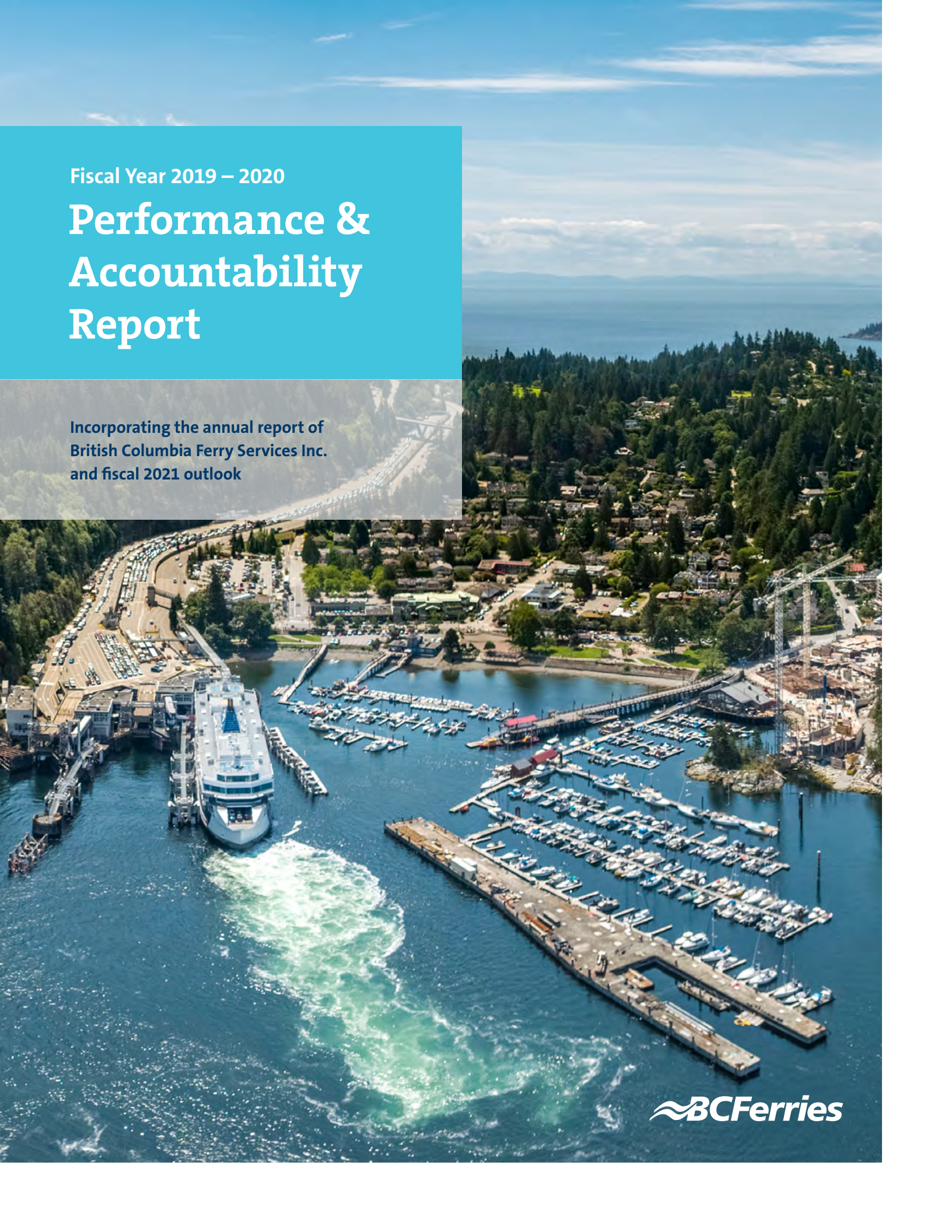


Fiscal Year 2019 – 2020

# Performance & Accountability Report

Incorporating the annual report of  
British Columbia Ferry Services Inc.  
and fiscal 2021 outlook





*Northern Sea Wolf at Bear Cove terminal*



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# Leadership Messages



*Kids having fun on the outer deck*

# Message from the BC Ferry Services Board Chair



BC Ferries' fiscal year runs from the beginning of April to the end of March each year. This past fiscal saw one of the highest traffic volumes BC Ferries has experienced, and due to COVID-19, the lowest during March in the company's history.

The Board of Directors' role is to provide oversight to the activities of the CEO and Executive and provide strategic direction to the activities of the company. In a crisis like COVID-19, the stakes become higher and the Board takes on additional areas of responsibility.

As stewards of the company, the Board guides and supports management decisions. In a time of crisis, the Board ensures BC Ferries has done what it must to emerge from the challenge well positioned to serve the public interest.

The last two weeks of the fiscal year makes it easy to forget the accomplishments associated with the first 50. BC Ferries performed well in fiscal 2020, as this report details. The company presented to the Board of Directors a comprehensive, well-considered capital plan designed to replace an aging fleet of vessels, upgrade terminals, continue to improve the company's environmental performance, and keep the experience of customers and communities at the forefront of the decisions we make. The Company delivered strong network performance, carrying record numbers of British Columbians to their communities. BC Ferries' economic activity added to British Columbia's GDP.

Over the short term, BC Ferries' strong performance will help the company weather the immediate uncertainty that has accompanied the COVID-19 global pandemic. However, COVID-19 will have a considerable impact and will affect BC Ferries' capital plan, employment levels and community initiatives for several years.

We won't know the full impact until we better understand the course of the pandemic and how long it will be before traffic returns closer to normal levels. In the meantime, we have a clear line of sight on getting people and goods to where they need to go. We understand that we provide lifeline services to coastal communities and we are proud of the role BC Ferries plays connecting communities.

During these challenging times, the Board of Directors is providing critical oversight, while looking after the interests of customers, communities, employees and the general public. We will emerge from this crisis stronger and ready to meet the needs of all British Columbians.

A handwritten signature in blue ink, appearing to read 'John A. Horning', with a stylized flourish at the end.

**John A. Horning**  
Chair of the Board of Directors  
British Columbia Ferry Services Inc.

# Message from the CEO



This past fiscal year (April 1, 2019 to March 31, 2020) will go down in memory as the year in which the first 50 weeks delivered one of BC Ferries' strongest performances to date, while the last two weeks of the fiscal year brought traffic to a near halt. The challenges of COVID-19 have been nothing short of profound, with impacts shared by all B.C. businesses, our province, our country and the world.

Safety is our top value, with ongoing investment in our SailSafe program. Thinking ahead to electrification of our new vessels, we created a three-phase electrical safety program to be certain our employees will remain safe around high voltage electric/diesel ships. Since 2014, we have received a Certificate of Recognition acknowledging that we go beyond the legal requirements of the Workers' Compensation Act and the Occupational Health & Safety Regulations. Injuries to passengers have declined 75% over the last 10 years and in fiscal 2020, passenger injuries decreased from 218 to 93 due to our many investments in safety. The number of time-loss injuries to employees also decreased over the previous year.

Our fleet reliability record exceeded our target at 99.7%. We carried up to \$8 billion of cargo. We transported more than 22 million passengers and close to 9 million vehicles. We brought the *Northern Sea Wolf* into service, helping the mid-coast realize its tourism potential and piloted beer and wine sales on our major vessels. Under contract to the Province, we provided ferry services to 38 communities. We received two new ships, refurbished 23 terminals and invested more than \$238 million in the ferry system.

