

MARINE ATLANTIC INC
2021/22 –2025/26 Corporate Plan

Draft December 6, 2021

Executive summary

2021/22 has been a challenging year for MAI as it manages its way through the Covid19 pandemic. Despite significant pressures, MAI expects to live within its appropriations for 2021/22. This has been accomplished through a concerted effort by all members of the organization to protect the essential service, while implementing significant cost saving measures and keeping a strong focus on protecting the safety of both employees and customers. Given the essential nature of the service, and the potential impact of having one or more of its vessels and crew quarantined, MAI has gone to great lengths to ensure service continuity, including reduced passenger capacity, employee and passenger screening measures, reduced crewing levels, social distancing and isolation measures while onboard, discontinued restaurant, bar, and retail services, etc.

While many of these safety measures remain in place at the start of 2021/22, others will be lifted once deemed appropriate based on public health advice and increasing traffic demand. However, the revenue forecast for 2021/22 is still well below normal. As such, many of the cost containment activities will be continued throughout the fiscal year.

Going forward, as both the Corporation and the economy recover from the impacts of the pandemic, MAI is focussing on the delivery of its strategic plan. MAI bases its strategic plan on three pillars or principles: operational excellence, customer value, and public trust. All of the Corporation's objectives fall under one or more of these pillars. Some of the key strategic initiatives planned for the upcoming planning period include:

- PAB Harbour Improvement Project
- New Vessel Procurement
- Business Process Renewal
- Diversity and Inclusion
- Psychological Health and Safety Program
- PAB Office Administration Building

The most significant risks currently faced by the Corporation over the upcoming planning period are as follows:

1. Continued impacts of Covid-19 on traffic levels, travel patterns, and operational decisions.
2. Funding: The funding allocated to MAI for both 2020/21 and 2021/22 falls short of the amounts requested. While MAI has gone to great lengths to ensure that it can live within these funding levels, the impacts of Covid-19 are very difficult to forecast, thereby increasing the financial risk to the organization.
3. Long-term funding: As noted in the OAG's Special Examinations in both 2009 and 2018, the lack of certainty around long term funding makes strategic planning very difficult. MAI's current funding envelope expires on March 31, 2022. Planning beyond that timeframe is very difficult without knowing the funding the Corporation will receive.
4. Affordability of service: There has been increasing concern expressed over the past year, in both social media and through MAI's customer research, regarding the affordability of MAI's service.
5. Non-constitutional cost recovery: In 2015, Transport Canada (TC) shared its expectation that MAI would have to meet 100% cost recovery on its non-constitutional services – including Onboard Services, the Drop Trailer Management fee, and the Argentia service – by 2018/19. Meeting this

target for the Argentia service is not achievable using the currently established all-in cost recovery formula.

6. Fleet configuration – Transport Canada (TC) is undertaking an analysis of MAI's traffic and service levels to determine whether or not the Shareholder will continue to fund a fourth vessel in MAI's fleet. The outcome of this analysis may have a significant impact on MAI's ability to deliver the service.

Covid-19 has had a significant impact on MAI and its operations. It is important to note that all of the assumptions in this plan are based on the best information available at the time of writing; however, there are many unknowns regarding how and at what pace things will return to relatively normal operations.



Table of Contents

Executive summary	2
Corporate Overview	6
Vision, Mission, and Values	7
Operating Environment	8
Internal Environment	8
External Environment	10
Key economic indicators	13
Customer Base	14
Passenger and PRV Profile	14
Commercial Travellers	15
Office of the Auditor General (OAG) Special Examinations	17
Recent Performance	17
Alignment with Government Priorities and Objectives	18
MAI's Strategic Plan	19
Major Activities and Implementation Milestones	21
Port aux Basques Harbour Development	23
Fleet Strategy	25
Business Process Renewal – Enterprise Resource Planning (ERP)	28
Diversity and Inclusion	30
Gender Equity	31
Psychological Health and Safety Program	32
PAB Office Administration Building	32
Enterprise Risk Management.....	34
Expected Results	35
Financial Overview	37
Rates	37
Fuel Surcharge	38
Traffic and Revenue	38
Charter Fees	39
Fuel Expense	39
Travel, Hospitality, Conference and Event Costs	39

Other Costs	40
Capital Requirements.....	40
Financial Summary.....	44
Cost Recovery	44
Appendix A Mandate Letter	45
Appendix B Corporate Governance Structure.....	49
Appendix C Planned Results.....	53
Appendix D Chief Financial Officer Attestation	54
Appendix E Financial Statements.....	55
Appendix F Borrowing Plan.....	66
Appendix G Enterprise Risk Management	67
Appendix H Compliance with Legislative and Policy Requirements.....	73
Appendix I Government Priorities and Direction	75
Appendix J MV <i>Leif Ericson</i> 30 Year Survey	81

Corporate Overview

When Newfoundland joined Canada in 1949, the ferry service between the Province of Newfoundland and Labrador and the mainland was accorded special constitutional status under Term 32(1) of the Terms of Union (*The Newfoundland Act, 1949*) which guarantees that Canada will “*maintain in accordance with the traffic offering a freight and passenger steamship service between North Sydney and Port aux Basques, which, on completion of a motor highway between Corner Brook and Port aux Basques, will include suitable provision for the carriage of motor vehicles*”. Marine Atlantic exists to fulfill that mandate.

Marine Atlantic was created on June 27, 1986 as a parent Crown Corporation through the *Marine Atlantic Inc. Acquisition Authorization Act*. As a Crown Corporation, Marine Atlantic is regulated under Part X of the *Financial Administration Act*. As per the Order in Council of March 12, 1987 (P.C. 1987-463), the Bilateral Agreement between Her Majesty the Queen and Marine Atlantic established the relationship between the Parties under which subsidiary operating and capital agreements relating to the operation of specific ferry and coastal services in Atlantic Canada may be executed.



Marine Atlantic offers twice daily service for passengers and freight on its constitutionally mandated service between Port aux Basques, NL and North Sydney, NS. During the summer, the Corporation also offers service three times a week between Argenticia, NL and North Sydney, NS.

Marine Atlantic Inc (MAI) provides an essential service to the island of Newfoundland, as it is the only daily transportation service that allows for the transport of goods onto the island – including fresh food and perishables, consumer products, and dangerous goods (e.g. medical oxygen and hospital supplies). It is also the only daily service that allows for local companies to export their products to

the mainland and to reach national and international markets upon which their business success depends. MAI also provides the most accessible means for travellers to enter and leave the island with their vehicles. As such, it is a very important enabler of the economy of Newfoundland and Labrador. MAI’s success drives the success of the province as a whole in that it is the main transportation link between the province and the rest of Canada.

Additional information regarding the Corporation is included in its Annual Report, which can be found on Marine Atlantic’s website.



Vision, Mission, and Values

Vision Statement

An essential, progressive transportation system that people trust to deliver.

Mission Statement

To provide a safe, environmentally responsible and quality ferry service between the Island of Newfoundland and the Province of Nova Scotia in a reliable, courteous and cost-effective manner.

Corporate Values

Safety

Protection of people, property and the environment is our ultimate priority

Diversity

Embracing our differences leads to better performance and helps us achieve our goals

Teamwork

We work together to achieve the best outcomes for the organization

Commitment

We are responsible for our performance and delivering on our commitments

Integrity

We say what we mean and do what we say

Excellence

We take pride in delivering the best possible services



Operating Environment

In July of 2020, MAI's Board of Directors held a facilitated strategic planning session and developed the following SWOT (Strengths, Weaknesses, Opportunities, Threats) Analysis. Some of these factors are addressed in more detail in the discussion that follows.

SWOT Analysis

STRENGTHS	WEAKNESSES
<ol style="list-style-type: none"> 1 Dedicated and committed Board, Senior Management and employees 2 Organizational focus on employees 3 Ability to service diverse customer base and needs 4 Strong knowledge of our business 5 Infrastructure 6 Fleet 7 Long-standing relationship with Shareholder 8 Focus on Safety and Health 9 MAI Team structured for innovation 10 Emergency preparedness and response 	<ol style="list-style-type: none"> 1 Ability to plan and execute limited by funding timelines 2 Reduced funding limiting ability to drive strategic plan 3 Organizational structure/management resources Recruitment/retention, professional development, and 4 succession planning 5 Diversity and inclusion 6 Change management 7 High rates - pressure from GOC; depressed PRV demand; increase cost of goods on island due to CRV 8 Extent and complexity of unionization
OPPORTUNITIES	THREATS
<ol style="list-style-type: none"> 1 Embrace innovation 2 Complete PAB Harbour improvements 3 Embrace diversity and inclusion 4 Renew shareholder relations 5 Increase customer market share 6 Potential for stimulus funding 7 New ways to approach training (virtual, partnership) 8 Efficiency - new ways to do business driven by COVID 	<ol style="list-style-type: none"> 1 Change in policy direction 2 Economic downturn 3 Environmental impacts/threats (climate change) 4 Changing regulations (national and international) 5 Funding levels 6 Competitive alternatives 7 Competition for skilled talent 8 Ongoing pandemic/impact on services 9 Reliability & sustainability of service due to funding shortfall 10 Workforce/union tensions

Internal Environment

Human Resources

Marine Atlantic employs approximately 1300 individuals (approximately 1100 full time equivalent employees), over 90% of whom are unionized across six bargaining units. Relationships with all unions are professional and productive. MAI is not anticipating any significant changes in the number of employees over the planning period.

Collective Bargaining

MAI's six collective agreements all expired on December 31st, 2019. Preparation for negotiations with all bargaining units began early in 2019 and bargaining commenced in early 2021 with two of six bargaining units. While it is difficult to predict key issues at any bargaining session, it is expected that wages will be an issue common to all bargaining units. Impacts of COVID19 on job security, displacements, Income Security Agreements and health benefits will likely make this round of negotiations more contentious than previously expected.

At the time of writing, the current status of collective bargaining at MAI is as follows:

- a. Agreement A – Negotiations commenced on February 1, 2021 and are ongoing. Dates for the next session have not yet been scheduled.
- b. Agreement B – Negotiations commenced on September 27, 2021.
- c. Agreement C – Negotiations to begin on November 1, 2021.
- d. Agreement D – Negotiations commenced on May 5, 2021 and are ongoing, with the next session scheduled for October 12-14, 2021.
- e. Agreement E – CMSG filed Notice of Dispute and conciliation was conducted in July 2021. CMSG has now progressed to interest arbitration, per the Maintenance of Activities Agreement entered into by the Parties.
- f. Agreement F – Dates for commencing negotiations have been requested by MAI; it is anticipated that negotiations will commence in early 2022.



Recruitment and Retention

Replacing some highly skilled positions is becoming more and more challenging for MAI. Specialized vessel crew are in high demand. Sourcing professionals in the rural communities in which the Corporation operates, or attracting candidates to relocate to these communities, also poses challenges. To help mitigate this issue, MAI has been very proactive trying to develop its current workforce and grow the needed talent from within. Furthermore, as part of its Diversity and Inclusion initiatives, MAI is increasing its efforts to build a diverse workforce and to coordinate with organizations representing designated groups to source talent.

Technological Changes

MAI continues to seek out technology advances to find safer, more efficient ways to operate. In fact, 'Innovation' has been identified as a key strategic enabler for the Corporation, and the development of a Corporate level Innovation Strategy is one of the key strategic initiatives for 2021/22. An Innovation Steering Committee has been formed, and is currently in the process of developing its Terms of Reference, mandate, and guiding principles. The committee includes both executive members and senior managers from the organization, and plans to do regular outreach to other organizations to gain a full perspective on ways to innovate. While the committee looks at all forms of innovation, technology innovation is a significant part of its mandate.

Currently, one of the key components of innovation at MAI is focused on a full upgrade of its information systems, the first release of which was completed in July 2019. The Business Process Renewal (BPR) project will continue throughout the first several years of the planning period, although work on the project has been delayed by the pandemic. Further information on this project is provided later in the plan. Other innovation projects that have been identified for analysis include automated fuelling, introduction of self-serve kiosks at MAI's terminals, and automation of ramp operations.

External Environment

Environmental Changes

MAI operates in the Gulf of St. Lawrence, a very harsh environment, prone to extreme wind, waves, and ice. Climate change has led to more frequent, longer, and more violent weather events, resulting in increased cancellations. This necessitates a fleet of vessels with the capacity to quickly and efficiently clear up the significant backlog of cargo and passengers that results. Furthermore, the configuration of



the PAB Harbour limits MAI's ability to operate in certain weather conditions, adding to the number of cancelled trips.

MAI's route also coincides with the migration path of the North Atlantic Right Whale, one of the species identified as most endangered of all large whales. MAI continues to comply with all restrictions that apply to vessels operating in the Gulf of St. Lawrence. MAI is also actively engaging with its counterparts at TC to ensure that collectively all appropriate measures are identified and implemented to preserve this whale species.

Regulatory

Annex VI to the International Convention for the Prevention of Pollution from Ships (the MARPOL Convention) established new regulations regarding the airborne emissions from ships. As Marine Atlantic operates in a Sulphur Emissions Control Area (SECA), the Corporation has completed the necessary changes to its vessels to operate solely on diesel fuel in order to meet the requirements set out by the convention.

Alternative Providers

There are two primary alternatives to the service that MAI offers.

For passengers, the airlines offer regular flights to and from the island and are often viewed as more reasonably priced than MAI's service. Over the past several years, increasing airfare discounts and new entrants in the airline market have increased the choices for consumers. However, the impact of Covid-19 on the airline industry has already resulted in a major reduction in service to the island, with WestJet cancelling many of its flights within Atlantic Canada. This may drive increased passenger traffic to MAI, although the impacts are hard to forecast at this point in time.

Commercially, MAI supports the road transportation network, of which Oceanex is viewed as the closest alternative service provider. Oceanex transports approximately 35-40% of the goods to the Island. MAI's advantage is that it offers daily service, which aligns well with the supply chain needs of retailers and suppliers across the province.

Legal Environment

Oceanex

In 2018, MAI received a favorable ruling in the judicial review initiated by Oceanex, which challenged the rates established by MAI and what Oceanex considered an unfair subsidization. Oceanex appealed the ruling received in February 2018 concerning its challenge to Marine Atlantic's rates. That appeal was dismissed in October 2019 by the Federal Court of Appeal. In December 2019, Oceanex filed an Application for Leave to appeal to the Supreme Court of Canada. In March of 2020, the Supreme Court of Canada dismissed Oceanex's Application for Leave.

RJG Construction Limited (RJG)

In January 2014, litigation commenced between MAI and RJG Construction Limited over a construction project that was not completed for the replacement of a marine dolphin at the port of Argentia. The trial matter was heard in the Supreme Court of Newfoundland and Labrador in December 2017. In February 2018, the Supreme Court ruled in MAI's favour, holding that MAI was entitled to damages for the delay

caused by RJG and the additional costs of completing the contract with another contractor in the amount of \$1.3M plus HST.

In March 2018, RJG appealed this decision. In August 2018, the NL Court of Appeal overturned the trial decision, allowing the claim of RJG Construction. In October 2019, MAI filed an Application for Leave to appeal to the Supreme Court of Canada. In March 2020, the Supreme Court of Canada dismissed MAI's Application for Leave.

In September 2020, the matter was back before the Supreme Court of NL to decide on the quantum of damages to be awarded to RJG. On Oct 10, 2020, the Court awarded RJG damages in the amount of \$706K for breach of contract, plus interest and costs.



Economic Environment

The economy of Newfoundland and Labrador is heavily dependent on the natural resource sector and the major projects that go along with developing those resources. With the uncertainty around the price of oil, growing pressure to move towards a green economy, and the anticipated impacts of Muskrat Falls, the economic outlook for NL is not favourable over the long term.

The Conference Board of Canada just released its two-year outlook for the province of Newfoundland and Labrador, entitled "Trying to Stay Afloat – On- and Offshore", Newfoundland and Labrador Two-Year Outlook". Its key findings are as follows:

- *The Newfoundland and Labrador economy will contract by 7.1 per cent this year due to the COVID-19 pandemic and lower oil prices.*
- *Employment is forecast to decline by 6.3 per cent in 2020, down for the fifth time in the last seven years. The significant drop in employment will result in the province's unemployment rate rising to an average of 14.3 per cent for this year.*
- *Consumer demand slipped during the early days of the pandemic but has started to pick up in the second half of 2020, as the province has reopened to residents and travellers from the rest of the Atlantic region.*
- *Growth in real GDP is expected to reach 5.2 per cent in 2021 and 3.5 per cent in 2022 as the impacts of the pandemic fade.*

The report notes, however, that a second wave of the pandemic and lower oil prices could impact the forecasted GDP growth for next year. The key economic indicators for the province are highlighted below.

