

Performance and Sustainability Report

Fiscal Year
2022 – 2023



BC Ferries acknowledges and respects the traditional territories of Indigenous peoples on whose beautiful lands and waters our ships, offices, terminals, and work sites operate along the Pacific West Coast.

 **BC Ferries**



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Message from the Chair



BC Ferries is one of the largest passenger ferry companies in the world, and it is our goal to ensure it is one of the best. A lifeline to coastal communities, BC Ferries provides services critical to British Columbia's economy and to our way of life.

Demands on ferry travel have been changing as our population grows, as more British Columbians travel closer to home, and as employment patterns shift dramatically. In Fiscal 2023, BC Ferries experienced record vehicle traffic, carrying over 9 million vehicles, up nearly 500,000 from our previous record year in Fiscal 2019.

With growth in demand and changing patterns of use comes the need to plan, and to determine what kind of future we are planning for. Forecasting future transportation demand is a challenging endeavour at the best of times, and has been made even more challenging post pandemic.

Global inflation is impacting fuel, labour and construction costs required to support ongoing operation and growth of the system – all of which is putting upward pressure on fares. To keep annual average fare increases at or below 3 per cent a year, BC Ferries is grateful to have received \$500 million in new funding from the B.C. government.

BC Ferries, together with the BC Ferry Authority and Province of BC are working closely to align on a long-term vision for ferry service. The planning must consider capital investments, climate policies, sustainability, demographics, technology and future demand. This is an important task, but not an easy one. The planning work needs to build on previous engagements undertaken by the Ministry of Transportation and Infrastructure and align with goals outlined in the Province's climate action plan, integrated transportation and mode shifting work and Indigenous reconciliation efforts.

Planning for the future needs to, and will, involve broad public engagement. Individual users of ferry service, ferry-dependent communities, and the towns and cities linked by ferry transportation will have a voice and provide input on ferry service over the coming decades.

By working together with government, community partners, employees and other stakeholders, we will set a vision for the policy direction that is in the public interest and the interest of ferry users for years to come.

A handwritten signature in black ink that reads "Joy MacPhail".

Joy MacPhail
Board Chair
CM, O.B.C.

Message from the CEO

The Queen of New Westminster sails through Active Pass



One of the hallmarks of a great business is its ability to deliver value to its customers, employees and shareholders sustainably. It's even more important when you're delivering an essential service that is integral to the social and economic wellbeing of the Province.

BC Ferries is at its core a people business. As a new member of the BC Ferries team, I'm consistently struck by how every decision we make is ultimately in the service of people. Every time we invest in new ships, terminals and technology we do so to make the voyage better for our customers and crews. As we embrace our environmental stewardship of the lands and seas that are our workplaces, we do so for future generations. And as we seek to meet the needs of our business today and tomorrow, we look to our teams for guidance and innovation.

The pages of this report describe the successes we've had and the challenges we're addressing head-on. For the past year we have struggled to maintain full service during a period of unprecedented labour shortages – in part driven by a global shortage of mariners that is being felt industry wide. It's why we are investing in a people-centric approach so we can, over time, build more resilience in our business model and establish BC Ferries as an employer of choice.

We have reaffirmed the central role our people play in this business. In 2022, we launched our employee referral program, provided recognition payments and began making significant investments in training and development which are ongoing. We are providing enhanced allowances for specific technical qualifications that are in high demand and for those required to work overnight hours. This past fiscal year, we supported the largest recruitment effort in the company's history, hiring over 1,200 team members.

Alongside these investments in our people, we also remain committed to supporting provincial efforts to address climate change. We recognize it is one of the greatest challenges of our generation and requires coordination across many sectors. Our Clean Futures Plan details how, working with our partners, we will reduce our emissions by at least 27 per cent below 2008 levels by 2030.

In short, this past year highlighted the investments in our people and our physical infrastructure so that we can be a sustainable ferry operator and a place where people can build their careers. It's central to our purpose: connecting communities and customers to the people and places important in their lives for generations to come.

A handwritten signature in black ink, appearing to read 'Nicolas Jimenez'.

Nicolas Jimenez
President & CEO



About BC Ferries

For over 60 years, BC Ferries has been providing safe and efficient travel along 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. The ferry system comprises:



25

Ferry routes



47

Terminals spread over 1,600 kilometers of coastline



38

Vessels



Transporting



4,900

Employees deliver

177,582

sailings – about
486 each day



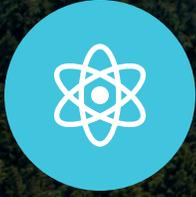
21.6

Million
travellers



9.4

Million
vehicles



Our Leadership Team

Our Executive Team operates openly and transparently and are accessible to the customers and communities we serve. Collectively, they ensure ferry services continue to provide an essential transportation link for people along with the movement of lifeline supplies and services of coastal communities in British Columbia.



Island Kwigwis at Descanso Bay, Gabriola Island

Executive Team

Nicolas Jimenez

President &
Chief Executive Officer

Janet Carson

Vice President, Marketing
& Customer Experience

Jill Sharland

Vice President, Finance
& Chief Financial Officer

Brian Anderson

Vice President, Strategy &
Community Engagement

Dean Dobrinsky

Interim Vice President,
People & Culture

Corrine Storey

Vice President &
Chief Operating Officer

Jason Barabash

Vice President, General
Counsel & Corporate Secretary

Steve Harris

Interim Vice President &
Chief Information 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 fiduciary responsibilities by overseeing the conduct of the business, supervising management, which is responsible for the day-to-day conduct of the business, and endeavouring to ensure that all major issues affecting the business and affairs of the company are given proper consideration.

Joy MacPhail, CM, O.B.C. (Board Chair)

Eric A. Denhoff (Vice-Chair)

J. Dennis Blatchford

(Chair – Safety, Health, Environment & Security Committee)

Harold Calla

Charlene Hiller

Cathy McLay

Shona A. Moore, K.C.

(Chair – Governance & Human Resources Committee)

Sarah A. Morgan-Silvester, O.B.C.

(Chair – Audit & Finance Committee)

Tamim Raad

(Chair – Capital Projects 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 people and places important in their lives.

Brand Promise

Connecting the Coast

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.





Enjoying the outer decks on
board the Coastal Renaissance

Our Goals

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

1

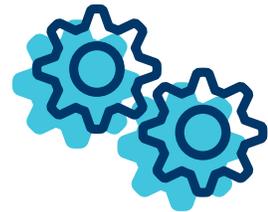


Customer & Community Centred

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 into the decisions that impact them most. We make investments to ensure a valued and consistent customer experience.

2



Focused on Core Operations

Safe, reliable, efficient services delivered responsibly 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.



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 invest in developing and supporting the people that make our company a global leader in marine transportation.

4



A Leader in the Transition to a More Sustainable Future

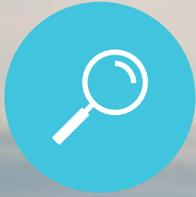
Our relationship with the environment is important. We strive to be one of the most sustainable large-scale ferry operators in the world. We employ our resources, services, and relationships in recognition of our responsibility to continuously reduce our impact on the natural environment.

5



Manage our Company Well

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. Our investments emphasize system capacity, operational efficiency, resiliency, and flexibility 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 from April 1, 2022 to March 31, 2023 (Fiscal 2023), along with our Environmental, Social and Governance progress. In this document, we discuss our efforts to provide a safe, reliable and sustainable ferry service, improve our operational workforce management, foster meaningful engagement with communities and customers, reduce our impact on the environment, and invest in our assets while maintaining fare affordability for those who depend on our ferry service. Ongoing sustainability reporting, such as this report, enables BC Ferries to be transparent about our performance and how we seek to continually improve.

Over the last few years, we have experienced shortages of skilled, ship-based workers that have resulted in cancelled sailings and closed services. These challenges were increasingly acute in Fiscal 2023 and exacerbated by significant recruitment challenges that led to unavoidable sailing cancellations. To address our labour challenges we have increased our People & Culture staff resources and introduced enhanced training and development programs and services.

We continue to build relationships with Indigenous communities, engaging both formally and informally. This year we signed our first two relationship protocol agreements with Snunemuxw First Nation and WJOLELP (Tsartlip First Nation). These agreements will guide our work with these nations and establish a framework for collaborating on areas of mutual interest.

Given our daily presence in coastal waters, we focused on reducing the impact our operations have on the natural and built environments. In Fiscal 2023, we introduced four new Island Class ferries and our fourth advanced liquefied natural gas fuelled Salish Class vessel into service. The Island Class and Salish Class ferries provide enhanced service on the routes they operate using advances in technology to reduce the impact on our coastal climate.

With BC's population growing and demand for ferry service at record high levels, the current capacity of the ferry system is insufficient on some routes to meet demand. In response, we identified service enhancements to increase capacity on routes experiencing the greatest growth in demand. Expanding capacity must consider not only the cost of service delivery but also the increased workforce needed and continued alignment with the required reductions in the carbon footprint of ferry operations.

In Fiscal 2023 we submitted our Performance Term Six filing to assist the British Columbia Ferries Commissioner (the "Commissioner") with establishing the price caps for Performance Term Six (April 1, 2024 to March 31, 2028). The price cap is the maximum permitted ceiling of average ferry fares for each route group in that performance term. Rising fuel prices, inflation and service enhancements on many routes are putting pressure on fares. To keep annual average fare increases at or below 3 per cent a year, the B.C. government provided \$500 million in new funding. Final fare increases will be determined by the Commissioner by September 30, 2023.



*The Spirit of Vancouver Island,
Vancouver (Tsawwassen) - Victoria (Swartz Bay)*



Traffic at a Glance

In Fiscal 2023 we hit record vehicle traffic. For the first time in history we carried over 9 million vehicles, up nearly 500,000 from our previous record year (Fiscal 2019). Our passenger numbers continued to recover, from 20 per cent below pre-pandemic levels in Fiscal 2022 to 5 per cent below pre-pandemic levels in Fiscal 2023.