Our customers asked for more reservable space on the major routes, and we developed a method to meet that request. We also designed and implemented promotional pricing that helped spread demand to less busy sailings, and provided customers with more affordable

fare choices. We made a commitment to engage the public on decisions that impact them most and we have done this through community engagement initiatives on 10 major projects – from terminal development plans to input on new vessel design. We received comments from more than 11,000 members of the public on future vessel design and functionality, as well as 500 comments from our crew. We held 29 meetings with our Ferry Advisory Committees.

In fiscal 2020, we engaged with approximately 60 First Nations along the North and South Coast regarding proposed terminal development projects, including proposed upgrades to our terminals at Quathiaski Cove, Gabriola and Nanaimo Harbours and Swartz Bay.

We continued to advance our goal of being a leader in the transition to a more sustainable future. We explored electrification of new ferries that will be required to replace older ships and ways to introduce more electric vehicles on the land side of our operations. We also initiated the Underwater Noise Control technical program with an expert partner to pursue quiet design that is more sustainable for marine mammals.

We developed a fleet-wide environmental awareness program for all employees, and we partnered to support ongoing research and conservation initiatives with Oceans Network Canada, the Department of Fisheries and Oceans and Ocean Wise.

This past year, we pushed forward on standardization – repair and maintenance, tools and templates, and our classes of vessels. Standardization realizes efficiencies and makes it easier for crew to move between vessels, which reduces the long-term cost of ferry operations.

We received new vessels, continued to regularly maintain the vessels we have, and began to design the kind of vessel we will need in the future. We used local companies to help service and maintain our vessels, making a significant contribution to the B.C. economy.

Once again, BC Ferries was recognized as one of the best workplaces in British Columbia. Training and upgrading of skills continued unabated, and we worked to ensure we provided opportunity for our employees, with the goal to create a work environment where people want to work and remain throughout their career in productive, high-skill employment.

Throughout the year, we ensured our services remained customer focused as we planned for the next decade of coastal ferry service. Little did we know that what lay ahead would completely upend our plans.

In the last few weeks of fiscal 2020, COVID-19 was declared a global pandemic and reduced passenger traffic by 75-80% over a 15-day period. As a comparison, the 2008 financial crisis resulted in a traffic decline of 5% passenger traffic over a 12-month period.

I want to personally thank BC Ferries' employees for their courageous response to the COVID-19 pandemic, and the crisis it has created for

our company. They have resolutely faced down the virus to maintain connectivity for coastal communities. We made sweeping changes to the way we operate to navigate an uncertain future and they have adapted to the changes, while demonstrating courage and commitment to essential ferry service. I also want to acknowledge the thousands of individuals and families in B.C. whose health has been directly impacted by COVID-19.

B.C.'s response to the global pandemic required us to initiate measures never before considered to keep our employees and the travelling public healthy and safe. This included installing barriers to support physical distancing, increasing cleaning and sanitization and screening passengers for COVID-19 as directed by Transport Canada. We had much to do, and thanks to our crew on the ground and many suggestions they made, we acted quickly to put these measures in place.

We also advocated with regulatory authorities to allow people to remain in their vehicles while travelling – all in an attempt to keep ferry travel safe for the public and our employees. We encouraged the public to stay home, avoid all non-essential travel and refrain from using ferry services. Working with the Province, we announced reduced service levels to meet the significant drop in demand. In reducing service, we kept top-of-mind the lifeline function ferries provide delivering goods to island communities and transporting essential workers to where they are needed most.

Service reductions eliminated the need to hire seasonal employees and we also had to temporarily lay off or furlough casual and regular employees, as there simply wasn't work for them to do. Fortunately, we were able to call back all these employees as traffic began to return in June.

We also focussed our efforts on what is essential to maintaining the safety and reliability of the service. We're operating in unprecedented and uncertain times, which can make it difficult to plan and predict the future. We know how important ferry service is to coastal communities and we are ensuring we have services in place to meet demand as traffic begins to return.

New ships under construction are continuing as scheduled. We also continue to develop our new website that is almost ready to launch. The new website will make it easier to book travel and provides our customers with more options to manage their travel experience.

For most everything else, we are taking a wait and see approach and cautiously and carefully developing plans that take into consideration the devastating impact COVID-19 has had on individuals and businesses. Our revised plans will focus on providing essential service to support coastal communities, while preserving capital and our ability to operate.

It will be some time before our traffic volume returns to what it was pre-COVID-19 – not months, but likely years. Business as usual may not be an option for BC Ferries and for the rest of our province and country for some time.

We will strive to make our customers' experience a positive one, despite the many restrictions we have all been experiencing. We ask our customers to be patient and please understand that we are working hard to meet your expectations.

Our priority remains the safety of our employees, our passengers and the environment. We will protect our ability to ensure reliable and dependable service to the communities we serve, and we will communicate transparently and honestly with each other and with those impacted by the decisions that we make.

As we respond to the impact COVID-19 has had on the ferry system, we will build a resilient ferry service and continue to pursue a path towards net zero emissions. It is in the public interest for our vessels to use technology that reduces CO<sub>2</sub> emissions, reduces underwater radiated noise that can affect marine mammals, and overall, reduces our environmental impact. BC Ferries will be part of the solution. It may take us longer to achieve these goals, but we intend to achieve them.

Our response to COVID-19 will focus on recovery for communities. We will champion our aspiration to be a world-class ferry operator and bring the best in customer service to our passengers and the communities we serve. We will engage with our customers and communities to involve them in decisions about the future of ferry service.

We will monitor traffic, service levels, and be prepared to ramp up services to meet demand as ferry travel begins to recover. We will look at our physical assets – our vessels and our terminals – and ensure they are ready to receive increased numbers of passengers and vehicles, with workplace health protocols firmly in place to continue to address ways to reduce the risk of spread of COVID-19.

BC Ferries has the potential to aid B.C. in its economic and social recovery, while connecting customers to the people and places important in their lives. We understand the vital role we play in maintaining the quality of life for people in British Columbia.

We create value for B.C. taxpayers and a place where employees can build a meaningful career. We intend to emerge from this crisis a strong and more resilient company that continues to serve the needs of coastal communities.

We look forward to welcoming British Columbians back as they travel to see their loved ones, return to work, and discover what our beautiful province has to offer. As things shift to a new normal, we will do this safely, keeping the health and well-being of our customers and employees at the forefront of the decisions we make.



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

# Our Leadership and Governance

We believe in operating in an open and transparent manner. Our Executive Team understands this commitment as it applies to the tasks of planning world-class, safe, affordable and environmentally and financially sustainable marine transportation. We do not underestimate the importance of ferry service to people's lives, as well as to the social and economic well-being of B.C.'s coastal communities. With strong, diverse expertise and experience, our leadership team is committed to meeting the expectations of the public, our employees, our stakeholders and our shareholders.