Key economic indicators
(percentage change)

	2019	2020	2021
<u>Real GDP</u>	5.3	-7.1	5.2
<u>Consumer price index</u>	1.0	0.2	2.1
<u>Household disposable income</u>	4.5	5.0	-2.9
<u>Employment</u>	0.7	-6.3	4.2
<u>Unemployment rate (level)</u>	11.9	14.3	12.8
<u>Retail sales</u>	-0.3	-5.7	8.8
<u>Wages and salaries per employee</u>	3.9	0.9	-0.1
<u>Population</u>	-0.7	-0.9	-0.9

Sources: The Conference Board of Canada; Statistics Canada.

However, as noted in the chart, the forecasted real GDP growth for 2022 – 24 is relatively small, and much lower than the rest of the country.

Meanwhile, consumer spending is expected to fall by a record 10% in 2020, with a rebound to 6.2% growth in 2021 and 2.7% the following year. Over

the longer term, the province's shrinking population, declining employment levels, and weak household income growth are all expected to contribute to further declines in consumer spending.

Previous studies have shown that there are a number of factors that impact traffic levels at MAI. In particular, Passenger Related Vehicle (PRV) traffic has been shown to correlate with changes in GDP, CPI (tourism) and airline prices. Commercial Related Vehicle (CRV) traffic levels are also correlated to the price of oil and the amount of vessel traffic that flows through St. John's. From MAI's perspective, the uncertainty around GDP levels and consumer spending, along with all of the unknowns regarding the pandemic, makes it difficult to forecast the impact on traffic for the next several years. As such, the Company has taken a fairly conservative approach to its traffic forecast, which will be discussed in a later section of the plan.

Customer Base

Passenger and PRV Profile

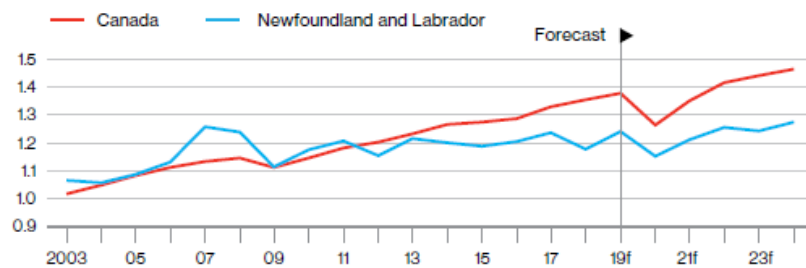
As previously noted, MAI offers both passenger and freight service to and from the island of NL on a daily basis from the port of Port aux Basques, with an additional route added from Argentia to North Sydney, NS, during the summer months to accommodate the increased passenger volumes during the tourist season.

Based on the 2020-21 passenger profile, the origin of MAI's passengers follows:

Origin of Traveller	Percentage of Total passengers
NL	38%
NS	17%
PE	1%
NB	6%
QC	5%
On	19%
Western	7%
US	7%

Real GDP, 2003 to 2024

(index, 2003 = 1.0)



f = forecast

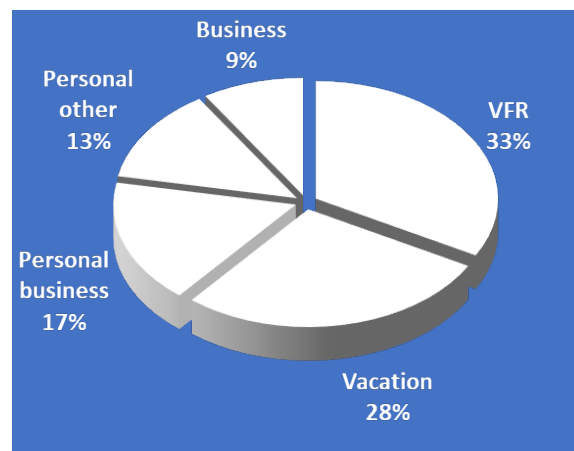
Sources: The Conference Board of Canada; Statistics Canada.

Origin of Traveller	Percentage of Total passengers
Other countries	0%

Compared to 2018/19, there was a slight increase in travellers from both NL and Ontario, with a slight decrease in traffic originating from NS. Statistics also show that the NS-ARG route is heavily favored by Ontario and US travellers.

Once on the island, 42% of total travellers are headed to western NL, 21% to central NL, and 36% to eastern NL. Only 2% of passengers are destined for Labrador. Interestingly, 69% of those destined for eastern NL are headed to St. John's, the capital city. However, only 32% of the Gulf travellers are headed to St. John's, while 84% of Argentinia travellers are headed to the city or its environs.

The purpose of their travel is depicted below:

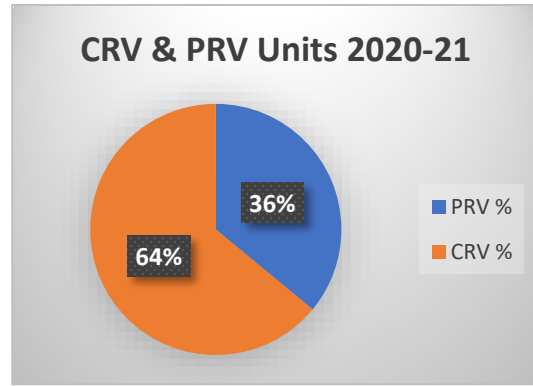
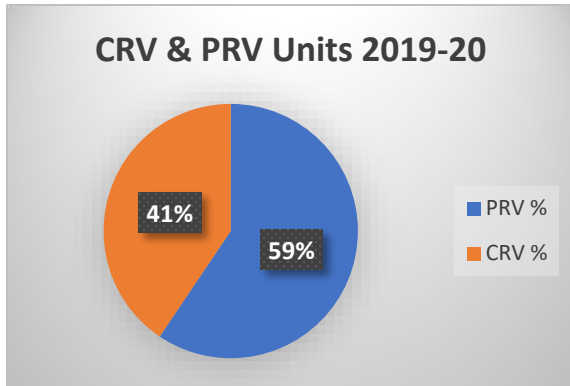


**VFR – Visiting friends and relatives*

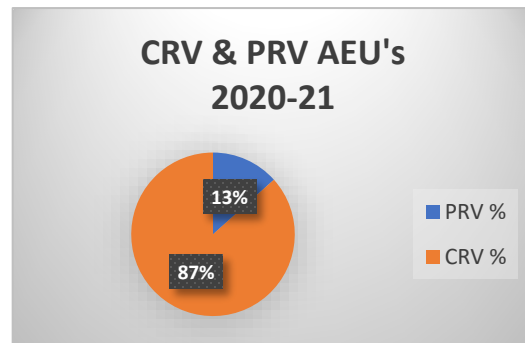
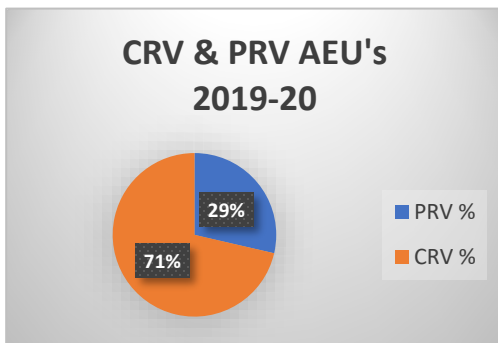
It is relevant to note that 55% of Argentinia users are travelling for vacation purposes, compared to 25% of the NS-PAB route, highlighting its importance to the tourism sector.

Commercial Travellers

From a unit perspective, Marine Atlantic's commercial users made up 41% of total units in 2019/20. That number rose to 64% in 2020/21, as a result of Covid-19 impacts on traffic.



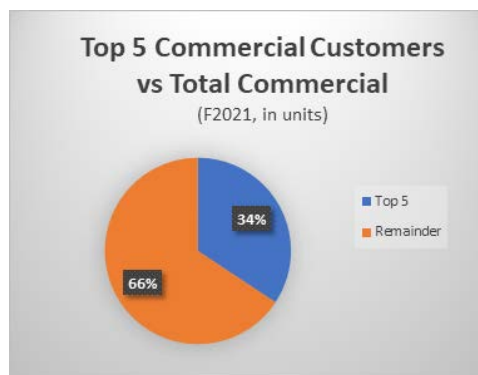
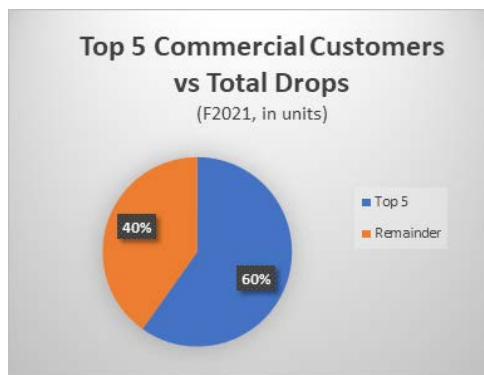
However, from an Auto Equivalent Unit (AEU) perspective, which is used to calculate capacity utilization, CRV traffic was 71% of total AEUs in 2019/20 and 87% in 2020/21.



Drop trailer traffic, or units unaccompanied by a driver, account for approximately 55% of all commercial traffic in both years.

Marine Atlantic’s commercial users carry a wide variety of goods from medical supplies to food and from industrial goods to vehicles. The majority of Marine Atlantic’s commercial customers are transportation companies who serve other end-users.

While Marine Atlantic has more than 1,000 different commercial accounts, the business segment is highly concentrated with the top 5 commercial users by volume representing 34% of total commercial units transported in 2020/21. These top 5 users deal almost exclusively in drop trailers and make up 60% of that segment.



Office of the Auditor General (OAG) Special Examinations

In 2017/18, the OAG initiated a Special Examination of Marine Atlantic. The results of this examination were released to the public on February 12, 2019 and tabled in Parliament in May. The Corporation is pleased with the results of this examination, as it demonstrates significant progress since the last special examination that occurred in 2009.

The only significant deficiency noted in the OAG's most recent report relates to the delays in getting MAI's Corporate Plans approved, and the potential impact that this may have on MAI's long-term strategic planning, specifically its long-term fleet strategy. Another deficiency highlighted is the lack of an environmental management plan.

There were, as well, numerous positives noted:

- Overall, MAI has good practices in place to oversee the running of the Corporation and to manage its operations.
- Board oversight is effective, and members receive timely information from management.
- The Corporation has systematic strategic planning processes and uses a balanced scorecard methodology to develop its strategic plan which aligns with the Corporation's mandate.
- The Corporation has developed a risk management policy and framework to help identify and assess risks.
- The Corporation has good systems and practices for managing safety and ferry operations.
- Vessel maintenance plans, preventative maintenance plans for shore-based assets, and a master capital projects plan covered all of its assets.

The final report of the OAG's special examination has been posted to MAI's website and can be found at:

https://www.marineatlantic.ca/uploadedFiles/Content/About_Us/Corporate_Information/Marine_Atlantic_Inc._Special_Examination_Report_2018.pdf.

It should be noted that as of the writing of this plan, the Corporation has implemented activities to address all deficiencies identified by the OAG that are within MAI's control. Budget 2019 provided MAI with sufficient funds to implement its fleet strategy, and the Corporation continues to work with the Shareholder to ensure timely approval of its Corporate Plan.

Recent Performance

Despite significant pressures – the impact of Covid-19 on traffic levels, significantly lower revenues, reduced funding, and increased cleaning and screening measures – MAI will live within its appropriations for 2021/22.

It accomplished this through a concerted effort by all members of the organization to protect the essential service, while implementing significant cost saving measures and keeping a strong focus on protecting the safety of both employees and customers.

MAI complied with all Public Health Safety Measures, as well as with the TC directive to reduce passenger capacity to 50%.

With both reduced funding and reduced revenues, MAI took many steps to ensure that the Corporation could continue to meet its mandate within the funding allotted to it by the Shareholder in 2020. However, some of those steps will have an impact on MAI's strategic initiatives and operating plans for 2021/22.

1. Temporary lay-offs – as of June 2020, 46% of MAI's workforce was impacted by temporary lay-off or lack of work due to the Covid-19 pandemic. While employment levels have since returned to normal levels, because many seasonal employees found other work or moved away to seek employment, MAI is currently struggling to recruit employees for certain roles.
2. To offset the reduction in revenues, MAI transferred \$27M of its capital budget to its operating budget in 2020/21. Consequently, MAI has had to re-prioritize its current year capital budget to ensure completion of initiatives that were delayed last year. While work slowed on several projects, like Business Process Renewal, other projects could not be started. These delays will be reflected in either MAI's reprofiling request, or its upcoming funding submission, in order to complete projects that were delayed or deferred.
3. Deferral of all non-essential training/travel for the fiscal year – MAI requested and received exemptions for some regulatory training requirements in 2021. However, that training will have to be completed in 2021/22.
4. Hiring freeze for non-essential positions and vacant positions removed from budget. Similar to number one above, MAI is currently facing recruitment challenges for key positions, as potential employees have moved on to other opportunities.

Detailed results for 2020/21 can be found in MAI's Annual Report, once it has been tabled in Parliament, on MAI's website at <https://www.marineatlantic.ca/about-us/corporate-information/reports>.

Alignment with Government Priorities and Objectives

As noted in more detail later in the Corporate Plan, MAI has specific plans in place to support the government's priorities and objectives. Specifically, this plan addresses the following priorities:

1. Mobilizing in Support of Common Goals in Response to COVID-19.

MAI has developed performance commitments that enable measurable indicators of leadership in adapting to shifting operational & strategic realities as a result of COVID-19 pandemic in order to deliver services and results for Canadians.

2. Advancing Anti-Racism, Diversity, Equity and Inclusion

Continue efforts to increase the social and cultural diversity of the workforce and foster the inclusion of a broad range of voices and views in governance and decision-making. Included in MAI's efforts is the establishment of a Pay Equity Plan no later than September 3, 2024.

3. Supporting Physical and Psychological Health and Safety

MAI's strategic plan focuses on:

- a. Promoting the physical health & safety of MAI employees, particularly in the context of a return to the workplace; and
- b. Supporting the psychological health of employees in these challenging times, including the prevention & resolution of harassment and discrimination.

MAI's Strategic Plan

The Corporation's Board of Directors provides the overall strategic direction for the Corporation by establishing the Vision, Mission and Values of the organization, along with the strategic themes, which management then translates into strategic objectives, measures, and initiatives. To promote the execution of the Strategic Plan, MAI uses the Balanced Scorecard (BSC) methodology, including the use of strategy maps.