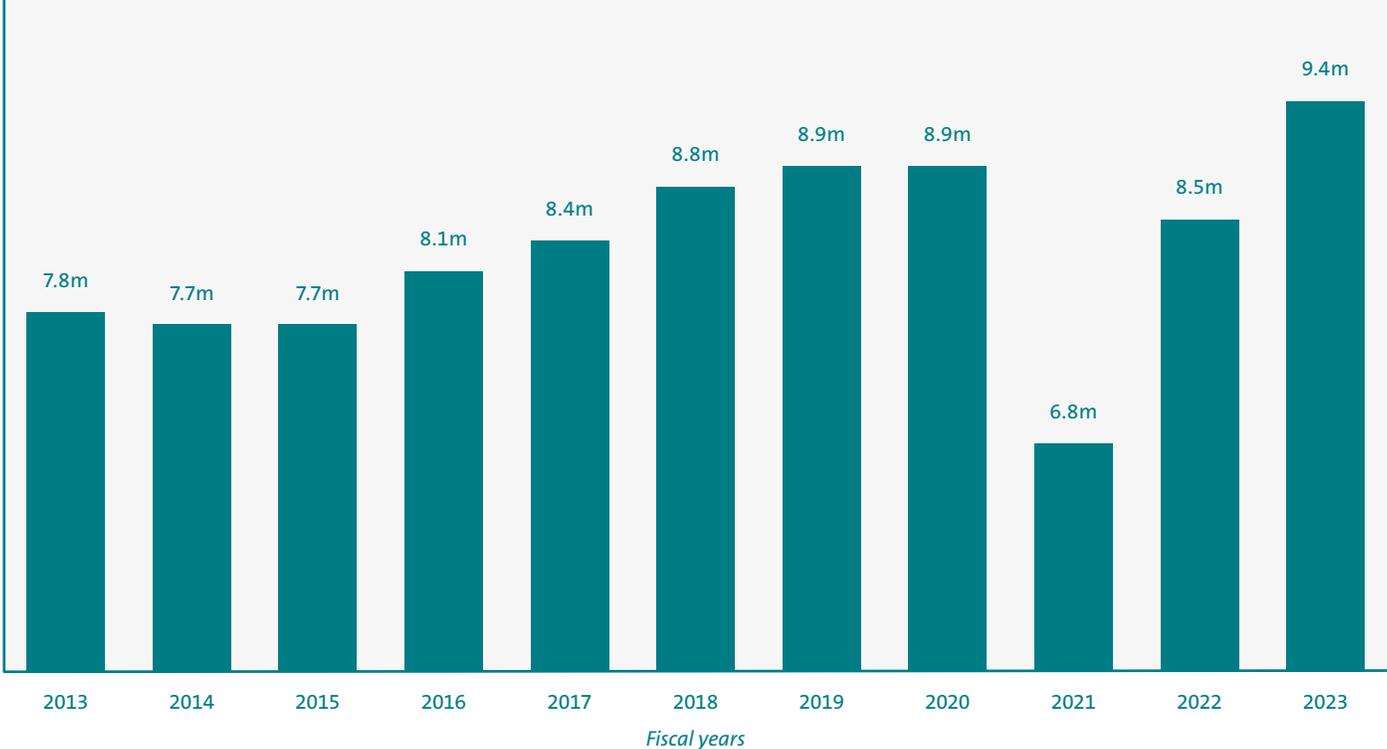
Our largest vehicle increases were experienced on the Major routes between Tsawwassen and Swartz Bay and Tsawwassen and Duke Point. On these two routes combined we carried almost 250,000 (over 8 per cent) more vehicles compared to Fiscal 2019. In Fiscal 2023, on our routes between Metro Vancouver and Vancouver Island, approximately 100,000 less customers experienced sailing waits with over 780,000 customers choosing to take advantage of reservations and Saver discounts to travel at less busy times.

The majority of our shorter routes up and down the coast saw significant increases in vehicle traffic also. The largest increase was seen on the route between Gabriola Island and Nanaimo Harbour, where we carried 63,000 more vehicles than in Fiscal 2019 (a 17 per cent increase), with customers embracing the introduction of a higher frequency 2-ship service.

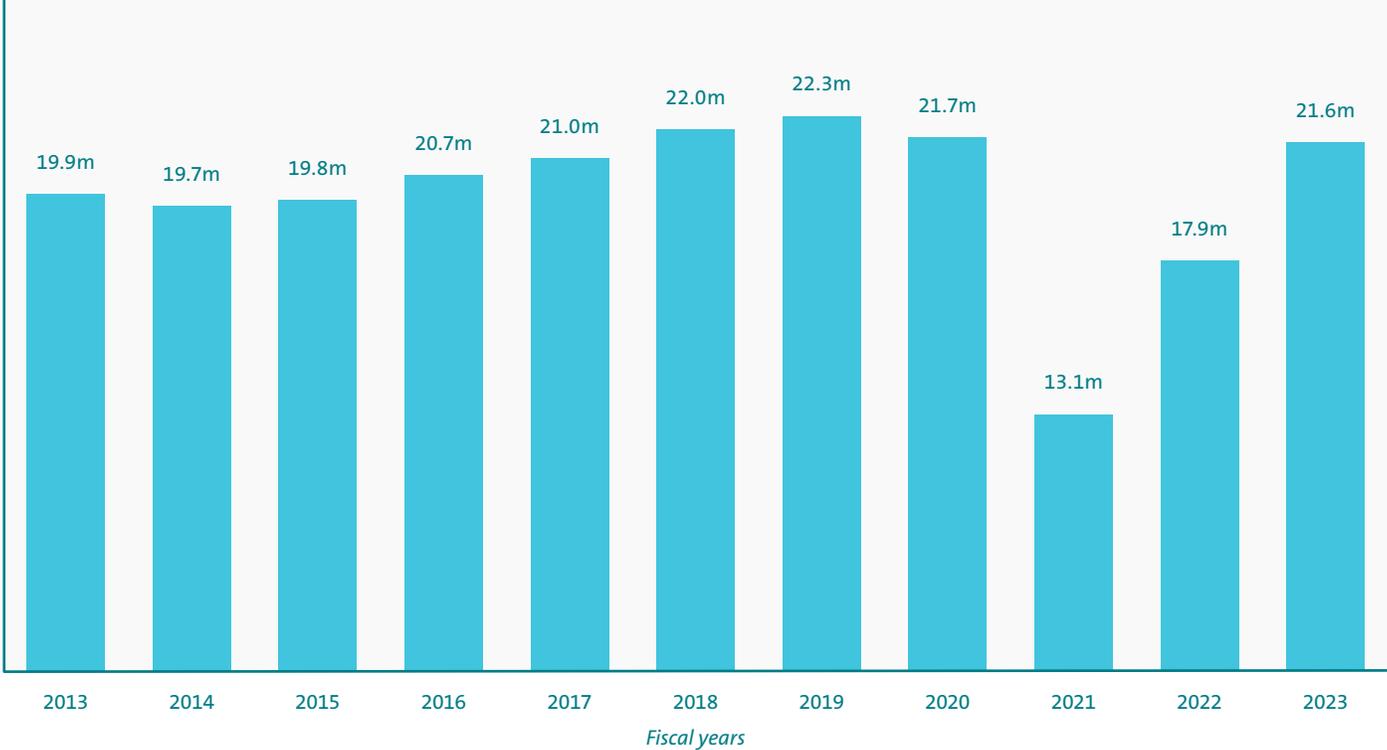


System Traffic for Fiscals 2013 to 2023

Vehicles



Passengers



Year in Review Summary

21.6

Million passengers

up from 17.9 Million
the year prior



9.4

Million vehicles carried

up from 8.5 Million
the year prior



86,835

Round trips

up from 82,743 round
trips the year prior



66.9%

**Capacity utilization
system wide**

up from 63.3%
the year prior



*Coastal Inspiration,
Vancouver (Tsawwassen) - Nanaimo (Duke Point)*



85.0%

On-time performance

Percentage of sailings
departing within 10 mins
of scheduled departure time



98.4%

Scheduled sailings delivered

down from 98.8%
the year prior



\$8

Billion cargo carried
(estimated)



0.7%

Sailings cancelled due to crew availability

up from 0.3%
the year prior



\$100

Million in
commercial trailer
transportation
revenue





Our Commitment to Sustainability





1. Operating Safely, Reliably & Efficiently

Safety is our highest value. Our safety-focused practices ensure we continue to deliver safe and reliable service to coastal communities.

Performance Against Strategic Targets Fiscal 2022

Results for Fiscals 2018 through 2022, the target and results for Fiscal 2023 and the target for Fiscal 2024.

		Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022	Fiscal 2023 Results	Fiscal 2023 Targets	Fiscal 2024 Targets
Operational Targets									
Employee Safety Index (frequency x severity) / 1,000	TARGET	0.39	0.39	0.41	0.62	0.60	1.12	0.70	0.90
	RESULT	0.46	0.64	0.74	0.52	0.95			
Passenger Safety Index # passenger injury incidents / 1,000,000 passengers	TARGET	10.68	9.59	9.59	6.95	6.90	1.58	3.50	2.50
	RESULT	10.01	9.80	4.30	3.07	1.79			
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%	99.60%	99.55-99.74%	99.55-99.74%
	RESULT	99.83%	99.73%	99.84%	99.69%	99.68%			
On-time Performance departures within 10 minutes of scheduled departure time	TARGET	91.0%	91.0%	91.0%	91.0%	91.0%	85.0%	88.0%	86.0%
	RESULT	88.4%	87.8%	88.8%	89.1%	85.6%			
Customer Satisfaction	TARGET	4.20	4.20	4.22	4.12	4.05	4.0	4.12	4.05
	RESULT	4.16	4.22	4.09	3.97	4.07			
Financial Targets net of regulatory adjustments									
EBITDA including subsidiaries (\$ millions)	TARGET	290.5	295.8	276.8	269.9	257.1	231.8	256.2	181.5
	RESULT	273.8	285.2	264.1	267.5	283.9			
Net Earnings (\$ millions)	TARGET	70.6	63.6	34.9	26.1	24.4	(-2.7)	7.7	(-57)
	RESULT	55.3	56.9	22.2	21.6	47.2			

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



We responded to

16 non-BC Ferries-related marine rescues



We delayed or added a sailing

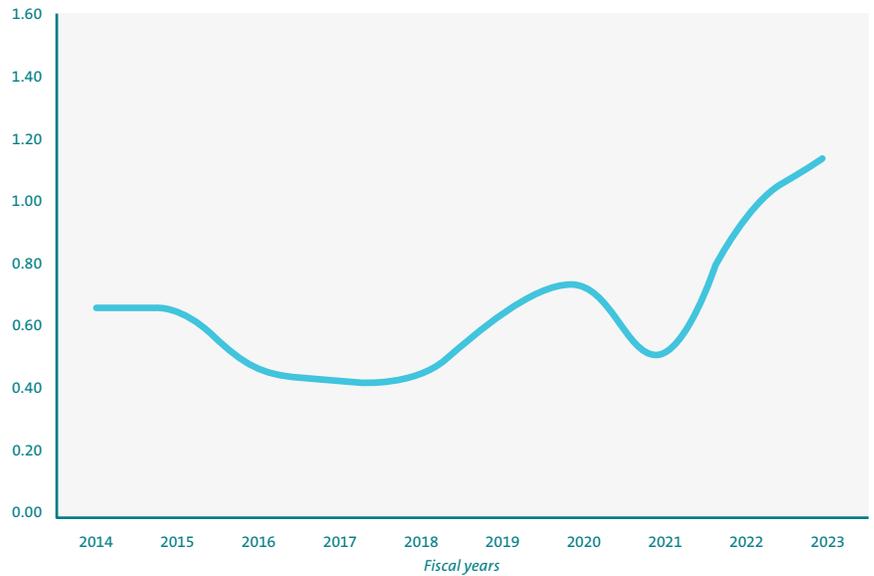
82 times to accommodate ambulance transportation and medical emergencies

Employee time loss injuries were up 12 per cent from the year prior with 181 employees impacted compared to 162 the previous year. More significantly the cumulative days lost due to employee injury claims has increased from 8,219 to 10,473 days away from work. Both have impacted the Employee Safety Index, but most notably impacted was the days lost due to delays in processing claims and delays in accessing health care services.

Passenger injuries were up 6 per cent to three injuries per one million passengers compared to the year prior. We safely transported higher volumes of passengers with no increase in injuries, resulting in our Passenger Safety Index decreasing to 1.58 incidents per one million passengers.

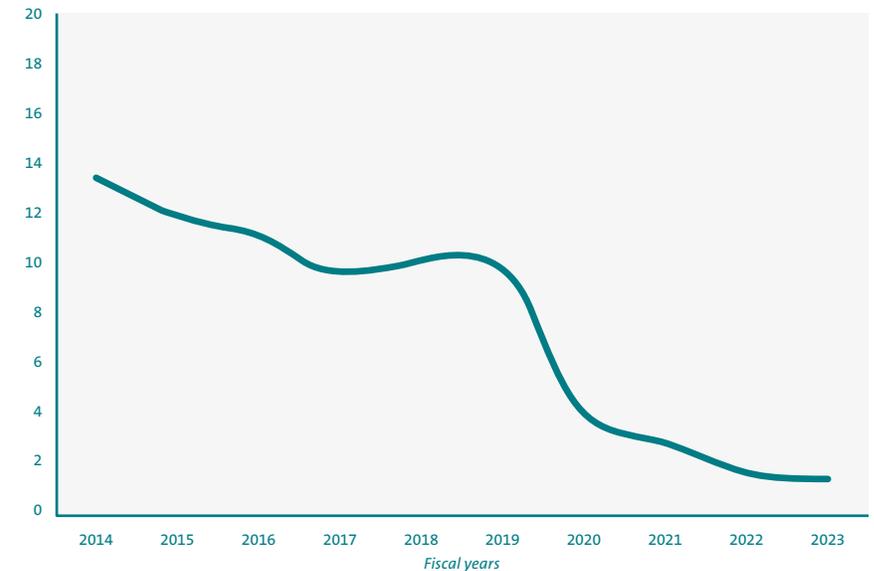
Employee Safety Index

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:

- Enhancing our recruitment and retention efforts to address our people challenges and ensure we have the right people in the right places
- Maintaining safety committees for all vessels and terminals
- Focusing on reducing time-loss injuries year-over-year through our SailSafe program
- Renewing our joint commitment to SailSafe with the BC Ferries Marine Workers' Union to improve the safety culture and strengthen our support for employees
- Expanding our 24-hour Operations and Security Centre to monitor day-to-day operations and provide a coordinated response during incidents
- Implementing initiatives to mitigate the threat of attacks on people and property and maintaining regular contact with government security agencies to ensure we have the latest information to support safe travel
- Training our employees on how to respond to emergencies through frequent exercises and drills
- Offering additional training for confined space entry and rescue, vehicle firefighting and management of hazardous materials
- 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 enhanced auditing, reporting, investigating, and tracking of policies, procedures and incidents
- Offering employees resources to help lead healthier lifestyles
- Providing tools to help employees set and track progress towards personal health goals, connect with colleagues with similar interests, take part in challenges and participate 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 7,600 round trips above the requirements set forth in the Coastal Ferry Services Contract, despite significant crew availability challenges
- Achieved 85.0 per cent on-time performance with delays primarily due to the extra time taken to load and unload heavy volumes of traffic and source replacement crew in the event of unplanned crew absences
- Introduced Island Class two-ship service between Nanaimo Harbour and Gabriola Island as well as Quadra Island and Campbell River
- Introduced the *Salish Heron*, our fourth Salish Class vessel, into service in the Southern Gulf Islands
- Sponsored 83 employees in marine engineering development programs and 130 in nautical officer development programs
- Sponsored 14 deck cadets, 5 naval architecture students and 7 engineering cadets through co-op opportunities
- Responded to 6,000 vessel and nearly 3,500 terminal incidents
- Completed upgrades to our 24/7 Operations and Security Centre to provide better and more proactive oversight
- Conducted operational readiness exercises (ORX), including:
 - ORX Level 1 (a 2-day event per watch to conduct numerous exercises) for 17 watches on 6 vessels, and
 - ORX Level 2 (up to 4 hours of emergency drills per watch) for 48 watches on 19 vessels
- Refurbished terminal infrastructure ramp and hydraulic systems to improve reliability and minimize spills to environment
- Expanded mobile point of sale to Tsawwassen, Swartz Bay, Horseshoe Bay, Departure Bay and Langdale to improve customer throughput
- Collaborated with site safety committees to produce Motorist Direction Plans at all 47 terminals in alignment with WorkSafe BC's updated traffic control regulations
- Redeployed the *Queen of Alberni* and *Coastal Renaissance* within the Nanaimo to Vancouver corridor to improve the customer service offering, provide enhanced work opportunities for crew and reduce fuel consumption

Did you know?

All crew members are trained and certified by Transport Canada Marine Safety to effectively deal with emergency situations.

With 38 vessels and over 486 sailings per day covering 1,600 kilometres of coastline, a BC Ferries ship is often the closest vessel to assist with a marine rescue.

Commercial

We continued to support the movement of commercial goods to and through coastal communities. We introduced discounted fare options for commercial customers with flexibility to travel at off-peak times. We trialed the use of hydrogen on four of our tractors that hostle drop trailers to improve fuel efficiency and reduced carbon emissions. By redeploying existing vessels, we increased commercial capacity between Tsawwassen and Duke Point to respond to growing demand on that transportation corridor.

What's Next

Over the coming year, our focus will remain on injury prevention measures as we carry record levels of traffic and our crews continue to work hard to connect coastal communities. We will continue to explore opportunities to enhance processes, introduce technology, and train employees as we 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.

- Continue to address our people and resource challenges with enhanced training and development programs and the recruitment of new staff into our operational teams
- Implement technological and system enhancements at our major terminals to improve operational efficiencies, reduce operating costs, enhance the customer experience and maintain or improve on safety and security
- Expand mobile point of sale capabilities to Duke Point and select minor terminals
- Explore time of day pricing and other revenue management tools for additional routes
- Explore the benefits of expanding reservations on select routes
- Improve customer information on operational status and enhance the check-in experience
- Provide additional service frequency and capacity for customers travelling between Salt Spring Island and Swartz Bay, Vancouver Island and Denman Island, Denman Island and Hornby Island, and Cortes Island and Quadra Island
- Improve safety outcomes by using rescue boat simulators where feasible and utilizing descent control systems for physical deployments
- Upgrade the bridge team simulation training system to include identical equipment and layout to BC Ferries' new vessels
- Conduct automated navigation trials on the *Island K'ulut'a*
- Enhance the oversight of our Operations and Security Centre through replacement of legacy hardware, software and tools to view technical issues across fleet and terminals
- Develop a SailSafe action plan based on the prioritized input received from employees and introduce a new SailSafe website and communications strategy

- Improve support systems for service planning, fleet deployment and sailing schedules
- Support the growth of our Commercial Services business, by
 - Exploring opportunities to increase capacity between Tsawwassen and Duke Point
 - Offering more discounted fare options for travel at off-peak times on the major routes
 - Expanding the use of hydrogen tractors and explore the use of renewable diesel to reduce emissions
- Improve our fuel management strategies including reviewing fuel consumption for all classes of vessels



2. Supporting our People

We are committed to creating a safe and healthy work environment for our people.

People & Culture

BC Ferries is facing significant challenges to maintain full service during this period of labour shortages. We have embarked on a series of initiatives to enhance our employee experience, helping to attract and retain top talent. We are rebuilding our People & Culture foundation, reaffirming to our people their value to the organization and concurrently elevating our profile to prospective employees in a highly competitive labour market.

We restructured our team to provide enhanced support for our people. Our new team has brought new ideas to the organization and ensured vital support for our operational teams. By investing in a people-centric approach and focusing on the people experience, we will stabilize the business and establish a solid foundation to be viewed as an attractive place to work.