*Navigating from the bridge on board the Spirit of British Columbia*



## Executive Team

### Mark Collins

President & Chief  
Executive Officer

### Janet Carson

Vice President, Marketing  
& Customer Experience

### Erwin Martinez

Vice President & Chief  
Information Officer

### Brian Anderson

Vice President, Strategy &  
Community Engagement

### John D’Agnolo

Vice President,  
People

### Jill Sharland

Vice President, Finance  
& Chief Financial Officer

### Jason Barabash

Vice President, General  
Counsel & Corporate Secretary

### Captain Jamie Marshall

Vice President, Business  
Development & Innovation

### Corrine Storey

Vice President & Chief  
Operating Officer

## Our Governance Structure

### Coastal Ferry Act

The Coastal Ferry Act was enacted by the Province of British Columbia (the “Province”) on April 1, 2003, and among other things, provided for the conversion of the company from a Crown corporation to an independent company.

It also established the office of the British Columbia Ferries Commissioner and authorized the Province to enter into contracts for the operation of ferries on specified ferry routes.

### BC Ferry Authority

The Act created the B.C. Ferry Authority, a corporation without share capital, and BC Ferries’ sole voting shareholder.

### Relationship to the Provincial Government

The Coastal Ferry Services Contract is BC Ferries’ contract with the Province to provide passenger and vehicle ferry services on the West Coast of B.C. We are the only ferry operator that has such a contract with the Province. The Province holds non-voting preferred shares in 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.

### The Coastal Ferry Services Contract (CFSC)

This is a 60-year service contract with the Province that commenced April 1, 2003. The “Contract” stipulates, among other things, the minimum number of round trips that must be provided for each regulated ferry service route, in exchange for specified fees (ferry transportation fees). This fee-for-service arrangement provides that no fees are earned or paid for sailings not sailed. The services and fees are reviewed every four years. The most recent renewal of the contract was completed for the fifth performance term, which began on April 1, 2020 and will end March 31, 2024. Under the terms of the Contract, BC Ferries also receives an annual amount from the Government of Canada to fulfill the obligation of providing ferry services to coastal B.C.

### British Columbia Ferries Commissioner

The Commissioner, independent of both the provincial government 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 fare BC Ferries can charge customers. The Commissioner undertakes this work in the public interest in accordance with several principles, including:

- 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
- To encourage innovation and minimize expenses without adversely affecting safety

# Vision, Mission, and Values

**Our vision reflects our future desired state.**

**Our mission describes why we exist and what we do.**

Everything we do at BC Ferries is in pursuit of achieving our Vision and Mission. There is perhaps nothing more important than being trusted and valued by our customers, stakeholders, shareholders and employees. We are more than a marine transportation company: We connect communities and customers to the people and places important in their lives.

## 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 the business decisions we make

# Route Map

## 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

BRITISH COLUMBIA

VANCOUVER ISLAND

WASHINGTON

# B.C.'s Coastal Ferry Fleet

Vessel	Maximum Passenger & Crew Capacity	Maximum AEQ* Capacity	Vessel	Maximum Passenger & Crew Capacity	Maximum AEQ* Capacity
Spirit of British Columbia	2,100	358	Skeena Queen	450	92
Spirit of Vancouver Island	2,100	358	Mayne Queen	400	58
Coastal Celebration	1,604	310	Bowen Queen	400	61
Coastal Renaissance	1,604	310	Powell River Queen	400	59
Coastal Inspiration	1,604	310	Quinsam	400	63
Queen of Coquitlam	1,494	316	Island Discovery	392	47
Queen of Cowichan	1,494	312	Island Aurora	392	47
Queen of Oak Bay	1,494	308	Quinitsa	300	44
Queen of Surrey	1,494	308	Kuper	269	26
Queen of New Westminster	1,332	254	Quadra Queen II	200	26
Queen of Alberni	1,200	280	Kahloke	200	21
Northern Adventure	640	87	Baynes Sound Connector	150	45
Northern Expedition	638	115	North Island Princess	150	38
Salish Orca	600	138	Northern Sea Wolf	150	35
Salish Eagle	600	138	Tachek	150	26
Salish Raven	600	138	Klitsa	150	19
Malaspina Sky	462	112	Kwuna	150	16
Queen of Cumberland	462	112	Nimpkish	100	12
Queen of Capilano	457	100			

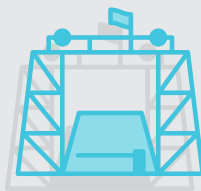
\*Automobile Equivalent (AEQ) is used to determine vessel capacity based on a standard vehicle measure of 6.1 x 2.6 metres, roughly equal to a full size family vehicle.

# BC Ferries by the Numbers

BC Ferries operates one of the largest and most complex ferry systems in the world. We provide safe, reliable and sustainable marine transportation year-round. We understand the important role we play in maintaining the quality of life of people who live, work and visit in British Columbia. In fiscal 2020, we accomplished a great deal and we are proud to share these results with you.



**25 routes**



**47 terminals spread over 1,600 kilometres of coastline**



**35 vessels**



**5,074 employees in peak season**

431 seasonal

1,037 casual and fixed term

3,606 regular full- and part-time

## Did you know?

**With 35 vessels, we have one of the largest ferry fleets in the world.**

*The typical life span of a vessel is approximately 45 years.*



We move millions  
of passengers and  
vehicles every year



**21.7** million  
passengers



**8.8** million  
vehicles



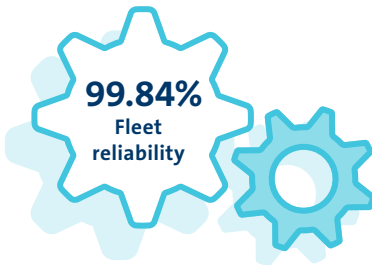
**86%** Customer  
Satisfaction  
Rating (CSR)

We experienced an increase in both vehicle and passenger traffic in the first 11 months of fiscal 2020 — 1.5% and 0.4%, respectively, compared to the prior year. In March 2020, the COVID-19 pandemic significantly impacted our vehicle and passenger traffic and resulted in a decrease of 30.3% and 41.7%, respectively. This decreased vehicle traffic year-to-date by 1.0% and passenger traffic by 2.7%, compared to the prior year.

**180,000 Sailings**

**4,289 more  
than last year**

**Up from 99.73%  
in the prior year**



**99.84%**  
Fleet  
reliability



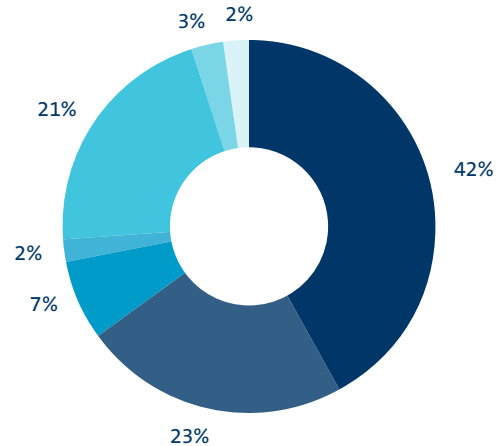
**89.4%**  
On-time  
performance

**1% higher  
than last year**

This reliability score means that BC Ferries only cancelled 0.2% of sailings in fiscal 2020 due to mechanical issues related to the vessels or terminals, or crew availability.