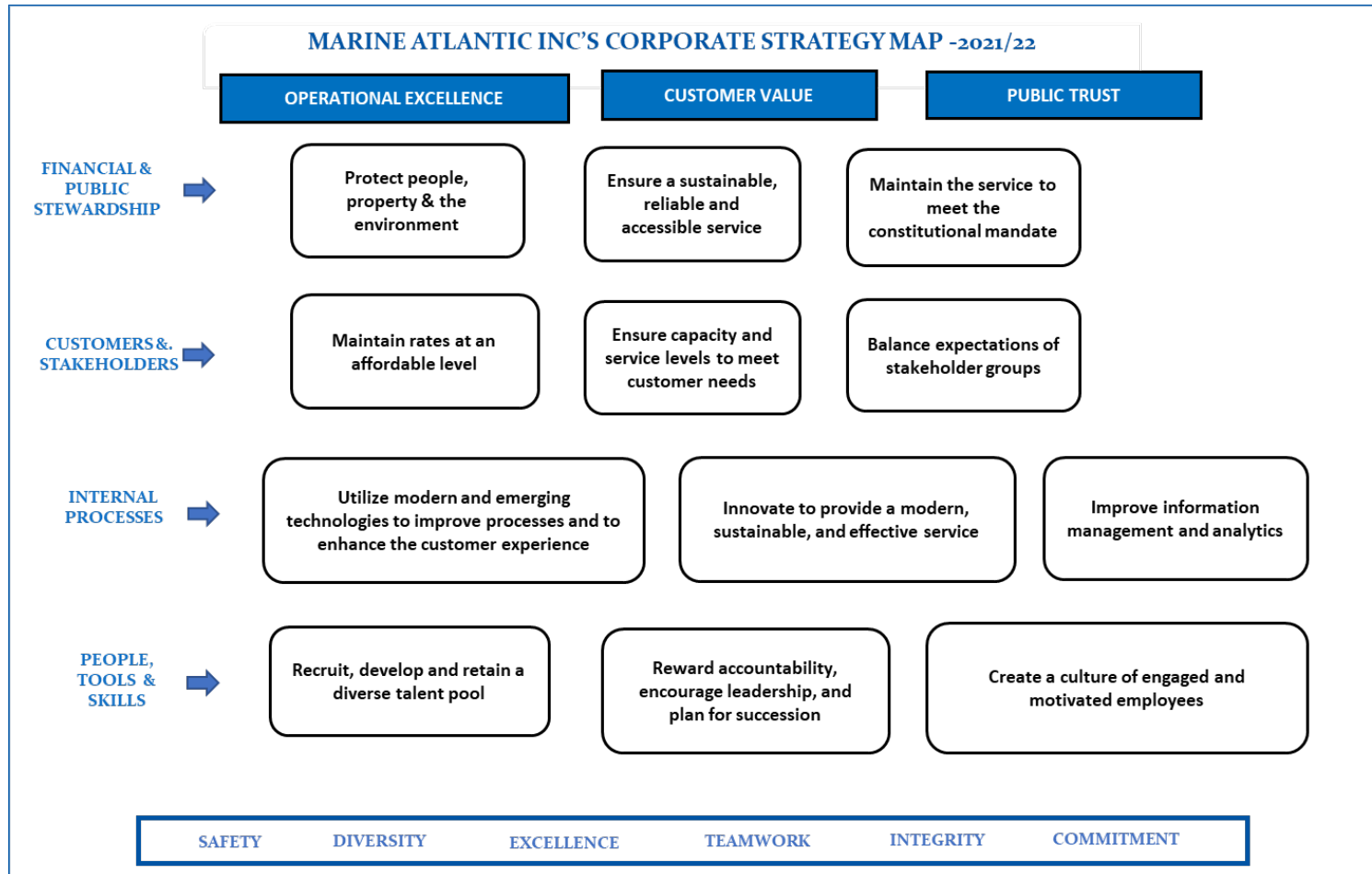


The Balanced Scorecard maps a corporation's strategic objectives to four different components of success - Financial and Public Stewardship, Customers and Stakeholders, Internal Processes, and People, Tools and Skills - all shown on the left side of the map.

Interpreting MAI's strategy map, all activities and objectives are guided by the three strategic pillars noted at the top of the map: Operational Excellence, Customer Value, and Public Trust. Foundational to MAI's success are the Corporation's values, noted at the bottom of the map. Strategic Objectives are developed to support these pillars, which are then mapped to the in-year strategic initiatives that the Corporation will focus on for the upcoming planning period.

In July 2020, MAI's Board of Directors met over several days to update the Corporation's strategy map in light of Covid-19 and the impacts on the Corporation. At that session, the Board revisited the Corporation's strategic pillars to ensure they are still relevant, updated the strategic objectives of the organization to better reflect the current operating environment, and developed strategic initiatives for the 2021/22 planning period and beyond.

Guided by the Board's direction and Government's priorities, MAI's Corporate Strategy Map for the 2021/22 planning year is presented below.



STRATEGIC INITIATIVES

1. Develop the PAB harbour
2. Procure a new Ropax vessel
3. Update and implement the Stakeholder Relationship Plan
4. Undertake an in-depth analysis to better understand the impact of cost recovery on Canadians
5. Develop and begin the implementation of a comprehensive Innovation strategy
6. Business Process Renewal
7. Establish a psychological health and safety program
8. Disseminate and integrate diversity and inclusion throughout MAI
9. PAB Office Administration Building

Major Activities and Implementation Milestones

2021/22 Strategic Initiatives				
	Strategic Initiative	Business Outcomes	In-year Deliverables	Reporting Committee
1	Develop the PAB Harbour	<ul style="list-style-type: none"> Improved safety Improved service reliability Fewer service disruptions due to high winds Improved customer satisfaction 	<ul style="list-style-type: none"> Ongoing pre-engineering work and public consultations Work with TC and Central Agencies on information requirements (Pending approval) Development of Procurement Package 1 for site works Development of expression of interest for Procurement Package 2 - dredging 	Board
2	Procure a New Ropax Vessel	<ul style="list-style-type: none"> Improved service reliability Improved customer satisfaction Increased operational (fleet) stability Better long term planning 	<ul style="list-style-type: none"> Contract Execution with Preferred Proponent Establishment of MAI Build Team and reporting structure Detailed Design completed Commence Vessel Construction Monitor Construction Report and track progress of build 	Board
3	Stakeholder Relationship Plan	<ul style="list-style-type: none"> Increased public trust Effective decision making Improved risk management 	<ul style="list-style-type: none"> Goals, scope, stakeholder breakdown Establish approach, reporting, budget Ongoing updates Review progress and adapt as required 	GRS
4	Cost Recovery Analysis	<ul style="list-style-type: none"> Improved understanding of impacts of cost recovery requirements on decision making Better understanding of rate increases on customer behaviours Improved knowledge re: economic impact of MAI on economy 	<ul style="list-style-type: none"> Issue and award RFP for scope of work as developed and approved by Executive Information gathering and coordination with consultant Draft document received and reviewed Final document presented to Board 	GRS
5	Innovation Strategy	<ul style="list-style-type: none"> Establishment of formal documentation on the intended outcomes, goals, benefits of MAI's investment into innovative activities. Provide clarity on how innovation activities will enable corporate strategy and the principles under which innovation decisions will be made. 	<ul style="list-style-type: none"> Formal Innovation Strategy Document tabled to MAI Executive for approval Review of active projects to determine those that are applicable under the innovation portfolio Identification of incremental innovation opportunities to recommend for approval through the MAI governance model. Go forward projects included in next year's Corporate Plan 	Board
6	Business Process Renewal	<ul style="list-style-type: none"> Improved analytics and more efficient reporting of data Decrease in scheduling related grievances / complaints Decrease in payroll inquiries Decrease in number of pay adjustments 	<ul style="list-style-type: none"> Restart of SAP Program Finance and Supply Chain Build and Test LMS Test Phase and Production Cutover Finance and Supply Chain Cutover Ready 	Board

2021/22 Strategic Initiatives				
	Strategic Initiative	Business Outcomes	In-year Deliverables	Reporting Committee
7	Psychological Health and Safety Program	<ul style="list-style-type: none"> Develop a comprehensive Psychological Health and Safety Management Program 	<ul style="list-style-type: none"> Develop an action plan to move the Company towards meeting the Mental Health Commission's National Standards for Psychological Health and Safety, as appropriate Based on the results of employee feedback, develop and implement an action plan to improve workplace culture, specifically as it relates to bullying and harassment Conduct Workplace Risk Assessments to identify risk areas and develop mitigation plans to prevent incidents of violence and harassment Implement required provisions of Bill C-65 	HR/HSE
8	Foster a Culture of Diversity, Inclusion, and Respect	<ul style="list-style-type: none"> Increased organizational diversity and inclusion Improved employee culture and morale To meet the Calls to Action of the Truth and Reconciliation Commission Report Improve gender representation and equity 	<ul style="list-style-type: none"> Develop and implement an action plan based on the Equity, Diversity and Inclusion (EDI) program developed in 2020/21 Conduct a comprehensive workplace EDI Assessment Develop EDI training modules Expand the Pilot Coaching and Mentorship program for women Continue engagement & consultation with community organizations Identify and address systemic discrimination by removing barriers to employment and promotion for under-represented groups 	HR/HSE
9	New PAB Office Facilities	<ul style="list-style-type: none"> Improved employee engagement Improved processes and planning Increased collaboration and cross pollination of ideas 	<ul style="list-style-type: none"> Tender award for civil site work Site development Finalize building design Develop and award tender for building construction Construction of sub-structure Begin construction of super-structure 	GRS



Port aux Basques Harbour Development

Entering and docking at the Port aux Basques harbour is challenging for the size of vessels operated by MAI. The channel entering the harbour is shallow and narrow, making the approach inherently risky. A land mass, Vardy's Island, is in the centre of the harbour and interferes with maneuvering in and out of the harbour. This area is also buffeted regularly with strong winds, which further complicates the docking and undocking of vessels.

The existing navigation channel and turning basin do not meet the current design criteria specified by the World Association for Waterborne Transport Infrastructure (PIANC) and requires advanced vessel maneuvering for access to berths and docking at the MAI terminal in PAB. It also requires the vessels to have harbour specific design characteristics such as additional thrusters & high lift rudders to enable docking. The proposed harbour development project includes options for navigation improvements and the incorporation of PIANC standards, and includes the following five components:

1. Removal of Vardy's Island
2. Partial removal of Baldwin Rock
3. Navigation channel improvements, including dredging of the proposed turning basin and navigation channel
4. Relocation of existing aids to navigation, and
5. Disposal/Re-use of the dredged and excavated materials.

In 2019/20, MAI began to explore the potential costs and operational impacts of making significant changes to the PAB harbour, and an environmental assessment was begun to determine the impacts of removing Vardy's Island.

In 2020/21, MAI commenced work on three streams of activities to support the PAB Harbour project, including preliminary engineering, environmental assessments, and stakeholder consultation. The outputs of each of the three streams will directly inform the permitting and regulatory aspect of the project, while also giving MAI a better understanding of the size, complexity and cost of the project.

Preliminary engineering work included the development of coastal engineering/hydrodynamic modeling, topographic surveys, bathymetry and sub bottom profiling, land based geotechnical, archaeological assessments, and dredge disposal /rock placement options.

From an environmental assessment perspective, work completed to date includes surface soil sampling, wildlife surveys, vascular and non-vascular flora surveys, air quality assessments, acoustic assessments, water quality assessment, fish and fish habitat surveys, underwater benthic habitat surveys and a marine sediment sampling program.

Finally, both internal and external consultations have also begun. MAI has talked to key stakeholders within the community, including business stakeholders, local government and fishery/recreational users. To date, MAI has consulted with the PAB Harbour Authority, the Town of Channel-Port aux Basques, the economic and regional development arms of the provincial governments, and the Small Craft Harbour authorities. While part of the environmental permitting process requires stakeholder engagement, talking to all key stakeholders also helps validate and inform preliminary engineering work, and allows MAI to identify potential concerns that may need to be addressed as part of the planning process. Internally, MAI has also talked to its Captains and Chief Officers, as well as shore-based management personnel.

In 2021/22, MAI is concluding discussions with the Province of Newfoundland and Labrador to obtain ownership of the island. There are currently three deeds to the island, but no owners remain to claim the land. The provincial government has signaled its intent to transfer the island to MAI at no cost. It is MAI's intent to take ownership of the island, regardless of whether the harbour development project is approved, as it is currently the site of MAI's navigational equipment and weather stations. Taking ownership of the island will allow MAI to make any improvements that it might need, now or in the future.

MAI intends to work with the Shareholder over the upcoming planning period to ensure that sufficient analysis is completed to support this project; once all information requirements have been satisfied, MAI will seek TC's approval and funding for the project.



Fleet Strategy

Vital to MAI's continued success is having a safe, reliable, and efficient fleet, not only to ensure it can continue to meet the traffic demand, but also to achieve the key performance targets established by the Shareholder, such as cost recovery, on-time performance, vessel reliability, and customer satisfaction levels. An established long-term fleet strategy permits a stable and efficient fleet renewal program which ensures the appropriate fleet configuration, timely vessel renewal and replacement, better value in expenditures, staffing efficiencies, and the flexibility to meet service expectations.

MAI's current fleet consists of four Canadian flagged ice-class ferries: *MV Blue Puttees*, *MV Highlanders*, *MV Atlantic Vision* and the *MV Leif Ericson*.

The sister ships the *MV Blue Puttees* and the *MV Highlanders* form the basis of MAI's fleet. They are Seabridger class vessels that MAI purchased outright in 2015/16. The *MV Atlantic Vision* is currently under a lease arrangement, and the *MV Leif Ericson* is owned

outright by the organization.

All of these ships are RoPax vessels – large ships with the ability to accommodate both commercial and personal travellers at the same time. These ships have significant freight carrying capacity, and can accommodate large commercial vehicles. However, they can also transport large numbers of passengers, and offer the amenities that are important to both the personal traveller and commercial drivers – cabins, restaurants, shops, and entertainment. The flexibility of the vessels makes them ideal for MAI, since they can accommodate both freight and passengers on all routes and are able to be used interchangeably between routes.

In contrast, a RoRo vessel is limited to carrying freight only, with a passenger capacity limitation of 12 and very few, if any, passenger amenities. While a RoRo vessel would allow MAI to move large amounts of commercial traffic, the Corporation prefers the flexibility of having four RoPax vessels in service. A fleet of four RoPax vessels not only provides the Corporation with the ability to recover quickly from service interruptions, which are common in MAI's operating environment, but also allows the Corporation to reduce its operational risk by having four vessels that can move the passenger traffic when needed. For example, if MAI experiences a breakdown during the busy summer season, the other remaining RoPax vessels allow the Corporation to continue to meet the traffic demand and minimize delays to passengers. From an operational perspective, having four RoPax vessels is one of MAI's key risk mitigation factors.

TC is currently assessing the need for four vessels for MAI's service, the results of which will drive future discussions about MAI's fleet requirements. However, MAI maintains that with the projected traffic forecasts, combined with the operating environment in which we operate, and the potential for lengthy service disruptions, a four-vessel fleet is required to minimize risk to the Corporation and to continue to provide a reasonable level of service to end-users.

MV Atlantic Vision

This plan assumes that the *MV Atlantic Vision*, or a similar vessel, will be included in the fleet for the duration of the planning period, as the new vessel was intended to replace the aging *MV Leif Ericson*. However, over the planning period, MAI will be exploring a number of options with respect to the fourth vessel in its fleet, with a focus on finding a vessel that is more efficient to operate than the *MV Atlantic Vision* as soon as is feasible. Overall, MAI's goal is to find a long-term fleet solution that will help manage overall operating costs, while meeting the cost recovery expectations of the Shareholder, providing a level of service that its customers have come to expect, and reducing the level of risk to the organization.



MV *Leif Ericson*



Budget 2019 also provided sufficient capital for the Corporation to complete the MV *Leif Ericson's* 30-year survey. This 30-year class survey is the most extensive survey a vessel will go through. Every space, component, and structure of the vessel is examined for wastage or diminution of original thickness of steel. DNV/GL - the International Association of Classification Societies (IACS) approved class inspection agency - will perform this survey.

The survey itself covers 68 items in a pre-defined list. The owner must provide the survey results and be prepared to replace or refit any items that are deemed to be below Class/Statutory Acceptable Limits.

Preparation for this survey began in 2019/20, with the bulk of the work completed in 2020/21 and early 2021/22. A summary overview of the work completed can be found in Appendix J.

While this plan assumes that the new vessel is going to be replacing the MV *Leif Ericson*, as was MAI's original intent, the Corporation is currently exploring alternative fleet configurations. It is likely that the recent investment made in the MV *Leif Ericson* will extend the useful life of the vessel to at least 35 years, allowing MAI to keep the vessel in the fleet for a longer period. Any change to the original fleet strategy will have to be approved by MAI's BOD, and if approved, will be reflected in the 2022/23 Corporate Plan.

New Vessel Procurement

MAI has begun the procurement process for the new vessel approved in 2019/20. With funding and approvals secured in Budget 2019, MAI released an RFQ in July 2019 to shortlist a group of qualified proponents with whom to proceed to the next phase of the project, the RFP. Four applicants in total met all of the requirements to be evaluated as a potential proponent. Two of those proponents moved on to the RFP phase of the project, which was released in Q1 2020/21. MAI completed the Commercial Confidential Meetings (CCM) with each of the proponents to help facilitate their responses to the RFP. Throughout the remainder of 2020/21, MAI focused on the evaluation of RFP responses and identification of the preferred proponent.

In July 2021, following a competitive procurement process that was open to both domestic and international bidders and overseen by an independent fairness monitor, MAI announced that the Corporation has entered into a 5-year charter agreement with Stena North Sea Ltd. to supply a new Ro-Pax vessel for the fleet. Following the five-year charter agreement, Marine Atlantic will have an option to purchase the vessel.

The new vessel will offer energy efficient green ship technology, aligning with the Government's current focus on climate change and the reduction of carbon emissions. The vessel's design will incorporate dual-fuel technology and will be equipped with batteries to further reduce its carbon footprint. The ship will be constructed with specific measures to reduce underwater noise, thereby reducing the impact on marine life. The vessel will also offer enhanced power and thruster capability for maximum maneuvering ability during docking and undocking.

