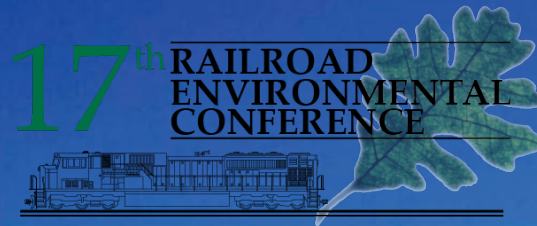

CANADA'S RAILWAYS

A sector-based approach to sustainability



Presented by:

Michael Gullo, Director of Economic, Policy and Environmental Affairs


October 27, 2015

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of Canada

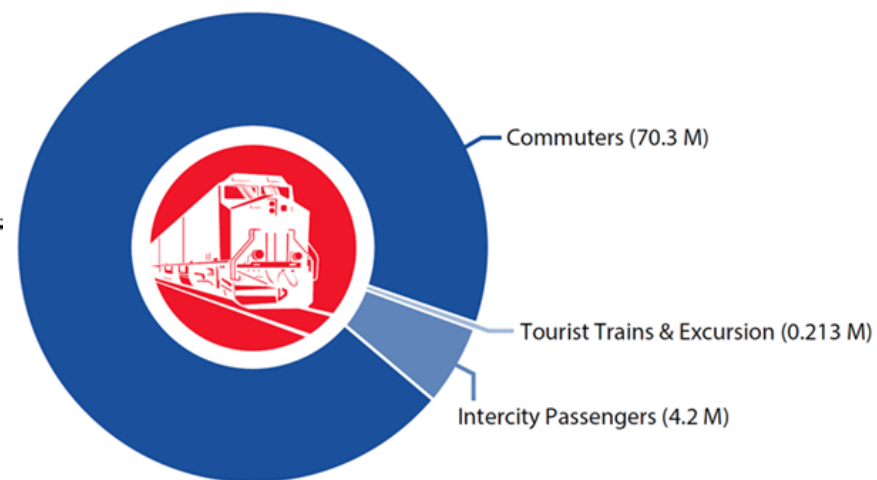
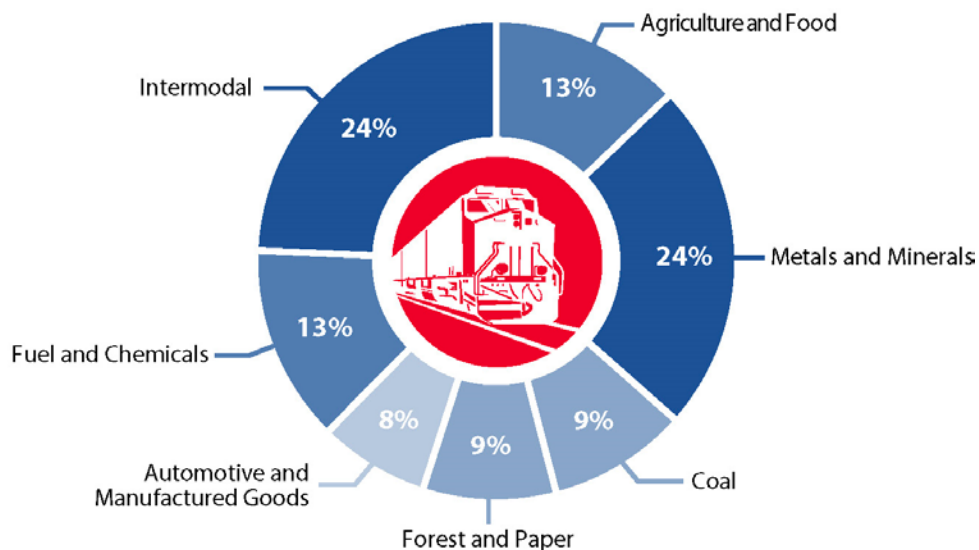
Canada's rail franchise



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We move everything



\$280 B worth of goods and 70 M passengers each year.

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Who we are

- 60 members
 - Class 1 carriers
 - Short line and regional railways; and
 - Passenger railways.
- Strong affiliation with railway suppliers.



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Why is sustainability important to us

It's an expectation for publically traded companies.

Lac-Mégantic and crude by rail.

All railways are subject to the same reputational risks.

Industry associations can add value.

We have a good story to tell.



Existing models and frameworks



Responsible Care®
Our commitment to sustainability.