Total revenue  
by source



- 42%** Vehicle tariff
- 21%** Ferry transportation fees
- 23%** Passenger tariff
- 3%** Federal-Provincial subsidy
- 7%** Net retail
- 2%** Other
- 2%** Social program fees

## Did you know?

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

*In fiscal 2020, we responded to 25 non-BC Ferries marine rescues and 80 medical emergencies*





## Additional services support base fares

### \$91.2 million commercial and drop-trailer

- Up to \$8 billion cargo carried

### \$61.3 million net catering and onboard retail



## We are proud to give back to the communities we serve

### This year we made charitable donations to:

- Big Brothers & Big Sisters through annual Media Charity Golf Tournament
- The United Way

### Supported local food banks:

- The Mustard Seed
- Mayne Island and Pender Island Food Banks

### Kept our shorelines clean:






- Removed 1,725kg of garbage from 50 kilometres of shoreline

### Provided sponsorship and in-kind travel to community and non-profit organizations including:

- Powell River Kings
- Cops for Cancer
- Make-a-Wish Foundation
- PRISMA
- BC Bike Race
- Nicholas Sonntag Marine Education Centre
- Parks Canada
- ViaSport
- Live It



## We're social and serve our customers online

Channel	Followers	Growth YoY
	2019: <b>84,671</b> 2020: <b>92,114</b>	<b>9%</b>
	2019: <b>39,860</b> 2020: <b>42,849</b>	<b>7%</b>
	2019: <b>21,181</b> 2020: <b>29,132</b>	<b>38%</b>
	2019: <b>13,218</b> 2020: <b>17,093</b>	<b>29%</b>
	2019: <b>N/A</b> 2020: <b>215</b>	
<b>Total</b>	2019: <b>158,930</b> 2020: <b>181,403</b>	<b>14%</b>

We launched BC Ferries' YouTube channel in September 2019 and as of March 31, 2020, videos on the channel had been viewed 42,779 times.

**9.5%**

increase in new website users to 9.3 million

**26%**

increase in total website sessions to 41.7 million

**4.9%**

increase in number of completed reservations by account holders accounting for \$140,000 increase in online revenue

**6%**

increase in number of completed reservations by guest users accounting for \$1.2 million increase in online revenue over last year

# Our Goals: What we Believe



*Couple enjoying the outer deck  
on board the Queen of Cumberland*





## Goal 1 Customer and Community Centred

BC Ferries places our customers, Indigenous and coastal communities at the centre of everything we do. We provide a safe, reliable, memorable and seamless travel experience, and give back to coastal communities where we live and work. We communicate in an open, frank, honest and timely manner. We understand that our relationship with the natural environment is important to our customers, to our company and to the sustainability of coastal British Columbia.



## Goal 2 Prepared for the Future

We are a resilient ferry system that is able to respond to changes in the way customers travel and adapt to decisions and circumstances that affect our operations.



## Goal 3 An Employer of Choice

We create a workplace where people want to work and remain throughout their career in productive, competitive, high skilled employment. We provide opportunities for B.C. workers throughout the province, hire locally where we can, and develop and advance our people.



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

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



## Goal 5 A Significant Contributor to the B.C. Economy

We manage finances, grow and profitably diversify our revenue base while ensuring fare affordability, financial sustainability and prudent asset management in the public interest and the interest of ferry users. We invest to create economic opportunities and support jobs in coastal British Columbia.



## Goal 6 Innovative and Continually Improving

We promote a culture of risk-managed innovation and continuous improvement. We use our knowledge and technology to enhance employee learning, customer experience, asset investment and management.

# Public Interest Delivered

June 15, 2020 marks a milestone for BC Ferries – 60 years of providing safe, reliable and efficient ferry service to meet the needs of British Columbia’s coastal communities. We have come a long way since we began and now have 25 routes served by 35 ships travelling to 47 ports of call. Today, BC Ferries is one of the largest ferry operators in the world. We are committed to continual improvement. We comply with the specifications outlined in the Coastal Ferry Services Contract, putting the public interest, our customers and our employees at the heart of every decision we make. We are proud of all we have accomplished since we started and particularly, over the last 12 months.



*Queen of Cumberland at Village Bay terminal, Mayne Island*

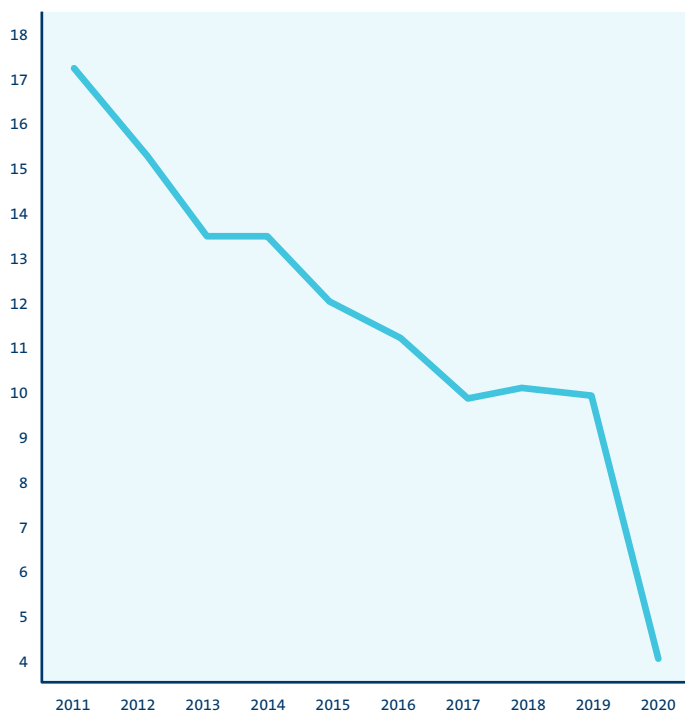


## A continual focus on safety

As we look forward, standardize our operations to be more efficient and work to reduce our environmental impact, we do so with safety top of mind. Safety is our highest value, and to maintain a safe environment for our customers and employees, we must be diligent and focussed. In the last fiscal year, we updated and improved existing assets and met significant health and safety goals throughout the fleet.

### Passenger Safety Index

The number of injuries per one million passengers for the last 10 years

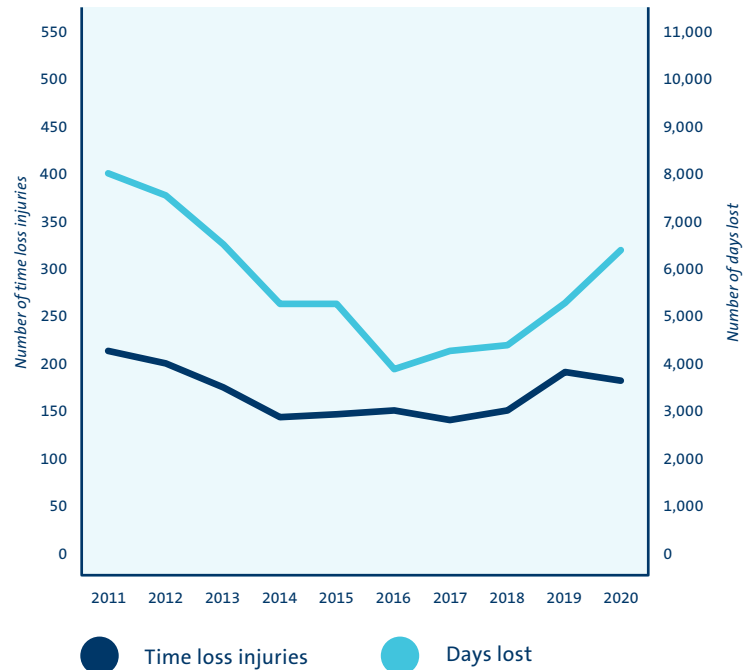


Injuries to passengers have declined 75% over the last 10 years. In fiscal 2020, passenger injuries decreased from 218 to 93 due to our many investments in safety. Passenger injuries consisted mainly of slips, trips or falls and occurred primarily onboard our vessels.

