

**BRITISH COLUMBIA RAILWAY COMPANY  
ENVIRONMENT AND SAFETY COMMITTEE**

**TERMS OF REFERENCE**

**1. MISSION**

The purpose of the Environment and Safety Committee (the "Committee") is to monitor, advise and make recommendations to the Board on issues which:

- (a) address due diligence in matters of environment, health and safety; and
- (b) address the achievement of industry corporate performance in environment and safety.

**2. COMPOSITION AND MEETINGS**

- (a) The Committee shall be composed of up to three, but not less than two, independent directors.
- (b) The members of the Committee shall be appointed by the Board of Directors to serve one year terms and are permitted to serve an unlimited number of consecutive terms.
- (c) The Committee shall meet at least two times per year and any member may call special meetings as required. A quorum at meetings of the Committee shall be two members. The Committee may ask members of management or others to attend meetings and provide information where necessary. (See Annual Calendar appended.)
- (d) The minutes of the Committee meetings shall accurately record the decisions reached and shall be distributed to all directors.
- (e) The Committee shall report after each meeting to the Board of Directors on significant results of the review of their responsibilities.

**3. RESPONSIBILITIES**

- (a) At least annually reviewing the Committee's Terms of Reference.
- (b) At least annually confirming adequate environmental and Worker's Compensation insurance coverage.
- (c) At least annually reviewing and recommending to the Board, as required, the preparation and update of an environmental policy and an occupational health and safety policy.
- (d) At least annually reviewing and approving five-year environmental management plans.
- (e) At least annually reviewing the environmental reserve recorded on the books of the Company.
- (f) At least annually reviewing the budget in respect of environmental, health and safety matters.

- (g) At least annually reviewing the Company's environmental standards.
- (h) Confirming that the Company has in place and maintains comprehensive and appropriate systems to effectively minimize and manage the Company's impact on the environment and ensure the health and safety of our employees.
- (i) Confirming that risks to: (i) the environment from the Company's operations and (ii) the safety of employees and others have been reasonably identified and that their consequential risks to the Company, its Directors, Officers and Employees are being appropriately managed.
- (j) Confirming, through audits, that appropriate environmental and safety policies, procedures, standards, and programs are in place, understood and being adhered to, in order to ensure compliance with environmental and safety laws, regulations and permits.
- (k) Confirming and reporting to the Board on changes to International, Federal and Provincial environmental and safety laws, regulations or voluntary programs impacting the Company's business.
- (l) At least two times per year (unless reporting required sooner), reporting any material non-compliance with applicable environmental or safety, laws, regulations, permits and/or policies to the Board and ensuring corresponding action plans to resolve such non-compliance have been initiated by management.
- (m) Reporting impending or existing environmental or safety charges or convictions to the Board.

#### **4. STATUTORY RESPONSIBILITIES**

Ensure compliance by the Company of any regulatory requirements.

#### **5. REPORTING**

- (a) Report, through the chairperson, to the Board of Directors following each meeting on the major discussions and decisions made by the Committee.
- (b) Report annually, through the Board of Directors, to the shareholder on the Committee's responsibilities and how it has discharged them.

#### **6. REGULATIONS**

- (a) The chairperson shall, in consultation with management, establish the agenda for the meetings and ensure that properly prepared agenda materials are circulated to members with sufficient time for study prior to the meeting.
- (b) The Committee shall have the power, authority and discretion delegated to it by the Board of Directors which shall not include the power to change the membership of or fill vacancies in the Committee.
- (c) The Committee shall conform to the regulations which may from time to time be imposed upon it by the Board of Directors.

- (d) The Committee may meet and adjourn, as they think proper. Questions arising shall be determined by a majority of votes of the members of the Committee present, and in the case of an equality of votes, the chair shall not have a second or casting vote.
- (e) A resolution approved in writing by the members of the Committee shall be valid and effective as if it had been passed at a duly called meeting. Such resolution shall be filed with the minutes of the proceedings of the Committee and shall be effective on the date stated thereon or on the latest date stated in any counterpart.
- (f) The Committee shall keep regular minutes of its meetings and record all material matters and shall cause such minutes to be recorded in the books kept for that purpose and shall distribute such minutes to the Board of Directors.
- (g) The Board of Directors shall have the power at any time to revoke or override the authority given to or acts done by the Committee except as to acts done before such revocation or act of overriding and to terminate the appointment or change the membership of the Committee or fill vacancies in it as it shall see fit.
- (h) If the Committee shall have only two members, then both members shall be required to constitute a quorum thereof otherwise a majority shall constitute a quorum thereof.
- (i) The Committee shall have unrestricted and unfettered access to all Company personnel and documents and shall be provided with the resources, including independent counsel and other professional advisors where necessary, to carry out its responsibilities.

## **ENVIRONMENT AND SAFETY COMMITTEE**

### **ANNUAL CALENDAR**

#### **First Half**

- At least annually confirming adequate environmental and Workman's Compensation insurance coverage.
- Annually reviewing and approving five-year environmental management plans.
- At least annually reviewing the Committee's Terms of Reference.
- Confirmation that the Company has in place and maintains comprehensive and appropriate systems to effectively minimize and manage the Company's impact on the environment and ensure the health and safety of our employees.
- Confirmation that risks to: (i) the environment from the Company's operations and (ii) the safety of employees and others have been reasonably identified and that their consequential risks to the Company, its Directors, Officers and Employees are being appropriately managed.
- Confirmation, through audits, that appropriate environment and safety policies, procedures, standards, and programs are in place, understood and being adhered to, in order to ensure compliance with environmental and safety laws, regulations and permits.
- Confirmation and Reporting to the Board on changes to International, Federal and Provincial environmental and safety laws, regulations or voluntary programs impacting the Company's business.
- Semi-annually (unless reporting required sooner), reporting any material non-compliance with applicable environmental or safety, laws, regulations, permits and/or policies to the Board and to ensure corresponding action plans to resolve such non-compliance have been initiated by management.
- Reporting impending or existing environmental or safety charges or convictions to the Board.

#### **Second Half**

- At least annually reviewing and recommending to the Board, as required, the preparation and update of an environmental policy and an occupational health and safety policy.
- Annually reviewing the budgeted environmental reserve.
- Confirmation that the Company has in place and maintains comprehensive and appropriate systems to effectively minimize and manage the Company's impact on the environment and ensure the health and safety of our employees.
- Confirmation that risks to: (i) the environment from the Company's operations and (ii) the safety of employees and others have been reasonably identified and that their consequential risks to the Company, its Directors, Officers and Employees are being appropriately managed.
- Confirmation, through audits, that appropriate environment and safety policies, procedures, standards, and programs are in place, understood and being adhered to, in order to ensure compliance with environmental and safety laws, regulations and permits.
- Confirmation and Reporting to the Board on changes to International, Federal and Provincial environmental and safety laws, regulations or voluntary programs impacting the Company's business.
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