

2023 Report in Accordance with the Fighting Against Forced Labour and Child Labour in Supply Chains Act (Canada)

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Introduction

This report is prepared by VIA Rail Canada Inc. (“VIA Rail”) pursuant to the Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”), which aims to implement Canada’s international commitment to contribute to the fight against forced labour and child labour through the imposition of reporting obligations. VIA Rail is considered as a “government institution producing, purchasing or distributing goods in Canada or elsewhere” under the Act and therefore subject to the associated reporting obligations set forth in the Act.

This report presents the actions taken by VIA Rail to prevent and reduce the risk that forced labour or child labour is used in its supply chain activities.

VIA HFR Inc. – VIA TGF inc., a subsidiary of VIA Rail, will prepare and publish its own report.

Company Overview

VIA Rail operates Canada’s national passenger rail service on behalf of the Government of Canada, offering intercity travel and transportation to regional and remote communities. An independent Crown corporation, VIA Rail provides a safe, accessible, reliable, cost-effective, and environmentally responsible service from coast to coast in both official languages.

Who we are¹

Fleet	Buildings	Network	Employees
352 Train cars	101 Train stations	12,500 km of tracks	3,250 Active employees
71 Locomotives	7 Offices	400+ communities served across Canada	
	4 Maintenance centres		

¹ As at December 31, 2023.

Where we operate

● Intercity Travel (in the Corridor)

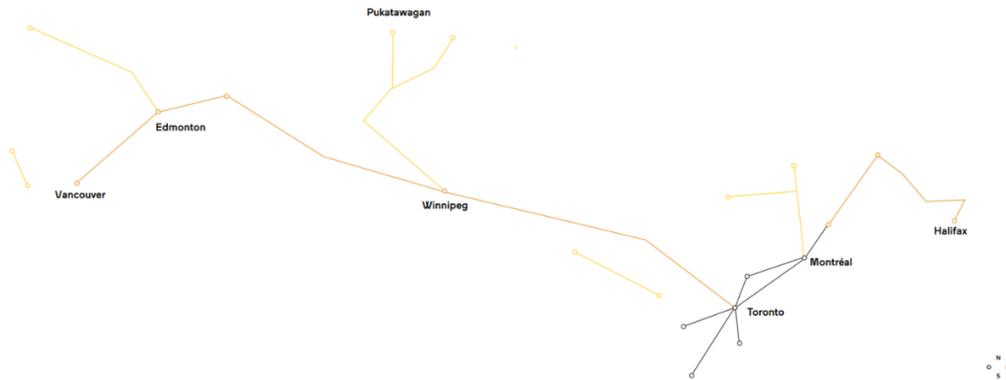
In the densely populated Corridor area between Quebec City and Windsor, VIA Rail trains provide travel between the downtown cores of major urban centres, as well as between suburban centres and communities.

● Long-Distance Travel and Tourism

In Western and Eastern Canada, VIA Rail's trains provide intercity service connecting communities while supporting 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 rail 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.



Our supply chain

VIA Rail's procurement activities are essential to supporting efficient and reliable operations and include a wide range of goods and services. In 2023, approximately 97% of VIA Rail's spend was with suppliers registered as Canadian entities and included a significant portion of small and medium size businesses.

VIA Rail's procurement activities follow strict governance to ensure a fair and competitive bidding and vendor selection process. In 2023, VIA Rail's most important sourcing activities were within the following categories:

- Locomotive and rail car acquisitions
- Locomotive and rail car repairs and overhauls
- Construction
- On-board food and beverage
- Professional services
- Diesel fuel
- Track maintenance and service agreements

Policies and Due Diligence Processes

VIA Rail has a responsibility to maintain the confidence of the supplier community and the Canadian public in its procurement system by conducting procurement in an accountable, ethical, and transparent manner.

As a Crown corporation, VIA Rail already implements strict procurement processes, and all prospective suppliers must agree to comply with VIA Rail's policies and guidelines when responding to our Requests for Proposals. The principles and policies listed below are applied to our procurement activities in relation to human rights.

