

Fiscal Year 2021 – 2022

Performance & Sustainability Report





The *Island Kwigwis* approaches Nanaimo Harbour Terminal.



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Leadership Messages



Vessels operating out of Tsawwassen Terminal.

Message from the Chair



As we emerge from the shadow of COVID-19, I want to acknowledge and thank the many people at BC Ferries, who, throughout the pandemic, delivered exceptional service to coastal communities. They didn't waver in their commitment and their understanding of the essential service BC Ferries provides for British Columbians.

Over this past year, we continued to put our customers first, and live up to our commitment to provide the best customer experience possible. We understand the important lifeline ferry service provides to coastal communities. We are part of an intermodal transportation system, and we are focused on evolving the service as peoples' transportation patterns shift and change.

The company is focusing its efforts on two critical challenges: increasing service to coastal communities and becoming one of the most sustainable large ferry operators in the world. We understand the economy and ecology are inextricably linked and we will have tough decisions to make as we consider social, economic and environmental imperatives. With inflation now on everyone's minds, we have a responsibility to manage increasing pressure on fares, while safeguarding our coastal waters, and securing the trust of communities and customers for decades to come.

Over the past decade, BC Ferries has invested more than \$800 million in vessels with low carbon, low noise technology upgrades, and despite COVID-19, we continued to make investments in sustainability over this past year. In 2020, we took delivery of the first two Island Class ferries – a new generation of ultra clean, ultra quiet ferries. In Fiscal 2022, we received four more, plus a fourth advanced LNG-fuelled Salish Class ferry.

When operating in all-electric mode, Island Class vessels will be our first near zero emission vessels. Once shore power is available to recharge batteries onboard, these six Island Class vessels will help the company achieve its 2030 greenhouse gas reduction target of 27 per cent below 2008 levels.

Together, the seven new ships added to the fleet since 2020 provide more service and capacity to British Columbians using the best available technology to preserve our world.

We have seen the success that has resulted from the world working together to address the global pandemic. We need to see a similar effort to address the global climate crisis. BC Ferries is committed to doing our part as one of the largest ferry operators in the world. We have a responsibility to demonstrate leadership, while serving the public interest and the needs of our customers and communities.

Brenda J. Eaton
Chair of the Board of Directors
British Columbia Ferry Services Inc.

Message from the CEO



In looking back over the past year and planning for the years ahead, BC Ferries is working to better understand what the “new normal” emerging from the pandemic will be and how this might impact the future of ferry travel.

The crewing challenges we are currently experiencing will likely continue. Higher than expected retirements in key shipboard positions have been one impact of COVID-19, and our company has not been immune. While we have longstanding systems to mitigate the global shortage of mariners, including staffing pools with crew held in reserve, cross-training employees for deployment from one location to another, and overtime pay for employees who cover gaps, shifts in the employment market we are now experiencing mean we have more to do.

We are increasing our investment on internal development and training and we are collaborating with other agencies to attract qualified candidates. And we are introducing new procedures and designs to make BC Ferries more attractive to new workers.

In addition to recruiting employees to meet current demand for ferry travel, we are thinking about future demand and the capacity requirements of the ferry system. With BC’s population growing, travel patterns shifting and demand for ferry service increasing as travel restrictions lift, it is likely that the current capacity of the ferry system will be tested.

Whether or not to expand the scale of the ferry system is a policy decision of government. Decisions to increase capacity must consider the impact on the environment and climate change including our goal to reduce our carbon footprint carbon footprint.

As a society, we have difficult decisions to make as to what direction we collectively want to take. Do we add more ships, or do we work to shift behaviour away from a reliance on passenger vehicles to increased use of public transit, cycling and ride sharing?

We are emerging from the pandemic grateful to BC Ferries’ employees for their commitment to put safety first, operate in the public interest, and ensure ferry travel was impacted as little as possible. As we turn our attention to the future and determine how best to respond to the “new normal”, our focus remains on ensuring we serve our customers and coastal communities for years to come.

A handwritten signature in blue ink, which appears to read "Mark F. Collins". The signature is fluid and cursive, written on a white background.

Mark F. Collins
President & Chief Executive Officer
British Columbia Ferry Services Inc.

About BC Ferries

For over 60 years, BC Ferries has been providing safe and efficient travel throughout the west coast of British Columbia. BC Ferries began operations in 1960 with two vessels on a single route. Today, we are an independent company operating one of the largest and most complex ferry systems in the world.

BC Ferries is charged with the long-term environmental, social, and financial sustainability of British Columbia's coastal ferry service.

Collectively we steward the health of:



25 ferry routes



47 terminals spread over 1,600 kilometres of coastline



39 vessels
169,680 sailings annually
(about 465 each day)



17.9 million travellers and 8.5 million vehicles last year



4,700 employees in peak season

Our Leadership Team

Our Executive Team operates openly and transparently and are accessible to the customers and communities we serve. Each member is experienced in ferry service delivery and understands the important role of ferry service in people's lives and the economic well-being of British Columbia.



Taking in the scenery on a trip to the Sunshine Coast on board the *Queen of Surrey*.

Executive Team

Mark Collins

President &
Chief Executive Officer

Janet Carson

Vice President, Marketing
& Customer Experience

Captain Jamie Marshall

Vice President,
Shipbuilding & Innovation

Brian Anderson

Vice President, Strategy &
Community Engagement

Jody Drope

Vice President,
People & Culture

Jill Sharland

Vice President, Finance
& Chief Financial Officer

Jason Barabash

Vice President, General
Counsel & Corporate Secretary

Erwin Martinez

Vice President &
Chief Information Officer

Corrine Storey

Vice President &
Chief Operating Officer

Our Board of Directors

The directors are stewards of BC Ferries and set the strategic direction of the company. The board of directors exercises its stewardship responsibilities by overseeing the conduct of the business, supervising management, which is responsible for the day-to-day operation of the business, and endeavouring to ensure that all major issues affecting the business and affairs of the company are given proper consideration.

Brenda J. Eaton (Board Chair)

Jan K. Grude (Vice Chair)

Bruce A. Chan

Eric A. Denhoff

Gordon M. Kukec

Shona A. Moore

Sarah A. Morgan-Silvester, O.B.C.
(Chair, Audit & Finance Committee)

Janine M. North
(Chair, Governance & Human Resources Committee)

David R. Podmore, O.B.C.
(Chair, Capital Projects Committee)

Michael W. Pucci

Judith F. Sayers
(Chair, Safety, Health, Environment & Security Committee)

Our Vision, Mission, Values, Goals

We are more than a marine transportation company — it is our vision to be trusted and valued to deliver our mission of connecting communities and customers to the people and places important in their lives.

We do this by focusing our core operations on delivering safe, reliable, efficient, and affordable service.

Our Vision

Trusted, Valued

Our Mission

We connect communities and customers to the people and places important in their lives.

Our Values

Safe

Safety is our highest value.

Caring

We operate from a position of kindness and empathy for those who travel and work with us.

Honest

We conduct business with integrity, honesty and accountability.

Collaborative

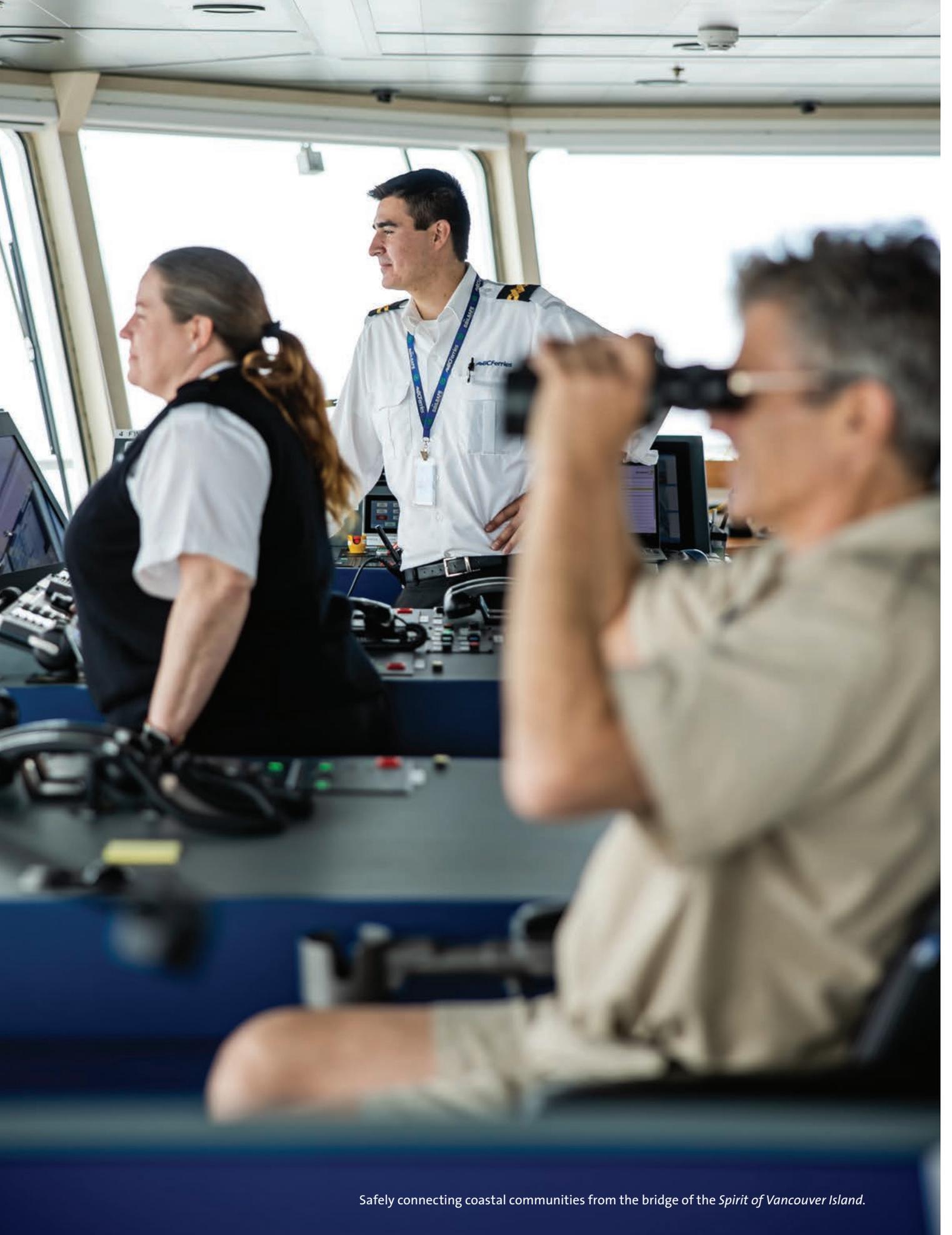
We collaborate with others to enhance the customer experience.

Respectful

Respect is paramount in our interactions with others.

Sustainable

Our environmental, social and economic impacts are central to business decisions.



Safely connecting coastal communities from the bridge of the *Spirit of Vancouver Island*.

Our Goals: What we Believe

Our strategic goals set the direction
for all activities at BC Ferries.

Front row seats on the outer deck.