The ice-classed vessel will be approximately 200 metres in length, with the ability to carry commercial and passenger vehicles. It will incorporate the latest accessibility standards, carry up to 1000 passengers, have 146 passenger cabins (including pet friendly cabins), 40 passenger pods, a variety of food service options, seating lounges, a children’s play area, and a kennel for pets. The ship will be compatible for use on both the Port aux Basques and Argentia services and is expected to enter service in the 2024-25 fiscal year.



The following chart presents the high-level project plan and major milestones.

	2021/22				2022/23				2023/24				2024/25			
New Vessel Project	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Contract Effective Date																
Basic Design																
Detail Design																
Vessel Construction																
System Installation & Commissioning																
Sea Trials																
Delivery																
Transit																
Training/Vessel Familiarization																
Vessel in-service																

Securing a new vessel is a major undertaking for the organization. MAI has availed of several external consultants to help manage this project, including technical, legal, risk and project management expertise. A clear governance model has been put in place to ensure that the project is managed appropriately.

Business Process Renewal – Enterprise Resource Planning (ERP)

The 2021/22 fiscal year will be a busy year for MAI as the BPR SAP program was re-started after a program pause due to COVID19. The SAP Private Cloud Migration project closed in August 2021. In that project, MAI worked in partnership with Deloitte and SAP to migrate all SAP systems (Production & Non-Production) to a hosted cloud environment. This migration has eliminated the need for an SAP data centre (previously managed by Bell).

The Supply Chain/Finance and SuccessFactors Learning Management System projects will launch in the 2021/22 fiscal year.

The Learning Management System is built upon the SuccessFactors Employee Central module deployed in BPR Release 1. It is the first additional SuccessFactors module that MAI has developed and will help address recommendations from the OAG's Special Exam. The Learning Management Systems launch is scheduled for release in December 2021. The system will allow MAI to create learning plans and curriculum for each employee to not only identify required training and development, but also proactively monitor training requirements for compliance tracking, including notifications in advance of expiry dates.

In 2020/21, the SAP Supply Chain/Finance project was started as a business continuity exercise when the broader SAP program was paused due to Covid19. While this initiative was launched as a risk mitigation exercise in the event the legacy system became unstable to the point of disrepair, the project has progressed through the design & build phases. Pending the test phase completion, the system will be 'cutover ready' in Q3 2021/22 and will launch in the 2021/22 fiscal year. The implementation of the Supply Chain & Finance modules will result in a streamlined procure to pay process, a holistic system for financial transactions and a cleansed, harmonized material master repository (currently managed via four legacy systems).

The implementation of the SAP Supply Chain/Finance modules will position MAI to start the SAP Plant Maintenance project in the 2022/23 fiscal. The first phase of SAP Plant Maintenance initiative will focus on the shore-based components and will run parallel to an SAP version upgrade, which will deliver enhanced offline capability to be utilized on the vessels. The team will commence vessel-based Plant Maintenance project upon completion and stabilization of these two projects.

The BPR program has MAI provided an ERP foundation for a future of operational excellence and continuous improvement. At the conclusion of the BPR program, MAI will have a full suite of fundamental tools to embark upon continuing ERP innovation. The Learning Management Systems platform has been built with future needs in mind - such as e-Learning - and configured in such a way that the path to continuous improvement is already underway. The BPR team is currently assessing options and approach to continue development and deployment of Talent Management modules for the organization with Recruiting Management emerging as the next priority for the Human Resources division. The SAP Supply Chain/Finance modules have been built based on SAP & industry standards which will simplify future enhancement initiatives like RFID functionality, Enterprise Warehouse Management and SAP mobile apps.

The current implementation schedule is below:

BPR Project	2021/22				2022/23				2023/24			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SAP Finance	■	■	■	■								
SAP Supply Chain	■	■	■	■								
Learning Management System	■	■	■									
SAP HSE					■	■						
SAP Plant Maintenance Shore					■	■	■	■				
SAP Plant Maintenance Vessel					■				■	■		
SAP Talent Management					■	■	■	■	■	■		

■ Timeline TBC

Diversity and Inclusion

MAI aims to have a workforce reflective of the diverse communities it serves. To that end, MAI's diversity and inclusion initiatives will focus on the four Federal Government identified underrepresented groups:

1. Women
2. Persons with Disabilities
3. Visible Minorities
4. Indigenous Peoples

The targets set for the duration of the Corporate Plan are as follows:

Targeted Group	Baseline Representation (2017)	2019 Results	2020 Results	End of Plan Target
Women	37.10%	39%	37.2%	48%
Indigenous People	3.70%	4.50%	4.40%	5.50%
Visible Minorities	1.50%	2.10%	1.80%	2.50%
Persons with Disabilities	4.80%	6.00%	5.70%	TBD

Note that the drop in representation of each group has declined in 2020 from the gains made in 2019. This is a result of the hiring freeze that MAI implemented to manage costs throughout the pandemic.

The Corporation has developed an Equity, Diversity and Inclusion Action Plan with the following objectives:

1. Develop and implement an action plan based on the strategy developed in 2020/21 to foster diversity and inclusion in the workforce, helping make positive contributions to social inclusion and workforce participation.
2. Create a psychologically safe and healthy workplace free from bullying, harassment and all forms of disrespectful behavior.
4. Create policies and programs that advance gender equality in the workplace.
5. Create a workplace which is fair, safe and inclusive of 2SLGBTQ+ individuals and of all people regardless of their sexual orientation, gender identity/expression or intersex status.
6. Strengthen MAI's partnership with Indigenous communities in Newfoundland and Nova Scotia to collaborate on initiatives to create a workplace which is representative, fair, safe and inclusive of Indigenous peoples.
7. Create a workplace which is fair, safe accessible and inclusive of persons with disabilities; and
8. Create a workplace which is fair, safe and inclusive of visible minorities.

Based on the goals of this action plan, there are a number of initiatives planned for 2021/22, including but not limited to the following:

- Conduct a comprehensive workplace EDI Assessment.
- Identify areas of under-representation of the designated groups and outline actions necessary to increase their representation.

- Identify and address systemic discrimination by removing barriers to employment and promotion for underrepresented groups.
- Develop EDI training modules to raise employee competencies relating to EDI.
- Continue to develop, improve and modify educational and promotional materials be inclusive and widely accessible.
- Continue engagement and consultation with community organizations to discuss emerging issues, priorities and actions.
- Explore how MAI can leverage its new SAP technology for the purposes of self-declaration.

MAI will be focusing on the key stages of the employment life cycle – recruitment, inclusion, professional growth, and active contribution and leadership. At each of these stages, MAI will be looking to ensure barriers are removed so that all individuals have opportunity to flourish. While some of the activities identified in the Equity, Diversity and Inclusion plan are slightly delayed due to the pandemic, MAI is exploring alternative delivery modes to ensure that the Corporation can continue to meet its targets.

Gender Equity

The current breakdown on MAI's workforce by gender as of the end of 2020 is as follows:

Employment Equity Occupational Group	Total		
	Employees	Total Women	Percentage
01 Senior Managers	9	2	22.22%
02 Middle and Other Managers	56	20	35.71%
03 Professionals	37	27	72.97%
04 Semi-Professionals and Technicians	144	13	9.03%
05 Supervisors	32	17	53.13%
06 Supervisors: Crafts and Trades	8	0	0.00%
07 Administrative and Senior Clerical Personnel	28	23	82.14%
08 Skilled Sales and Service Personnel	64	26	40.63%
09 Skilled Crafts and Trades Workers	70	0	0.00%
10 Clerical Personnel	99	59	59.60%
11 Intermediate Sales and Service Personnel	90	70	77.78%
12 Semi-Skilled Manual Workers	377	60	15.92%
13 Other Sales and Service Personnel	191	131	68.59%
Totals	1205	448	37.18%

MAI has developed the following specific initiatives for the Corporation for 2021/22.

Initiative
Continue recruitment and succession planning with a focus on female employees including participation in Leadership Management Development Program.
Evaluate the Coaching and Mentorship pilot program for women, revise as required, and expand to include greater participation.
Increase gender equity on Senior Leadership Team by at least 1 position.
Develop inclusion guidelines, as well as awareness and education tools, for all managers and employees with regards to all under-represented groups.
Senior Management Women representation at Industry Conferences & Associations to be increased to 30-40%
Develop and implement recruitment strategies to increase the number of women and indigenous peoples within the organization.

Psychological Health and Safety Program

MAI's key objective is to develop a comprehensive Psychological Health and Safety Management Program that complements our current Safety Management System. Key activities for 2021/22 include:

- Using the results of an external independent review, develop an action plan that moves MAI forward with adopting the Mental Health Commission's National Standards for Psychological Health and Safety.
- Continue to engage with the recently established Healthy Workplace Advisory Committee to advise on issues related to psychological health and safety.
- Develop a draft Psychological Health and Safety Management Program.
- Implement recommendations emerging from MAI's Employee Engagement survey and focus groups to reduce harassment and bullying in the workplace.
- Monitor and revise, as required, the workplace re-integration plan that incorporates the physical & mental health and safety of all employees in light of Covid-19.
- Continue to develop a health and wellness communications program and framework that ensures the timely release of information and support for employees.

PAB Office Administration Building

In 2009, Marine Atlantic Inc (MAI) was the subject of a Special Examination by the Office of the Auditor General of Canada (OAG). The results of this Special Examination were poor, with the Auditor General concluding that MAI was at risk of mandate failure, primarily due to its aging assets, insufficient fleet capacity and insufficient management structure. As a result of that audit, MAI developed its Revitalization Strategy, a comprehensive plan to address the shortcomings identified by the OAG. That plan was supported with a substantial infusion of funding from the Shareholder. MAI's Revitalization Strategy focussed first on those issues that directly impacted MAI's ability to provide its service – fleet capacity, aging and unreliable ferries, and crumbling shore-based infrastructure.

MAI is now turning its attention to one of the few outstanding infrastructure issues that remains – to address the current issues with the administration office facilities in PAB. While the need to eventually renovate and expand the building at 10 Marine Drive was identified as part of MAI's Revitalization Strategy, the situation in PAB has now reached a critical point. The facility at 10 Marine Drive has reached the end of its useful life. The building is old, in poor condition, and poses health and safety issues for employees. Overcrowding, accessibility issues, and limited parking exacerbate the problems with the physical facility.

To address the issues with the current facilities, MAI completed an analysis of several options:

1. Lease currently available commercial space in the PAB area.
2. Redesign and renovate the current building at 10 Marine Drive.
3. Build a new facility; and
4. Contract with a third party to have a new facility constructed and leased to MAI.

With the help of its business consultants, MAI developed cost estimates for both the upfront construction/investment for each option, as well as a total cost of operation over a 25-year period. Both the cost analysis and suitability requirements indicate that Option 3 – New Build construction is the option that presents the best value.

The benefits of pursuing Option 3 include the following:

- New building technology and improved construction methods will increase the efficiency of the facility and reduce both initial and operating environmental impact.
- Construction of the facility will result in increased job creation and GDP impact at the direct, indirect, and induced level.
- The design of the facility will incorporate modern Government of Canada standards, providing an inclusive, accessible space that will allow for greater flexibility and use of space, along with enhanced collaboration between employees.
- The project will provide incentives for attraction and retention of required talent; and
- It aligns with Infrastructure Canada's mandate to invest in rural infrastructure to help grow local economies, build stronger, more inclusive communities, and help safeguard the environment and the health of Canadians.

MAI was notified in May of 2020 that the funds for this building were included in the Shareholder's 2020/21 funding decision. However, since the 2020/21 Corporate Plan was not approved until March 2021, MAI was unable to start the project until April of 2021. As such, MAI has submitted a reprofiling request to align the approved budget with the new project schedule. MAI is not only requesting that the money not able to be spent in 2020/21 be reprofiled to a future date, but also that the approved funding envelope be spread over a three-year period – from 2021/22 to 2023/24 – to align with the project build. Without this reprofiling, the building project will be put in jeopardy.

At the time of writing, the following work has been completed on this project in the current fiscal year:

- Internal core project team formed
- Building functional program completed by Deloitte and approved by MAI Steering Committee
- Civil site work portion of the project is ongoing - anticipated completion is early fall 2021
- Basic design underway utilizing Maderra, MAI's new engineering consultants - anticipated completion late fall
- Detailed engineering design for building envelope to commence fall
- Anticipate tendering for foundations and building envelope during late fall/early winter 2022

Enterprise Risk Management

MAI has implemented a robust Enterprise Risk Management (ERM) process for the Corporation, details of which can be found in Appendix G.

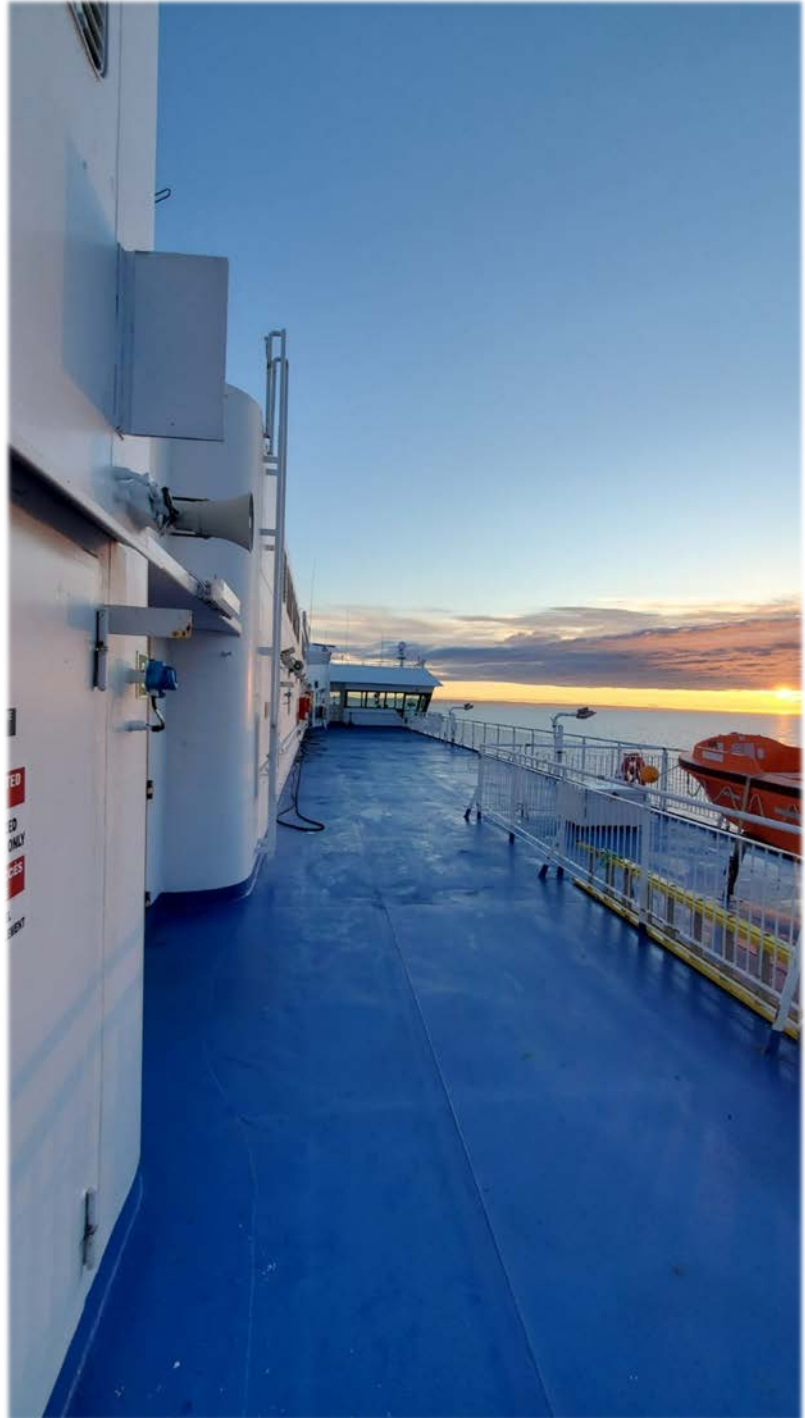
MAI's ERM process approaches risk from a strategic perspective, focussing at the corporate level on those things that could prevent the organization from achieving its strategic goals. Therefore, once the Corporation refreshed and updated its strategic objectives, it also reviewed and updated its corporate level risk statements.

Risk registers have been revised and updated for each of these risk statements, current controls identified, and incremental mitigation activities identified as required. Each risk has been rated on both an inherent and residual basis using the risk methodology also outlined in Appendix G.