United Nations Global Compact

VIA Rail is a member of the United Nations Global Compact (UNGC) and, as such, is committed to operating its business in accordance with fundamental principles in the areas of human rights, labour, environment and anti-corruption. Its participation in the UNGC also enables VIA Rail to join a global movement and advance broader sustainable development and societal goals. VIA Rail reports on its progress against the UNGC principles on an annual basis.

Code of Ethics

VIA Rail's Code of Ethics (the "Code") reflects who we are and what governs us. It embodies the organization's values and demonstrates our commitment to adopting the highest possible ethical practices for achieving our mission. Subcontractors, entrepreneurs, suppliers and any third party bound by a contract with VIA Rail must comply with the Code.

Policy on Supplier Conduct and Responsible Sourcing

In 2022, VIA Rail published its first Policy on Supplier Conduct and Responsible Sourcing (the "Policy"). This Policy was implemented to further reduce adverse impacts of its operations on society and on the environment, as well as to leverage opportunities to operate more sustainably. The Policy also represents the foundation of VIA's actions to prevent social and environmental supply chain risks and reinforces the basic standards of conduct that VIA Rail expects from all suppliers doing business with us.

The Policy is now integrated in new contracts and suppliers must adhere to the designated standards of conduct throughout their organizations and in all regions where they operate. VIA Rail also encourages its suppliers to integrate the provisions set forth in the Policy in their own supply chains.

VIA Rail's Policy is clear on its expectations: VIA's suppliers are to treat their own workforce, as well as any individual with whom they interact in an ethical and fair manner, and with respect and dignity.

With regards to forced labour, VIA Rail will not tolerate the use or contribution of any type of forced labour at any levels of its supply chain, including slavery, forced or compulsory labour and human

trafficking. This includes the use of threat, force or penalty to demand any work or service. The Policy also states that suppliers' employees are free to leave or terminate their employment at any time with reasonable notice; they are not required to surrender any deposits, official documents or work permits as a condition of employment.

Child labour is also strictly prohibited and refers to any person employed under the age of 15 or under the legal age of employment in the country, whichever is the highest.

According to the Policy, any person made aware of a potential violation must report it to VIA Rail and may do so through various channels, including in complete anonymity through VIA Rail's reporting platform ClearView Connects.

In early 2024, VIA Rail reviewed the Policy and integrated a clear reference to the Fighting Against Forced Labour and Child Labour in Supply Chains Act as part of its Policy.

Assessing Supply Chain Risks

Risks of forced labour and child labour are considered low within VIA Rail, given our procurement structure and operations. However, as certain factors may still contribute to increasing modern slavery risks, VIA Rail conducted a risk assessment in 2023 to effectively assess potential human rights risks in its supply chain.

VIA Rail first reviewed recognized third-party statistics, studies, and documentation to help frame its approach and methodology. These sources included:

- Walk Free Foundation's [Global Slavery Index](#);
- World Bank's Guidance on Sustainable Procurement and Good Practice Note for the Private Sector on Managing Risks Associated with Modern Slavery;
- Verité and U.S. Department of State's Responsible Sourcing Tool;
- U.S. Bureau of International Labor Affairs' List of Goods Produced by Child Labor or Forced Labor;
- United Nations' Trafficking in Persons Report;
- Transparency International's Corruption Index; and
- Business & Human Rights Resource Center.

Based on this initial review, VIA Rail developed a risk matrix to determine areas of its procurement activities with higher probability of modern slavery. The overall level of risk was assessed on the severity and probability of human rights risks to occur over two main axes:

- the country of origin; and
- the industry and/or type of product.

This risk matrix was used to assess VIA Rail's most impactful suppliers and ensures VIA Rail can:

1. identify the most significant areas of its supply chain which present a higher risk of modern slavery; and
2. prioritize risk management and mitigation measures accordingly.