The number of time-loss injuries to employees decreased from 185 in fiscal 2019 to 181 in fiscal 2020. Since 2011, the number of time-loss injuries has dropped by 9.6% and the number of days lost due to injury has declined by 19.1%.

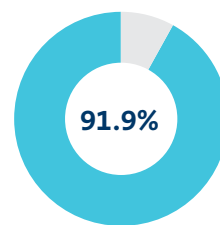
## Employee Safety Performance

The number of time-loss injuries and days lost over the last 10 years

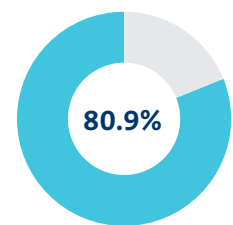


In fiscal 2020, injured employees took more time to recover and complete the return-to-work process than in years prior.

BC Ferries participates in a WorkSafeBC program that involves a series of internal and external safety audits designed to verify our compliance with our safety management system. Since 2014, we have received a Certificate of Recognition (COR), acknowledging that we go beyond the legal requirements of the Workers' Compensation Act and the Occupational Health & Safety Regulations. We are proud of our results in fiscal 2020. They highlight our commitment to taking a best practices approach to implementing health, safety and return to work programs.



Health and Safety score



Injury Management score

In addition to receiving a COR again, we made improvements to safety procedures for liquefied natural gas (LNG) bunkering, approved the full use of rescue boats for heights under 4.5 metres, and successfully completed trials of a rescue boat descent control device on the *Queen of New Westminster*. We updated baseline standards and guidelines for marine structures relating to accessibility, electrical shore-to-ship processes and pump-ashore procedures.

In support of increased digital safety and security, we increased BC Ferries Payment Card Industry Data Security Standards to the highest level.

We believe effective communication builds stronger teams, makes for better decision-making and collaboration, and increases employee engagement. To support improving our processes, we created a Standardized Education and Assessment (SEA) regional strategy and developed a SEA tracking process for improved forecasting. The completion and roll out of a new Terminal Asset Improvement Process was a major achievement this year, and fiscal 2020 saw us further strengthen the process to implement engineering changes to vessels, which helped us align same class vessels in terms of common or identical configuration.



Invested  
**\$13.5 million**  
in employee development  
and training



Provided  
**30,700**  
training days related  
to safe sailing  
*up from 29,000 the year prior*

At BC Ferries, we believe in life-long, career-long learning. It's important we stay up to date with the latest safety information and changes in our industry. This past year, we added three new online courses for easy learning.

We empower our employees with the training, tools and support they need to deliver a safe and consistently excellent customer experience. This year, we offered education and training support to engineers to further their Transport Canada certificates. We also provided financial support to employees enrolled in Nautical Sciences Program and supported students seeking sea-time work experience. Our cadet program includes participants from the British Columbia Institute of Technology, Georgian College of Ontario and the Memorial University of Newfoundland. We teamed up with Camosun College's trades program in Victoria, investing in the SailSafe Simulator to guarantee students have access to the best training tools. In addition, we have partnered with Aboriginal Community Career Employment Services Society, which supports the education and career development of Indigenous students in coastal communities.

In-house training continued year-round. We conducted train-the-trainer sessions for several programs to provide instructors with knowledge to sustain our delivery and redeveloped our leadership training program – Coaching for Business Success.

We learn from our people. Our SailSafe program gives everyone at BC Ferries a voice to offer suggestions to improve safety at their worksites. Between our SailSafe website, which was upgraded recently to make it more user-friendly, and our corporate Intranet site, employees can tap into a number of resources, including the WHEEL (Wellness and Health by Engaging Employees Locally) program. The WHEEL program supports healthy lifestyle choices with partial reimbursement of health and fitness activities.



In WHEEL program  
reimbursements



A high performing  
team and company

In support of our vision, mission and strategic goals, we regularly monitor how we're doing as a company, as a team and as a service provider. We improved our efforts towards standardization, improved customer satisfaction and our fleet reliability through a series of performance measures.

## Performance Measures

### Employee Safety

Employee injury frequency rate times severity rate divided by 1,000 passengers

### Customer Safety

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

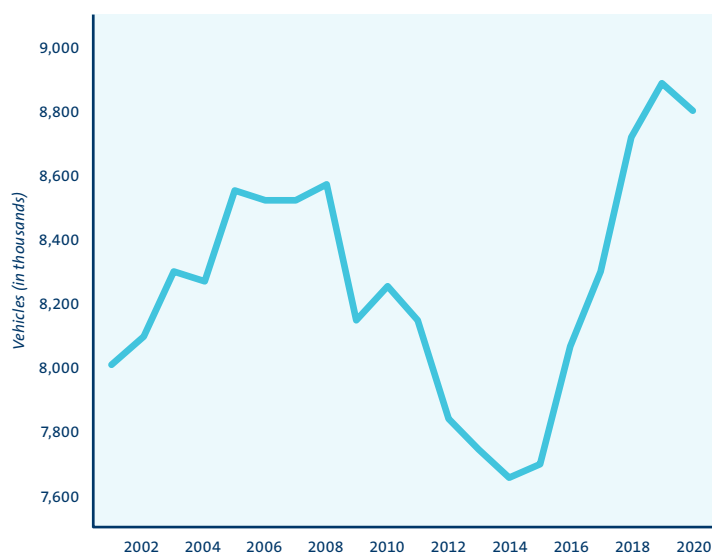
## Results for fiscals 2015 through 2019, the target and actual results for fiscal 2020 and the target for fiscal 2021<sup>1</sup>

	Fiscal 2015 Results	Fiscal 2016 Results	Fiscal 2017 Results	Fiscal 2018 Results	Fiscal 2019 Results	Fiscal 2020 Results	Fiscal 2020 Targets	Fiscal 2021 Targets
<b>Operational Targets</b>								
<b>Employee Safety Index</b> (frequency x severity)/1,000	0.65	0.48	0.43	0.46	0.64	0.74	0.41	0.62
<b>Passenger Safety Index</b> (# passenger injury incidents/1,000,000 passengers)	11.90	11.24	9.62	10.01	9.80	4.30	9.59	6.95
<b>Reliability Index</b> (scheduled #of round trips less controllable cancellations/ scheduled #of round trips)	99.75%	99.72%	99.69%	99.83%	99.73%	99.84%	99.55- 99.74%	99.55- 99.74%
<b>On-time Performance</b> (departures within 10 minutes of scheduled departure time)	91.2%	90.3%	88.9%	88.4%	87.8%	88.8%	91.0%	88%
<b>Customer Satisfaction<sup>1,2</sup></b>	4.11	4.14	4.18	4.16	4.22	4.09	4.22	4.12
<b>Financial Targets<sup>3</sup></b>								
<b>EBITDA</b> including subsidiaries (\$ millions)	255.6	268.5	294.6	273.8	285.2	264.1	276.8	269.9
<b>Regulatory Net Earnings</b> (\$ millions)	41.4	64.8	87.9	55.3	56.9	22.2	34.9	26.1

Over the past few years, BC Ferries' vehicle traffic has been growing significantly. This past year was on target for another outstanding year

until we experienced a dramatic downturn in traffic in the last few weeks of March due to the impact of COVID-19.