Goal 1 Customer and Community Centred

We place our customers, coastal and Indigenous communities at the centre of everything we do. We provide a safe, reliable, and affordable travel experience in the public interest. We give back to coastal communities where we live and work.

We continue to build a customer-focused culture across all levels of the organization. We seek to work collaboratively with coastal and Indigenous communities through our outreach activities and ensure they have input on the decisions that impact them most. We make investments to ensure a satisfying and consistent customer experience.



Goal 2 Focused on Core Operations

Safe, reliable, efficient services delivered responsibly at the contracted levels are the cornerstones of the public interest. We ensure the vital flow of workers, goods and services.

We are focused on the changing needs and realities of those who travel with us. We continue to explore efficiency-enhancing processes and technologies, train employees, and deliver a consistently safe customer experience.



Goal 3 Supporting our Employees

We create a diverse culture and inclusive workplace where people want to work and remain throughout their careers in productive, competitive, high skilled employment. We hire locally where we can and invest in developing and supporting the people that make our company a global leader in marine transportation.



Goal 4 A Leader in the Transition to a More Sustainable Future

Our relationship with the natural environment is important. We strive to be one of the most sustainable large-scale ferry operators in the world. We employ our resources, services, and relationships in recognition of our responsibility to continuously reduce our impact on the natural environment.



Goal 5 Manage our Company Well

We continue to expend significant effort to lower costs. We manage financial sustainability and prudent asset management in the public interest. We use our knowledge and technology to enhance employee learning, customer experience, asset investment and management.

BC Ferries' Capital Plan emphasizes system capacity, operational efficiency, resiliency, and flexibility. Our Customer Experience, Information Technology, Fleet and Terminal Network Master Plans guide our long-term capital investments to deliver financial sustainability and fare affordability.

Introduction

BC Ferries safely and reliably connects and supports communities, brings families together, meets passengers' needs, engages with Indigenous peoples, moves essential goods, supports agriculture and tourism, and builds and strengthens the provincial economy.

This Performance and Sustainability Report summarizes our achievements over the Fiscal Year April 1, 2021 to March 31, 2022 (Fiscal 2022), along with our Environmental, Social and Governance progress. In this document, we discuss environmental initiatives, community and customer engagement, diversity and inclusion activities and risk management. Ongoing sustainability reporting, such as this report, enables BC Ferries to be transparent about our performance and how we seek to continually improve.

At the heart of the ferry system is people – our customers who rely on ferry travel to connect them to the people and places important in their lives, and our employees that work hard to deliver year-round ferry service to coastal communities. In Fiscal 2022, we continued to invest in both.

The *Queen of Coquitlam* departs from Horseshoe Bay.



Given our daily presence in coastal waters, we also focused on reducing the impact our operations have on the natural and built environments. In 2020, we took delivery of the first two Island Class ferries and in Fiscal 2022, we received four more, plus a fourth advanced LNG-fuelled Salish Class ferry. When operating in all-electric mode, Island Class vessels will be our first near zero emissions vessels. The seven new ships added to the fleet since 2020 provide more service and capacity to British Columbians using advances in technology to reduce the impact on our coastal climate.

With BC's population growing, travel patterns shifting and demand for ferry service increasing as COVID-19 travel restrictions lift, the current capacity of the ferry system may be stressed to meet future demand. Decisions to increase capacity must consider the impact on the environment and climate change including our goal to reduce our carbon footprint. Inter modal transportation – supporting the public moving away from their reliance on automobiles to more sustainable forms of travel – will

be a consideration in our planning to ensure ferry capacity meets demand and the company achieves its greenhouse gas emissions reduction targets.

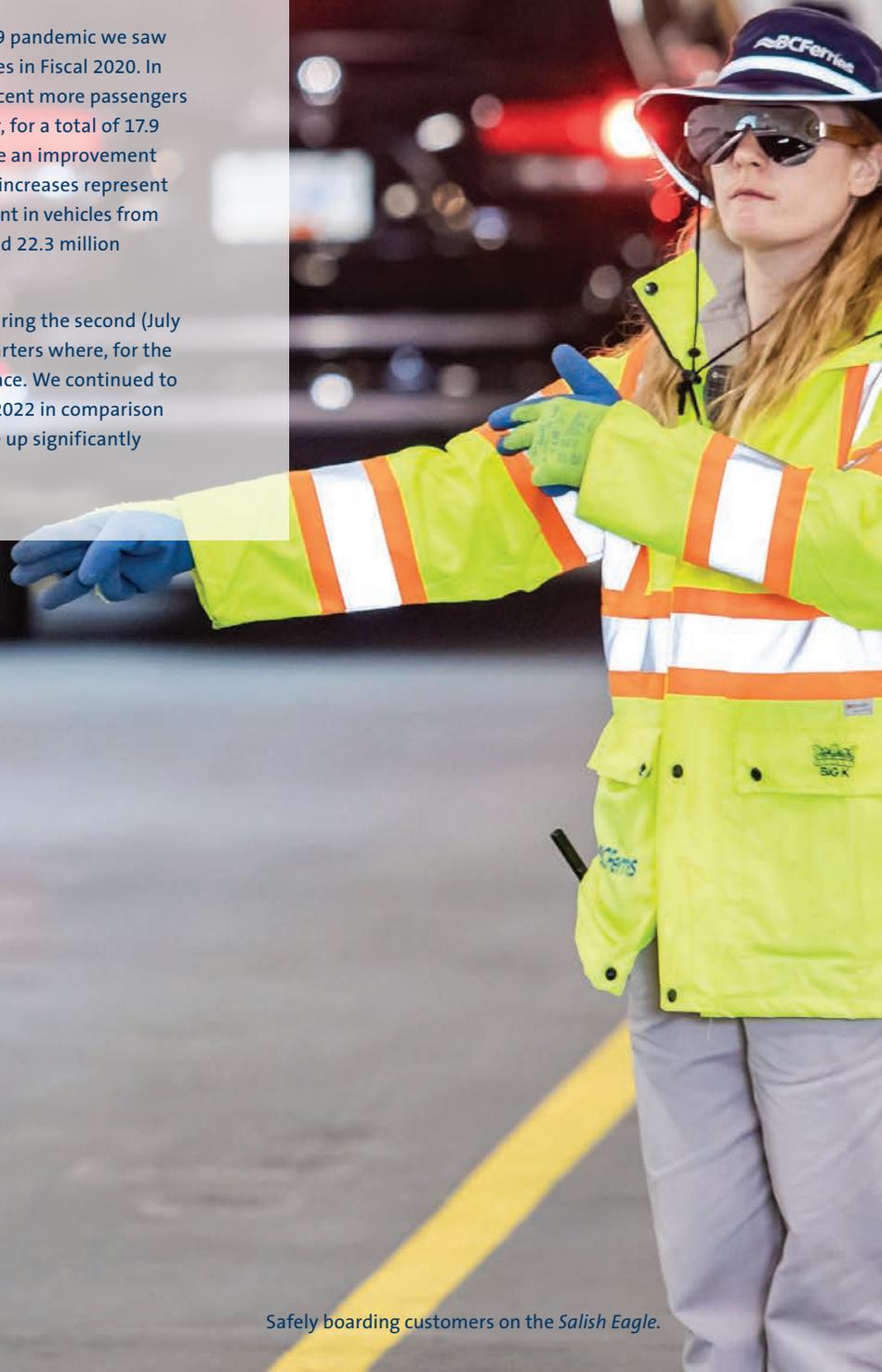
In Fiscal 2022, we increased our efforts to strengthen our relationship with Indigenous communities, engaging both formally and informally. For example, the names of our four new Island Class vessels reflect the importance and cultural significance of Indigenous peoples in our province and BC Ferries' commitment to reconciliation.

As we prepare for our upcoming Performance Term Six, we will continue to work diligently to live up to the commitment we have made to British Columbians: to provide coastal communities with essential, safe, reliable, sustainable, and affordable ferry service.

Traffic at a Glance

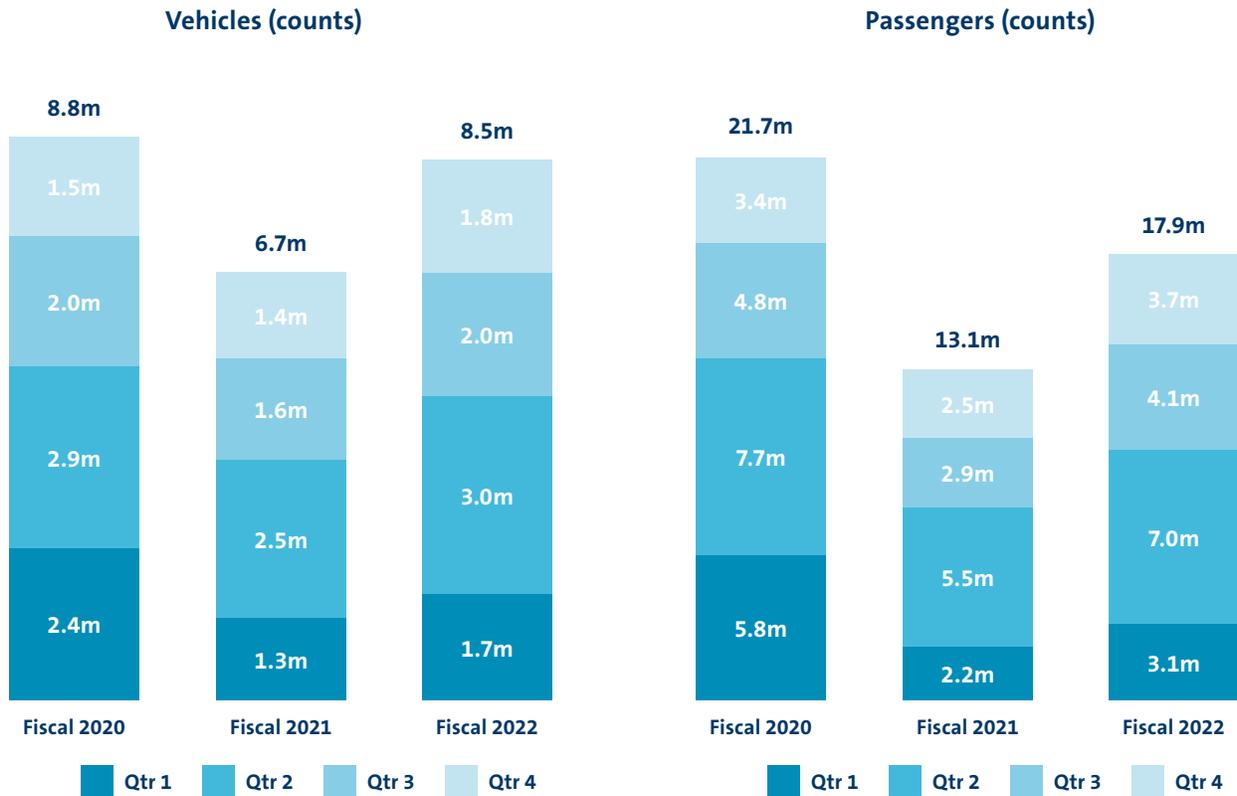
As we navigated the second year of the COVID-19 pandemic we saw a significant recovery in traffic after large declines in Fiscal 2020. In Fiscal 2022, we welcomed approximately 26 per cent more passengers and 37 per cent more vehicles than the year prior, for a total of 17.9 million passengers and 8.5 million vehicles. While an improvement over the first year of the pandemic, these traffic increases represent a decline of 20 per cent in passengers and 5 per cent in vehicles from pre-pandemic levels (Fiscal 2019) when we carried 22.3 million passengers and 8.9 million vehicles.