The Corporate Strategy and Enterprise Risk Management Committee (CSERMC) meets quarterly to update the risk ratings and to discuss any emerging risks that may appear. The results of the CSERMC meeting are then taken forward to the Governance, Risk and Strategy committee of the Board for review and approval.

The Corporation is currently in the process of finalizing risk registers for each of the key divisions within the organization, with the goal of having a divisional risk process in place as we move through 2021/22.

MAI's 2021/22 Quarter 1 Risk Dashboard has been included in Appendix G, outlining MAI's Corporate Risk Statements, their current and projected residual rating, as well as commentary that supports the risk ratings.



Expected Results

In addition to the strategic initiatives and the in-year deliverables identified earlier in the Corporate Plan, the table below includes a number of Key Performance Indicators (KPIs) that MAI uses to measure performance. Given the impacts of the Covid-19 pandemic on MAI's operations, the Corporation does not expect to meet a number of these indicators for the upcoming fiscal year. With the reduction in revenues from declining traffic levels, achieving cost recovery will be extremely difficult across the board in 2021/22. Reduced capacity levels will also drive capacity utilization down below 70%, and may impact MAI's recovery time after a service interruption. Finally, with reduced services, capacity and routes, customer satisfaction results are also expected to decline.

Objective	Performance Indicator	Minister Expectations
Efficient Ferry Service	Overall cost recovery	65%
	Vessel capacity utilization	70%
Reliable Ferry Service	Departures are within 15 minutes of published schedule (excludes weather delays)	90%
	Unplanned service interruptions	3% or lower
	Following a mechanical breakdown or weather delay, sailing returns to the published schedule and affected passengers/traffic is re-booked	Within 24 hours
Customer Satisfaction	Overall customer satisfaction of passenger related vehicles (PRV)	70%
	Overall customer satisfaction of commercial related vehicles (CRV)	60%
	PRV customers are very likely to recommend the service to other users	50%

The Corporation tracks both the corporate level Key Performance Indicators and Key Risk Indicators, as included in the table below. The results are reported to the Executive and the Board on a quarterly basis. These measures are reviewed annually and adjusted as required.

Marine Atlantic Key Performance Indicators				
Strategic Perspective	Measure	2021/22 YTD Target	End of Q2 2021/2022	Variance to Target
Financial & Public Stewardship	Cost Recovery - YE Forecast:			
	Overall Service	65%	56.6%	8.40%
	Revenue (\$M)	\$53.20	\$59.60	\$6.40
	Operating Expenditures	\$121.29M	\$118.98M	2.31M
	Capital Expenditures	\$21.95M	\$15.40M	\$6.55M
Customer & Stakeholders	CRV's	23,223	24,244	1,021
	Drops	26,145	25,022	1,123
	PRV's	64,417	55,214	9,203
	AEUs Carried	285,154	272,867	12,287
	Vessel Availability	≥ 97%	97.5%	0.50%
	On-time Performance	≥ 90	91%	1.00%
	Overall Customer Satisfaction - PRV	≥ 69%	82.0%	13.0%
	Overall Customer Satisfaction - CRV	≥ 60%	Not Avail	Not Avail
	Likelihood to Recommend	> 50%	60%	10%
	Media Score	Positive	Neutral	N/A
Internal Processes	Capacity Utilization	≥ 70%	66.8%	3.20%
	Average Wait Time - Unrestricted Commercial Loads	≤ 9 hours	7.30	1.9
	Unplanned Service Interruptions	≤3%	2.5%	0.50%
	Lost Time Injury Frequency	≤1.7	2.47	0.77
	Passenger Injury Rate	≤0.82	0.77	5%
	Funded Planning horizon	> 2 years	6 Months	18 months
	Fuel Consumption	18.90M Litres	18.58M Litres	0.32M litres
	Overtime	\$1.14M	\$1.25M	\$0.11 M
	Cyber Risk Score	≤4	7.5	3.5
People, Tools, & Skills	Vacancy Rate of Key Positions	<5%	8.7%	3.70%
	Turnover Rate of Employees (Resignations)	< 4%	5.4%	1.40%

Financial Overview

The financial projections in this corporate plan are based on the following assumptions:

- MAI will continue to operate with a four-vessel fleet for the duration of the five-year plan.
- MAI will continue to operate both routes - Port aux Basques to North Sydney and Argentia to North Sydney - for the foreseeable future. However, the Argentia service will be limited to two round trips per week in 2021/22, a reduction of 1 round trip per week.
- A new vessel will be brought into service in Q3/Q4 of fiscal 23/24.
- Quoted lease rates for the MV *Atlantic Vision* are used until the end of the optional lease periods.
- Traffic levels will be slow rebounding from Covid-19, returning to normal levels in 2022/23.
- Passenger limits to accommodate social distancing for both customers and crew will remain in effect for part of 2021/22.

A more detailed explanation of specific assumptions follows.



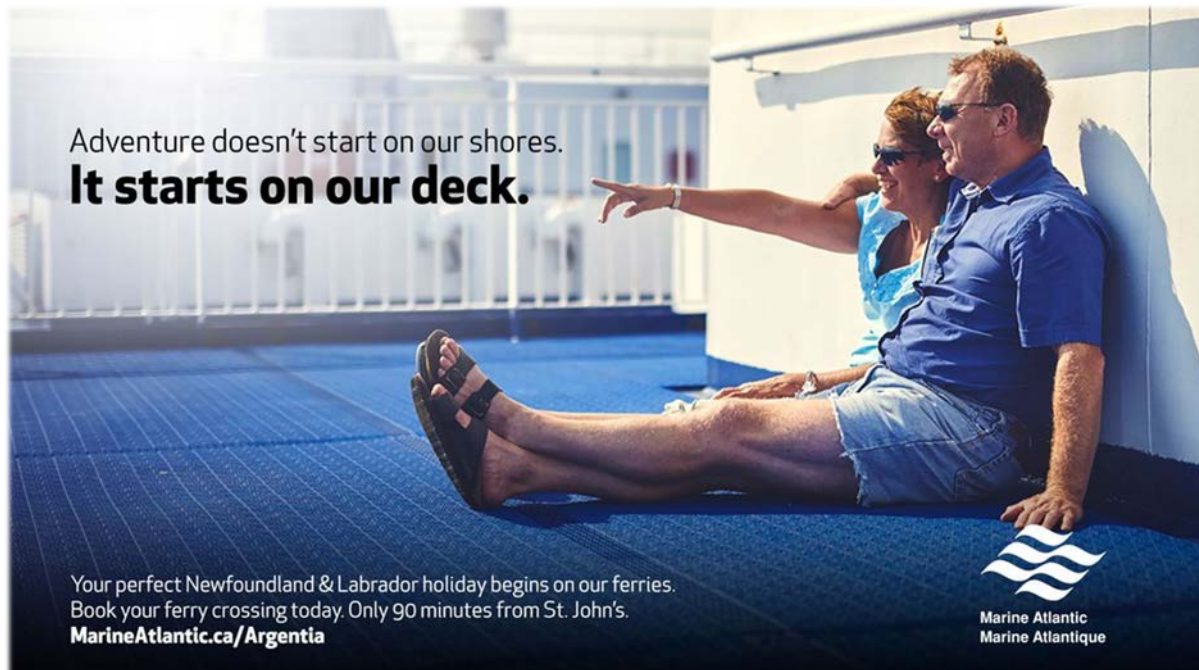
Rates

MAI's customers have seen increasing tariff rates in the past decade, with passenger related vehicle (PRV) and commercial related vehicle (CRV) rates increasing by 16% and 18% respectively since 2012/13. As such, one of MAI's key goals is to ensure that the service remains affordable for customers, particularly in light of the economic impact that Covid-19 has had on the country and the province.

To encourage customers to return to the service as restrictions associated with the pandemic begin to lift, MAI has maintained its current rates for MAI's passenger and PRV customers on all routes for the first year of the plan. While MAI recognizes that this leaves its cost recovery results below target, it

believes it is the right decision for the Corporation's customers and stakeholders, and for the country's pandemic recovery efforts.

While rate freezes on passenger and PRV traffic for the last several years have caused some concern from the Shareholder, as it has created the perception that MAI has not kept up with cost of living increases, MAI's analysis shows that in fact, the amount that MAI customers have been paying for the service has actually increased faster than the CPI once the total cost of the service is taken into consideration, which includes not only the tariff rate but also the fuel surcharge and the security fee.



Fuel Surcharge

In April 2020/21, MAI reduced its fuel surcharge from 18% to 13% as a result of the severe decrease in the price of fuel worldwide. For planning purposes, the Corporation is forecasting that the fuel surcharge will remain unchanged at 13% for duration of the planning period. However, as in previous years, the Corporation will revisit the fuel surcharge on a regular basis and adjust the charge as required if there are significant changes in the cost of fuel.

Traffic and Revenue

Based on the projected rate increases and fuel surcharge strategy, as well as the impacts of Covid-19 on the economy overall and MAI's traffic levels in particular, MAI has developed a five-year traffic forecast. Traffic levels are not expected to rebound to pre-Covid-19 levels until 2022/23.

The projected traffic forecasts and the planned rate strategy result in the following revenue forecast over the next five years.

Revenues (000's)	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Total Revenues	\$ 88,012	\$ 104,553	\$ 105,711	\$ 109,486	\$ 111,736	\$ 519,498

* Numbers may not add due to rounding

Charter Fees

For the purposes of this plan, MAI is assuming that the new vessel will be brought into service to replace the MV *Leif Ericson* in October 2023, as per MAI's original fleet strategy. It is also assuming that the Corporation will continue to lease a fourth RoPax in the fleet beyond the current expiry date of the lease of the MV *Atlantic Vision*.

Fuel Expense

Fuel is, and will continue to be, a large portion of the Corporation's operating budget, accounting for upwards of 15% of total operating expenses, excluding amortization. To comply with the MARPOL convention regarding the Sulphur Emission Control Area (SECA) regulations, MAI has changed the type of fuel it burns, with a complete switch to diesel fuel in 2019/20. Marine diesel is more expensive than the blended fuels used historically by MAI, driving up the average cost/litre.

For planning purposes, the Corporation has assumed the following prices for Marine Diesel Oil.

<i>Price in cents per litre (CAD) including 2% inflation</i>					
	2021/22	2022/23	2023/24	2024/25	2025/26
MDO	57.00	58.14	59.30	60.49	61.70

Travel, Hospitality, Conference and Event Costs

The Corporation's travel, hospitality and events policies and procedures were updated in 2016/17 to align with those of the Treasury Board Secretariat (TBS).

From a reporting perspective, MAI has set up a process for initiating, routing and tracking the approvals required for travel, hospitality, conferences and events to comply fully with the 2015 Governor in Council directive. The Corporation reports on travel expenses quarterly as well as in its Annual Report. Under the proactive disclosure guidelines put forward by TBS, MAI also reports details of travel by executive and Board members on its website on a monthly basis.

In general, MAI's travel costs include travel for training and travel to MAI's various offices. Hospitality costs are mostly related to training, interdepartmental managers' meetings, and employee recognition events.

The Corporation's forecasted travel, hospitality and conference expenses are as follows. As the result of the pandemic, these expenses are forecasted to be lower than pre-pandemic levels for the first year of the plan.

<i>(000's)</i>	3-Yr Average	Actual	Actual	Forecast				
	2017-18 – 2019-20	2019-20	2020-21	2021-22	2022/23	2023/24	2024/25	2025/26
Travel	1,648	1,395	255	1,010	1,749	1,784	1,820	1,856
Conferences	52	31	15	40	55	56	57	58
Hospitality	210	147	45	150	223	228	232	237
	1,910	1,573	315	1,200	2,027	2,068	2,109	2,151

Other Costs

Foreign Exchange Rate

The Plan assumes an exchange rate of 1.60 CAD = 1 EUR until March 2022 and then 1.75 thereafter. MAI is particularly conservative with this forecast, given the number of factors that can influence the exchange rate in the longer-term planning horizon.

Hedging Strategy

The Corporation utilizes a foreign exchange hedging strategy to proactively mitigate exposure to foreign currency. The Corporation secured forward contracts with a financial institution for a portion of the Euro currency requirements over the remaining charter period of the MV *Atlantic Vision*.

MAI's hedging strategy has been successful in bringing stability and cost certainty to the charter obligations for the duration of the charter agreements. MAI will continue to employ a hedging strategy for the new vessel, should it be required.

Inflation Rates

Canada's inflation policy, as set out by the Government of Canada and the Bank of Canada, aims to keep inflation at two per cent. For the purposes of this Corporate Plan, MAI has assumed inflation rates of 2% for expenditures.

Pension Costs

Marine Atlantic's pension plan is a defined benefit plan. The Corporation is in compliance with the Order in Council requiring its pension plan to be cost shared 50:50 between employer and employees. There is currently no requirement for pension solvency payments based on the performance of the Corporation's Pension Plan.

Restructuring Costs

Restructuring costs are based on an average severance package of \$150,000 per employee based on current collective bargaining agreements. The restructuring forecast for 2021/22 also includes funds for the Income Supplement Agreement, required as a result of the ongoing Covid-19 pandemic.

Capital Requirements

As in previous years, MAI's capital plan is based on the following requirements: fleet and shore-based maintenance, and investments needed to carry out MAI's Strategic Plan, including longer-term asset renewal.

As noted previously, MAI has requested a reprofiling of the funds allocated for the new vessel in 2021/22. The delay in the vessel project is a result of the impacts of Covid-19, which impacted not only MAI's ability to develop and issue the RFP according to its original project schedule, but also the proponents' ability to deliver the vessel within the originally stated timeframe. The uncertainty around shipyard availability, potential impacts of Covid-19 on the workforce, the ability of manufacturers to produce and deliver the required components, etc. all resulted in all respondents to the RFP requesting additional time to build and deliver the vessel. To minimize the risk of not getting a successful response to the RFP, MAI agreed to change the timeline of the delivery of the vessel by 6-

12 months. Along with the delays in developing and releasing the RFP due to Covid-19, this puts the entire project back approximately 12 - 15 months.

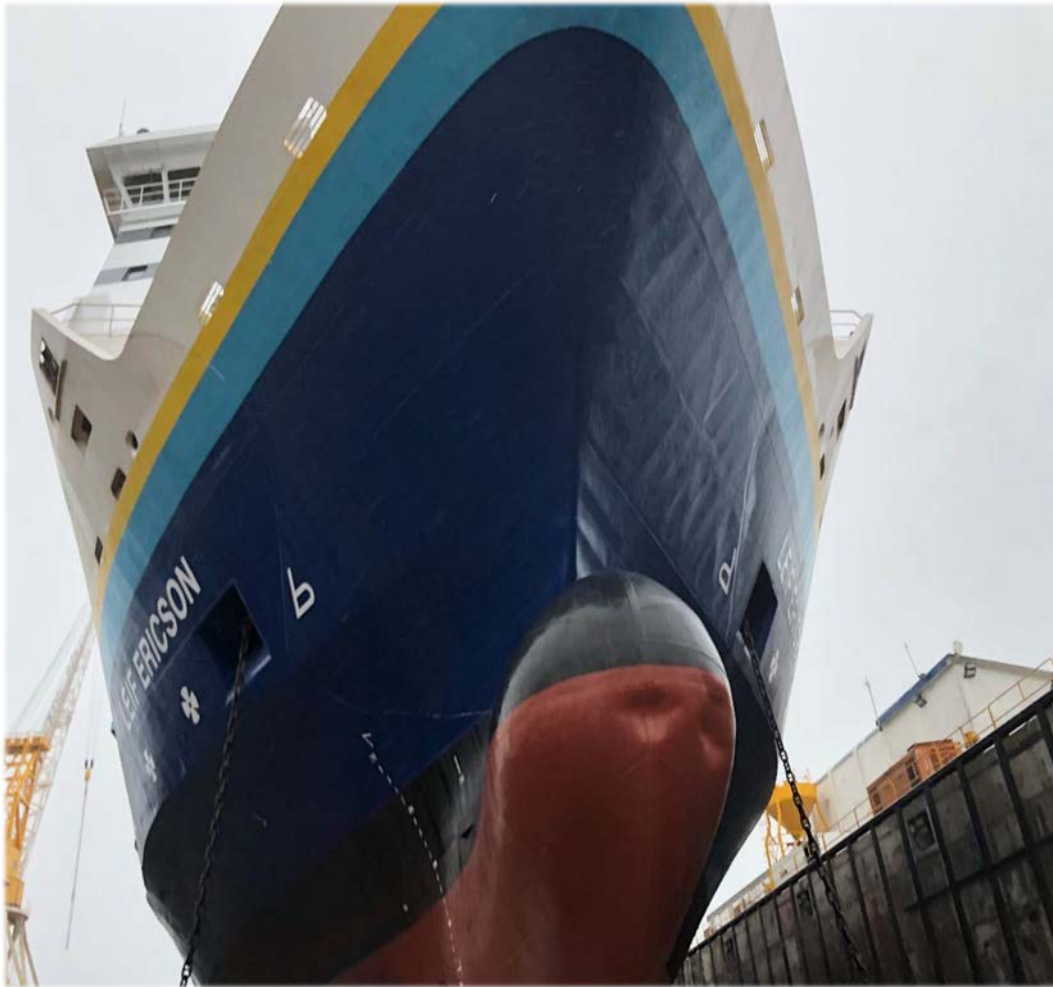
Because of these delays, the funding profile no longer matches the timing of the projected cashflow requirements. As such, MAI is requesting that the funds be reprofiled to align with the new project schedule and resulting change in the timing of the projected cashflows. As delays in delivery times have been addressed as part of the RFP process, there are no other corrective actions required other than reprofiling the funds to align with when they will be needed.