## Annual vehicle traffic levels for the past 20 fiscal years



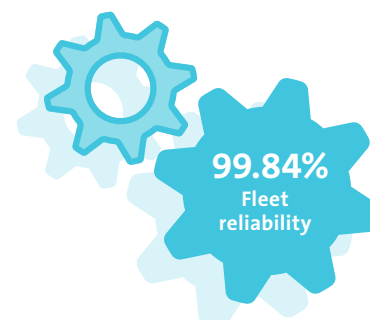
Capacity provided (AEQs)



Hours of Operation



during peak season  
on major routes



1. Customer Satisfaction scores are measures of consumer surveys done at timings different from fiscal quarters; actual scores displayed are results for the calendar year ended December 31, 2019. Intercept surveys were conducted on board vessels in June, August and November 2019.

2. In 2019, BCFS contracted a new vendor to conduct customer satisfaction intercept surveys. Based on recommendations from the new vendor, changes were made to the design of the survey. As a result of these factors, the satisfaction score for 2019 may not be a valid comparison to 2018 results. The 2019 survey will form a new baseline for comparisons moving forward.

3. Financial targets are net of regulatory adjustments.



## A company that supports our people and the local economy

We're a B.C. company that is serious about investing in other B.C. companies to help drive the marine economy here at home. We source local suppliers to complete crucial upgrades to our fleet, including repairs, dry-docking and life extension projects. Shipyards and drydock facilities, including Vancouver Drydock (Seaspan), Point Hope Maritime, Esquimalt Drydock Company and Allied Shipbuilders, as well as BC Ferries' own shipyard, the Fleet Maintenance Unit (FMU) in Richmond, B.C., have all completed work for us.

**During our annual ship maintenance season, we turned once again to B.C. shipyards to complete necessary upgrades to our vessels:**



*\$45 million spent locally on refit activities*

*16 completed refit projects*

On the human resources side, we made adjustments to support employees and the systems we use to manage staffing and crewing, recruitment and hiring. By improving our planning processes, we provided our highly skilled employees with more notice of their schedules, approved vacation requests faster, and developed models to better forecast staffing needs for peak travel weekends. In fiscal 2020, we also gained an 8-month head start on forecasting recruitment numbers for the next summer season.

BC Ferries sailed more than 180,000 times in fiscal 2020, an average of 493 sailings every day. On the occasional times that our business was disrupted, we recovered service for our customers more quickly by empowering the Duty Marine Superintendent and Operations and Security Centre to take a command and control role.

Our efforts to improve performance have not gone unnoticed. Our customers regularly share feedback, comments and suggestions. Working with a research agency to conduct on board surveys on select routes in June, August and November, our Customer Satisfaction Tracking (CST) program has shown strong results and continual improvement.



**86%** Customer Satisfaction Rating (CSR)



## A company that engages our customers and communities in decisions that affect them most

Engaging our customers, the communities we serve and our employees ensures the decisions we make are in the public interest and contribute to the well-being of our province. Every day, we work to build a collaborative customer-focussed culture across our operations. Experts in community, Indigenous and government relations support our efforts to engage and consult on major initiatives we are undertaking.

### Engaging with our customers

Many of our achievements are a direct result of community and customer engagement:

- Launched BC Ferries YouTube channel
- Launched [www.ferryfeedback.ca](http://www.ferryfeedback.ca) that provides customers the opportunity to provide feedback and rate our services
- Introduced a new online engagement platform, enhancing our ability to engage with our customers and communities up and down the coast
- Engaged customers and communities in 10 major projects – from terminal redevelopment to new vessel design, receiving thousands of comments from customers and hundreds of comments from employees on the design requirements for our new major vessels
- Engaged with approximately 60 First Nations, requesting input on a number of projects and community celebrations
- Sought guidance from Indigenous communities on key terminal development projects including proposed upgrades to our terminals at Quathiaski Cove, Gabriola and Nanaimo Harbours and Swartz Bay
- Developed a new framework that facilitated a 25% increase in reservations on Major routes, reducing overloads and increasing traffic
- Designed and implemented promotional pricing to spread demand to less busy sailings and provide customers with more affordable fare choices
- Put the finishing touches on our mobile-first e-commerce website
- Developed a Gift Card and Rewards strategy that, when implemented, will lead to increased customer satisfaction, more traffic and revenue, and new revenue streams

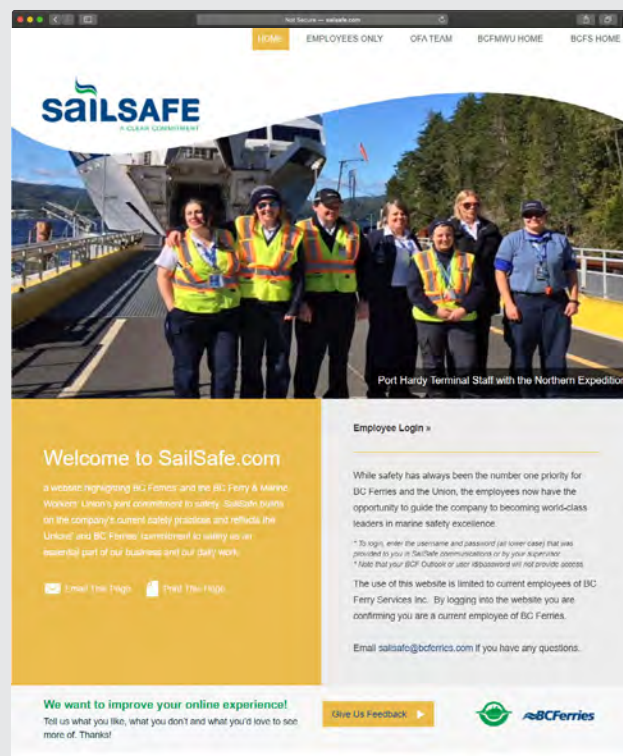
- Introduced beer and wine on a trial basis in the Pacific Buffet on the *Spirit of Vancouver Island*, *Spirit of British Columbia* and *Coastal Celebration* and achieved a 15% uptake of eligible patrons
- Introduced the *Northern Sea Wolf* into service featuring the Coastal Café serving BC Ferries' signature Smoked Salmon Eggs Benedict
- Expanded the gift shop and added a new coffee bar to the Spirit of Vancouver Island during the ship's mid-life upgrade
- Installed digital signage at 37 of 40 minor terminals
- Encouraged Indigenous leaders to participate as members of our Ferry Advisory Committees and maintained valuable, collaborative relationships with Nations interested in taking part
- Invited Songhees, Esquimalt, Tla'amin and 'Namigis Nations to attend and participate in the Island Class Naming Ceremony