Vehicle traffic was above pre-pandemic levels during the second (July to September) and fourth (January to March) quarters where, for the most part, there were no travel restrictions in place. We continued to carry fewer passengers in each quarter of Fiscal 2022 in comparison to Fiscal 2020, however, passenger volumes were up significantly from Fiscal 2021.



Safely boarding customers on the *Salish Eagle*.

System Traffic for Fiscals 2020, 2021 and 2022



Performance compared to Fiscal 2020 (Pre-Pandemic)

	Vehicles					Passengers				
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Fiscal 21	-47%	-14%	-22%	-9%	-24%	-62%	-29%	-14%	-26%	-40%
Fiscal 22	-27%	3%	-2%	16%	-4%	-46%	-9%	-14%	8%	-18%

Safe Restart Funding

In December 2020, BC Ferries received \$308 million in federal/provincial funding to ensure we were able to maintain essential services across the province and that fares remained affordable.

We are grateful to have received this contribution in recognition of the essential nature of the coastal ferry system. We thank both levels of government for their collaboration during the pandemic.



Year in Review Summary



17.9 million passengers
up from 13.1 million the year prior



On-time performance
Percentage of sailings departing within 10 minutes of scheduled departure times

85.6%

8.5 million vehicles carried
up from 6.7 million the year prior



Fleet reliability
Percentage of sailings that sailed without incident

99.68%



82,743 round trips
up from 79,454 round trips the year prior



\$7-8 billion estimated cargo carried

63.3% capacity utilization system wide
up from 55.6% the year prior



\$100 million approximated in commercial trailer transportation revenue



For routes between Metro Vancouver and Vancouver Island



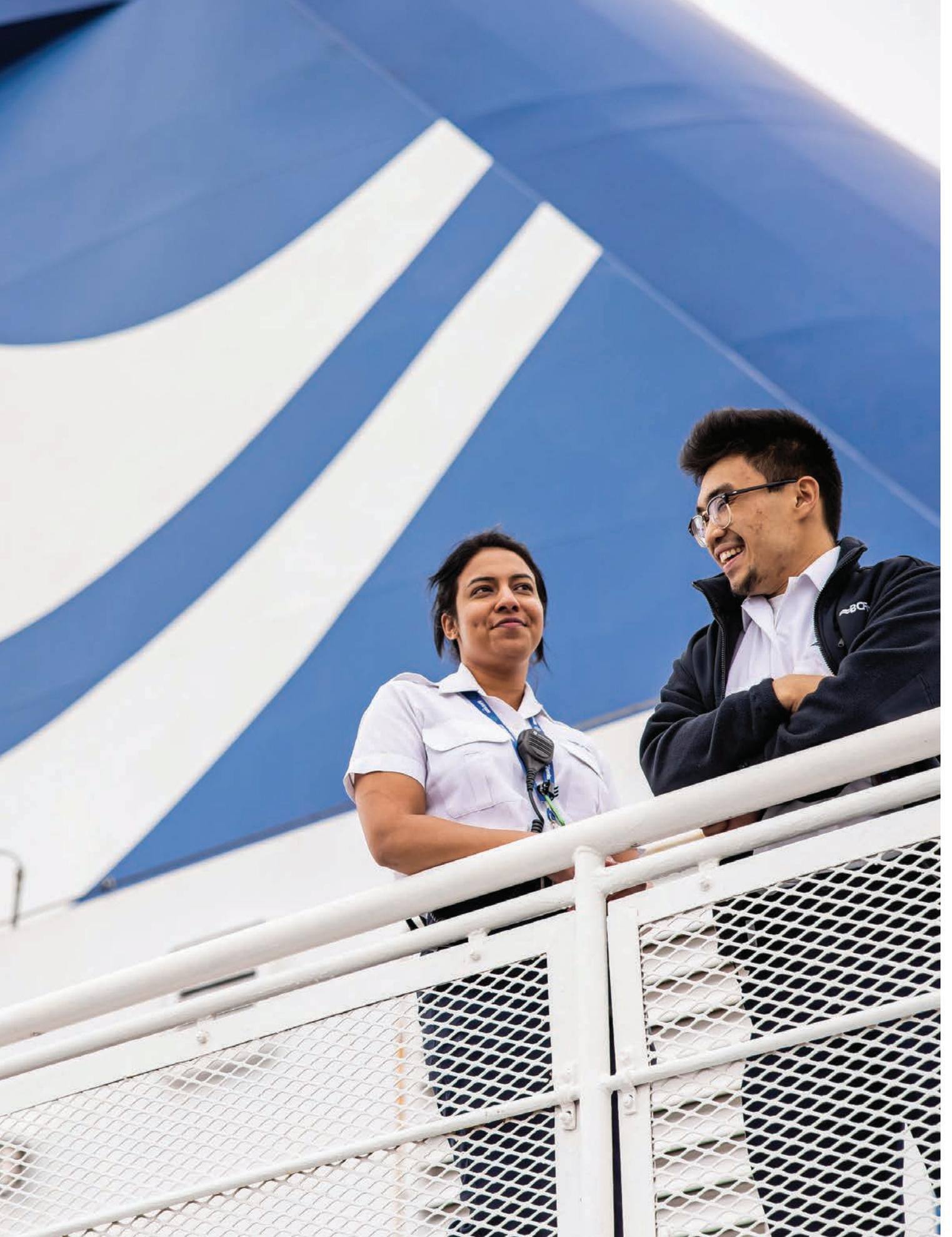
We carried the largest number of vehicles this century in the months of August, September and October 2021 and March 2022



15% fewer customers experienced sailing waits compared to the previous year, including 30% less in July and August



Over **700,000** customers booked discounted Saver fares



Our Commitment to Sustainability



The *Salish Eagle* connecting the Southern Gulf Islands coastal communities.



1. Operating Safely, Reliably and Efficiently

Safety is our highest value. Our safety-focused practices helped us adapt to the many changing COVID-19 health regulations.

Performance Against Strategic Targets Fiscal 2022

Results for Fiscals 2017 through 2021, the target and results for Fiscal 2022 and the target for Fiscal 2023.



		Fiscal 2017	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022 Results	Fiscal 2022 Targets	Fiscal 2023 Targets
Operational Targets									
Employee Safety Index (frequency x severity) / 1,000	TARGET	0.44	0.39	0.39	0.41	0.62	0.95	0.60	0.70
	RESULT	0.43	0.46	0.64	0.74	0.52			
Passenger Safety Index # passenger injury incidents / 1,000,000 passengers	TARGET	11.26	10.68	9.59	9.59	6.95	1.79	6.90	3.50
	RESULT	9.62	10.01	9.80	4.30	3.07			
Reliability Index scheduled # of round trips less controllable cancellations / scheduled # of round trips	TARGET	99.55- 99.74%	99.55- 99.74%	99.55- 99.74%	99.55- 99.74%	99.55- 99.74%	99.68%	99.55- 99.74%	99.55- 99.74%
	RESULT	99.69%	99.83%	99.73%	99.84%	99.69%			
On-time Performance departures within 10 minutes of scheduled departure time	TARGET	91.0%	91.0%	91.0%	91.0%	88.0%	85.6%	88.0%	88.0%
	RESULT	88.9%	88.4%	87.8%	88.8%	89.1%			
Customer Satisfaction	TARGET	4.14	4.20	4.20	4.22	4.12	4.07	4.05	4.12
	RESULT	4.18	4.16	4.22	4.09	3.97			
Financial Targets net of regulatory adjustments									
EBITDA including subsidiaries (\$ millions)	TARGET	272.5	290.5	295.8	276.8	269.9	283.9	257.1	256.2
	RESULT	294.6	273.8	285.2	264.1	267.5			
Net Earnings (\$ millions)	TARGET	59.5	70.6	63.6	34.9	26.1	47.2	24.4	7.7
	RESULT	87.9	55.3	56.9	22.2	21.6			

Employee Safety Index – Employee injury frequency rate times severity rate divided by 1,000 full-time equivalents.

Passenger Safety Index – Number of passenger injuries per one million passengers.

Reliability Index – Actual round trips divided by scheduled round trips, less weather, medical or rescue related cancellations.

Customer Satisfaction – Rating on a scale of 1 to 5, based on three surveys performed during the year.

EBITDA — Net earnings adjusted for the impact of regulatory assets and liabilities and before interest, taxes, depreciation and amortization.

Regulatory Net Earnings – Net earnings adjusted for the impact of regulatory assets and liabilities.



Marine and Medical Emergencies



Keeping BC's waterways safe and moving.

Responded to **17** non-BC Ferries marine rescues and **84** medical emergencies (in comparison to 16 and 95, respectively, the year prior)

Delayed or added a sailing **76** times to accommodate ambulance transportation (down from 134 the year prior)



Did you know?

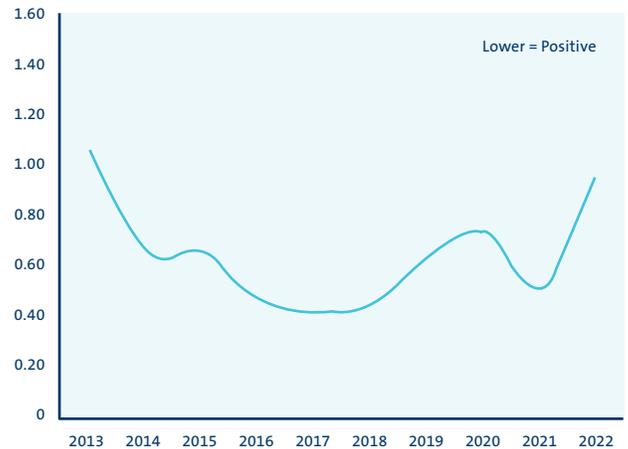
In the rare event of an emergency, all crew members are trained and certified by Transport Canada Marine Safety to effectively deal with emergency situations.

Employee time loss injuries were up 16 per cent from the year prior or 0.43 time-loss injuries per 1,000 full-time equivalents. Employee Safety Index has been most notably impacted by the days lost due to delays in processing claims with other dependent agencies.

Passenger injuries were down 20 per cent to three injuries per one million passengers compared to the year prior. These positive results were likely due to less movement of passengers onboard as they continued to remain in their vehicles more than previous years, and increased efforts from our operational teams on passenger safety.