Funding for the PAB Administration Building was approved in an off-cycle funding request in 2020. However, MAI's 2020/21 Corporate Plan, which included the authority to proceed with the project, was not approved until March of 2021, thereby preventing MAI from starting the project in Fiscal 2020/21. To align with the new project timeline, MAI is requesting that the funds approved for the project be re-profiled to reflect the delay in CP approval and resulting project delays. The construction season in NL is very short; with approval coming in late March, MAI has changed the spend profile over the three years to reflect a later start than first assumed. MAI is expecting the construction of the building will span 3 fiscal years. MAI's reprofile request reflects that build timeline and projected cashflow requirements.

At the time of writing, MAI has not received approval of either of these reprofile requests. Should the reprofiled amounts not be approved, both projects would be put in jeopardy unless new funding for the projects is approved as part of MAI's upcoming funding submission.

Vessel Maintenance Capital

Regular dry-dockings are a mandatory requirement for MAI's vessels. Final dry-docking costs are a result of the request for proposals (RFP) process that MAI employs to secure dockyard services, plus the costs of any unforeseen incremental work that is identified once the vessels are in dry-dock. The MV *Blue Puttees* is scheduled for dry dock in 2021/22. Work that was previously scheduled to be completed on the MV *Leif Ericson's* 30-year survey has also been deferred to early 2021/22 as a result of budget pressure. Dockside maintenance activities are scheduled for the remaining vessels.



Shore Maintenance Capital

For shore-based projects, MAI employs the services of an external engineering firm to help develop detailed estimates once capital projects are tentatively approved by the capital committee. Final approval of projects is then confirmed once detailed estimates are developed, assuming the final project costs are reasonable and can be accommodated within the overall budget. All capital decisions are made by the Capital Committee, which meets once per month. Any change to project costs in excess of \$500,000 must receive Board approval.

The shore maintenance capital budget includes monies for the regular upkeep of terminals, docks, marshaling yards and buildings, fueling facilities, vehicles and equipment. It covers regular capital maintenance and repair requirements like paving, roof repairs, lighting and signage, as well as the regular replacement of equipment.

MAI Information Technology requirements are also included in this category, including:

- IT infrastructure including assets such as physical servers, digital display systems, on-premises software and storage, and

- networking infrastructure including assets such as shore and vessel-based communications equipment.

Strategic Initiative Capital

As part of its strategic planning process, MAI determined that it would be beneficial to track the investments required for its strategic initiatives separately. Any strategic initiative that requires a capital investment will be tracked and reported on as a separate line item.

1. Port-aux-Basques Administration Building

The Corporation has received funding to move forward with the PAB Administration Building. Funds not spent in 2020/21 due to the delay in CP approval will be requested to be reprofiled.

2. PAB Harbour Improvements

As there is still a substantial amount of work ongoing to assess the cost and impacts of the PAB Harbour Improvement project, MAI is not seeking approval to proceed with this project as this time.

3. New Vessel Procurement

Budget 2019 included capital funds for the long-term fleet strategy, spread over two fiscal years. This money will be used to fund the necessary modifications/change orders to the new build vessel as it is being constructed to meet MAI's requirements; it should be noted that the actual amount of spend will be dependent on final contract negotiations and detailed design development. Given the delay in the new vessel procurement project, MAI has submitted a reprofiling request to align the capital associated with this project to the revised project plan.

4. Innovation Strategy

As noted in the discussion on MAI's Strategic Initiatives, MAI has identified 'Innovation' as one of its key areas of strategic focus. In the early years of the plan, those innovation initiatives have been clearly identified and funded – BPR, Self-Service Kiosks, Automatic Vehicle Measurement, for example.

Strategic Efficiency Review

In 2018/19, MAI identified a number of projects under the umbrella of its Strategic Efficiency Review program. The goal of this program was to identify expense savings and/or revenue generation activities that would help MAI achieve its cost recovery goals, while at the same time supporting the BOD's direction to keep the cost of the service at current levels. The projects identified for 2021/22 are the ongoing installation of new propellers on the Seabridger vessels to drive fuel savings, along with implementing self-service kiosks at the terminals and automated fuelling.

Financial Summary

Based on all of the assumptions stated, the following table summarizes the Corporation's projected financial performance for the upcoming planning period

2021/22 – 2025/26 Financial Projections

<i>(in \$ thousands)</i>	2020/21 Actual	2021/22 Budget	2022/23 Budget	2023/24 Budget	2024/25 Budget	2025/26 Budget
Revenues	83,242	88,012	104,553	105,711	109,486	111,736
Funding Requirement	140,567	140,010	173,020	203,039	164,375	167,619
Funding Available	142,576	149,876	73,119	45,999	45,999	45,999
Surplus/(Deficit)	2,009	9,866	(99,902)	(157,040)	(118,376)	(121,620)
Reprofiled Operating Funding	-	(1,902)	(33,827)	7,197	(1,014)	(1,014)
Reprofiled Capital Funding	(2,000)	(7,964)	1,464	8,500	-	-
Remaining Surplus/(Deficit)	9	-	(132,265)	(141,343)	(119,390)	(122,634)

Cost Recovery

In his letter to the Chair of the Board, received by MAI on July 13, 2017, the Minister of Transport stated:

The corporation is expected to continue to reach an overall cost-recovery of 65% using the existing formula (revenues divided by expenses minus capital, charter fees, pension, restructuring and project management office costs), and is to reach 100% for its non-constitutional services (Argentia, drop trailer management and on-board services) by 2018/19, using a revised formula of all revenues divided by all expenses, including capital costs for each of these services.

For the overall service, MAI manages both its revenues and costs to reach the 65% target. With the impacts of Covid-19, however, the Corporation did not meet its cost recovery target in 2020/21, and will not meet it again in Fiscal 2021/22 as the economy recovers from the pandemic. The Corporation expects to return to normal operations in 2022/23, with overall cost recovery results returning to 65%.

Detailed financial statements for the upcoming planning period are included in Appendix E.

Appendix A Mandate Letter

Minister of Transport



Ministre des Transports

Ottawa, Canada K1A 0N5

Mr. Gary O'Brien
Chair of the Board of Directors Marine
Atlantic Inc.
10 Fort William Place
Baine Johnston Centre
St. John's NL A1C 1K4

Dear Mr. O'Brien:

It is an honour to serve Canadians as the Minister of Transport and a privilege to be able to work with key partners such as Marine Atlantic Inc. (MAI) during this pivotal time for both the transportation sector and the country as a whole.

Given that the world has changed significantly because of the COVID-19 pandemic, now more than ever, our collaboration is essential to advance the government's priorities and policy objectives. As I undertake these responsibilities, I look forward to deepening a strong working relationship that fosters open communication and a shared commitment to advancing the government's priorities and objectives, and ensuring that MAI remains a key component of Canada's transportation system.

In supporting my accountability to Parliament for your organization, I will work with you to ensure that Canada's transportation system supports the government's ambitious economic response and recovery efforts to fight the pandemic and build back a better Canada. Together, during these challenging times, we will position MAI to fight climate change where it can, help strengthen the middle class, walk the road of reconciliation, improve accessibility, and stand up for fairness and equality.

The fight against climate change remains of paramount importance to this government. I expect that MAI will provide its support by ensuring that opportunities to advance this cause are considered in your organization's priorities, plans, and operations.

In Budget 2021, this government indicated its intention to finish the fight against COVID-19, to create jobs and growth and to support a resilient and inclusive recovery. I expect that MAI will do its part by providing a safe, secure and efficient transportation service in support of economic recovery and growth for middle-class Canadians.

The word 'Canada' in a serif font, with a small Canadian flag above the 'a'.

- 2 -

When Indigenous people experience better outcomes, all Canadians benefit. I expect that MAI will join us as we continue to walk the road to reconciliation. This should include, but not be limited to, consulting Indigenous communities where appropriate and incorporating Indigenous perspectives into organizational operations and planning processes.

I also expect that, per the *Accessible Canada Act*, MAI will ensure that it is doing its part to help make the transportation system more accessible for persons with disabilities.

Together, we must also continue to deliver real results for Canadians. This includes tracking and publicly reporting on the progress of our work, assessing our work's effectiveness, aligning resources with priorities, and adapting to events as they unfold. In this vein, I note that your corporation's corporate plan remains the most important vehicle by which my colleagues and I can oversee MAI's results, and the annual report is the most important mechanism to assess those results.

We must also continue to work together to improve how we collectively approach the approval of Crown corporations' corporate plans. This need was underscored by the concerns raised in the Office of the Auditor General's spring 2018 Report, tabled in Parliament on May 29, 2018. Transport Canada, Transport Portfolio Crown corporations and central agencies each have a role to play. To this end, I ask for your continued support in ensuring that, to the extent that circumstances are within MAI's control, MAI's future corporate plans are prepared sufficiently in advance, with the best information available at the time, to enable timely review and approval.

I also remain committed to open, transparent, and merit-based selection processes to attract qualified candidates for governance and leadership positions in the Transport portfolio. Candidates should also reflect Canada's diversity in terms of linguistic, regional and employment equity groups (women, Indigenous peoples, persons with disabilities and members of visible minorities), as well as members of ethnic and cultural groups. As Chairperson, you will be invited to participate in these processes for your organization, which will inform my ultimate appointment recommendations to the Governor in Council. By extension, my expectation is that MAI incorporates a similar focus on the abovementioned populations in all its labour force practices.

Recognizing the value of incumbents to ensuring consistent good governance, for those individuals previously appointed through an open process, I will consider recommending reappointment based on past performance and the Board's current needs in terms of diversity and skills. My officials will engage with you to assess any incumbent's performance and contribution being considered for reappointment.

- 3 -

Furthermore, as always, the legal and ethical obligations of public office holders remain paramount. All appointees should abide by the principles found in the Prime Minister's recently updated statement on Open and Accountable Government, with particular attention paid to the Ethical Guidelines set out in Annex A. All boards should also ensure ongoing compliance, both for their organization and for themselves, with the relevant requirements of the Treasury Board Secretariat Directive on Travel, Hospitality, Conference and Event Expenditures, the *Lobbying Act* and the *Conflict of Interest Act*.

Following the Budget 2019 announcement, MAI initiated an open, transparent and competitive process to procure a new vessel. I understand that this process is well advanced, and nearing completion. I encourage you and your staff involved in this process to continue your concerted efforts for the successful delivery of a suitable new vessel on time and on budget. I would also like to recognize MAI's efforts for the past several (pre-COVID) years to operate within its appropriation level and meet its overall cost recovery target.

Last but not least, I want to underscore how I appreciate the prudent measures that MAI has put in place to respond to the COVID-19 pandemic. In protecting the health and safety of its passengers and employees while ensuring the continued flow of essential goods to and from the island of Newfoundland, MAI was a key contributor to the pandemic response and has served Canadians well.

I look forward to continuing to work with you in advancing your corporation's plans, priorities and challenges.

Sincerely,



The Honourable Omar Alghabra, P.C., M.P. Minister of
Transport

Appendix B Corporate Governance Structure

The Corporation's Board of Directors has representation from both Newfoundland and Labrador and Nova Scotia, with backgrounds covering Law, Accounting, Transportation and Business. The Board of Directors meets at least once a quarter, with other meetings scheduled as needed. The Board has established four sub-committees:

1. Audit Committee
2. Pension Management Committee
3. Corporate Governance, Risk and Strategy Committee
4. Human Resources and Safety Committee

Each committee reports directly into the Board of Directors, and each meets at least quarterly, with additional meetings scheduled as required.

Board Members – Term Expiry Dates

Board Member	Appointed	Expiry Date	Location
Gary O'Brien	November 24, 2020	November 23, 2025	Port aux Basques, NL
Carla Arsenault	February 5, 2019	February 4, 2022	Sydney River, NS
Janie Bussey	December 14, 2017	December 13, 2021	Logy Bay, NL
John Brent Chaffey	December 14, 2017	December 13, 2021	St. David's, NL
John Butler	November 25, 2020	November 24, 2024	St. John's, NL
James G. Doody	March 5, 2007	September 28, 2019	Paradise, NL
Owen Fitzgerald	December 14, 2017	February 4, 2025	Sydney, NS
Craig Priddle	December 14, 2017	February 4, 2025	Corner Brook, NL
Catherine Lynn Kendall	June 1, 2021	May 31, 2025	Corner Brook, NL
Ann-Margret White	December 14, 2017	February 4, 2025	St. John's, NL
Murray Hupman	April 15, 2019	April 14, 2024	North Sydney, NS

As per the Government of Canada's guidelines, compensation for MAI's Board of Directors is as follows:

Chairperson

Per diem (\$310 - \$375)

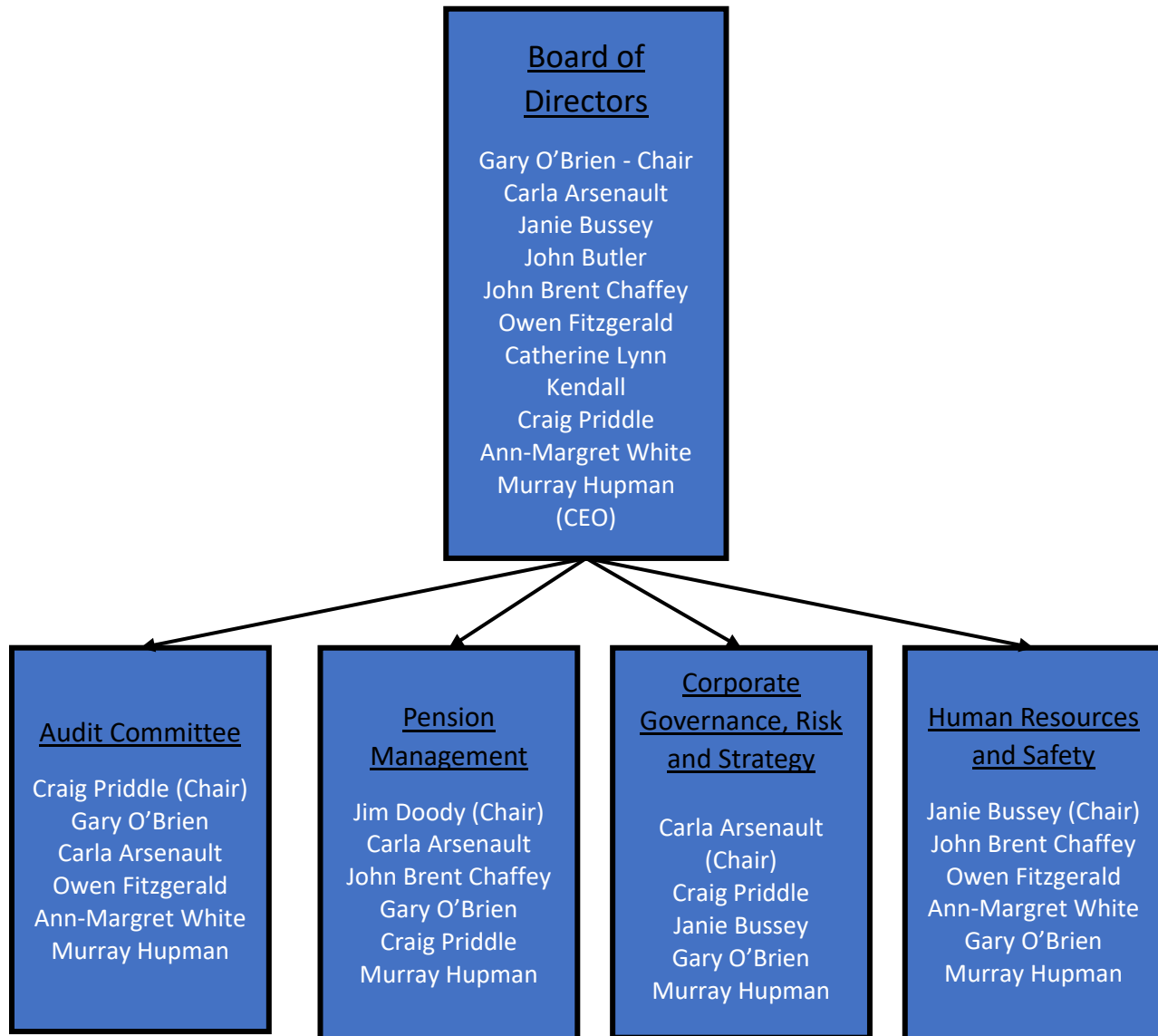
Position; annual (\$8,000 - \$9,400)