## Engaging with employees

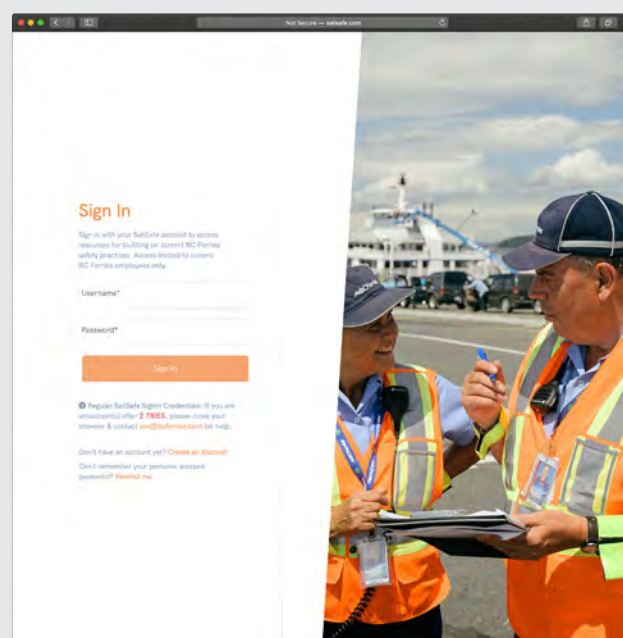
To be an employer of choice, we seek guidance and input from our employees and future employees:

- Conducted lifestyle interviews for candidates in small communities
- Developed an engineering cadet sponsorship program
- Created 'meet the crews' videos and other external recruitment initiatives with a new Employer Brand
- Enhanced employee referral program to include IT and other licensed positions
- Revamped the New Hire Orientation program to streamline and simplify training
- Provided Indigenous engagement and consultation training to enhance staff's cultural awareness and develop confidence to work effectively with Indigenous peoples
- Secured and subsidized affordable housing for employees who work at remote ports
- Offered paid co-op jobs in IT, Finance and Engineering
- Hosted 'lunch and learns' for mental health awareness week
- Celebrated and promoted Pink Shirt Day
- Displayed Pride flags around the fleet
- Promoted online wellness programs offered by our Employee and Family Assistance Program
- Optimized all internal websites, including the BC Ferries Intranet, to ensure employees have easy access to information and applications
- Redesigned the SailSafe website

## SailSafe Website



## Previous website design



## New website design



We are proud to receive the BC Top Employer Award for the third consecutive year. The award recognizes BC Ferries as a progressive workplace, along with the extensive training and career development opportunities we provide.

## Engaging with industry peers

As one of the largest ferry operators in the world, we take seriously our responsibility as an industry leader. In fiscal 2020, we participated in local industry and economic studies, were active members of marine industry organizations, co-hosted this year's BC Ferries Opportunity Forum with the Association of British Columbia Marine Industries (ABCMI), and participated on municipal working groups.



## A leader in the transition to a more sustainable future

Climate change is one of the greatest challenges our planet faces. We strive to be an environmentally sustainable company with a light footprint. We are fortunate that we live and work in coastal British Columbia and take steps every day to protect the pristine coastline our ferries sail. Over the past year, we have explored new fuel options and alternative energy sources, supported leading research organizations and kept an eye on the marine mammals who share the coastal waters we sail through.

- Developed a fleet-wide online Environmental Awareness program
- Launched “Whales in our Waters” online learning, a mariners’ training guide to safe vessel operation in the presence of whales, developed by BC Ferries, and trained bridge teams on the modules
- Supported ongoing research and conservation initiatives with Oceans Network Canada, the Department of Fisheries and Oceans and Ocean Wise

As we move towards a lower carbon future, we are increasing our knowledge and understanding of leading-edge technology, fuel and energy sources. This year we:

- Continued exploring alternative renewable fuel options with major fuel suppliers
- Established a new Strategic Energy Management Plan focused on measurable performance indicators and low carbon intensive energy adoption
- Developed a strategy for vessel and maintenance vehicles electrification
- Explored ways to support the expanded use of electric vehicles in the fleet

## Supporting vessel maintenance programs and new vessel construction, we:

- Initiated the Underwater Noise Control technical program with an expert partner to pursue quiet design
- Completed upgrades to our LNG programs that better prepare the workers for working on LNG-fuelled vessels
- Actively participated in establishing the specifications and contract for building additional four Island Class vessels, as well as an additional Salish Class vessel



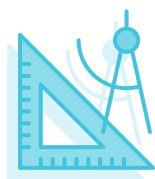
## Island Class

There is one major project we completed this past year that stands out as and an example of all we're trying to achieve at BC Ferries. It is an achievement of all of our goals: the culmination of years of consultation, demonstrates that we are prepared for the future and a leader in the transition to a more sustainable future. It also demonstrates that we continue to be a significant contributor to the B.C. economy – innovative and continually improving – and gives people working towards a career in the marine industry one more reason to choose BC Ferries.

We are proud to have introduced a new class of ship, the Island Class, to our fleet this past year. From the initial concept, to the naming ceremony in late February 2020, every department within our company played a role in bringing the first two Island Class ships into the fleet. Four more are on order for delivery in 2023.

*Island Discovery* and *Island Aurora* enter service in mid-2020 and will serve the Powell River – Texada Island and Port McNeill – Alert Bay – Sointula routes, respectively. The ships' names were selected with community input, and they celebrate the beauty of the journey and the important connection to the coastal communities the ferries will serve.

Island Class ferries have the capacity to carry 47 vehicles and up to 392 passengers, depending on configuration. They are battery-equipped ships designed for future full electric operation. The ships are fitted with hybrid technology that bridges the gap until shore charging infrastructure and funding becomes available in B.C. From the exterior details to the engines, the design of the new vessels reduces underwater radiated noise, increases efficiencies and improves customer service. These ships deliver an improved customer experience with enhanced interior and exterior branding, static and digital wayfinding.



### Stats

Built: 2019  
Length: 81 metres  
Service Speed: 14 knots  
Built with 800 kWh of battery energy storage capacity (*can be upgraded to 2,000 kWh*)



### Passengers

Vehicle Capacity: 47  
Passenger Capacity: up to 392 (*depending on configuration*)  
Comfortable passenger lounges and solariums for great views along the journey



### Noise Reduction

The quietest underwater design in our fleet (*after the cable ferry Baynes Sound Connector*)  
Designed to reduce ambient noise for the comfort of passengers and terminal neighbours



### Environmental Impact

Low friction and biofouling resistant hull coating reduce fuel consumption  
Equipped with Ocean Networks Canada's Oceanographic Sensors to monitor the marine environment  
Helps BC Ferries move towards a lower carbon future

These ships represent the direction the company is heading towards. The future of BC Ferries is innovative, leading edge, and ready to adapt to changing economic and social climates, without compromising safety, efficiency and reliability. Bringing these ships into service is a major step forward as BC Ferries focusses on providing world-class service to communities up and down coastal British Columbia.

# COVID-19

## Changing the face of ferry service

The declaration of a global pandemic on March 11, dramatically affected every one of us, our families and the ferry system. Through it all, BC Ferries' dedicated team met the challenge, taking quick action to ensure the health and safety of our customers and employees, while maintaining the world-class service we are known to provide. Without the outstanding teamwork of our employees, none of this would be possible.

The decline in traffic demand across our ferry system has been nothing short of dramatic. The COVID-19 pandemic resulted in a 75% drop in traffic in 15 days. Adapting to new health and safety guidelines and temporary changes in policy on a near daily basis was no easy feat. We found new ways to look out for each other and our customers, while delivering essential service to coastal communities.

We were already operating with enhanced cleaning measures when the pandemic was declared. Then we sourced in-demand safety products such as hand sanitizer, closed on board amenities, shut down food service, and strongly encouraged our customers to pay electronically unless cash was their only option.