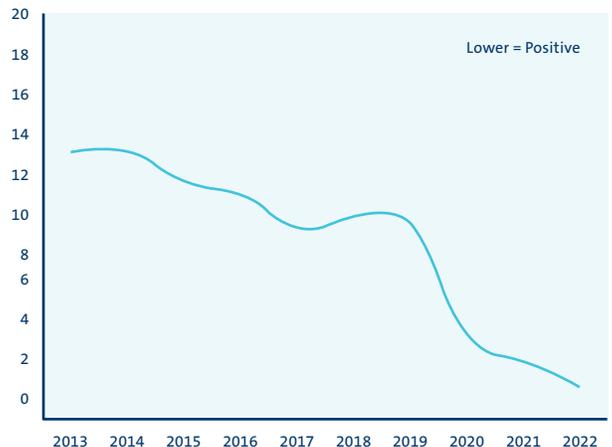
Employee Safety Index

Employee injury frequency rate times severity rate divided by 1,000 full-time equivalents



Passenger Safety Index

Number of injuries per one million passengers



Safety and Health

We demonstrated our commitment to a safe and healthy work environment for our employees by:

- Maintaining safety committees for all vessels and terminals
- Implementing a company-wide COVID-19 Vaccine Policy for all employees
- Focusing on reducing time-loss injuries year-over-year with support of our SailSafe program
- Operating a 24-hour Operations and Security Centre to monitor day-to-day operations and provide a coordinated response during incidents
- Implementing initiatives to counter intentional attacks and maintaining regular contact with government security agencies to ensure we have the latest information
- Training our employees on how to respond to emergencies through frequent exercises and drills
- Recording and monitoring incidents and taking corrective actions to eliminate risks
- Providing employees with a risk-based reporting tool that facilitates change in specific tasks or processes to reduce risk
- Upgrading our safety management system to provide auditing, reporting, investigating, and tracking of policies, procedures, and incidents
- Providing employees with funding to support their long-term health and wellness
- Offering employees resources to help lead healthier lifestyles
- Providing tools to help employees set and track progress towards personal health goals, connecting colleagues with similar interests, and offering and encouraging participation in events in the community and around the fleet

Operations

We remained focused on delivering safe, reliable and efficient service highlighted by the following achievements:

- Delivered more than 3,700 round trips above the requirements set forth in the Coastal Ferry Services Contract
- Achieved 99.68 per cent reliability and 85.6 per cent on-time performance, despite significant COVID-19 related crewing challenges
- Completed standardized bridge upgrade project for all C-Class vessels
- Conducted bridge simulation training equivalent to 364 personal training days

- Sponsored 70 employees through the marine education program
- Completed installation of the rescue boat descent control system and piloted the new rescue boat simulator
- Responded to 5,000 vessel and over 3,200 terminal incidents – maintained 24/7 operation of the Operations and Security Centre throughout the pandemic



Horseshoe Bay terminal, West Vancouver.

Did you know?

In March 2022, Horseshoe Bay terminal was the first location in Canada to be fitted with hundreds of sensors as part of the national Earthquake Early Warning System. The system will provide notice to at risk areas before the shaking can be felt. When the full system is online in 2024, more than 10 million people in Canada living in the most earthquake-prone regions of the country will receive Earthquake Early Warning alerts. Earthquake preparedness is an important part of BC Ferries' emergency response planning, given the critical role we would play to connect communities along coastal British Columbia following a major earthquake. Being selected as the first early warning site for the national system echoes our commitment to safety, and we look forward to expanding the system at other strategic terminal locations along coastal British Columbia.

What's next

As the ferry system recovers from the effects of the COVID-19 pandemic, our priority will be on core ferry services to ensure the flow of workers, goods, and services. Over the coming year, our focus on injury prevention measures will remain steadfast as traffic increases. We will continue to explore efficiency enhancing processes and technologies, train employees, and deliver a consistently safe customer experience. We remain committed to continuing robust asset maintenance practices to ensure reliable service and support local maintenance, construction, and tourism industries.

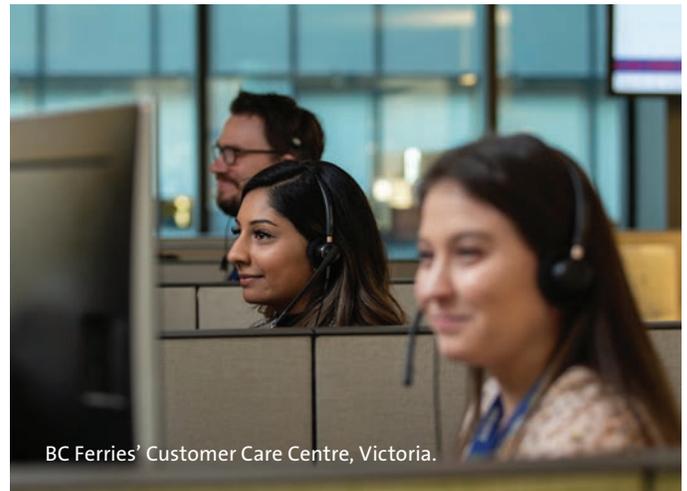
Here are some projects that are on the horizon:

- Introduce the *Salish Heron* to the Southern Gulf Islands (completed)
- Introduce Island Class ferries on routes between Gabriola Island and Nanaimo (completed) and Quadra Island and Campbell River (Fall 2022)
- Improve operational efficiencies, reduce operating costs, enhance the customer experience and maintain or improve our safety and security through investments in our major terminal foot passenger and vehicle traffic management
- Expand Mobile Point of Sale (MPOS) use in major terminals and introduce MPOS to several minor terminals
- Explore a pilot project for minor route reservations
- Explore a fully reservable service between Horseshoe Bay and Departure Bay
- Implement several projects to improve customer communication and enhance the check-in experience
- Implement rescue boat simulation training exercises
- Upgrade the Bridge Team simulation training system with a new simulator providing identical equipment and layout to BC Ferries' new vessels
- Provide better and more proactive oversight to operations through upgrades to the Operations and Security Centre
 - Migrate multiple source documents and standard operating procedures in alignment with the International Maritime Organization's International Safety Management Code
 - Build technical and operational status boards for improved situational awareness for our fleet and terminals
 - Introduce technical upgrades to enhance conferencing capability in the event of an expected or emerging incident
 - Implement technology to support all BC Ferries' vessels sailing 'paperless' (navigationally)



2. Engaging Customers and Communities

We are building a customer-focused culture across all levels of the company. We are making investments in technology, internal processes, and employee training to ensure a consistent, seamless, and personalized customer experience.



BC Ferries' Customer Care Centre, Victoria.

Did you know?

In Fiscal 2022, our Customer Care call centre answered 408,635 phone calls.

Community Investment

Community investment gives back to the communities we serve, at the same time engaging our employees. We support non-profit groups and community organizations that generate a beneficial social and environmental impact. We engage coastal communities and employees to identify community and social investment opportunities that fall into one of three categories:



BC Ferries supports these initiatives through in-kind travel or funding, partnering with the organization to deliver programs and services and encouraging employees to volunteer and participate.

Due to the COVID-19 pandemic, we paused several initiatives with regular community partners, including Powell River Kings, Cops for Cancer, BC Bike Race, Parks Canada and Great Canadian Shoreline Clean Up. Yet, we still found ways to give back:

- **\$40,000** raised for the United Way with the company matching employee contributions
- **\$65,000** of in-kind travel in support of community and non-profit organizations across BC
- **\$6,500** of in-kind travel in support of Penelakut Tribe's March for the Children
- Orange Ribbons provided to all employees for National Indigenous Peoples Day (June 21st) and National Day for Truth and Reconciliation (September 30th)
- In-kind travel support for community-led shoreline cleanups on Denman Island and Bowen Island
- Funds raised by our employee golf tournament were donated to the Indian Residential School Survivors Society
- Partnerships with ViaSport, Nicolas Sonntag Marine Education Centre, the Whale Trail, and Livelt

Community Engagement

Transparent public engagement is our way to ensure the community has a voice in the future of the ferry system and the decisions that affect them most. Our public engagement program is a critical component of our infrastructure planning, service planning, project management and ongoing operations.

We engage with communities on a regular basis through our Ferry Advisory Committees. Committees are generally comprised of 8-12 members who represent the ferry-dependent communities we serve. They provide input on day-to-day operations, planned improvements, broader policy issues and strategic planning.

This year we:

- Hosted **37** meetings with our Ferry Advisory Committees to review service levels during pandemic recovery, gather input on projects, and plan for the future
- Engaged with coastal communities on major projects:
 - Sailing schedule options to support the entry of an additional Salish vessel into service on the Southern Gulf Islands route
 - Sailing schedules to support the introduction of two-ship service on the Campbell River – Quadra Island, and Nanaimo Harbour – Gabriola Island routes
 - Terminal development plans for Mayne Island, Galiano Island, and Pender Island

- Worked closely with Ferry Advisory Committee Chairs and members to review committee processes, identify and implement enhancements such as increased flow of data and route statistics along with more frequent communications
- Held meetings with Ferry Advisory Committee members, government representatives, Indigenous communities, and key stakeholders during periods of service recovery to adjust and communicate service and schedule changes



An underwater cleanup by Aqua Monkey on Bowen Island supported by BC Ferries.

Indigenous Engagement

We continue our efforts to build relationships with Indigenous communities through outreach, dialogue, cultural recognition and support for important community events. We also continue to build our internal capacity through cultural awareness training. Over 120 staff have completed a one-day Indigenous cultural awareness training course, and this course is offered on an ongoing basis.

This year we worked with Indigenous communities in the following ways:

- Supported the Haida Nation's COVID-19 travel restrictions and community guidelines by integrating travel advisories, onboard announcements and posting signs at terminals
- Worked with representatives from the Haida Nation to discuss access to medical travel for community members and how BC Ferries can support First Nations Health Authority Health Directors in Haida Gwaii with information and access
- Began work with K'omoks First Nation on the terminal development plans for Gravelly Bay terminal on Denman Island to ensure continued access to the water to support the Nation's aquaculture and fishing activities
- Met with representatives from Tsawwassen First Nation to discuss a potential Beach Keepers program in partnership with the Nation to help monitor and keep the Tsawwassen causeway beach clean while providing the Nation with opportunities for cultural awareness and knowledge sharing

- Provided members of the Penelakut Tribe with free travel to Chemainus to attend the Spune'luxutth Sulxwe'en Memorial Walk, a residential school remembrance march organized by the Tribe
- Bestowed names from Indigenous languages or important to Indigenous culture on four new Island Class vessels

To support terminal development construction and maintenance projects throughout BC Ferries' networks, we consulted with Indigenous communities to receive feedback and to try to address any concerns. Consultations included terminal projects at Swartz Bay, Denman Island, Mayne Island, Nanaimo Harbour and Gabriola Island.



Island Kwigwis sponsors: Chief Bill Cranmer of Namgis First Nation with Linda Provost and Mark Collins from BC Ferries.

Did you know?

In recognition of the Indigenous peoples and cultures in the coastal areas where we operate, and as part of our commitment to reconciliation, we chose four names for our new Island Class ferries from Indigenous languages. We also unveiled artwork designed by Coast Salish artist Maynard Johnny Jr. on our newest Salish Class ferry – the *Salish Heron*.



Maynard Johnny Jr. from Chemainus, BC, with his design on the *Salish Heron*.

Maynard Johnny Jr.

The *Salish Heron* is BC Ferries' fourth Salish Class vessel. It joins our three other Salish Class vessels with a name and artwork that honours and recognizes the Coast Salish people as the original mariners of the Salish Sea.