Recruitment & Retention

To address surging demand for ferry service, retirements within our organization and a global shortage of skilled mariners, we launched one of the largest hiring campaigns in BC Ferries' history and hired over 1,200 team members in Fiscal 2023 compared to approximately 800 the year prior. To attract this significant number of new hires, we enhanced our offer to staff who joined the company for the busy summer travel season, offered candidates 'immersion' experiences onboard a docked vessel, and hired many engineering and deck teammates through Transport Canada's Reciprocal Agreement for Ukrainian Seafarers.



Compensation and Benefits

To attract and retain our employees, we:

- Recognized all employees who delivered essential ferry services during COVID
- Introduced significant monetary enhancements to premiums paid to Licensed Officers whom are in high demand in the maritime industry
- Entered into an agreement with the BC Ferry & Marine Workers' Union to re-negotiate wages six months earlier than was previously bargained
- Commenced a comprehensive review of exempt compensation and benefit programs that will include development of a market competitive transparent compensation system and benefit offering

Training, Development and Operational Support

In Fiscal 2023 we trained more than 2,100 people including existing staff and new hires. Training is critical to supporting employee promotions and movements within our operation due to changes in vessel deployments and service levels. To ensure safe and reliable service, we:

- Continued our investments in officer development training, including a new program provided in cooperation with Memorial University
- Developed online programs in support of core value-based training, including respect in the workplace, code of business conduct and ethics, fraud awareness, along with how to participate on joint health and safety committees
- Introduced formal diversity, equity, and inclusion workshops beginning with our recruitment team
- Delivered Indigenous cultural awareness training to teammates, including executive, terminal and vessel leadership and project delivery members
- Supported over 100 operational employees in becoming lead trainers to deliver core orientation and familiarization activities to team members in onboarding and expanding competencies across departments
- Introduced a new propulsion plant simulator at Swartz Bay for the Salish Class vessels
- Updated and consolidated all core training resources to improve service delivery, including self-study options for some operational positions

Celebrating Retirements of our People

In Fiscal 2023, 191 of our team members celebrated their retirement from BC Ferries with an average tenure of 23 years of service. We are grateful to all our people who retired from BC Ferries last year and thank them for their hard work and dedication to supporting ferry service in Coastal BC.

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. A blended training approach

of self study, practical training and a rigorous assessment framework enhances hands-on training in a phased, auditable, and sustainable manner, and represents an innovative approach that we believe is transforming training in the marine industry.

SailSafe

Our SailSafe program, launched in 2007, supports our achievement of world-class safety performance and reflects BC Ferries' and BC Ferry & Marine Workers' Union's commitment to safety as an essential part of our business. This year we embarked on a re-visioning and renewed our commitment to SailSafe to improve the safety culture and strengthen our support for employees. We are working closely with the Union to gather input, identify opportunities and begin prioritizing actions for implementation.

- Achieved a score of 95 per cent through WorkSafeBC's Certificate of Recognition audit program for Health and Safety
- Launched a SailSafe engagement campaign to gather input and identify opportunities and priority actions. Over a 4-month period we received feedback and suggestions to continue to enhance our safety culture from over 1,000 employees at 26 worksites.

What's Next

BC Ferries aspires to be the safest ferry operator in the world and we will maintain our continued focus on increasing safe work systems and practices. 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. We recognize there are limitations in our ability to progress training opportunities for our people and we will continue to work towards building resiliency with our crew availability.

To maintain a safe and healthy work environment for our people and support reliable service delivery, we will:

- Work with the Union to develop a new 'Cadetship' program that supports the development of team members into shipboard leadership roles
- Increase our investment to support employee advancement through our various marine education programs

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.

- Modernize our performance management and succession programs, including management and leadership development initiatives
- Develop a diversity, equity, inclusion and belonging strategy
- Review and modernize our human resource policies and upgrade our supporting information systems
- Establish comprehensive return to work and stay at work programs to support our team members
- Expand our recognition programs to engage more employee groups in identifying and celebrating team members who are demonstrating our values
- Develop new training materials for online and in-classroom learning for key learning areas including asset management, safety management, human resource management, supervisory skills, hazardous material handling, and cyber risk awareness
- Enhance our internationally recognized Standardized Education and Assessment program to support better access to information and training materials for both trainers and trainees
- Continue to support professional growth opportunities for team members through partnerships with marine education and training facilities

Did you know?

We are expanding our support for professional development, training and tutoring for our people to help fill positions where the need is greatest. For people working in our deck and engineering departments, we offer the opportunity to apply for full training sponsorship and we offer specialized tutoring to support our people with Transport Canada exams.

Last year, we invested over \$3.0 million in engineering and deck employee sponsorships and training. We partnered with Memorial University to create a new officer development program for 2nd class applied mechanics and thermodynamics, watchkeeping mate and master certificates. Six of our engineers and ten deck officers were detached from operations for six months to complete the first of three terms. The first cohort completed the program in April 2023.



3. Engaging Customers & 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. We are improving our outreach and engagement with coastal communities to include open-house style drop-in sessions supported by community-specific webpages.

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.

The Community Investment Program experienced a surge in requests in Fiscal 2023 with the easing of COVID-19 restrictions and the restart of local sports, festivals, and fundraising activities. We received over 230 requests last year, a 134 per cent increase over the previous year, with 68 per cent of those requests being supported to date.

Support for the war canoe season

BC Ferries is proud to have partnered with Indigenous canoe race teams across Coastal BC to supply travel for competitors in the 2022 war canoe season. We recognize Indigenous peoples as the original mariners of the coastal waterways. As acknowledgement of this and to support and maintain that legacy, we provided \$10,000 worth of travel to help competitors get to war canoe races in 20 different communities. This was one of the larger in-kind travel donations BC Ferries has offered under our community investment program and the first time we have been involved in the races.

Lemxacha Siyam from Squamish Nation explains the special combination between trees, canoe builders, and canoe racers:



Did you know?

In Fiscal 2023, our Customer Care centre answered 388,466 phone calls, with the goal of answering each call within two minutes.

In Fiscal 2023, BC Ferries continued its sponsorship of a number of annual events and organizations, including viaSport which was augmented to introduce support for athletes with disabilities, Nicholas Sonntag Marine Education Centre, Powell River Kings, BC Bike Race, PRISMA, and Cops for Cancer.

- \$178,000 of in-kind travel in support of community and non-profit organizations across BC, including:
 - BC Achievement awards – Community Award, First Nations Art, Art & Design, BC Reconciliation Award, and Indigenous Business Award
 - Penelakut Tribe's March for the Children
 - Partnered with 20 different Indigenous communities to help organize the 2022 War Canoe season and provided ferry travel to competitors
 - Community-led shoreline cleanup on Bowen Island
- Our people gave generously to support those in need in our communities with donations to the BC Children's Hospital and the United Way

"It's the greatest feeling on the planet, when you're on your canoe and the adrenaline just goes crazy. I was born into it so it's the first thing I remember. Racing each other is what we do and it's just tons of fun. The canoes that we use come from dugouts, so they came from a tree and the tree has a life, so when we race them we can feel them participating. It's pretty amazing when you come across a tree that wants to race and wants to win, and you get competitors that want to race and want to win, and you get a canoe builder that wants to make the best canoe. You get those combinations together, it's pretty amazing."

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.

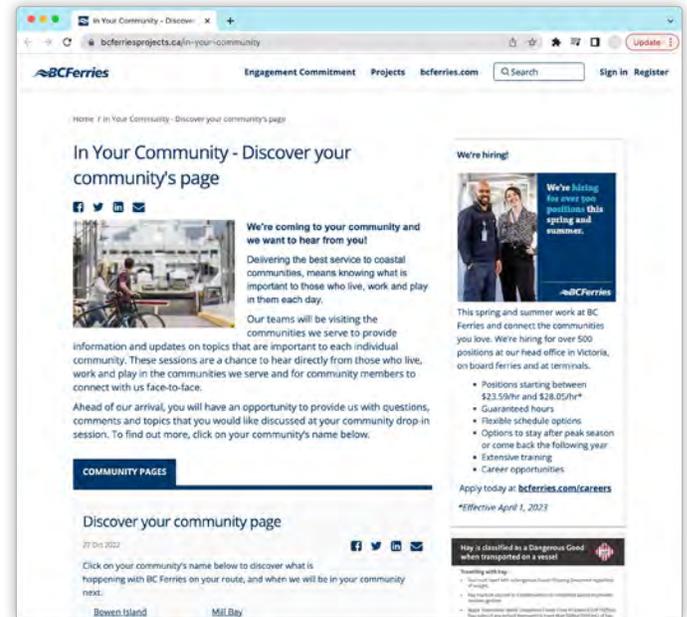
We engage with communities on a regular basis through multiple channels, including meetings with our Ferry Advisory Committees (FAC). Committees are generally comprised of 8-12 members who represent the ferry-dependent communities we serve. They provide input on proposed service improvements, broader policy issues and strategic planning. We value the relationship with these committees – this past year we created additional opportunities for discussion and information sharing and explored tools to improve communication between BC Ferries and the communities we serve.

In Fiscal 2023 we expanded our regular engagement initiatives to include open-house style drop-in sessions. We hosted 11 community drop-in sessions to hear directly from the broader communities we serve. These sessions were held in coordination with FAC meetings and provided opportunities for community members to connect directly with BC Ferries staff to ask questions and to discuss topics of importance to them. These sessions will continue to occur in coordination with FAC meetings.

To support ongoing communication with communities outside of in-person sessions, we launched community-specific webpages that act as a repository for route-specific information, updates and host online community dialogue.