**RESPONSIBLE
CANADIAN ENERGY™**

Issues	<ul style="list-style-type: none"> • Issues specific • Licence to operate 	<ul style="list-style-type: none"> • Social acceptance • Punitive regulation 	<ul style="list-style-type: none"> • Social acceptance • Licence to operate
Objectives	<ul style="list-style-type: none"> • Improve performance to improve reputation 	<ul style="list-style-type: none"> • Improve management practices at facilities • Build societal trust along value chain 	<ul style="list-style-type: none"> • Performance data collection • Best practice sharing
Elements	<ul style="list-style-type: none"> • Management systems • Verification • Community of Interest Panel 	<ul style="list-style-type: none"> • Codes of Conduct • Verification & Certification • Best practice networks 	<ul style="list-style-type: none"> • Performance data collection • Advisory Group review
Engagement	Mandatory	Mandatory	Voluntary
Outcomes	<ul style="list-style-type: none"> • Improved performance • Better GR • NGO recognition 	<ul style="list-style-type: none"> • Community confidence • Improved performance 	<ul style="list-style-type: none"> • Better data, better literacy • Improved environmental outcomes

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Sustainability is a sector priority



 Railway Association
of Canada

Strategic Planning Report

PRIORITIES FOR 2014- 2016

Strategic Priority #1 Safety

- 1 Improve RAC members' ability to develop a safety culture; address safety and security issues through training, tools and best practices.
- 2 Ensure governments and the public understand rail safety issues and railway strategies to address risk.
- 3 Identify and manage new and emerging rail safety and security issues, and develop pragmatic solutions.

Strategic Priority #2 Supply Chain Competitiveness

- 1 Communicate the economic impacts of Canada's railway sector.
- 2 Collaborate with industries in the transportation supply chain.
- 3 Improve governments' and shippers' understanding of the role that railways play in the Canadian transportation supply chain.

Strategic Priority #3 Sustainability

- 1 Design, discuss and implement a sector-wide sustainability strategy.
- 2 Ensure that best practices for optimizing performance are implemented across the sector.
- 3 Enhance literacy and recognition of industry initiatives and activities by governments, non-governmental organizations and the public.

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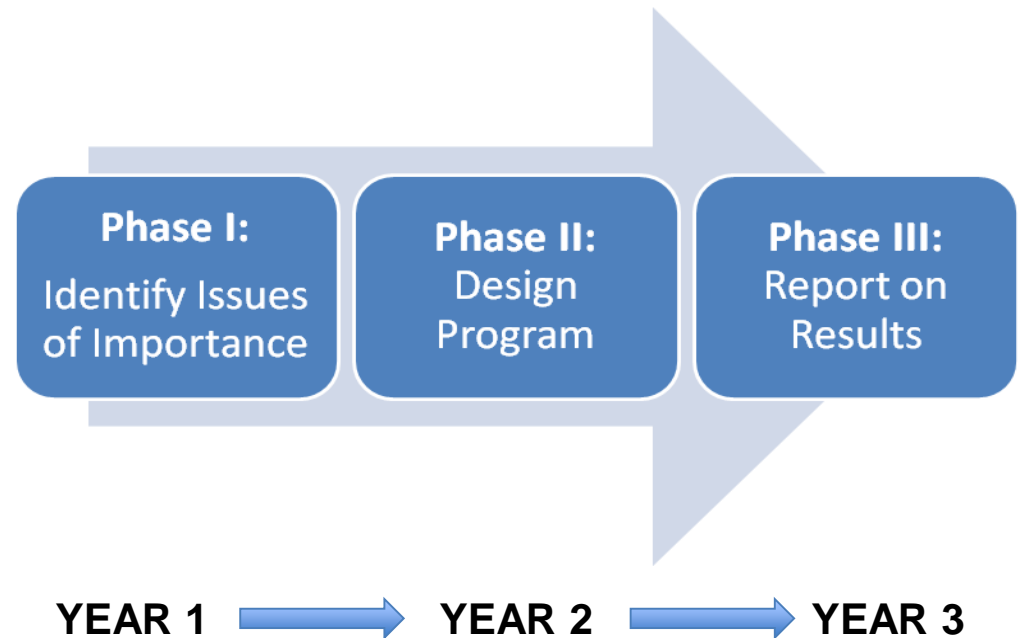
Sector strategy & work plan

A three-phased approach.