BC Ferries, in partnership with the First Peoples' Cultural Council, selected Coast Salish artist Maynard Johnny Jr. (Thii Hayqwtun) from Chemainus, BC, to create the design for the *Salish Heron* from 36 submissions. "The idea is to send a message to the people of British Columbia, Canada and the world that Indigenous People have been here since time immemorial," said Maynard Johnny Jr. "That's the message I want to share with people travelling on the *Salish Heron*."

Seeing his artwork transform from a six inch by two-inch sketch to the size of a seven storey building laid on its side, and replicated around the expansive hull of the ship, gave Johnny Jr. a moment of pause.

"I'm hoping that my daughter and grandchildren will see the *Salish Heron* and know that you can achieve something special when you put your mind to it," he said. "When they see my art on such a grand scale, I hope they're influenced by it and have ambition to chase their goals. I've always wanted to influence my daughter and grandchildren to move forward in a positive way."

Maynard Johnny Jr. drew inspiration for the art from the herons that reside throughout the west coast. Traditionally, the birds have been guides to where the fish were abundant, so Johnny Jr. used his signature style to create something that would honour that Coast Salish living relationship with the Salish Sea.

The *Salish Heron* entered service in the Southern Gulf Islands in Spring 2022 and has a capacity to carry at least 138 vehicles and up to 600 passengers.

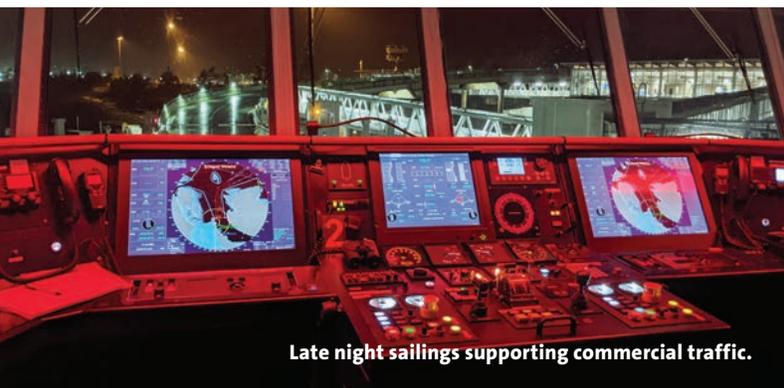


Freshly applied artwork on the *Salish Heron* at our Fleet Maintenance Facility in Richmond.

Fare Choices, Reservations and Technology

Fiscal 2022 Achievements

- Launched Saver and Prepaid fare choices on our routes between Metro Vancouver and Vancouver Island to provide incentives for customers with vehicles to travel at off-peak times
- Launched Saver Fares between Horseshoe Bay and Langdale
- Carried a record number of vehicles in August and September 2021 on our routes between Metro Vancouver and Vancouver Island with fewer customers experiencing a sailing wait than the same period in previous years and 61% of vehicle customers reserving compared to 40% prior to the pandemic
- Launched reservations for walk-on passengers on our routes between Metro Vancouver and Vancouver Island
- Launched online ordering for Coastal Café favourites on our Spirit Class vessels between Tsawwassen (Vancouver) and Swartz Bay (Victoria)
- Launched a new application for our commercial service business that improved efficiency while leading to higher customer and employee satisfaction



Late night sailings supporting commercial traffic.

Did you know?

In September 2021, BC Ferries ran a late-night sailing trial that offered additional commercial capacity. Our commercial customers appreciated the additional capacity and would like to see this offered on a permanent basis. Some of the feedback we received:

- Time of sailing was favourable, although a later departure would also be desirable
- It is difficult to adjust deliveries to take advantage of a trial because customers couldn't rely on the capacity becoming permanent

What's next

Over the coming year, we will provide meaningful opportunities for employees, customers, Indigenous communities, the public, and key stakeholders to engage with BC Ferries. We will continue to expand our fare choices while introducing new technology solutions to improve the end-to-end customer experience.

Engagement opportunities

- We will enhance community relations and engagement practices through ongoing information sharing and relationship building efforts
- We will expand our Indigenous Relations efforts by hiring dedicated resources to support broader discussions, addressing areas of interest expressed by individual communities, and continuing to support cultural recognition at terminals and on our vessels
- We will enhance our connection with our Ferry Advisory Committees by working with Chairs and members to enhance communications, flow of information, transparency, and other processes
- We will implement regular community drop-in sessions that allow community members to engage directly with BC Ferries staff and learn about what is happening in their region

New technology

- We will launch a mobile app that will provide customers with a personalized experience, allowing quick-click bookings and easy access to the schedules and current conditions that matter to them most
- We will continue to make improvements to the website, including schedules, current conditions and booking flow enhancements based on customer feedback
- We will launch a new booking flow for Medical Travel Assistance Program customers, allowing them to receive a free reservation when travelling for medical reasons on bookable routes
- We will introduce discounted drive-up fares on select minor routes during the summer months, to shift traffic to less busy sailings
- We will introduce new time collection and crew scheduling software to improve the employee experience and scheduling efficiency

Commercial Services

- We are exploring opportunities to better meet our commercial customers' needs through improved dispatch opportunities, additional capacity during peak season, and discounted off-peak fares on select routes



Relaxing in the passenger lounge on board the *Spirit of Vancouver Island*.

BC Ferries on Social Media

Our social media channels continued to be the primary communication platforms for customers to find the latest information about pandemic related changes as restrictions eased and other important information related to service, projects and initiatives. We saw a significant increase in engagement year-over-year as we welcomed passengers back on board, while reassuring them of the safety measures in place for their journey.



9,359 new followers on Twitter
a 10% growth over Fiscal 2021, surpassing
a total of 100,000 followers



19% increase in engagement
(likes, comments, shares) on our content
across all social channels



**9% follower growth across
all channels**



**656,483 total video views
across all channels**



**22% increase in
website visits**

Highlights on Social Media

April 2021

- **#EarthDay:** We launched the sixth Island Class hybrid-electric ferry
- **#NationalDayof Mourning:** We flew flags on board and at terminals at half-mast in recognition of family and friends who lost their lives at work

May 2021

- We received the 2020 United Way Spirit of Distinction Award. Over the last 25 years, BC Ferries' employees have raised over \$1.5 million for the United Way
- Our third hybrid-electric Island Class ferry started its journey across the Atlantic to BC

June 2021

- **#EveryChildMatters:** In honour of the children that didn't return home from residential schools, we flew flags at half-mast and BC Ferries' employees wore orange ribbons
- **#NationalIndigenousPeoplesDay:** We produced a video in honour of Indigenous peoples, communities and residential school survivors
- We launched Phase 2 of our Travel Safety Plan as COVID-19 restrictions were lifted
- We flew PRIDE flags on our vessels for Victoria PRIDE week

July 2021

- **Canada Day:** With ongoing discoveries of unmarked graves at the sites of former residential schools, we continued to fly flags at half-mast
- In partnership with White Spot and Triple O's, we raised more than \$212,000 to be used for immediate relief of the wildfires that were occurring in BC

August 2021

- We held a naming ceremony in Victoria for Island Class 3 and 4 — *Island Nagalis* and *Island K'ulut'a* and in real time, shared the event on Twitter and Instagram stories
- Our fourth Island Class ferry arrived in BC
- Our fifth Island Class ferry departed from Europe for BC

September 2021

- We participated in the National Day for Truth and Reconciliation, sharing a video and links to resources where people can learn more about Indigenous history
- Our fifth Island Class ferry arrived in Victoria

November 2021

- **Remembrance Day:** BC Ferries, TransLink and BC Transit honoured retired and active military personnel by offering them free fares
- We revealed the *Salish Heron* artwork created by Coast Salish artist Maynard Johnny Jr.

December 2021

- We held a naming ceremony for the fifth Island Class ferry at our Fleet Maintenance Unit, announcing the name *Island Kwigwis*. We shared live coverage of the event on Twitter and Instagram stories.
- Our sixth Island Class ferry arrived in Victoria

January 2022

- We held a naming ceremony for our sixth Island Class ferry at Point Hope Maritime announcing the *Island Cwawis* as the chosen name. We chose to name the Island Class vessels with names from Indigenous languages in honour of the contribution First Nations people have made to our province and as another step towards reconciliation. We shared live coverage of the event on Twitter and Instagram stories.

February 2022

- We supported the Aquatic Monkey team to do a dive at Snug Cove on Bowen Island and shared the results on social media, with the team collecting more than 1,000 lbs of trash from the water
- **#PinkShirtDay:** We shared a photo of our employees at head office wearing pink shirts and pink COVID-19 face masks, as well as content from the official @pinkshirtday social accounts

March 2022

- **#InternationalWomensDay:** We shared a photo of the crew on board the *Malaspina Sky* — comprised of 80% women. We also shared a short video showcasing women from across the fleet and head office
- **The *Salish Heron* arrives in BC:** We posted a video and photos of the vessel making its way to Victoria and showcased the artwork created by Maynard Johnny Jr. that will adorn the ship



3. Reducing our Impact on the Environment

Given our presence in coastal waters, we are determined to conduct our operations in an environmentally responsible way, be a leader in the transition to a lower carbon future and incorporate environmental factors into our decision-making.

Ambitious targets have been established internationally, federally, and provincially that commit British Columbia to reduce Greenhouse Gas (GHG) emissions substantially over the next decade, with the goal of net zero emissions by mid-century. BC Ferries' goal is to meet the CleanBC 2030 targets with a GHG reduction of 27 per cent from 2008 levels. In Fiscal 2022, our GHG emissions from vessels (including fuel and shore power) and shore based activities were approximately 322,000 tonnes of CO2e.

By 2030, BC Ferries strives to:

<p>Transition 40% of our light duty vehicles to all-electric or low carbon fuel operation</p>	<p>Divert 60% of all wastes from the landfill with the potential for 95% of organic waste to be turned into a clean resource</p>
<p>Continue to reduce emissions from terminals, facilities, and buildings by 40%</p>	<p>Reduce annual emissions to 249,000 tonnes, primarily through investments in vessel technology</p>

Clean Energy Transition

Our shift to a cleaner future is made primarily through progressive steps in hybrid design. With hybrid design, we can adopt new energy sources without compromising reliability or interoperability in the fleet. Through this transition, BC Ferries is adopting available alternate energy sources that provide the lowest carbon-intensity. The duration of this transition is governed by the speed that we can overcome technological, regulatory, and economic barriers, as well as the capacity of BC Ferries to execute large-scale infrastructure changes without significantly disrupting normal operational services.

We are also investing in sustainable technologies like shore power, cable ferry technology and highly efficient new vessel platforms.

To offset fossil fuel use
our ships switch to hydroelectric shore power at night and when not operational

We stop shipboard generators
to eliminate engine noise and emissions

We installed dual-fuel engines
in our LNG-powered vessels

We launched a social media campaign
“Don’t Drip and Drive” to reduce customers causing environmental spills at our worksites

Commercial Services Going Green

- We have completed two electric vehicle (EV) studies regarding infrastructure for our commercial assets. We continue to work with manufacturers to determine a timeline and fit for EV tractors for our operation and are planning to implement a phased adoption of EV tractors.
- We will trial hydrogen fuel enhancement systems on two of our commercial tractors.
- We are reviewing other opportunities to reduce emissions in our commercial service business, including additional hydrogen fuel cells on our current diesel tractors and a possible hydrogen tractor trial.

Did you know?