These pages are accessible here:

bcferriesprojects.ca/in-your-community



This year we also:

- Worked closely with FACs to support engagement with coastal communities on:
 - Aligning standard operating procedures for connectivity between the Earls Cove – Saltery Bay and Langdale – Horseshoe Bay routes
 - Establishing a priority loading process for the Mayne Island Assisted Living Society bus to support easier travel for seniors and other community members travelling for critical medical appointments
- Began working with BC Emergency Health Services to establish an agreement outlining BC Ferries' support role and availability for after-hours evacuation of emergent patients from island communities to ensure community needs are met with available resources



Rainbow Canoe Club from the Stz'uminus First Nation



BC Ferries interim CEO Jill Sharland and acting Snuneymuxw Chief William Yoachim sign a historic agreement

Establishing Mutually Respectful Relationships with Indigenous Peoples

We are committed to working with Indigenous peoples along coastal British Columbia and we acknowledge and respect the territories, cultures and traditions of the Indigenous peoples on whose beautiful lands and waters in which we operate.

We are committed to building respectful relationships with Indigenous communities and are honoured to have signed relationship protocol agreements with Snuneymuxw First Nation and WJOLELP (Tsartlip First Nation).

These relationship protocol agreements guide our work together and establish a framework for collaborating on areas of mutual interest. These agreements are the first step in building a strong partnership between BC Ferries and the respective Nations based on respect, recognition, shared benefit and cooperation.

Engagement with Indigenous Peoples

We operate on the traditional territories of over 80 First Nations and Indigenous communities. We continue to build relationships with Indigenous peoples through outreach, dialogue, cultural recognition and support for important community events. We strive to increase the economic participation of Indigenous peoples in the operations of BC Ferries. In support of these goals, we continue to build our internal capacity and our cultural awareness. To date, over 200 BC Ferries leaders and project team members have completed a one-day Indigenous cultural awareness training course – this course is offered on an ongoing basis.

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

- Signed formal relationship agreements with Snuneymuxw First Nation and Tsartlip First Nation
- Worked closely with the Penelakut Tribe on fencing and signage for a sensitive site close to the Preedy Harbour ferry terminal
- Established a technical working group with K’omoks First Nation and representatives from the provincial government to ensure K’omoks has continued access to their parcel of land in Gravelly Bay on Denman Island for fishing and marine aquaculture purposes
- Supported the War Canoe Races in coastal First Nation communities with the provision of over 500 complimentary passenger travel vouchers to teams travelling on BC Ferries
- Supported the All Native Basketball Tournament in Prince Rupert with more frequent sailings to support athletes travelling from island communities to compete
- Consulted with Indigenous communities to receive feedback and to address concerns related to our terminal development, construction and maintenance projects throughout BC Ferries’ networks for projects at Swartz Bay, Denman Island, Crofton, Campbell River, Mayne Island, Nanaimo Harbour and Gabriola Island

New Fares Choices and Booking Technology

In response to record high demand and to help make it easier for more customers to get to the places they want to go, we introduced more fare choices and enhanced booking options.

In Fiscal 2023, we:

- Introduced Saver fares on select sailings for travel between Horseshoe Bay and Langdale, Tsawwassen and Duke Point and Comox and Powell River
- Introduced a Saver fare for Commercial vehicles for travel between June and October on select sailings from Tsawwassen to Swartz Bay and Tsawwassen to Duke Point
- Offered an Inter-Island routes promotion of 75 per cent off standard vehicles on select sailings for customers travelling on minor routes between July and September
- Introduced more flexible change and cancellation policies for all Saver and Prepaid fares
- Launched iOS and Android versions of a mobile app providing customers with a personalized experience, allowing quick-click bookings and easy access to the schedules and current conditions that matter to them most
- Launched free reservations on bookable routes for passengers travelling under the Provincial government's Travel Assistance Program

Our website and new mobile app

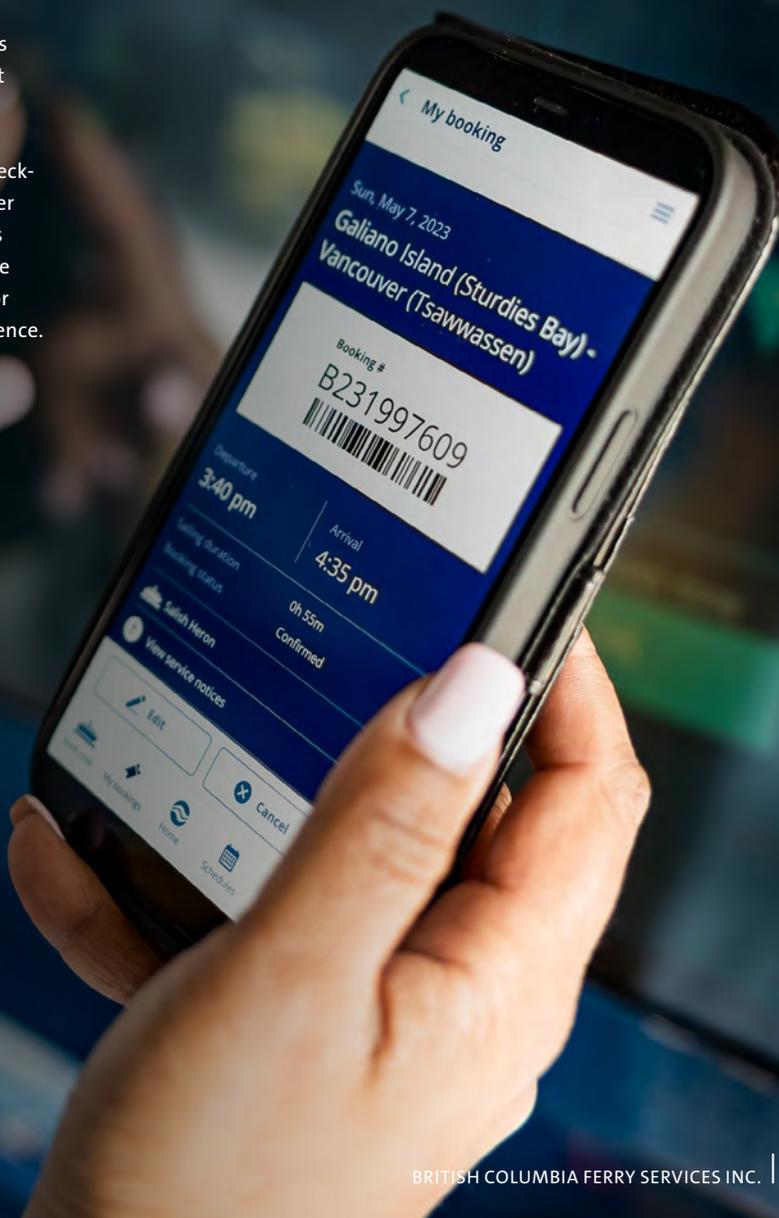
In March 2023 we launched a new mobile app. The BC Ferries app is the latest enhancement to our online services following the rollout of the website in 2020 along with new fare choices. Designed with convenience and personalization in mind, our mobile app makes it easier than ever for customers to make bookings, manage trips, check-in seamlessly at the terminal and find travel information with fewer clicks. The app's ability to save travel preferences allows customers to check schedules and current conditions quickly on their favourite routes. The new Express Book feature adds speed and efficiency for users booking the next available sailing from a saved travel preference.

Within the first month of launch, the mobile app was downloaded 65,000 times. We authenticated users from 10 countries using more than 1,000 different device models.

Our website simplifies planning, booking and paying – making it easier for our customers to get to where they need to go. Features of our website include dynamically generated, real-time daily and seasonal schedules for all routes, travel conditions at major terminals, enhanced account management capabilities and a trip planning tool. We continue to see significant increases in visits to our website.

Our website supported:

- 40 million visits, a 21% increase over the prior year
- Supported travel certainty for customers by facilitating advance bookings. Close to 65% of private vehicle customers book travel in advance when travelling between Metro Vancouver and Vancouver Island





BC Ferries Vacations™

BC Ferries Vacations is a huge supporter of BC tourism year-round. We promote packaged vacations in 60 destinations across Vancouver Island, the Sunshine Coast, the Gulf Islands, Central Coast, North Coast, Lower Mainland, Okanagan and Whistler and partner with over 200 hotel, activity and transportation partners. We offer unique travel experiences, including urban getaways in cities like Vancouver and Victoria, spa retreats, wilderness excursions to North and Central Coast destinations like Bella Coola, Prince Rupert and Haida Gwaii, as well as camping and glamping. Customers can save when they bundle hotel and ferry bookings. All BC Ferries Vacations revenue is reinvested in the company to offset pressure on future fare increases. In Fiscal 2023, we generated approximately \$10 million in gross sales and over 30,000 room nights in BC were booked through BC Ferries Vacations.

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 continue to implement the British Columbia Ferries Commissioner's Recommendations on Public Engagement including working with the FACs to revise Committee Terms of Reference
- We will continue to develop and refine community drop-in sessions in collaboration with FACs
- We will continue to develop the online community pages to make them as relevant and useful as possible for each community we serve
- We will expand relationship-building and communications efforts with Indigenous communities and establish supportive processes and policies
- We will support increased Indigenous participation in BC Ferries' operations through direct employment and construction activities

New technology

- We will continue to make improvements to the website, including enhanced information on schedules and streamlined booking flows based on customer feedback
- We will provide better information on route status conditions for minor routes to share with customers, including web cam feeds, vessel tracking, departures and arrivals)
- We will launch advance bookings for motorcycles on major routes
- We will explore a modernization of our customer loyalty programs, including gift cards

BC Ferries in the Social News

Our social media channels are a vital point of connection with our customers and coastal communities. In Fiscal 2023, we continued to support our customers' needs through best in class, real time, customer service that helps people navigate and enjoy our services. Across our channels we strive to make our customers feel connected to us, their destination and coastal British Columbia. Throughout the year we produced and shared rich media content and videos to celebrate our achievements and progress.

We saw a significant increase in engagement year-over-year and continue to expand our use of social media platforms. The videos we produced amassed over 900,000 views. We supported one of the largest recruitment efforts in BC Ferries' history, celebrated the achievements of our staff and crew, welcomed our new Island Class ferries, and highlighted our support for the partnerships and relationships we share with coastal communities.