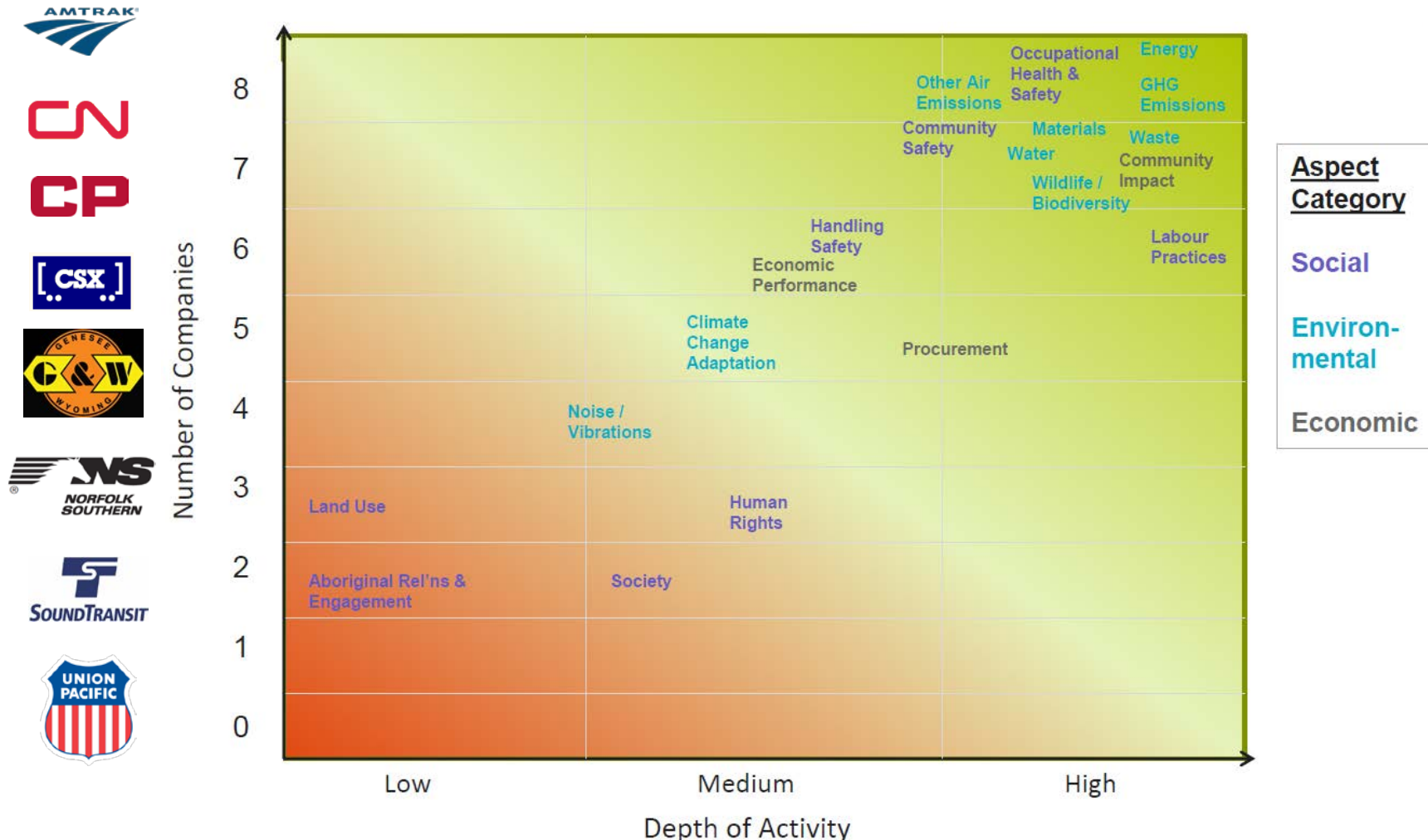
Builds on existing efforts led by member companies.

Aims to identify value added elements, address gaps, and opportunities.

Target audience is government and the public.