We activated our Emergency Operations Centre to navigate the constantly changing situation. Responding in real time, and following the guidance of health officials, we closed the iconic Pacific Buffet on three vessels serving the Vancouver – Victoria route. We asked employees working in our Customer Care call centre, finance department, IT and administration offices to work from home. We advised customers to avoid all non-essential travel — a welcome announcement for the remote communities we serve who feared visitors would spread the virus. We collaborated with Transport Canada and the Canadian Ferry Association to ease regulations to allow customers to remain in their vehicles on enclosed car decks, which supported physical distancing and self-isolation – beneficial for our customers and our employees.

Working with the Province, in early April, we reduced service to better match the significant drop in demand. On a daily basis going forward, we are reforecasting traffic levels and making adjustments as needed. We will continue to take additional actions as necessary to ensure the health and safety of our customers and employees.

*Queen of Cowichan sailing in Horseshoe Bay*



## COVID-19 Response Timeline

<b>January 24</b>	Through safety bulletins, Company raises awareness with employees of coronavirus
<b>January 30</b>	Provides health information and recommendations to employees
<b>March 3</b>	Issues hygiene guidance to employees
<b>March 4</b>	Gives guidance to employees about personal safety and illness prevention
<b>March 6</b>	Emergency Operations Centre (EOC) assembles and activates to support the increasing management requirements resulting from COVID-19
<b>March 9</b>	Pandemic Plan revised to specifically address COVID-19
<b>March 10</b>	Develops a dedicated page on <a href="http://www.bcferries.com">www.bcferries.com</a> with messaging to customers and resource links
<b>March 11</b>	The World Health Organization declares COVID-19 a global pandemic BC Ferries activates Phase One of its Pandemic Response Plan
<b>March 14</b>	BC Ferries activates Phase Two of the Pandemic Response Plan
<b>March 16</b>	Creates a dedicated COVID-19 resource page on our employee Intranet
<b>March 17</b>	BC Ferries activates Phase Three of the Pandemic Response Plan With Transport Canada's agreement, BC Ferries allows passengers to remain in their vehicles on most enclosed car decks to support social distancing and self-isolation.
<b>March 18</b>	500+ employees working from home Closes on-board retail and amenities including Passages Gift Shop, SeaWest Lounge, Kids Zone play area and Video Zone arcade

### Week of March 11

- Increases communication & awareness
- Enhances cleaning routines
- Monitors employee health
- Increases delivery of key supplies, including in-demand hand sanitizer
- Directs sick employees to stay at home
- Encourages non-essential staff to begin working from home
- Develops contingency plan for reduced traffic and/or lack of staff
- Waives 1,700 reservation cancellation fees, amounting to approximately \$24,000
- Instructs vessel Engineering departments to reduce air recirculation and maximize fresh air supply in HVAC systems
- Installs new signage and announcements to support social distancing
- Develops response plan for closure of retail outlets at Quays

### Week of March 16

- Closes the Pacific Buffet on three ships: *Spirit of British Columbia, Spirit of Vancouver Island and Coastal Celebration*
- Reduces food service offerings to grab-and-go items only
- Changes ticket redemption procedure from handing the ticket over to dropping it in a box, in an effort to minimize contact between employees and customers
- Encourages customers to use electronic forms of payment, unless cash is the only option

## March 19

Donates 727 pounds of perishable food from *Salish Orca* and *Salish Raven* to Salt Spring Island's Community Services Food Bank

Donates more than 2,400 pounds of food, including mashed potatoes, coleslaw and fresh produce, to The Rainbow Kitchen from five ships and Lands End café at Swartz Bay terminal

Begins installing plastic poly barriers to protect ticket agents at our terminals

Suspends all food services onboard our ships and at our terminals

Suspends baggage service on southern routes

## March 20

Closes BC Ferries Vacations Centre in downtown Vancouver so agents can work from home

Announces service level adjustments to match capacity with demand starting in April. Cancels additional sailings in April on Metro Vancouver – Vancouver Island, Metro Vancouver – Sunshine Coast and Metro Vancouver – Southern Gulf Islands routes

## March 24

Provides information to employees on new disinfectant products and how to use them safely

## March 25

BC Ferries activates Phase Four of the Pandemic Response Plan

## March 26

Publishes new graphics and messaging for social and digital assets

## March 30

Develops a protocol and response plan in the event an employee has a positive COVID-19 test and has been in the workplace

## April 4

Implements service reductions

## April 7

Begins screening passengers to comply with new Transport Canada order

## April 22

Adds extra cargo sailings between Vancouver and Victoria weekdays to ensure continued safe transport of essential goods



*Spirit of Vancouver Island and  
Spirit of British Columbia, powered by natural gas*



## Planning for the future of ferry service

COVID-19 has had a significant impact on BC Ferries' fiscal 2021 to fiscal 2024 Financial Plan, and we must revise it recognizing BC Ferries is an essential service that operates in the public interest. We understand the important role we play in helping communities and supporting B.C.'s economy. We are committed to transporting essential workers, goods and services and remaining flexible, responsive and resilient. BC Ferries works within the Coastal Ferry Services Contract and associated agreements, and we are currently collaborating with government to establish core service levels to best meet travel demand. It is our intention to emerge from the COVID-19 crisis as a strong company, responsibly rebuilding our service and financial health, while supporting B.C.'s social and economic recovery.

Our go forward strategy has two prongs: 1) provide essential service to support coastal communities and 2) preserve and protect our capability to deliver service to these communities.

We are forecasting difficult passenger and vehicle traffic conditions for the next two to three years. In fiscal 2021, forecast demand is substantially lower than for any other comparable period in BC Ferries' history.

A downturn in traffic restricts BC Ferries' financial resources during the present performance term. We are working to protect the core of the ferry system: the provision of safe, reliable service to British Columbians in a financially sustainable manner. However, there will be trade-offs: some initiatives, investments and non-core services may need to be put on hold until business conditions improve. We will match capacity to demand to achieve operating savings.

Fortunately, BC Ferries is entering this challenging period in a strong financial position, following performance over the last few years that saw record numbers of passengers and vehicles, and strong growth and performance of our catering and retail services, BC Ferries Vacations™ and commercial drop trailer business. The value of good financial management is now apparent: we are able to weather this storm better than most and the ferry system can provide essential service when many transport systems cannot. We are doing so without external financial support.

Nevertheless, we may have some tough decisions to make. We are a well-run company that has prudently managed growth over the past few years, preparing us for these tough times. We will now turn our experience to managing the impact the global pandemic has had on ferry travel.

Going forward, we are collaborating with government and working closely with stakeholders and communities to keep them apprised of the changes we are making. We will continue to engage coastal communities in decisions that are important to them, be transparent about the progress we are making towards recovery and the role we play in helping the recovery of British Columbia.

With traffic beginning to return, we added sailings back. For example, in the month of June we added 300 sailings on the major routes and are looking for ways to add even more. These are challenging times, but working alongside coastal communities and closely with our customers will help us get through them. Our executive, our mariners, our office staff and the remainder of our workforce are ready to address this challenge head on. BC Ferries will support coastal communities as they adapt to the new normal amidst the economic recovery of British Columbia.



*New hybrid-electric Island Discovery sailing through Blubber Bay*