11% follower growth
across all channels



11,663 new followers on X
(formerly known as Twitter)
(+11% over Fiscal 2022)



14% increase in engagement
(likes, comment, shares)
over Fiscal 2022



913,921 total video
views across all channels
(+39% over Fiscal 2022)



Our Top 5 Social Stories



Family Day

To celebrate Family Day, we produced and shared a video featuring the Riaboshapchenkos – a father and his two sons who work at BC Ferries in Engineering and Customer Care. In the video the Riaboshapchenkos speak about what family means to them and their experience working at BC Ferries. The video was well received by our followers and the public with strong engagement and positive sentiment across all channels. The posts garnered 38,196 video views, 749 positive reactions, 51 comments and 61 shares. Many of our employees also engaged with the content positively and celebrated the Riaboshapchenko family.



Employee Appreciation

We shared a photo of Stephanie Norris, a Ticket Agent at Horseshoe Bay terminal, snowshoeing to work. We thanked Stephanie and all BC Ferries staff and crew for their dedication and hard work throughout the extreme weather. It was the top performing post on Instagram for December. We also shared a photo of staff clearing snow during the #BCStorm. This post was the top performing post on Twitter for December 2022, garnering approximately 36,000 impressions, 387 reactions, 18 positive comments and 21 shares.



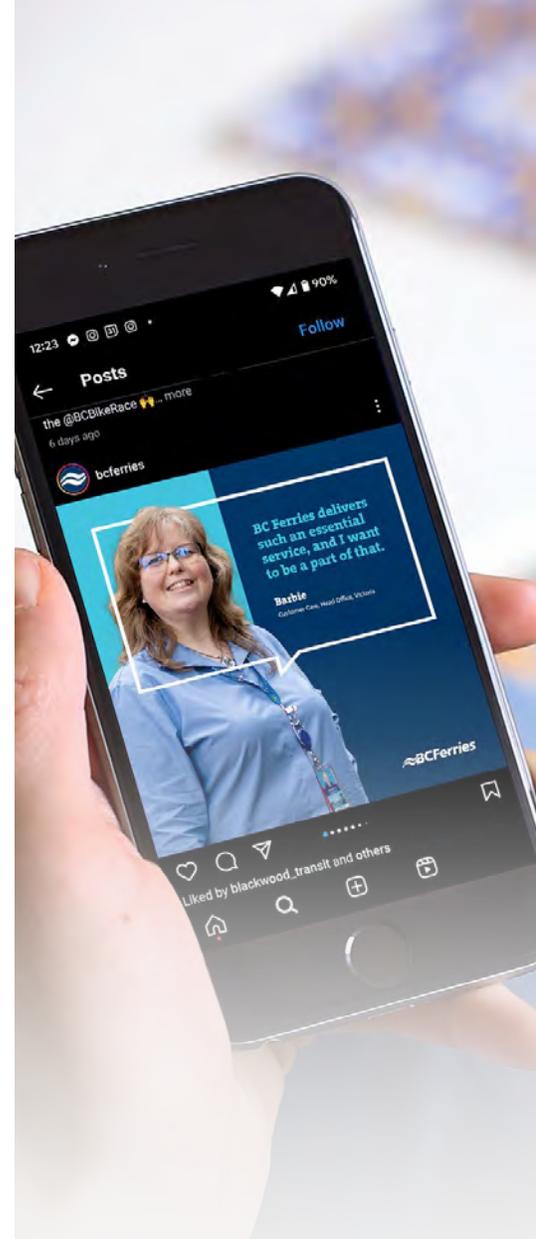
Pet Experience Pilot

In September 2022 we announced the Pet Experience Pilot on the Malaspina Sky operating on between Saltery Bay and Earls Cove. The announcement of this pilot was extremely well received by our audience, garnering a high amount of positive engagement: 620 comments, 2,607 reactions and 242 shares across Facebook and Twitter. Comments on our posts as well as posts shared by the media were very positive. Our customers were happy to see the pilot being implemented and look forward to seeing it expanded to other routes.



Retirement of the Mayne Queen

To celebrate the Mayne Queen after 57 years of service, we shared photos and videos from the vessels 'victory lap' to the Southern Gulf Islands. The posts featured photos and videos of customers who came on board to say their farewells. During the month of November 2022, these posts garnered 676 likes, 82 comments, 54 shares and 6,749 video views across Facebook and Twitter.



Recruitment Campaign

We launched the largest recruitment campaign in our history with three hero videos showcasing new and tenured employees from Customer Care, Catering Operations and Terminal Operations. The videos drove a high amount of engagement between February and April 2022 with over 800,000 views and over 15,000 click thrus to specific job postings and the careers landing page.



Island Nagalis at Quathiaski Cove, Quadra Island



4. Reducing our Impact on the Environment

At BC Ferries, we are focused on reducing the impact of our operations produce, while being responsible for operating one of the largest ferry systems in the world. Our commitment to the environment is centred on three areas:

Climate Change – We are committed to meeting the CleanBC 2030 target for the transportation sector by reducing greenhouse gas emissions by at least 27 per cent by 2030 from 2008 levels. Adaptation and mitigation to climate change are global imperatives. We are committed to supporting British Columbia meet its greenhouse gas emissions reduction targets and we are working towards reducing emissions from our operations and investing in initiatives to decarbonize.

This past year, we published our 2022 Clean Futures Plan that builds on the momentum created in the inaugural 2019 publication and

provides an update on our roadmap to a cleaner future. In this plan, we have identified five areas of action that we believe will be key in our approach to reducing greenhouse gas emissions: renewable and alternate fuels, electrification, operational efficiencies, advanced technology and fleet modernization. We will continue to work with our partners in pursuit of our goal of net-zero emissions by 2050 while maintaining fare affordability for our customers.

We recognize our responsibility to understand the magnitude of potential climatic changes to our operations and to address the associated risk. We factor known and anticipated impacts from climate change (such as sea level rise, storm surges, changes in wave and wind patterns, etc.) into our long term development plans to ensure we can continue to provide reliable service to the communities we serve.

Green Marine is the leading environmental certification program for North America's maritime industry. **We are committed to maintaining our certification in the program and to reducing our environmental footprint.** Our continued participation in the Green Marine environmental certification program fosters a culture of continual improvement that exceeds regulatory compliance.

Underwater Radiated Noise – We are committed to reducing underwater radiated noise while maintaining safe, reliable and



sustainable operations. We strive for a 50 per cent reduction of overall underwater radiated noise consistent with global targets.

Due to our presence in the Salish Sea, we have a responsibility to understand how our activities may affect whales in general and in particular the southern resident killer whale. For almost a decade, we have been an active participant in efforts to understand and mitigate the effects of underwater radiated noise from our fleet. We are actively working to reduce our underwater radiated noise with our new vessels. Each new class of ship we build is quieter than the ships before it. We do this through improvements in hull design to reduce noise from wave making, using alternative propeller styles that are less prone to cavitation, and by placing ship's equipment on resilient mounts to reduce structure-borne noise. Taken together, these features can significantly reduce loudness and frequency. We have introduced new quieter ships with the Island Class and Salish Class vessels and will do all we can to make our New Major Vessel the quietest largest vessels we have ever built.

Fiscal 2023 Achievements

This past year we made significant progress in advancing a sustainability culture, adopting industry-recognized best practices, and investing in initiatives to reduce our environmental footprint.

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

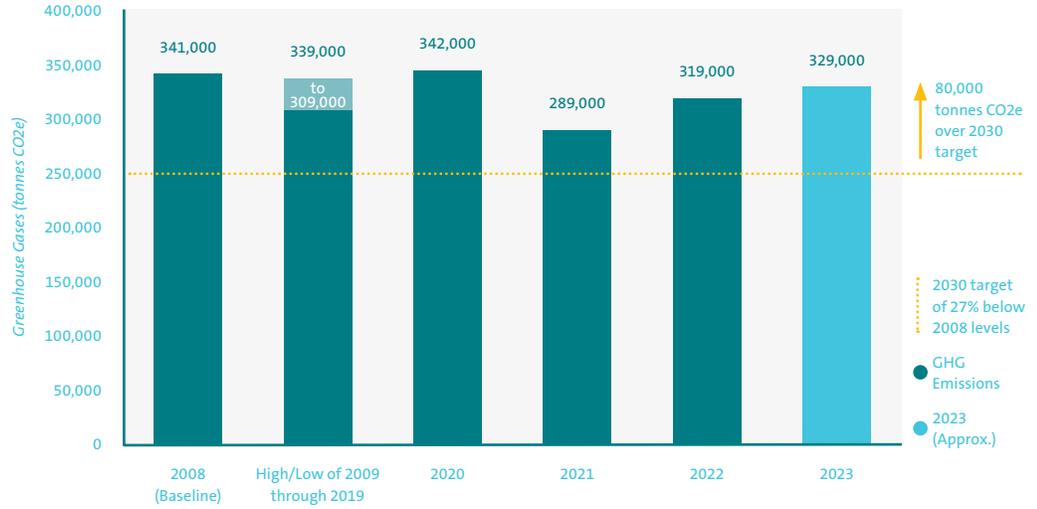
- **2022 Green Marine certification** – 8th consecutive year – acknowledges BC Ferries commitment to reduce our environmental footprint by fostering a culture of continuous improvement and exceeding regulatory compliance
- **2022 Blue Circle Award from the Vancouver Fraser Port Authority** – 6th consecutive year – recognizes BC Ferries as a vessel operator that has adopted measures to improve our sustainability practises and decrease our impacts in the Vancouver Fraser Port Authority's jurisdiction
- **2022 Green Wave Award from the Prince Rupert Port Authority** – 5th consecutive year – acknowledges BC Ferries for actively employing measures on vessels to make port operations more environmentally sound

We also 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.

