



Environment

We will actively structure our operations to meet the needs of our customers in an environmentally sustainable and responsible manner, while contributing to Canada's commitment to the Kyoto accord.

VIA is a transportation leader in environmental performance, and environmental goals have been integrated into VIA's business for a number of years. These goals continue to be a priority in the Corporation's *Moving Forward* plan. VIA's Environmental Policy, supported by the Environmental Management System, is ingrained in the company's day-to-day business practices.

Passenger rail is already recognized as one of the most environmentally sustainable modes of public transportation available today. VIA believes that there is enormous potential for enhancing rail's contribution to environmental protection in Canada, by continually improving current operations and by expanding rail services as an environmentally responsible travel choice for Canadians.

REDUCING GREENHOUSE GAS EMISSIONS

Greenhouse gas (GHG) emissions are a primary cause of global warming, and transportation is one of the major sources of these emissions. Since 1990, VIA has succeeded in reducing fuel consumption by 25 per cent per passenger-kilometre, thereby reducing GHG emissions by 13 per cent. This reduction is more than double Canada's commitment to the Kyoto target of six per cent by 2008-2012, using 1990 as a base year.

Significant reductions were achieved by modernizing VIA's transcontinental equipment in the 1990s, and through the purchase of 21 new cleaner-running locomotives in 2001. At the same time, VIA has continually worked to manage the entire fleet more efficiently, and increase its productivity. For example, while fuel consumption is down significantly, VIA has increased passenger-miles per train – quite literally, doing more with less.

Current emission reduction strategies focus on improving both the equipment and technology VIA uses, and VIA's efficiency in operating that equipment.

In 2005, VIA began work on a prototype for rebuilding the engines of its older F-40 General Motors locomotives in order to meet the highest North American environmental standards for rebuilt engines. Separate generators for on-board amenities will be installed to allow the main engine to operate more efficiently, and an electric engine heating system will be installed to allow engines to be shut down even in the coldest winter temperatures, where ground-based electric power is available. An automatic start-stop system will allow engines to shut down year-round where no trackside power is available, by automatically restarting when the engine temperature gets too low.

These new systems will reduce the time engines spend idling at stations, and allow for more energy efficient heating during layovers. VIA is also working with General Electric to equip the newer General Electric P-42 locomotives with the layover heating and start-stop systems.

VIA is planning to overhaul the electrical systems in our older LRC cars by converting to more efficient and longer-lasting LED lighting where possible, using new high-efficiency motors to operate doors and other systems, and installing new microprocessor controls for heating and cooling systems. Curtains will also be installed in all cars to reduce the need for air-conditioning in the summer.

GREEN BUSINESS PRACTICES

While train emissions are a major focus of VIA's environmental efforts, the Corporation is committed to operating all aspects of its business in an environmentally responsible manner, introducing reduce, reuse and recycling strategies throughout its operation. An on-board recycling program has been fully implemented on all trains in Western Canada and the Corridor, and will soon be implemented on Eastern services. In December 2005, VIA received the Environmental Protection Award from the Railway Association of Canada for a new component of this recycling program, VIA's textile recovery and recycling initiative. Under this initiative, VIA recovers old uniforms and damaged linen from its operations and donates these for reuse to charitable organizations.

The Corporation is also increasing its emphasis on purchasing environmentally friendly products and services when dealing with suppliers, and is currently working with suppliers to reduce waste generation from materials such as packaging. As an example, VIA's Annual Report and national timetables are printed on paper produced in an environmentally responsible manner.

VIA employees formed three new Green Teams in 2005, bringing the total to 10. Through voluntary participation in these Teams, employees develop environmental initiatives in their own workplaces and communities, while helping to educate Canadians about the environmental consequences of transportation and the advantages of rail. They are making a difference in the most direct way possible – through individual action.

VIA's Green Teams organized a wide range of activities in 2005, including Earth Day celebrations across the country, and VIA's participation in Car Free Day in Montreal. Employees were also invited to take part in Transport Canada's "One Tonne Challenge," which encouraged Canadians to reduce emissions generated by their personal activities by one tonne in 2005.

INCREASING AWARENESS AND CHOICE

VIA's most important contribution to environmental protection in Canada is to provide Canadians with an efficient and environmentally responsible choice in transportation.

A full 50 per cent of personal greenhouse gas emissions in Canada come from the use of private cars, and passenger rail is a mode of transportation with the capacity to divert significant travel away from cars. The potential to reduce total transportation emissions by increasing the use of passenger rail further in the future is significant. This depends on VIA's ability to provide faster, more frequent rail service, to make rail travel more convenient for people to use. And to a large extent, this requires new investment in equipment and infrastructure – equipment that can run faster, and infrastructure that can handle both higher speeds and more trains safely.

VIA is exploring investment options which would allow modest but significant improvements. The Corporation has prepared a medium-term investment plan for the Government's consideration, which could allow VIA to divert scores of car trips to passenger rail – considerably reducing annual overall transportation GHG emissions.