A tractor is a semi truck without a trailer — a stand-alone unit we use to transport commercial trailers on and off the vessels.





MV Baynes Sound Connector

Did you know?

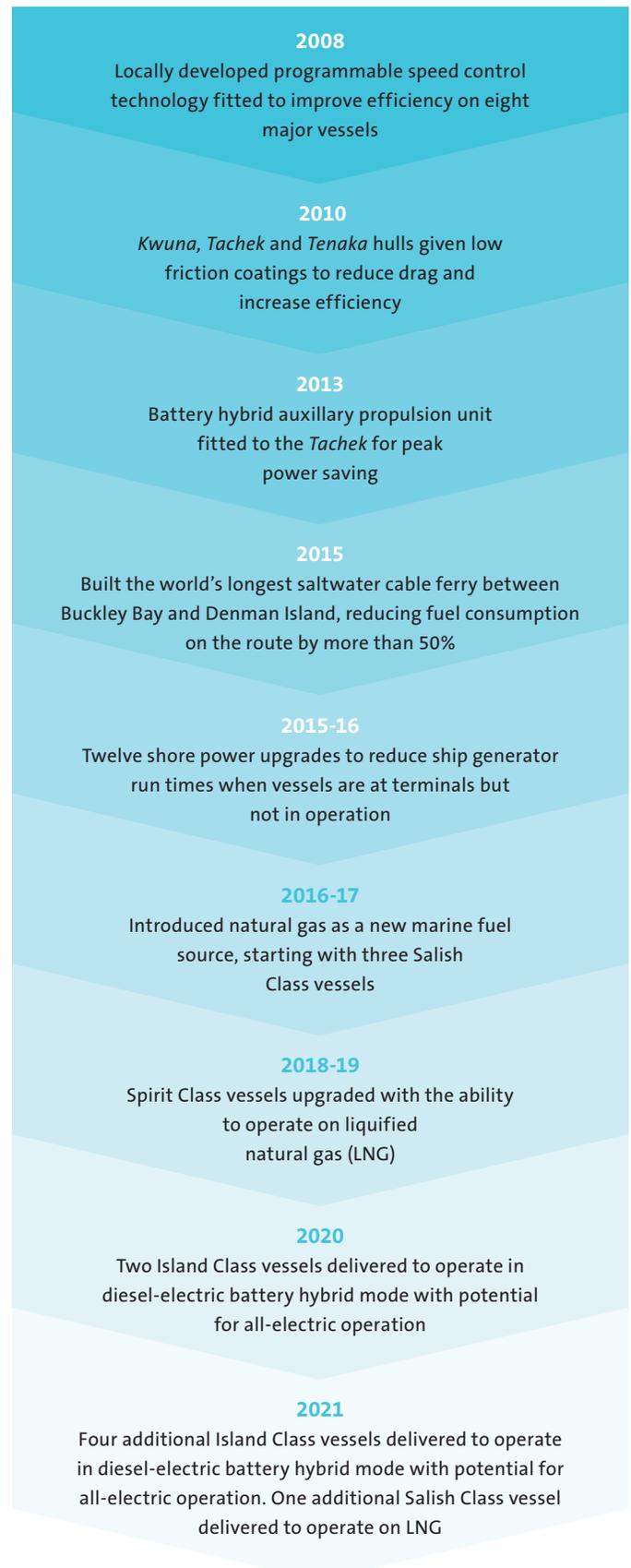
The *Baynes Sound Connector* cable ferry, operating between Buckley Bay and Denman West, has reduced diesel fuel consumption and GHG emissions by more than 50 per cent and underwater radiated noise by 50 per cent compared to the previous vessel operating on this route. We plan to convert the *Baynes Sound Connector* to full electric operation to further minimize emissions.

A Shift to Alternative Fuels

In Fiscal 2022, BC Ferries greenhouse gas emissions were approximately 322,000 tonnes of carbon dioxide equivalent (tCO₂e). Vessel fuels account for 98 per cent of our operational GHG emissions, with 76 per cent attributed to vessel operations on our major (between Metro Vancouver and Vancouver Island and Metro Vancouver and the Sunshine Coast) and northern routes (between Port Hardy and Prince Rupert and Prince Rupert and Haida Gwaii).

We are actively pursuing opportunities to integrate renewable natural gas and renewable diesel into our fleet, which have a much lower carbon intensity than the standard fuels currently in use. We are currently trialling bio diesel and renewable diesel on two of our vessels. As alternative low GHG fuels become available, we will continue to assess the best fuel options for the fleet. When the alternative fuels meet reliability, cost and safety criteria, BC Ferries incorporates the fuels into conversions and new build projects.

Our Transition Path



Achievements

We are proud to be recognized for our commitment to improving the environmental sustainability of our operations, from ship to shore.



- **2021 Blue Circle Award**
from the Vancouver Fraser Port Authority
– 5th consecutive year
- **2021 Green Wave Award**
from the Prince Rupert Port Authority
– 4th consecutive year
- **2021 Green Marine certification**
– 7th consecutive year

We operate within a complex framework of federal, provincial and regional environmental laws and regulations, including solid and liquid waste management, air quality, fisheries and wildlife, and oil spill response, in Fiscal 2022 we:

<p>Diverted 262 metric tonnes of organics (up from 130 metric tonnes the previous year)</p>	<p>Generated 1,846 metric tonnes of waste for the landfill (up from 1,239 metric tonnes the previous year)</p>	<p>Responded to 106 environmental incidents (up from 85 in the previous year) including 79 leaks and spills from external sources (contractors, commercial vehicles and equipment, and passenger vehicles)</p>
<p>Recycled 599 metric tonnes of materials (up from 251 metric tonnes the previous year)</p>	<p>14.42 GWh of shore power used, generating an emissions-offset of 8,940mt CO₂ equivalent to taking 2,740 cars off the road each year</p>	

We continued our partnership with Ocean Wise and Fisheries and Oceans Canada’s Habitat Stewardship Program to support the Whale Trail, a network of viewing locations contributing to conservation-based research. We will be expanding our reach to include Duke Point, Port Hardy, Bella Coola and Prince Rupert terminals.



What’s next

As we progress our GHG emissions reduction strategy, fossil fuels in large scale usage will be displaced by lower carbon intensive fuels.

In the near term, we will actively explore and pursue the potential to increase the portion of biodiesel and use of renewable diesel and renewable natural gas in the fleet fuel supply.

For new vessels, BC Ferries is pursuing opportunities to adopt low carbon-intensive energy sources. This may include electrification and assessing the feasibility to transition to other emerging energy sources in the future.

Lower Carbon-Intensive Energy Sources

We are working closely with our partners to evaluate the most cost effective and least carbon-intensive energy source. This means gaining an understanding from BC Hydro of the broader plan for hydroelectricity as a primary energy source and gaining an understanding from our fuel suppliers about the availability of renewable fuel sources.

Island Class: The Island Class, our standardized minor class vessels, are built with battery hybrid technology and the capability to operate as fully electric ferries once charging infrastructure becomes available on shore. They represent an opportunity to reduce the carbon intensity of our operations and test technology critical for wide-scale implementation. We will continue to explore the most cost efficient and lowest carbon-intensive alternative for this class of vessels.

New Major Vessels: As the next flagship vessels in the fleet, the replacements for the C-Class (the “New Major Vessels”) will provide the greatest opportunity for substantial reductions in emissions to reach long-term targets.

Retrofits: We continue to explore opportunities to increase energy efficiency through retrofitting existing ships. This could include upgrading and installing newer equipment/technology onboard that performs the same task using less energy, thereby reducing emissions. These upgrades could also include battery hybridization, such as with the Coastal Class, the Salish Class, C-Class, and Capilano Class.

Transition to other energy sources

A shift to low carbon-intensive energy is also a valuable opportunity for our shore-side fleet including over 350 light-to-heavy-duty vehicles and equipment that support our operational and maintenance needs.

Shore-side vehicles and infrastructure: Where feasible, we are acquiring electric fleet vehicles and other clean technology and are on track to have 40 per cent of our new light-duty vehicles be electric by 2030. We are also reviewing our heavy-duty vehicles and equipment, including in our Commercial Services division, to see how we can replace aging yard trucks with cleaner alternatives. We are participating in a hydrogen trial for our commercial services yard trucks.

Operational procedures: We continuously review our operational procedures and behaviours to find ways to reduce our energy consumption and emissions and run our business more efficiently.

Alternative fuels: Increasing the amount of renewable fuel in our existing fuel supply is an important mechanism to reduce GHG emissions, particularly for ships that are already in service and are not conversion candidates for hybridization or electrification. We will explore the feasibility of adopting emerging energy sources to reduce GHG emissions, such as hydrogen, ammonia, and methanol. Investing in new ship technology will require a more secure supply of these alternative fuels and we will continue to closely monitor advancements in energy supply and infrastructure in this area.



The battery room on board our new hybrid-electric Island Class ferries.

Supporting Modal Shift

The need to take urgent action to reduce the impacts of climate change and build a strong clean economy has never been clearer. Transportation plays a major role in all our lives, connecting us to each other and supporting the movement of goods and services. Transportation is also the province's largest single source of GHG emissions, accounting for about 40 per cent of BC's annual total.

The Province's CleanBC Roadmap to 2030 sets ambitious targets to reduce the carbon intensity of people movement in Coastal British Columbia, including:

- Reducing distances travelled by vehicle by 25 per cent by 2030 compared to 2020
- Encouraging an increase in mode shift to walking, cycling and transit to 30 per cent by 2030

To align with CleanBC targets, while continuing to support BC Ferries' ability to meet increasing demand and future growth sustainably, we are looking at ways to provide a more seamless and integrated customer experience for customers travelling by transit or active transportation. To encourage customers to travel by less energy intensive methods of transportation, we are:

- Working with the Province, TransLink, and BC Transit to better integrate services and make transit and active transportation more convenient and accessible for interregional travel
- Designing our terminals and vessels to support the increased use of buses, bikes, mobility scooters and car shares, with dedicated storage and access for bikes, transit and car share and improvements to our customer lounges
- Studying travel behaviour and travel patterns to better inform our future planning



4. Supporting our People

We are committed to creating a safe and healthy work environment for our employees. For the sixth year in a row, BC Ferries was selected as one of BC's Top 100 Employers. This designation recognizes British Columbia employers that lead their industries in offering exceptional places to work.