How we measured in Fiscal 2023

Greenhouse gas emissions were approximately 329,000 tonnes CO2e for Fiscal 2023:

- Scope 1 = approximately 329,000 metric tonnes of CO2e
- Scope 2 = approximately 300 metric tonnes of CO2e
- Total Energy Consumed = 4.13 million Gigajoules (GJ)
- Percentage Renewable Energy = 17% or 725,000 Gigajoules (GJ)



Coastal Celebration enters Active Pass

Diverted over **1,000**

tonnes of organics and recycling from the landfill, equivalent to over 28% of all waste generated

15.1 Gigawatt hour of shore power used

displacing 3.8 million litres of diesel and avoiding 10,200 tonnes of CO2e, equivalent to taking 3,100 cars off the road in a year

Reduced the number of leaks and spills: **26**

internal sourced spills (down from 27 the previous year), and 65 external sources (contractors, commercial vehicles and equipment, and passenger vehicles, down from 79 in the previous year)

Increased our Use of Renewable Energy

This past year, we increased our use of renewable energies and displaced a significant quantity of fossil fuels. Implementing the learnings from the alternative fuel trials conducted in previous years, we used more biodiesel and renewable diesel in our vessels this past year than any previous year:

- 4.6 million litres of 100 per cent renewable diesel was used in the *Queen of Surrey* operating between Horseshoe Bay and Langdale
- 6.3 million litres of fuel blends made up of up to 20 per cent biodiesel with ultra-low sulphur diesel was used in the *Queen of Oak Bay* operating between Horseshoe Bay and Nanaimo

The use of these renewable fuels avoided 14,000 tonnes of CO₂e which would have been emitted if the vessels were operated on conventional fossil fuel mix of 5 per cent biodiesel with 95 per cent ultra-low sulphur diesel.

Reinvesting in Emissions Reduction Initiatives

Since 2021, BC Ferries has procured its own natural gas which has allowed the Company to earn carbon credits. This past year, we received approval from the British Columbia Ferries Commissioner to utilize revenue generated through the sale of earned carbon credits to reinvest in emission reduction initiatives. A Carbon Reduction Investment Account was established for a 5-year term, which will allow BC Ferries to partially fund further infrastructure investments that will reduce greenhouse gas emissions, such as the electrification of the Island Class vessels.

Partners in Energy Management with BC Hydro

BC Ferries and BC Hydro have partnered in energy management since 2008 under the Power Smart Program. The program continues to include energy conservation and energy efficiency initiatives, but has more recently shifted to emphasis on Low Carbon Electrification. Working together with the Province and BC Hydro, our goal is to support emission reduction targets.

Our Partnerships

This past year, BC Ferries has engaged with a range of partners and organizations to pursue our sustainability goals, including:

- Provincial ministries of Energy, Mines and Low Carbon Innovation; Jobs, Economic Development and Innovation; Environment and Climate Change Strategy; Finance and Transportation and Infrastructure
- Association of British Columbia Marine Industries – a consortium of industrial marine sector organizations
- Green Marine – an environmental certification program
- Ocean Wise – a non-profit organization that empowers others to take action to protect and restore our world's oceans
- BC Hydro – a regulated utility providing clean electricity
- Parkland – an independent supplier and marketer of fuel
- FortisBC – a regulated utility focused on providing safe and reliable energy, including natural gas

Did you know?

We have been proactively working for a number of years to remove as much plastic as possible from our food service operations, including removing plastic wrap from some food delivery carts, removing plastic straws from service, switching disposable plastic cutlery to disposable wood cutlery, and ensuring packaging

items comply with federal Single-use Plastic Prohibition Regulations that came into effect December 2022. While these measures may not seem significant, if just a small percent of customers used wooden cutlery instead, tens of thousands of pieces of plastic cutlery would be diverted from the landfill.

Moving Forward

Our current and future environmental priorities and actions will continue to embed sustainability across the Company and reduce our environmental footprint. Our Clean Futures Plan charts a pathway to help us meet our commitments for 2030 and beyond.

We will continue to monitor environmental targets set by the Province and other jurisdictions and work with them to align our priorities. We will collaborate with strategic stakeholders and provide input into regional and national processes that can support or influence our environmental commitments.



*Two ship Island Class service between
Gabriola Island and Nanaimo Harbour*

Supporting Modal Shift

The Province's CleanBC Roadmap to 2030 sets targets to reduce the carbon intensity of people movement in Coastal British Columbia, including reducing distances travelled by vehicle and encouraging an increase in mode shift to walking, cycling and transit.

We are working with the Province and transit agencies to make interregional, multi-modal travel easier. Better integration of these services will ensure passengers experience more seamless travel and assist with lowering greenhouse gas emissions,

provide more affordable transportation options and reduce traffic congestion.

Support from the Province and other municipal and regional government agencies is essential to facilitate and enhance the integration between transportation service providers, like BC Ferries, and those responsible for regional land use planning to reduce the carbon intensity of the public's movements in coastal BC and support more active transportation.

Increasing our Use of Renewable Energy

We successfully operated the *Queen of Oak Bay* on a blend of 20 per cent biodiesel plus 80 per cent ultra-low sulphur diesel and intend to run a trial this year to increase the biodiesel content up to 100 per cent. We are actively expanding the use of 20 per cent biodiesel plus 80 per cent ultra-low sulphur diesel to as many vessels as possible to maximize the greenhouse gas emissions reduction from our operations. Our research has demonstrated that 100 per cent biodiesel can be implemented safely and reliably with potential for significant greenhouse gas emissions reduction benefits. Using 100 per cent biodiesel instead of our standard blend of 5 per cent biodiesel plus 95 per cent ultra-low sulphur diesel can reduce life cycle greenhouse gas emissions by more than 80 per cent.

The diesel electric-hybrid Island Class vessels were purpose built to operate in full electric mode once additional battery capacity is installed and when high power shore charging infrastructure becomes available. These vessels represent an opportunity to test technology critical for wide-scale implementation. Our Island Class electrification program is pursuing the electrification of two routes and four vessels. The electrified vessels are planned for operations between Campbell River and Quadra Island and Nanaimo Harbour and Gabriola Island. The successful implementation of this project will be made possible with the strong support from the Province of British Columbia and BC Hydro. Expansion of hybrid operations and full electrification is a viable path for BC Ferries to reduce greenhouse gas emissions from new vessels.

As the next flagship vessels in the fleet, the New Major Vessels will provide the greatest opportunity for substantial reductions in greenhouse gas emissions to reach long-term targets beyond 2030. The design will aim for simplified automation, efficient operations and a reduction of at least 75 per cent of the baseline route emissions per nautical mile during normal operations. These new vessels will be at the heart of our emission reductions initiatives for the future. Over the next year, after a thorough evaluation, we will select our preferred fuel options for the New Major Vessels.

A shift to low carbon-intensive energy is also a valuable opportunity for our shore-side fleet that includes over 350 light-to-heavy-duty vehicles and equipment that support our operational and maintenance needs. Where feasible, we are acquiring electric fleet vehicles and other clean technology to replace our aging light-duty vehicle fleet. We are reviewing our heavy-duty vehicles and equipment to see how we can replace aging commercial vehicles and yard trucks with clean technology. Hydrogen fuel cell technology is emerging as a possible opportunity for heavy-duty vehicles. We are actively reviewing all clean fuel opportunities, including the participation in a hydrogen fuel-cell yard truck trial for our Commercial Services drop trailer service. In support of our customers' desire for electric charging, in partnership with BC Hydro, we are exploring a pilot project to install charging infrastructure in our short-term parking lots at select terminals.

Decision Making for Fuels

We understand that considering the lifecycle perspective of the greenhouse gas emissions of alternative fuels is an important part of the decision-making process on alternative fuel use. When making a decision to adopt a new fuel, we evaluate the lifecycle greenhouse gas emissions associated with the raw

materials extraction, manufacturing or processing, transportation, use, and end-of-life management of that fuel. This applies when selecting alternative fuels (like biodiesel and renewable diesel) that will displace the fossil fuels in our existing vessels and also to selecting the preferred fuels that will be used in our new vessels.



5. Investing Sustainably

BC Ferries is an asset-intensive business, and we recognize the importance of providing our 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.

Last year, we spent approximately \$100 million in British Columbia on vessel repairs, maintenance, and upgrades.

To support our fleet and terminal infrastructure, our teams:

- Invested approximately \$66 million in vessel related projects
- Invested over \$45 million in terminal related improvements
- Invested approximately \$20 million in information technology and systems related improvements
- Supported the introduction of our five newest vessels into the fleet (*Salish Heron, Island Cwawis, Island K'ulut'a, Island Kwigwis and Island Nagalis*)

Our Fleet Maintenance Unit team:

- Successfully completed 19 refit projects, a number of terminal-based vessel maintenance projects, and multiple capital projects including the *Queen of Coquitlam* life extension
- Applied over 235,000 person hours against vessel refit, maintenance and repair work
- Secured approval from the BC Ferries Commissioner to modernize our maintenance facility. This project will take approximately three years to complete and will provide increased fleet support and internal repair capacity

Our Shipbuilding team completed the concept design phase for our New Major Vessel program that included the identification of future energy requirements, propulsion technologies, and high level requirements for the new ships. The team is also gearing up to support the next phase of the Island Class build program.

Our Supply Chain Management teams focus on delivering quality that is integral for the day-to-day provision of parts, and materials and supplies, while improving efficiency. This year, our teams improved several business process, including automation of monthly reports, data improvements for inventory re-ordering, use of handheld devices for inventory cycle counting and storeroom transfer process automation and automation of purchase agreements. Through innovative and robust procurement practices, we have secured savings.

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

- We introduced new time collection and crew scheduling software to improve the employee experience and scheduling efficiency. This resulted in significant improvements to scheduling capabilities with electronic timesheets and crew lists replacing paper-based processes
- With support from the Province, we introduced complimentary customer Wi-Fi to 13 additional terminals, bringing the total to 21 terminals
- We launched a new Safety Management System (SMS) application with significant improvements to functionality, stability and performance. The new *SMS Portal* application provides worksite and departmental management teams with a single source for operational and occupational safety and risk information; and controlled documentation procedures
- We implemented foundational access management functionality for cloud services, improving the governance controls, management, and end-user experience for access to the expanded use of vendor hosted software
- We upgraded asset management systems on-board our vessels to improve fleet reliability
- We upgraded the passenger manifest system to improve reliability and usability by our crews and speed the check-in of customers
- We upgraded the payment services system, including associated hardware supporting all terminals, to ensure business continuity in payment processing
- We replaced all ticketing booth bar code scanners with modernized capabilities to redeem reservations from smart phones, facilitating more efficient traffic flow

What's Next

We will continue to seek efficiencies and opportunities that improve the customer experience, 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. We will continue to invest in our fleet and terminal asset reliability and customer improvements and information technology.