Director

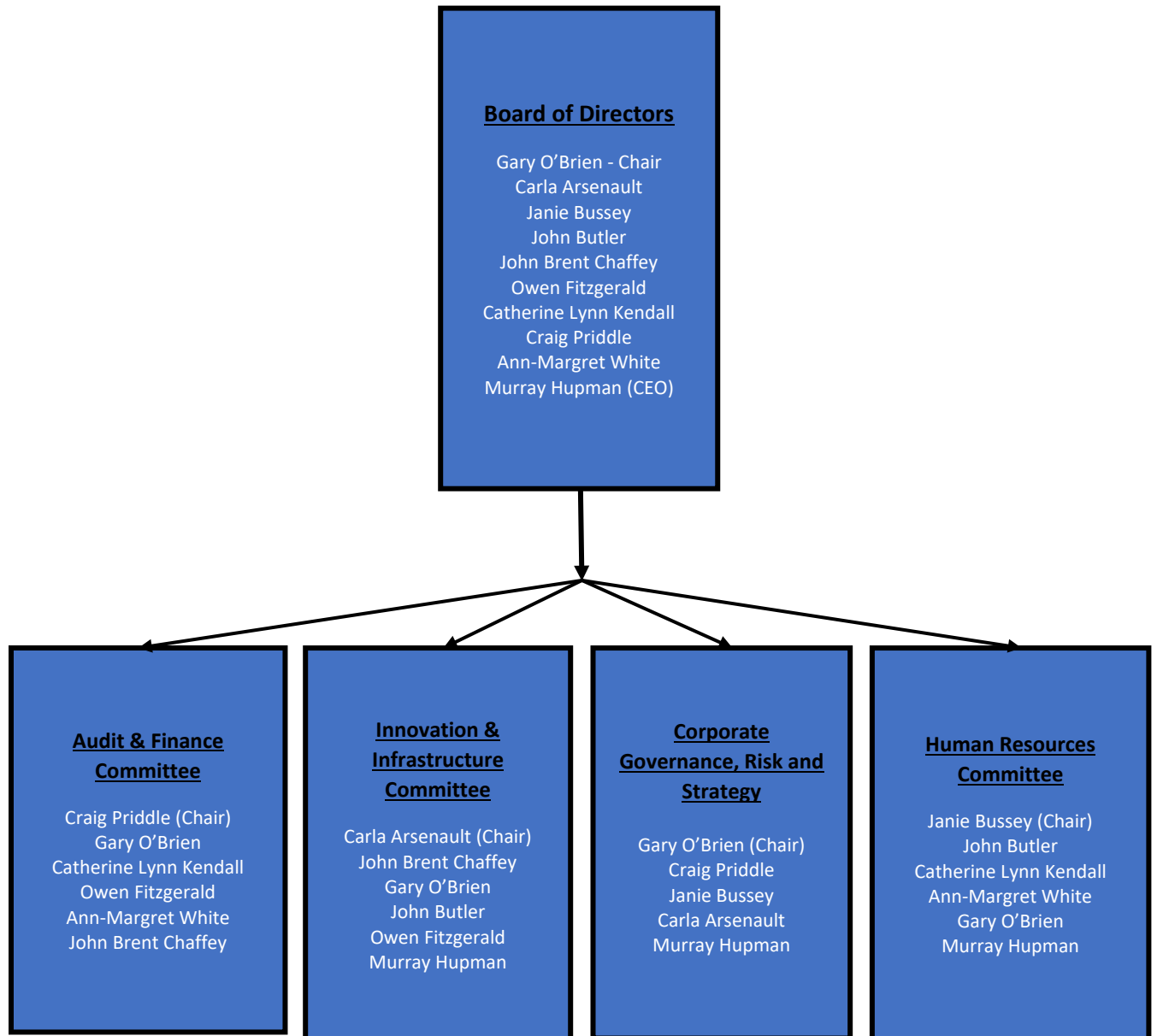
Per diem (\$310 - \$375)

Position; annual (\$4,000 - \$4,700)

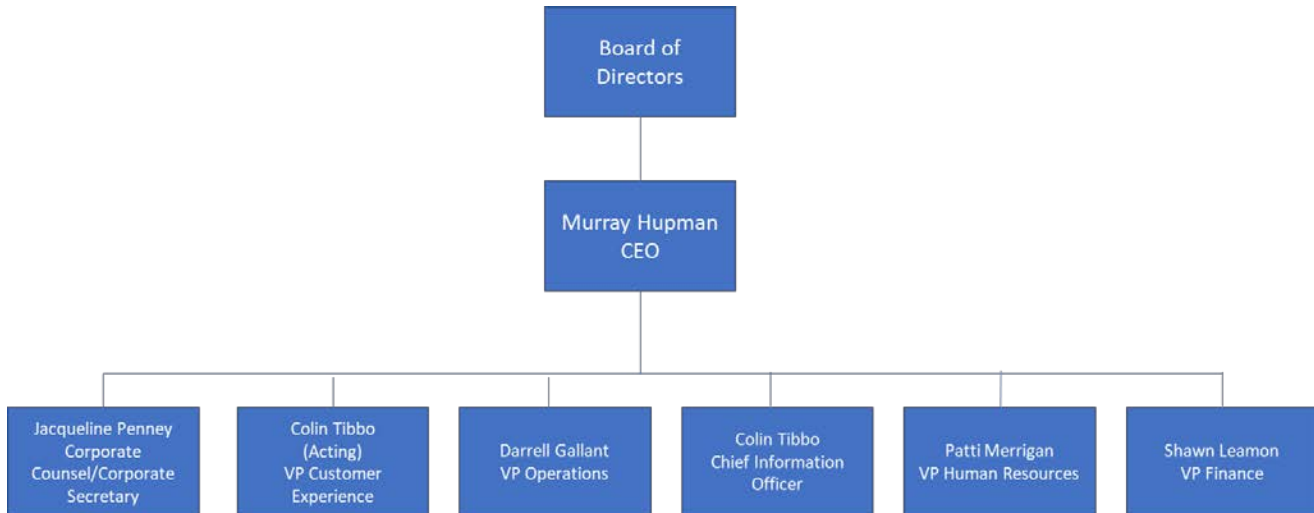
The Board of Directors and the Committee membership at the start of the year is outlined below. Please note that the Committee structure was changed at the September 2021 Board meeting. The new committee structure is also included for reference.



Revised Committee Structure and Membership, September 2021



Executive Team



Appendix C Planned Results

Objective	Performance Indicator	Minister Expectations
Efficient Ferry Service	Overall cost recovery	65%
	Vessel capacity utilization	70%
Reliable Ferry Service	Departures are within 15 minutes of published schedule (excludes weather delays)	90%
	Unplanned service interruptions	3% or lower
	Following a mechanical breakdown or weather delay, sailing returns to the published schedule and affected passengers/traffic is re-booked	Within 24 hours
Customer Satisfaction	Overall customer satisfaction of passenger related vehicles (PRV)	70%
	Overall customer satisfaction of commercial related vehicles (CRV)	60%
	PRV customers are very likely to recommend the service to other users	50%


Appendix D Chief Financial Officer Attestation

Marine Atlantic Inc.'s CFO Attestation

In my capacity as Chief Financial Officer of Marine Atlantic Inc., I have reviewed the 2021-2022 to 2025- 2026 Corporate Plan and the supporting information that I considered necessary, as of the date indicated below. Based on this due diligence review, I make the following conclusions:

1. The nature and extent of the proposal is reasonably described and assumptions having a significant bearing on the associated financial requirements have been identified and are supported.
2. Significant risks having a bearing on the financial requirements, the sensitivity of the financial requirements to changes in key assumptions, and the related risk-mitigation strategies have been disclosed.
3. Financial resource requirements have been disclosed and are consistent with the assumptions stated in the proposal, and options to contain costs have been considered.
4. Funding has been identified and is sufficient to address the financial requirements for the expected duration of the proposal.
5. The proposal is compliant with relevant financial management legislation and policies, and the proper financial management authorities are in place or are being sought through the proposal.
6. Key financial controls are in place to support the implementation and ongoing operation of the proposal.

In my opinion, the financial information contained in this proposal is sufficient overall to support decision making.

 Name Shawn Leamon Chief Financial Officer, Marine Atlantic Inc.	Date: <table border="1"><tr><td>Sept 29, 2021</td></tr></table>	Sept 29, 2021
Sept 29, 2021		

2021/22 - 2025/26 Corporate Plan

Financial Statements

As of: **Friday August 20, 2021**

Statement A: Statement of Financial Position

Marine Atlantic Inc.

Statement of Financial Position - Year Ended March 31

As of March 31, 2020; March 31, 2021; and Projected for 2021/22 to 2025/26

<i>(in \$ Thousands)</i>	Actual 2019/20	Actual 2020/21	Budget 2021/22	2022/23	2023/24	2024/25	2025/26
Financial assets							
Cash (Note 1)	\$ 11,202	\$ 10,648	\$ 10,648	\$ (121,617)	\$ (262,960)	\$ (382,350)	\$ (504,984)
Accounts receivable	6,712	6,595	6,595	6,595	6,595	6,595	6,595
Receivable from Government of Canada	8,966	13,899	13,899	13,899	13,899	13,899	13,899
Inventories held for resale	325	362	362	362	362	362	362
Derivative financial instruments	11	2,897	-	-	-	-	-
Accrued pension asset	145,652	156,014	156,014	156,014	156,014	156,014	156,014
	\$ 172,868	\$ 190,415	\$ 187,518	\$ 55,253	\$ (86,090)	\$ (205,480)	\$ (328,114)
Liabilities							
Accounts payable and accrued liabilities	24,957	31,839	\$ 30,241	\$ 30,241	\$ 30,241	\$ 30,241	\$ 30,241
Derivative financial instruments	9,801	2,532	-	-	-	-	-
Deferred revenue	3,287	2,851	2,851	2,851	2,851	2,851	2,851
Payable to Government of Canada	583	29	29	29	29	29	29
Accrued vacation pay	6,259	5,932	5,932	5,932	5,932	5,932	5,932
Accrued pension liability	2,829	2,951	2,951	2,951	2,951	2,951	2,951
Accrued liability for non-pension post-retirement benefits	51,092	51,363	51,363	51,363	51,363	51,363	51,363
Accrued liability for post-employment benefits	11,665	11,452	11,452	11,452	11,452	11,452	11,452
	110,473	108,949	104,819	104,819	104,819	104,819	104,819
Net financial assets (debt)	\$ 62,395	\$ 81,466	\$ 82,699	\$ (49,566)	\$ (190,909)	\$ (310,299)	\$ (432,933)
Non-financial assets							
Tangible capital assets	419,393	387,925	371,161	380,381	384,526	353,191	321,391
Inventories held for consumption	11,985	22,436	19,686	19,686	19,686	19,686	19,686
Prepaid expenses	2,728	6,409	1,659	1,659	18,777	14,973	11,169
	434,106	416,770	392,506	401,726	422,989	387,850	352,246
Accumulated surplus (deficit)	\$ 496,501	\$ 498,236	\$ 475,205	\$ 352,160	\$ 232,080	\$ 77,551	\$ (80,687)

The accompanying notes are an integral part of these financial statements

Notes to Statement A - Statement of Financial Position

1. Cash includes \$6,641 held in escrow as security for the lease of the MV *Atlantic Vision* and therefore is restricted and not available to fund operations. Variations in cash beyond 2020/21 are due to changes in the Corporation's funding levels.
2. Numbers may not add due to rounding.

Statement B: Statement of Operations

Marine Atlantic Inc.

Statement of Operations

For the Year Ended March 31, 2020; March 31, 2021; and Projected for 2021/22 to 2025/26

<i>(in \$ Thousands)</i>	Actual 2019/20	Budget 2020/21	Actual 2020/21	Budget 2021/22	2022/23	2023/24	2024/25	2025/26
Total Revenues	105,625	53,537	83,242	88,012	104,553	105,711	109,486	111,736
Expenditures								
Wages and benefits	93,942	82,861	82,308	88,644	91,549	99,281	98,486	100,461
Charter fees	14,468	16,825	16,768	17,156	20,405	27,671	46,893	46,893
Charter importation taxes	-	-	-	-	-	1,902	3,804	3,804
Fuel	28,341	13,558	14,559	19,519	19,860	18,520	18,352	18,660
Materials, supplies and services	26,872	17,635	27,463	26,845	32,266	27,210	33,688	34,542
Repairs and maintenance	7,729	8,758	8,146	8,074	8,930	9,135	9,299	9,485
Insurance, rent and utilities	7,566	8,354	8,072	8,312	8,702	8,912	9,207	9,388
Travel	1,367	841	254	1,010	1,749	1,784	1,820	1,856
Administrative costs	1,811	1,655	843	1,985	2,122	2,205	2,109	2,127
Fleet renewal costs	1,727	2,500	1,709	4,098	4,500	8,471	-	-
Employee future benefits	516	10,010	688	11,244	11,570	12,195	12,342	12,644
Foreign currency exchange (gain) loss	10	-	-	-	-	-	-	-
Realized loss on derivative financial instruments	55	5,500	8,493	-	-	-	-	-
Loss on disposal of tangible capital assets	241	-	2,600	-	-	-	-	-
Amortization	52,025	52,850	60,496	63,800	66,700	70,200	73,000	75,100
Total Expenditures	236,670	221,348	232,399	250,688	268,353	287,487	309,000	314,959
Deficit before government funding	(131,045)	(167,811)	(149,157)	(162,676)	(163,800)	(181,776)	(199,514)	(203,223)

Marine Atlantic Inc.
Statement of Operations
For the Year Ended March 31, 2020; March 31, 2021; and Projected for 2021/22 to 2025/26

<i>(in \$ Thousands)</i>	Actual 2019/20	Budget 2020/21	Forecast 2020/21	Budget 2021/22	2022/23	2023/24	2024/25	2025/26
Government funding								
Operations	105,304	109,831	109,822	94,876	59,119	40,999	40,999	40,999
Capital	37,600	30,746	30,745	55,000	14,000	5,000	5,000	5,000
Approved Funding	142,904	140,577	140,567	149,876	73,119	45,999	45,999	45,999
Operating funding to be reprofiled/reallocated	(13,235)	-	-	(1,902)	(33,827)	7,197	(1,014)	(1,014)
Lapsed operating funding/timing adjustment	(8,830)	-	553	-	-	-	-	-
Lapsed capital funding	(759)	-	-	-	-	-	-	-
Capital funding to be re-allocated	13,235	2,001	1	(7,964)	1,464	8,500	-	-
	133,315	142,577	141,121	140,010	40,755	61,696	44,985	44,985
Operating surplus (deficit)	2,270	(25,234)	(8,036)	(22,666)	(123,045)	(120,080)	(154,529)	(158,238)
Accumulated operating surplus (deficit), beginning of year	502,595	504,865	504,865	496,829	474,163	351,118	231,038	76,509
Accumulated operating surplus, end of period	\$ 504,865	\$ 479,631	\$ 496,829	\$ 474,163	\$ 351,118	\$ 231,038	\$ 76,509	\$ (81,729)

1. Employee future benefits expenses for 2019/20 & 2020/21 are based on actuarially determined numbers. For 2021/22 and future years, expense is assumed to equal cash requirements

2. Numbers may not add due to rounding.

Statement C: Statement of Remeasurement Gains and Losses**Marine Atlantic Inc.**

Statement of Remeasurement Gains and Losses

For the Year Ended March 31, 2020; March 31, 2021; and Projected for 2021/22 to 2025/26

<i>(in \$ Thousands)</i>	Actual 2019/20	Actual 2020/21	Budget 2021/22	2022/23	2023/24	2024/25	2025/26
Accumulated remeasurement gains (losses), beginning of year	\$ 2,976	\$ (8,364)	\$ 1,407	\$ 1,042	\$ 1,042	\$ 1,042	\$ 1,042
Remeasurement gains (losses) arising during the year							
Unrealized gain (loss) on foreign exchange of cash	271	(384)	-	-	-	-	-
Unrealized gain (loss) on derivatives	(11,666)	1,662	(365)	-	-	-	-
Reclassifications to the statement of operations							
Realized (gain) loss on derivatives	55	8,493	-	-	-	-	-
Net remeasurement (losses) gains for the year	(11,340)	9,771	(365)	-	-	-	-
Accumulated remeasurement (losses) gains, end of year	\$ (8,364)	\$ 1,407	\$ 1,042	\$ 1,042	\$ 1,042	\$ 1,042	\$ 1,042

1. Numbers may not add due to rounding.

Statement D: Statement of Change in Net Financial Assets

Marine Atlantic Inc.