Our starting point



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Stakeholder engagement is a key input

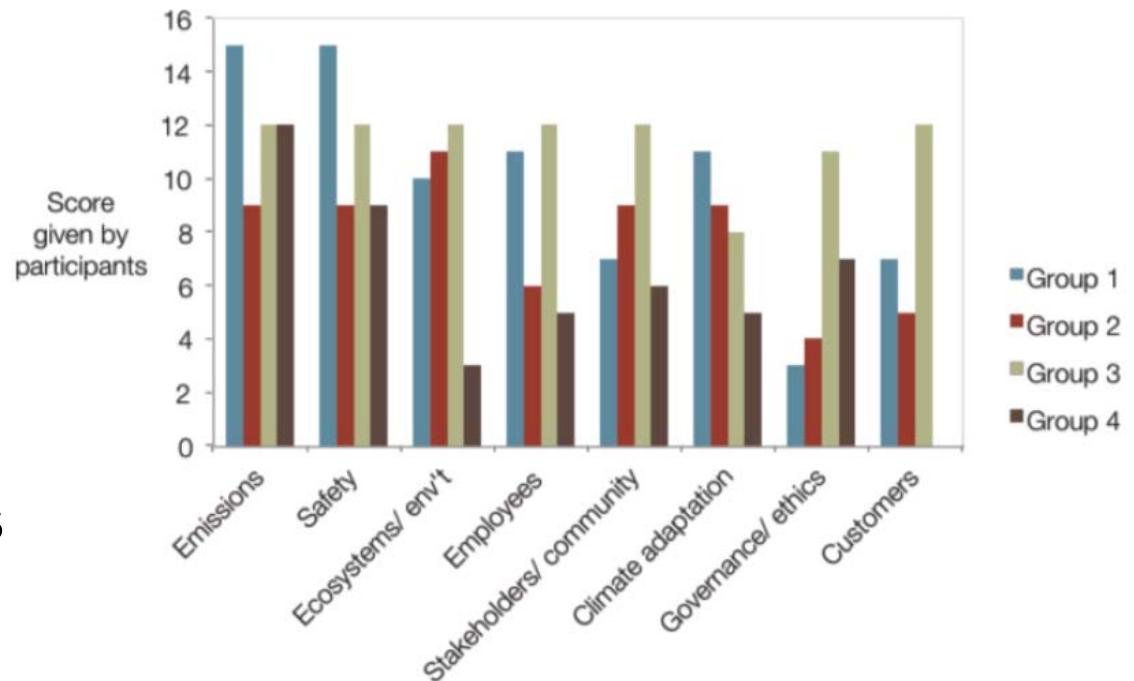
- Outreach with NGOs and academics.
- Delivered by the Network for Business Sustainability and Western Washington University
- Initiate dialogue. Listen.



What they said

Sustainability has evolved beyond conventional environmental issues.

Looking forward, sustainability efforts will need to be multifaceted.



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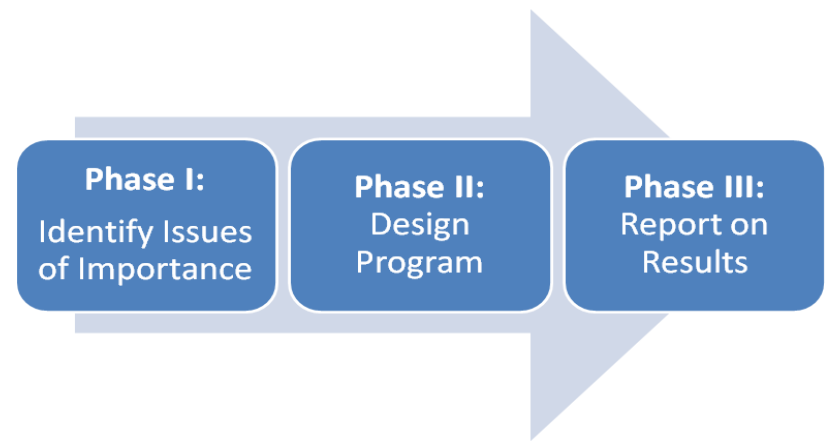
Deeper engagement is underway

Ongoing interviews with diverse stakeholders.

Materiality assessment to confirm our priority issues.

Regular updates to the stakeholder community.

Transition to Phase II.



There are benefits for all

RAC benefits

- Member attraction and retention
- Enhance innovation
- Communicate values
- Build positive stakeholder relationships
- Fulfill mandate and commitment to members
- Build reputation and brand

Member benefits

- Progress through collective action
- Gain critical business insights / early warning signals
- Learn from peers and industry leaders
- Save time and money
- Obtain stakeholder perspective
- Enhance corporate brand and licence to operate

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