New vessels and terminals

We will complete concept design for the New Major Vessels which will provide a pathway to lower emissions, low wake production and low noise. In addition, upon receiving required approvals, we will select the shipyard and award the contracts for the next phase of construction for the Island Class vessels and continue design for the electrification of several of our Island Class vessels and terminals.



Battery banks on board the Island Class

More Island Class Ferries and Higher Frequency Service for Gabriola and Quadra Islands

In Fiscal 2023, we introduced Islands Class vessels to the routes between Nanaimo Harbour and Gabriola Island and Campbell River and Quadra Island. Both routes have gone from having one ship service in place to two ship service. Having two Island Class ferries servicing each route provides:

- increased sailing frequency and reduced wait times at peak periods
- economic benefits for the community
- increases in total passenger and vehicle capacity of the route
- the ability to operate with current size of terminal footprint
- environmental benefits through less emissions
- a smooth journey for passengers and a quieter ship for marine life

The Island Class ferries are designed to carry 47 vehicles and up to 450 passengers and crew. They feature wide vehicle lanes, dedicated pedestrian paths and bicycle parking spaces. The Island Class are powered by hybrid diesel-electric engines that use some of the most advanced clean marine technology in the world.

The Island Class are also part of our move towards standardizing our ferry fleet. Standardization will dramatically improve resiliency in our fleet by allowing us to move vessels around to replace each other during refits, repairs and unexpected challenges. It also provides a more consistent travel experience for our customers and significantly reduces logistical, operational, training and maintenance costs.

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. We will continue to adopt asset management best practises to control the costs of maintaining our assets while improving safety and reliability of our operations. We will continue to focus on achieving improvements and efficiencies through process automation, improved warehouse logistics, sustainable and socially responsible procurement, and vendor performance management.

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 and major vessel investments. We will continue to undertake broad engagement with customers and communities to help us develop long-term visions for upgrades at several terminals.

Improving Passenger and Vehicle Management

BC Ferries has initiated the Major Terminal Efficiencies initiative to improve foot passenger and vehicle traffic management processing at its five major terminals (Tsawwassen, Swartz Bay, Duke Point, Departure Bay, and Horseshoe Bay). The expected benefits include improving the customer experience, empowering employees to access relevant real-time information for decision-making, and making traffic management more efficient.

Through this initiative we are seeking to enhance the customer experience with improvements in the foot passenger and vehicle traffic management processes, using digital technologies to decrease wait times, enhancing self-service options and vehicle express lane check-in for reserved customers, and providing enhanced real-time travel information and improved on-time performance. A simplified operating model and centralized visibility across terminals, combined with new digital technologies, will provide employees and customers with improved information. Once we receive the required approvals, this initiative will be phased over approximately five years.



Planning for the Future

As we look to the future, we are committed to delivering a safe, reliable and efficient service for coastal communities. We will continue to assess our operating environment and adjust our long term plans accordingly. Annually, we conduct a comprehensive risk assessment to inform and support long-term plans and service delivery. The risk assessment enables BC Ferries to prioritize, manage and mitigate risks in support of our strategic initiatives. We also monitor expected traffic, progress on key focus areas and anticipated operating and capital expenditures and adjust our plans accordingly to ensure service delivery meets the needs of coastal communities now and into the future.

Looking forward, we will focus on the following areas:

- Ensuring we attract and retain sufficient people with the right skills to meet our service requirements
- Delivering a service that aligns with transportation needs of coastal communities in the public interest
- Strengthening relations with Indigenous communities
- Responding to climate change and meeting our greenhouse gas emissions goals
- Responding to changing service demand and customer needs
- Enhancing integration with other transportation modes and providers

Our Capital Plan

BC Ferries' capital plan ensures that our customers' needs are met today and tomorrow. Our 12-year capital plan identifies the spending required to modernize and replace our ferries, terminals and Information Technology systems, reflective of passenger and vehicle growth and customer needs. Our 12-year capital plan, totalling \$5.2 billion, addresses additional system capacity requirements to accommodate growth in traffic and changes to the way people travel and reflects the prudent investments needed to ensure ongoing safe, reliable, efficient and environmentally responsible service.

Over the next two years our planned capital expenditures total approximately \$1 billion, in comparison to the last two fiscal years with combined capital expenditures of just over \$300 million. The planned increase in capital expenditures over the next two years includes initial spending on four more Island Class vessels and up to seven New Major Vessels. Our capital plan also includes upgrades and modifications for existing vessels, improvements at our fleet maintenance unit, upgrades at our terminals, and renewal of our information technology systems. Current plans include enabling the full electrification of Island Class vessels operating on the routes between Gabriola Island and Nanaimo and Quadra Island and Campbell River along with necessary shore charging infrastructure.



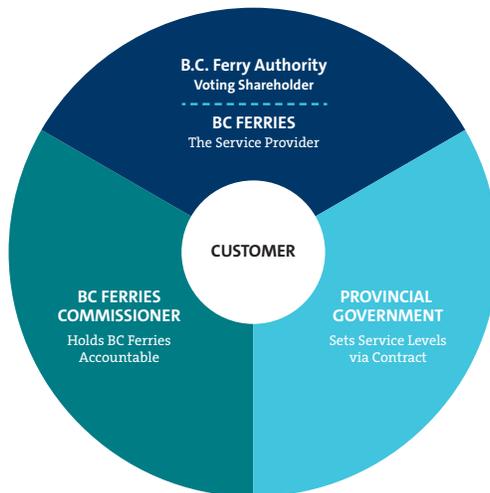


Our Governance Structure

BC Ferries is an independent, heavily regulated ferry service contractor that serves the public according to the Coastal Ferry Services Contract, the *Coastal Ferry Act* and the oversight 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 the *Coastal Ferry Act* to create a new, more sustainable model for the delivery of coastal ferry services.

Customer Centric Governance Model



Coastal Ferry Act

Among other things, the *Coastal Ferry Act* converted BC Ferries from its status as a Crown corporation to a private company, and created our parent company and sole voting shareholder the B.C. Ferry Authority. It also established the office of the BC Ferry Commission overseen by the BC 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 is BC Ferries’ sole voting shareholder.

It has four core responsibilities:

- To appoint the Board of 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 as a whole 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 reviews the approach taken to manage human resources, including the recruitment, retention, motivation, and engagement of employees
- 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 2023, the board established a Joint Planning Committee with the B.C. Ferry Authority with a mandate to collaborate to develop a new strategic planning framework and the first long-term vision for BC Ferries.

During Fiscal 2023, the Board of Directors held 11 board meetings, 16 committee meetings, and 7 ad hoc committee meetings.

Relationship to the Provincial Government

BC Ferries has an exclusive contract, the Coastal Ferry Services Contract, with the Province to provide passenger and vehicle ferry services on the west coast of BC. The provincial government holds 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. 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 B.C. 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.

Balancing Investing Sustainably and Keeping Fares Affordable

All earnings from ferry operations are reinvested into the ferry system to support day-to-day operations, train and develop crew, upgrade terminals and vessels, and replace equipment. Responding to population growth and changes in travel patterns requires ongoing investment to deliver a safe, reliable and sustainable ferry service to coastal BC. It requires support from all partners to balance these investments in our people, renew our fleet, terminal and IT systems, all while keeping fares affordable.

The rising cost of fuel, labour, asset investment and general operating factors is putting pressure on fares across the system. Recognizing the importance of reliable and affordable ferry service, the B.C. government provided \$500 million in new funding with a goal of keeping the annual average fare increases for the next four years at or below 3 per cent a year.

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.

On September 30, 2022 BC Ferries submitted 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.



*The Salish Heron connecting Swartz Bay
and the Southern Gulf Islands*

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	Year Built	MAXIMUM CAPACITY	
		Passengers & Crew [^]	AEQ*
 Spirit of British Columbia	1993	2,100	358
 Spirit of Vancouver Island	1994	2,100	358
 Coastal Celebration	2008	1,604	310
 Coastal Inspiration	2008	1,604	310
 Coastal Renaissance	2007	1,604	310
 Queen of Coquitlam	1976	1,494	316
 Queen of Cowichan	1976	1,494	312
 Queen of Oak Bay	1981	1,494	307
 Queen of Surrey	1981	1,494	307
 Queen of New Westminster	1964	1,332	254
 Queen of Alberni	1976	1,200	280
 Northern Adventure	2004	500	87
 Northern Expedition	2009	638	115
 Northern Sea Wolf	2001	200	35
 Salish Orca	2016	600	138
 Salish Eagle	2017	600	138
 Salish Raven	2017	600	138
 Salish Heron	2021	600	138
 Malaspina Sky	2008	462	112

Vessel	Year Built	MAXIMUM CAPACITY	
		Passengers & Crew [^]	AEQ*
 Queen of Cumberland	1992	462	112
 Queen of Capilano	1991	457	87
 Skeena Queen	1997	450	91
 Mayne Queen	1965	400	58
 Powell River Queen [~]	1965	400	59
 Island Aurora	2019	399	47
 Island Discovery	2019	399	47
 Island Gwawis	2021	399	47
 Island K'ulut'a	2021	399	47
 Island Kwigwis	2021	399	47
 Island Nagalis	2021	399	47
 Quinsam	1982	400	63
 Baynes Sound Connector	2015	150	45
 Quinitsa	1977	300	44
 Kuper	2006	269	26
 Quadra Queen II	1969	200	26
 Tachek	1969	150	26
 Kahloke	1973	200	21
 Klitsa	1972	150	19
 Kwuna	1975	150	16

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

* 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

[~] Retired from the fleet January 17, 2023

Vessels are not to scale

