate contract award in accordance with the Corporation's authority matrix;
- f) making sure that management of the Corporation maintains free and open communications with the Special Committee and the Board regarding any aspect of the Fleet Renewal Program procurement process; and
- g) reviewing the practices, procedures and policies of the Corporation in place to ensure the Fleet Renewal Program procurement process is implemented using best practices and in compliance with the Corporation's procurement obligations.

In satisfying its role, the Special Committee will also report to the Board as to whether or not 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 the Fleet Renewal Program procurement process.

In that regard, the Committee may review any relevant document, including reports relating to the:

- a) management's prioritization of the Fleet Renewal Program procurement activities;
- b) management's risks identification methodology and elaboration of mitigation plans in connection with the Fleet Renewal Program procurement process;
- c) management's methods of validating Fleet Renewal Program procurement process plans including scope, timetable and budget;
- d) key performance indicators report indicating the Fleet Renewal Program procurement process status;

April 10, 2018

- e) management's approach to ongoing Fleet Renewal Program procurement process 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 for the Fleet Renewal Program procurement process.

4.2 Budget

In satisfying its role, the Special Committee will review progress of the annual Fleet Renewal Program budget including implementation of the project management structure and reports on actual results, variance in the budget and success in meeting goals.

4.3 Standards of Integrity & Behaviour

In satisfying its role, the Special Committee will review:

- a) the mechanisms in place to ensure that clear expectations and standards for integrity and ethical behaviour are communicated amongst the organization and the Fleet Renewal project team;
- b) practices for dealing with conflicts of interest;
- c) the appointment of an Ethics Commissioner for the receipt, retention and treatment of complaints or confidential and anonymous submissions received from employees and/or third parties regarding ethical matters, including questionable accounting or auditing matters;
- d) the appointment of a Fairness Monitor to confirm that the Corporation has undertaken the procurement in a fair, open and transparent manner, including the implementation of best practices to protect confidential information, addressing conflicts of interests, providing equitable communications to Proponents and undertaking a fair evaluation and selection process.

4.4 Risk Assessment

The Special Committee will periodically review, identify, evaluate and assess the treatment of risks to which the Fleet Renewal Program may be exposed, and provide its input to the Board.