More than 99% of procurement activities by spend are conducted with suppliers located in countries where modern slavery risk was evaluated at very low. Certain products in the on-board food and beverages commodity that are present within VIA Rail's supply chain are considered more at risk.

Managing and Mitigating Supply Chain Risks

The risk assessment completed in 2023 confirmed that the overall risk of child labour and forced labour in VIA Rail's supply chain is low. The assessment therefore enables VIA Rail to focus its risk management and mitigation efforts on the targeted procurement areas carrying the highest potential exposure to modern slavery. For these areas, VIA Rail will engage in further investigation and gradually implement measures, including the following:

- Increase active acknowledgement of VIA Rail's Policy by potential suppliers during targeted bidding activities;
- Further extend requests regarding supplier due diligence mechanisms to specifically include human rights or applicable annual reports if they are subject to anti modern slavery legislations;
- Engage in dialogue with suppliers and identify areas of collaboration to mitigate risks; and
- Audit the supplier's facilities, where applicable.

Furthermore, VIA Rail updated certain existing policies and mechanisms, including the addition of a clear reference to the Act in its Policy and the extension of media monitoring activities for timely notification of potential human rights related incidents involving critical suppliers.

In 2024, VIA Rail plans to offer a targeted live awareness session on sustainability and human rights in procurement activities to procurement specialists and agents. This training will help raise awareness by sharing key concepts on human rights and by providing concrete examples on different types of modern slavery risks.

VIA Rail understands that the effective management of risks associated with forced labour and child labour is not static and should focus on continuous improvement. Moving forward, VIA Rail will continuously assess the effectiveness of its approach to manage modern slavery risks in its supply chains by means of the following measures:

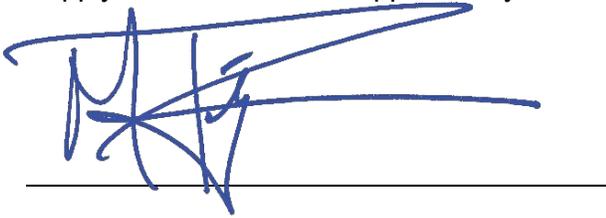
- Annual review of modern slavery statistics for higher-risk countries, industries and types of products, as well as update of its risk matrix accordingly;
- Annual assessment of its suppliers using the updated risk matrix;
- Continuous use of the procedure in its Policy to address any complaints of potential violation; and
- Continuous reporting on notices of potential violations received, investigations, and remediation measures.

VIA Rail's Policy provides clear mechanisms to report on and address potential human rights violations or incidents. If a potential violation or incident related to forced labour or child labour were to be detected through its due diligence processes, its Policy reserves the right for VIA Rail to monitor its suppliers through self-evaluation or site visits and audits. Depending on the type of

violation, VIA Rail would favour working with the supplier on a remediation plan to reduce the potential negative effects of contract termination on the supplier's employees and community. However, VIA Rail always reserves the right to terminate any contract or agreement with a supplier for non-compliance to the Policy.

Approval

This report is made in accordance with the Fighting Against Forced Labour and Child Labour in Supply Chains Act and is approved by VIA Rail's Head (as such term is defined in the Act).

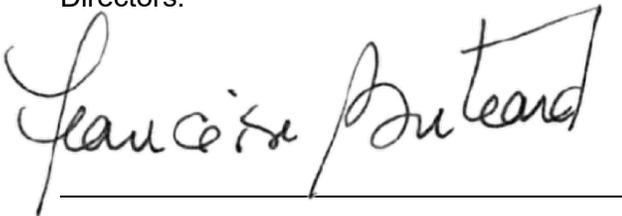


Mario Pélouquin
President and Chief Executive Officer

Date: 8 mai 2024

I have the authority to bind VIA Rail Canada Inc.

In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above. This report was approved by VIA Rail's Board of Directors.



Françoise Bertrand
Chairperson of the Board of Directors
May 6, 2024

Date: _____

I have the authority to bind VIA Rail Canada Inc.