Recruitment and Retention

We continue to face significant workforce challenges due to higher voluntary turnover in key shipboard positions, vaccination policies, and crew availability as a result of increased health related absences. These challenges were compounded by the global shortage of professional mariners and difficulties recruiting international candidates during the pandemic. The global shortage of professional mariners also continues to impact our ability to recruit. Over the years, we have established robust systems to mitigate the shortage of mariners, including staffing pools with crew held in reserve, cross-training employees so they can be redeployed from one location to another, and overtime pay for employees who cover gaps. Despite our efforts, attraction and retention of staff across all functions has become more challenging and is felt most acutely in the licensed positions on board vessels. To ensure we attract the right people to the right roles to support service needs, we:

- **Launched the Recruitment Centre of Excellence** in February 2022 to
 - provide a **quality candidate experience**
 - support **internal career development** for our employees
 - lead **external recruiting efforts** for the organization
- **Undertook a significant recruitment push**, including presence at multiple career fairs
- **Enhanced our offer to seasonal employees** who join the company for the busy summer travel season with start and stay payments and guaranteed hours of work
- Continued to **advance the candidacy of approximately 50 international mariners**, including many highly qualified Ukrainian mariners, whose credentials are now recognized through a reciprocal agreement with Transport Canada
- **Reached out to retired employees** to bring them back for the short term

Human Resources & Employment

Employees understand that customer satisfaction, at every level, is paramount to retaining and growing our business, and every employee has an impact in this area. To support our employees, we:

- **Offered Employee and Family Assistance Programs** for all employees
- **Helped employees plan for a secure future** with retirement planning assistance and contributions to a defined benefit pension plan
- **Continued analysis of our workforce** looking at factors such as crew profiles, resource requirements contingency plans, overtime, and other factors to better support workforce stability

Training & Development

- Provided in-depth operational training programs and management courses, to **support employee learning**
- Continued our longstanding annual investment of approximately \$23 million on **internal development and training**
- Continued to progress **succession and development plans**



International Recognition for our SEA Program

Our Standardized Education and Assessment program (SEA), provides customized programs specific to the job, vessel, route or terminal. The program provides employees with easy access to resources and materials and assists in planning and tracking employee career progression and succession. It leverages technology and e-learning to enhance hands-on training in a phased, auditable and sustainable manner. This innovative approach is transforming training in the marine industry.

Simulator Training Centre Well-Received by Employees

Our Simulator Training Centre program provides training to operational crews in operations skill, navigation tools, communication and team decision-making. Our signature course is Bridge Operations Skills and Systems for which we received a Lloyd's List Safety Training award for outstanding commitment in training our employees ashore and at sea. It focuses on gaining, maintaining, and enhancing shared bridge team situational awareness and allows us to construct simulation activities and scenarios to customize the education.

- 55** Engineers sponsored through the Marine Education Program
- 78** Deck crew sponsored through the Marine Education Program
- 364** Personal training days at the Simulator Training Centre

SailSafe

Our SailSafe program, launched in 2007, is a cornerstone of our world-class safety performance and reflects the Company's and BC Ferry & Marine Workers' Union's commitment to safety as an essential part of our business.

- In Fiscal 2022, we underwent an audit to recertify for the Certificate of Recognition from WorkSafeBC resulting in a 96 per cent score in Health and Safety and 91 per cent score in Injury Management

What's next

We strive to foster a culture of belonging through an inclusive workplace where people remain throughout their careers in productive, competitive, high-skilled employment. Succession planning is a key focus as we work to secure critical knowledge throughout the Company. We will continue to promote safe, healthy workplaces while we strengthen productive employer-union partnerships.

Recruitment and Retention: We will launch a new Incentive and Referral Payment Policy focused on key ship-based roles. This new policy will provide increased employee referral incentives and new hire payments for referrals and new hires into key ship based roles. Incentives will also be paid to retirees who elect to return to work to support the peak season and to our current ship-based employees who choose to defer retirement until after our peak season.

Diversity and Inclusion: BC Ferries strives to create a workplace that reflects the diversity of the communities we serve. We will work with under-represented groups, including Indigenous communities, to deepen the representation within our workforce to reflect the communities we serve.

Talent management: We will ensure the provision and retention of all employees, as well as trades, technical and support resources for vessel refit, major overhauls and inspections, ship repair and fleet maintenance. Continuation of apprenticeship programs is a key component of this strategy. We will continue to deepen our understanding of the challenges and opportunities within our workforce to improve our overall career development options. A gap analysis that compares the current state of the workforce to our desired state is underway to develop a high-level roadmap that supports career development with future resourcing opportunities.

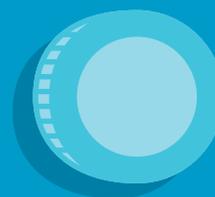
Our vision is to provide the right people in the right places at the right time. This is no small undertaking in this unprecedented low unemployment labour market.

Safe, healthy workplaces: We aspire to be the safest ferry operator in the world and will maintain our continued focus on increasing safe work systems and practices. Over the coming year, we will increase our support of employee health and wellness programs and expand the number of training opportunities.



Catering crew in the Coastal Cafe.

Did you know?



BC Ferries has a comprehensive employee health and wellness program known as WHEEL - Wellness and Health by Engaging Employees Locally. The WHEEL program is a bursary fund providing financial support to employees to help them achieve their own individual or group health and wellness goals.



5. Investing Sustainably

BC Ferries is an asset-intensive service, and we recognize the importance of providing this service in an environmentally, financially, and socially sustainable manner. Our investment decisions focus on delivering a safe, reliable, and efficient service that supports fare affordability. Each year we plan, manage, and implement more marine construction and ship repair projects in British Columbia than any other company.

The COVID-19 pandemic had a significant economic impact across the globe, including on our financial position. Throughout the year, we reviewed our capital plans to find financial efficiencies wherever possible, without compromising safety or service. Last year, we spent approximately \$85 million in British Columbia on vessel repairs, maintenance, and upgrades.

In addition, we utilized local shipyards to perform final outfitting, system start up and inspections of our five newest ferries following their transoceanic voyage, including the four Island Class and *Salish Heron*.

Between July 2021 and March 2022 the following five vessels arrived in BC:

July 22

Third Island Class ferry
(*Island Nagalis*)

August 13

Fourth Island Class ferry
(*Island K'ulut'a*)

September 27

Fifth Island Class ferry
(*Island Kwigwis*)

December 21

Sixth Island Class ferry
(*Island Gwawis*)

March 3

Fourth Salish Class Ferry
(*Salish Heron*)



MV Island Kwigwis

Fleet Maintenance Unit

BC Ferries' Fleet Maintenance Unit remained fully operational during the COVID-19 pandemic and by adhering to the COVID-19 Safety Plans, experienced no worksite-related outbreaks. This allowed us to achieve the following:

- Successfully completed 20 refit projects and multiple capital projects including the *Queen of Alberni* life extension
- Supported the acceptance of four new Island Class vessels and the introduction of the *Salish Heron* to our fleet
- Applied over 211,000 person hours against vessel refit, maintenance and repair work
- Achieved a 95.7 per cent labour utilization rate across 14 trades and Technical Support teams
- Successfully completed surveillance audit of the ISO 9001:2015 Quality Management System under guidelines established by Lloyds Register Quality Assurance
- Completed detailed engineering and scope development for the Fleet Maintenance site redevelopment project and obtained a comprehensive pre-tender estimate

Vessel Replacement Program

Our Vessel Replacement Program team completed construction on our five shipbuilding projects — four Island Class ferries (*Island Nagalis*, *Island K'ulut'a*, *Island Kwigwis*, *Island Gwawis*) and one Salish Class vessel (*Salish Heron*) — with on-site teams in contractor shipyards in both Romania and Poland. The team also managed warranty repair periods for new vessels, including *Island Discovery* and *Island Aurora*.

When new ships enter the fleet, we offer surplus vessels for sale through an international shipbroker. BC Ferries' preference is to sell used vessels for ongoing trade — further commercial operation. Because of our commitment to the environment, if we are not successful in finding a buyer who will continue to operate the ship, we will ensure the vessel is recycled in an environmentally friendly manner.

In March 2022, we retired the 57-year-old *Bowen Queen* from the fleet and introduced two Island Class vessels to provide two ship service on the Gabriola-Nanaimo Harbour route.

Supply Chain Management

Our supply chain management team focuses on delivering quality that is integral for the day-to-day provision of parts, and materials and supplies, while improving efficiency.

This year, we addressed supply chain issues that were both global and local in nature due to the pandemic and weather events, and achieved cost savings in many areas through the implementation of more efficient procurement approaches and processes. During the major flooding in BC (November 2021), we worked with key suppliers to ensure no critical systems or supplies were affected.

Information Technology

Our Information Technology team successfully delivered several projects to enhance business functionality, replace aged hardware and software and ensure ongoing system maintenance:

- Launched a new website that supports multi-fare structures and improved customers' ability to plan and book trips
- Deployed point of sale (POS) bar code readers at 26 terminals and introduced handheld mobile POS devices at major terminals to improve processing during peak summer volumes
- Automated on-vessel navigation and bridge operational logs required for compliance and safety
- Managed and documented traffic carrying dangerous goods for safety and compliance through a new information system
- Introduced an independent maintenance management system to ensure continuous access to inventory and management systems when there is no connectivity
- Upgraded end-of-life hardware and software supporting several core operational systems

What's next

Over the coming year, we will introduce several new vessels into operation. We will continue to seek efficiencies and opportunities that add value and keep fares affordable. Our long-term planning activities will be guided by community and customer input. We will also explore strategic partnerships and external funding opportunities, in support of core operations.

Introduce new vessels: We are excited to welcome three new ships: two Island Class vessels to serve the Campbell River-Quadra Island route; and one Salish Class vessel to serve the Southern Gulf Islands.

Prepare for the future: Complete concept design for the New Major Vessels with potential around zero emission propulsion, low wake production and low noise. Commence upgrades to vessels and terminals to support Island Class electrification.

Asset Investment: We are in the early stages of Fleet Maintenance Unit site redevelopment project which is expected to take three years to complete. We will continue to identify and plan for improvements to foot passenger, vehicle traffic and terminal management through the Major Terminal Efficiency project.

Seek efficiencies: Our teams will evaluate strategic supply and sourcing solutions for the procurement of goods and services that strengthen supplier relationships, drive best value for money and lower the overall cost to purchase.

Customer & Community input: We seek feedback from our customers and incorporate this feedback wherever we can as we create long-term plans for our terminal developments. Over the next year, we will be undertaking broad engagement with customers to help us develop long-term visions for upgrades at several terminals.

Strategic partnerships: We will increase the offering of BC Ferries' Vacations packages through partnerships with regional travel suppliers. Working closely with our commercial trucking customers, we will support the continued growth in the movement of essential goods and supplies throughout coastal BC.

Did you know?

This past year, we launched a new website to make it easier for our customers to get where they need to go. The new mobile-friendly website simplifies planning, booking and paying. Customers can take advantage of the new features, on any device, wherever they are. Features of the new website include dynamically generated, real-time daily and seasonal schedules available for all routes, travel conditions at major terminals to provide greater travel certainty, enhanced account management capabilities to allow customers to manage all their bookings in one place and a new trip planning tool to help customers find sailings and calculate fares on any route before travelling.

Since launching the new website we have seen significant increases in visits to our website as travel restrictions eased and traffic volumes increased. Our new website supported:

- **33** million visits, a **22%** increase over the prior year
- **1.8** million interactions with BC Ferries' Vacations, an increase of **193%** over the prior year
- **229,000** responses to our website feedback widget, an increase of **256%** over the prior year
- Advance booking of more than **60%** of private vehicle customers for travel between Metro Vancouver and Vancouver Island

Planning for the Future



BC Ferries' Terminal Engineering Department planning for the future.



The *Malaspina Sky* connecting communities on the Sunshine Coast.

The Safe Restart Funding we received from the provincial and federal governments in Fiscal 2021 enabled BC Ferries to resume and maintain service levels within a few months of the onset of the pandemic at or above those required in the Coastal Ferry Services Contract. The Safe Restart Funding continued to support the ferry system during the second year of the pandemic. In the absence of this funding, the ferry system would have generated significant losses, requiring further cost cutting and service-related measures.

As we look to the future, we are committed to delivering a safe, reliable and efficient service for coastal communities. We will continue to make investments in sustainability and look to the future of ferry travel and our collective need to address climate change. To support this commitment, the company monitors and adjusts our long-term strategic and capital plans to ensure service delivery meets the needs of coastal communities now and into the future. Over the next decade we will focus on the following areas:

- Ensuring we have enough people for optimal service delivery, and we have the right people in the right place at the right time
- Developing meaningful and relevant relations with Indigenous communities
- Responding to climate change and striving to achieve a 27 per cent reduction in greenhouse gas emissions by 2030
- Responding to increasing system demand/volumes and meeting current and forecast vehicle demand
- Enhancing service integration to forms of transportation with lower emissions
- Delivering a capital plan that supports growth and addresses needed capacity on constrained routes yet has the flexibility to reduce capital spend if travel patterns and demand change

Our long-term capital plan and operating projections reflect the investments required to support growth and business sustainability.

How we Sustain a Safe and Reliable Service

We reinvest all money earned back into the ferry system. This allows us to improve and replace our vessels, terminals and information technology infrastructure.

Where do net earnings go?

- Help renew the fleet by purchasing and maintaining new ferries, terminal equipment and required IT systems
- Allows us to access debt markets at reasonable borrowing rates
- Help to keep fares affordable
- Help respond to unexpected events



Preparing to board at Horseshoe Bay.

Our Capital Plan

BC Ferries' Capital Plan ensures that our customers' needs are met today and tomorrow. Our Capital Plan identifies the spending required to modernize and replace our ferries, terminals and IT systems, reflective of passenger and vehicle growth and customer needs. Our Capital Plan addresses needed additional system capacity requirements to accommodate growth in traffic and changes to the way people travel.

Over the next two years our planned capital expenditures average approximately \$284 million per year before interest during construction, in comparison to the last two fiscal years with average annual expenditures of \$147 million. Our Capital Plan includes new vessels, upgrades and modifications for existing vessels, improvements at our Fleet Maintenance Unit, upgrades at our terminals and renewal of our information technology systems. Upgrades to our existing vessels include enabling the full electrification of our hybrid-powered Island Class vessels and shore charging infrastructure.

Capital expenditures by Fiscal year (\$ millions)

	2022	2021
Vessel upgrades and modifications	43.2	23.8
New vessels	81.7	71.4
Terminal marine structures	21.0	6.1
Terminal building upgrades and equipment	17.3	2.6
Information technology	8.1	18.1
Total	171.3	122.0

Our Governance Structure



Enjoying the outer deck en route to Vancouver.

BC Ferries is an independent regulated ferry service contractor that serves the public interest within the bounds set by the Coastal Ferry Services Contract and the decisions of the British Columbia Ferries Commissioner.

We operate within a complex legislative and economic regulatory framework that was established in 2003 when the provincial government enacted legislation to create a new, more sustainable model for the delivery of coastal ferry services.



Coastal Ferry Act

The *Coastal Ferry Act*, enacted by the provincial government in 2003, among other things, provided for the conversion of BC Ferries from its status as a Crown corporation to an independent company, and created the B.C. Ferry Authority. It also established the office of the British Columbia Ferries Commissioner (the “Commissioner”) and authorized the provincial government to enter contracts for the operation of ferries on specified ferry routes.

B.C. Ferry Authority

The B.C. Ferry Authority is a corporation without share capital, and BC Ferries’ sole voting shareholder. It has four core responsibilities:

- To appoint the directors of BC Ferries
- To establish a compensation plan for directors of BC Ferries
- To approve an executive compensation plan for the executives of BC Ferries
- To oversee the strategic direction of BC Ferries in support of the public interest

Board of Directors

The board of directors of BC Ferries is appointed by the company’s sole voting shareholder, B.C. Ferry Authority.

The board has four committees, each appointed by the board and responsible for the oversight of a particular area. Each committee operates according to a specific mandate established by the board. The committees and their mandates are as follows:

- **The Audit & Finance Committee:** Assists the board in matters related to finance, audit and enterprise risk
- **The Safety, Health, Environment & Security Committee:** Assists the board in matters related to safety, health, environment and security
- **The Governance & Human Resources Committee:** Assists the board in ensuring that the corporate governance system of the company is effective and appropriate executive compensation strategies and policies are in place
- **The Capital Projects Committee:** Assists the board on specific capital projects of BC Ferries as designated by the board from time to time

During Fiscal 2022, the board of directors held 12 board meetings and 22 committee meetings.

Relationship to the Provincial Government

BC Ferries has a contract, the Coastal Ferry Services Contract, with the BC government to provide passenger and vehicle ferry services on the west coast of BC. We are the only ferry operator that has such a contract with the provincial government. The provincial government holds cumulative preferred non-voting shares of BC Ferries and is entitled to receive an annual dividend of \$6.0 million, as and when declared by the BC Ferries’ Board of Directors.

Coastal Ferry Services Contract

Our 60-year service contract with the provincial government, which commenced in 2003, stipulates, among other things, the minimum number of round trips we must provide for each regulated ferry service route and the fees the Province is to pay in exchange for those services. After the first five-year term, as part of this contract, the services and fees are to be reviewed every four years. We completed the most recent renewal of the contract for the fifth performance term that began on April 1, 2020, ending March 31, 2024. Under the terms of the contract, we also receive an annual amount from the provincial government based on its agreement with the Government of Canada to fulfill the obligation to provide ferry services to coastal British Columbia. The BC government also leases the ferry terminals to BC Ferries under a long-term agreement.

British Columbia Ferries Commissioner

The Commissioner, independent of both the Province and BC Ferries, is responsible for monitoring service levels and other matters, and regulating average fare increases. The Commissioner uses a price cap mechanism to establish the fares BC Ferries can charge customers. The Commissioner undertakes this regulation in the public interest in accordance with the following principles:

- To balance the interests of ferry users, taxpayers and the financial sustainability of ferry operators
- To encourage BC Ferries to meet provincial greenhouse gas emissions targets in its operations and when developing capital plans, and
- To encourage innovation and minimize expenses without adversely affecting safe compliance with core ferry services.

Performance Term Six

Every four years, the Commissioner establishes a price cap for the routes specified in the contract for the next four-year performance term. The price cap is the maximum permitted ceiling of average ferry fares in that performance term.

By September 30, 2022 BC Ferries will submit its Performance Term Six Submission to the Commissioner as required by the *Coastal Ferry Act*. The purpose of the submission is to provide information to assist the Commissioner in establishing price caps for all regulated routes as specified in the Coastal Ferry Services Contract between BC Ferries and the Province of British Columbia for Performance Term Six (April 1, 2024 – March 31, 2028). The Commissioner will make a final determination on the Performance Term Six price caps by September 30, 2023.



BC Ferries' Terminal Attendants, ready to welcome passengers on board.

Our Routes



Legend

- 1 Tsawwassen – Swartz Bay
- 2 Horseshoe Bay – Departure Bay
- 3 Horseshoe Bay – Langdale
- 4 Fulford Harbour – Swartz Bay
- 5 Swartz Bay – Southern Gulf Islands
- 6 Vesuvius Bay – Crofton
- 7 Earls Cove – Saltery Bay
- 8 Horseshoe Bay – Bowen Island
- 9 Tsawwassen – Southern Gulf Islands
- 10 Port Hardy – Prince Rupert
- 11 Prince Rupert – Haida Gwaii
- 12 Brentwood Bay – Mill Bay
- 13 Langdale – Gambier Island – Keats Island
- 17 Comox – Powell River
- 18 Powell River – Texada Island
- 19 Nanaimo Harbour – Gabriola Island
- 20 Chemainus – Thetis Island – Penelakut Island
- 21 Buckley Bay - Denman Island
- 22 Denman Island – Hornby Island
- 23 Campbell River – Quadra Island
- 24 Quadra Island – Cortes Island
- 25 Port McNeill – Sointula – Alert Bay
- 26 Skidegate – Alliford Bay
- 28 Port Hardy – Bella Coola
- 28a Bella Bella - Ocean Falls - Shearwater – Bella Coola
- 30 Tsawwassen – Duke Point

Southern Gulf Island Routes



ROUTE 9 = TSAWWASSEN SERVICE FOR PENDER, SATURNA, MAYNE, GALIANO, SALT SPRING
 ROUTE 5 = SWARTZ BAY SERVICE FOR PENDER, SATURNA, MAYNE, GALIANO



Our Fleet

Vessel	MAXIMUM CAPACITY	
	Passengers & Crew [^]	AEQ [*]
<i>Spirit of British Columbia</i>	2,100	358
<i>Spirit of Vancouver Island</i>	2,100	358
<i>Coastal Celebration</i>	1,604	310
<i>Coastal Renaissance</i>	1,604	310
<i>Coastal Inspiration</i>	1,604	310
<i>Queen of Coquitlam</i>	1,494	316
<i>Queen of Cowichan</i>	1,494	312
<i>Queen of Oak Bay</i>	1,494	308
<i>Queen of Surrey</i>	1,494	308
<i>Queen of New Westminster</i>	1,332	254
<i>Queen of Alberni</i>	1,200	280
<i>Northern Adventure</i>	640	87
<i>Northern Expedition</i>	638	115
<i>Salish Orca</i>	600	138
<i>Salish Eagle</i>	600	138
<i>Salish Raven</i>	600	138
<i>Salish Heron[†]</i>	600	138
<i>Malaspina Sky</i>	462	112
<i>Queen of Cumberland</i>	462	112
<i>Queen of Capilano</i>	457	100

Vessel	MAXIMUM CAPACITY	
	Passengers & Crew [^]	AEQ [*]
<i>Skeena Queen</i>	450	92
<i>Mayne Queen</i>	400	58
<i>Bowen Queen[~]</i>	400	61
<i>Powell River Queen</i>	400	59
<i>Island Aurora</i>	399	47
<i>Island Discovery</i>	399	47
<i>Island Gwawis</i>	399	47
<i>Island K'ulut'a</i>	399	47
<i>Island Kwigwis</i>	399	47
<i>Island Nagalis</i>	399	47
<i>Quinsam</i>	400	63
<i>Quinita</i>	300	44
<i>Kuper</i>	269	26
<i>Quadra Queen II</i>	200	26
<i>Kahloke</i>	200	21
<i>Baynes Sound Connector</i>	150	45
<i>Northern Sea Wolf</i>	150	35
<i>Tachek</i>	150	26
<i>Klitsa</i>	150	19
<i>Kwuna</i>	150	16

^{*}Automobile Equivalent (AEQ) is used to determine vessel capacity based on a standard vehicle measure of 6.1 x 2.6 metres, roughly equal to a full-size family vehicle

[†]Entered service May 6, 2022

[~]Retired from the fleet March 27, 2022

[^]There are multiple passenger licences for our fleet, the passenger and crew licence listed are the maximum



The *Northern Expedition* sails through BC's stunning Inside Passage.



*The Spirit of British
Columbia* connecting
the Lower Mainland
and Vancouver Island.