Statement of Change in Net Financial Assets

For the Year Ended March 31, 2020; March 31, 2021; and Projected for 2021/22 to 2025/26

<i>(in \$ Thousands)</i>	Actual 2019/20	Actual 2020/21	Budget 2021/22	2022/23	2023/24	2024/25	2025/26
Operating surplus (deficit)	\$ 2,270	\$ (8,036)	\$ (22,666)	\$ (123,045)	\$ (120,080)	\$ (154,529)	\$ (158,238)
Change in tangible capital assets							
Acquisition of tangible capital assets	(50,076)	(31,627)	(47,036)	(75,920)	(74,345)	(41,665)	(43,300)
Amortization of tangible capital assets	52,025	60,495	63,800	66,700	70,200	73,000	75,100
Loss (Gain) on disposal of tangible capital assets	241	2,600	-	-	-	-	-
Reclassification of assets held for sale to financial assets	-	-	-	-	-	-	-
Proceeds on disposal of tangible capital assets	5	-	-	-	-	-	-
(Increase) decrease in tangible capital assets	2,195	31,468	16,764	(9,220)	(4,145)	31,335	31,800
Change in other non-financial assets							
Acquisition of inventories held for consumption	(24,314)	(26,916)	(18,602)	(18,973)	(17,602)	(17,400)	(17,674)
Use of inventories held for consumption	30,777	16,465	21,352	18,973	17,602	17,400	17,674
Purchase of prepaid expenses	(17,916)	(19,122)	(17,156)	(20,405)	(44,789)	(46,893)	(46,893)
Use of prepaid expenses	18,533	15,441	21,906	20,405	27,671	50,697	50,697
Decrease (increase) in other non-financial assets	7,080	(14,132)	7,500	-	(17,118)	3,804	3,804
Net remeasurement (losses) gains	(11,340)	9,771	(365)	-	-	-	-
Increase (decrease) in net financial assets	205	19,071	1,233	(132,265)	(141,343)	(119,390)	(122,634)
Net financial assets (debt), beginning of year	62,190	-	-	-	-	-	-
Net financial assets (debt), end of year	\$ 62,395	\$ 19,071	\$ 1,233	\$ (132,265)	\$ (141,343)	\$ (119,390)	\$ (122,634)

1. Numbers may not add due to rounding.

Statement E: Statement of Cash Flow

Marine Atlantic Inc.
Statement of Cash Flow

For the Year Ended March 31, 2020; March 31, 2021; and Projected for 2021/22 to 2025/26

<i>(in \$ Thousands)</i>	Actual 2019/20	Forecast 2020/21	Budget				
			2021/22	2022/23	2023/24	2024/25	2025/26
Operating transactions							
Cash receipts from customers	\$ 104,262	\$ 83,406	\$ 87,862	\$ 104,403	\$ 105,561	\$ 109,336	\$ 111,586
Other income received	229	186	150	150	150	150	150
Government funding - operations	84,065	104,679	94,876	59,119	40,999	40,999	40,999
Government funding - operations (reprofiled)	-	-	(1,902)	(33,827)	7,197	(1,014)	(1,014)
Government funding - capital	51,277	30,955	55,000	14,000	5,000	5,000	5,000
Government funding - capital (reprofiled)	-	-	(7,964)	1,464	8,500	-	-
Cash paid to suppliers and employees	(180,599)	(177,567)	(169,741)	(190,083)	(222,210)	(219,854)	(223,411)
Cash paid for employee future benefits	(10,644)	(10,873)	(11,244)	(11,570)	(12,195)	(12,342)	(12,644)
	48,590	30,786	47,036	(56,345)	(66,998)	(77,725)	(79,334)
Capital transactions							
Purchase of tangible capital assets	(51,277)	(30,956)	(47,036)	(75,920)	(74,345)	(41,665)	(43,300)
Proceeds on disposal of tangible capital assets	5	-	-	-	-	-	-
	(51,272)	(30,956)	(47,036)	(75,920)	(74,345)	(41,665)	(43,300)
(Decrease) increase from effect of exchange rate changes on cash	271	(384)	-	-	-	-	-
Net increase (decrease) in cash	(2,411)	(554)	-	(132,265)	(141,343)	(119,390)	(122,634)
Cash, beginning of year	13,613	11,202	10,648	10,648	(121,617)	(262,960)	(382,350)
Cash, end of year	\$ 11,202	\$ 10,648	\$ 10,648	\$ (121,617)	\$ (262,960)	\$ (382,350)	\$ (504,984)
Cash consists of:							
Restricted Cash	\$ 7,013	6,641	6,641	6,641	6,641	6,641	6,641
Unrestricted Cash	4,189	4,007	4,007	(128,258)	(269,601)	(388,991)	(511,625)
	\$ 11,202	\$ 10,648	\$ 10,648	\$ (121,617)	\$ (262,960)	\$ (382,350)	\$ (504,984)

Notes to Statement E - Statement of Cash Flow:

1. Cash paid for EFBs (Employee Future Benefits) includes cash paid for pension, worker's compensation and other non-pension employee future benefits.
2. Cash includes amounts held in escrow as security for the lease of the MV Atlantic Vision and therefore is restricted and not available to fund operations.
3. Numbers may not add due to rounding.

Statement F: Operating Budget

Marine Atlantic Inc.

Operating Budget

For the Year Ended March 31, 2020; March 31, 2021; and Projected for 2021/22 to 2025/26

<i>(in \$ Thousands)</i>	Actual	Budget	Actual	Budget				
	2019/20	2020/21	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Total Revenues	105,625	53,537	83,242	88,012	104,553	105,711	109,486	111,736
Expenditures								
Wages and benefits	93,942	82,861	82,308	88,644	91,549	99,281	98,486	100,461
Charter fees	14,468	16,825	16,768	17,156	20,405	27,671	46,893	46,893
Charter importation taxes	-	-	-	-	-	19,020	-	-
Fuel	28,341	13,558	14,559	19,519	19,860	18,520	18,352	18,660
Materials, supplies and services	26,872	17,635	27,463	26,845	32,266	27,210	33,688	34,542
Repairs and maintenance	7,729	8,758	8,146	8,074	8,930	9,135	9,299	9,485
Insurance, rent and utilities	7,566	8,354	8,072	8,312	8,702	8,912	9,207	9,388
Travel	1,367	841	254	1,010	1,749	1,784	1,820	1,856
Administrative costs	1,811	1,655	843	1,985	2,122	2,205	2,109	2,127
Fleet renewal costs	1,727	2,500	1,709	4,098	4,500	8,471	-	-
Employee future benefits - Pension	8,148	7,346	(1,821)	8,106	8,321	8,841	8,941	9,161
Employee future benefits - WCB & other non-pension	2,499	2,664	2,509	3,138	3,249	3,354	3,401	3,483
Foreign currency exchange (gain) loss	10	-	-	-	-	-	-	-
Realized loss on derivative financial instruments	55	5,500	8,493	-	-	-	-	-
(Gain) Loss on disposal of assets held for sale	-	-	-	-	-	-	-	-
Expense related working capital adjustments	-	(5,131)	24,305	(5,902)	-	-	-	-
Total Expenditures	194,535	163,367	193,608	180,986	201,653	234,405	232,196	236,055

Marine Atlantic Inc.
 Operating Budget
 For the Year Ended March 31, 2020; March 31, 2021; and Projected for 2021/22 to 2025/26

<i>(in \$ Thousands)</i>	Actual	Budget	Forecast	Budget				
	2019/20	2020/21	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Operating deficit before government funding	(88,910)	(109,830)	(110,366)	(92,974)	(97,100)	(128,694)	(122,710)	(124,319)
Operating funding from government								
Approved operating funding	105,304	109,831	109,822	94,876	59,119	40,999	40,999	40,999
Operating funding to be reprofiled	(13,235)	-	-	(1,902)	(33,827)	7,197	(1,014)	(1,014)
Lapsing operating funding/timing adjustment	(8,830)	-	553	-	-	-	-	-
Prior year funding	-	-	-	-	-	-	-	-
Net available operating funding from government	83,239	109,831	110,375	92,974	25,291	48,196	39,985	39,985
Net operating income/(loss) - cash basis	\$ (5,671)	\$ -	\$ 9	\$ -	\$ (71,809)	\$ (80,498)	\$ (82,725)	\$ (84,334)

1. Numbers may not add due to rounding

Appendix F Borrowing Plan

Marine Atlantic's bank line of credit is currently approved at \$4,200,000. This amount is required as security against long-term liabilities arising from Marine Atlantic employees' past injury claims and this Corporation's status as a "deposit account company" with the New Brunswick Workers' Compensation Board.

The Corporation is currently seeking approval from the Minister of Finance for a line of credit sufficient to handle the \$4,200,000 requirements for the Workers' Compensation Board requirement. Currently, there is no additional borrowing planned the remainder of the planning period.

Appendix G

Enterprise Risk Management

Marine Atlantic is committed to risk management and recognizes it as a means to ensuring the Corporation's future success. Marine Atlantic considers risk management to be a shared responsibility. The Corporation's risk management governance structure can be summarized as follows

Group	Responsibility
Board of Directors and Audit and Risk Committee	Ensure that management has established and maintains an effective risk management process
Corporate Strategy & Enterprise Risk Management Committee	Monitor emerging risks and significant shifts in the known risks in the company's enterprise risk level inventory
Corporate Strategy and Risk Department	Champion the effective management of risk across the company by facilitating the development and deployment of techniques, tools and processes to assess in managing risks
Risk Liaisons	Support risk owners by organizing opportunities to formally discuss risk, monitoring the effectiveness of controls/mitigations and coordinating reporting.
Risk Owners	Effectively manage risk within their area of responsibility in alignment with the risk tolerance and risk appetite of the company.

MAI's key risks continue to be directly linked to the Corporation's Strategic Objectives and as such, the ERM program plays a critical role in ensuring that the Corporation is able to achieve its overall goals.

MAI's Risk Matrix

Marine Atlantic Risk Matrix					
Likelihood					
Impact	1.Rare	2.Unlikely	3.Possible	4. Likely	5.Almost Certain
5. Very High	Medium	High	High	Very High	Very High
4. Major	Medium	Medium	High	Very High	Very High
3. Significant	Low	Medium	Medium	High	High
2. Minor	Low	Low	Medium	Medium	High
1.Insignificant	Low	Low	Low	Medium	Medium

IMPACT (See specific criteria to be considered below)
5. Very High: A risk event that, if it occurs, will have a severe impact on the organization's operations and/or achieving desired results, to the extent that multiple key objectives for the Corporation will not be achieved. (See Criteria for guidance in the table below)
4. Major: A risk event that, if it occurs, will have a major impact on the organization's operations and/or achieving desired results, to the extent that at least one of the Corporation's key objectives will not be achieved. (See Criteria for guidance in the table below)
3. Significant: A risk event that, if it occurs, will have a significant impact on the organization's operations, to the extent that Corporations' objectives may be met and may only be to a minimum level. (See Criteria for guidance in the table below)
2. Minor: A risk event that, if it occurs, will have a minor impact on achieving desired results. All of the Corporations' objectives will still be met to satisfactory levels.(See criteria for guidance in the table below)
1. Insignificant: A risk event that, if it occurs, will have an insignificant impact on achieving desired results and corporate objectives. (See criteria for guidance in the table below)

RATING
Low Risk Less than or equal to 4
Medium Risk Greater than 4 but less than 10
High Risk Equal to or greater than 10 but less than 16
Very High Equal to or greater than 16

LIKELIHOOD
5. Almost Certain: Will undoubtedly happen/recur, possibly frequently
4. Likely: Will probably happen/recur, but it is not a persisting issue/circumstance
3. Possible: Might happen or recur occasionally
2. Unlikely: Do not expect it to happen/recur but it is possible it may do so
1. Rare: This will probably never happen/recur

RATING	ACTIONS
Low 1-4	Periodic monitoring is recommended to account for any changes that might affect the risk. No additional mitigation activities are required.
Medium 5-9	Further review is required to see if the risk can be reduced to Low. This involves the evaluation of resources to ensure the cost/benefit is balanced. Regular monitoring is recommended.
High 10-15	Additional mitigation activities are required to further reduce the risk. Active risk monitoring is necessary and secondary plans should be considered.
Very High 16-25	Immediate attention to additional mitigation activities is required to further reduce the risk. Continuous risk monitoring is required and secondary plans need to be established.

MAI's Risk Dashboard

Marine Atlantic Inc. Risk Dashboard - Q1 Report					
Risk	Strategic Objective(s)	Risk Statement	Q1 2021-2022	Projected Risk Outlook	Commentary
1	<p>Ensure a sustainable and reliable service</p> <p>Maintain the service to meet the constitutional mandate.</p>	The risk that MAI is not able to effectively deliver the service within its approved funding levels.			<ul style="list-style-type: none"> MAI is operating within its appropriations. The risk continues to be mitigated by expense reductions, changes in operating plans, as well as strong commercial traffic levels. The Atlantic bubble and Canadian wide travel have resumed. Passenger limits are still in effect and are currently set at a maximum of 375. Vaccinations continue and in turn there is increased optimism relative to travel. The uncertainty relative to the 4th wave and its impact on MAI's ability to return to normal operations will be monitored closely. Reduced operating parameters for the LE, and subsequently an unforeseen requirement for a 10 day dry dock, led to increased operating risk. To mitigate this, the MV <i>Atlantic Vision</i> is providing additional capacity on the Gulf service. With the reduced fleet capacity and current scheduled sailings at /near passenger capacity - the risk of not being able to recover as effectively when faced with weather or other unforeseen reasons is a growing concern.
2	Protect people, property & the environment	The risk that MAI does not have adequate safety governance, policies and practices, putting customers, employees, and facilities at risk.			<ul style="list-style-type: none"> Implementation of the Safestart Program Robust Organizational response with respect to its management of the pandemic continues to help keep our employees safe. Corporate training initiative implemented. Implementing other components from the 5 year safety plan will continue to keep the risk stable. The most recent External ISM audit from Lloyd's resulted in a 5 year renewal of the Document of Compliance.
3	Protect people, property & the environment	The risk that MAI is responsible for the Contamination of the Environment and/or fails to respond in an adequate manner.			<ul style="list-style-type: none"> Environmental management system Level 3 Green Marine (Note: Achieving level 4 in some areas) Waste management Plan Tank management plan Environmental inspection and audit program OPEP Incidents and proactive trending in right direction Completion of fuel automation project
4	Create a culture of engaged and motivated employees	The risk that Corporation's actions and/or employees' behaviors fail to reflect the established values of Safety, Diversity, Teamwork, Commitment, Integrity and Excellence			<ul style="list-style-type: none"> Impacts of the COVID-19 Pandemic on employee wellness are unknown, resulting in the need to closely monitor this risk. Uncertainty remains regarding the long-term impact relative to measures put in place to manage the pandemic (i.e., staffing implications, Passenger #'s, cleaning regimes, remote working). Unknown workplace implications with the lifting of public health measures (ex. masking, double occupancy of crew cabins, vacation rates.) Rising concern relative to the 4th wave and its impact. As a result of Bill C-65, the reported incident rate may go up due to increased training and awareness.

Risk	Strategic Objective(s)	Risk Statement	Q1 2021-2022	Projected Risk Outlook	Commentary
5	Ensure capacity and service levels to meet customer needs Maintain the service to meet the constitutional mandate	The risk that MAI fails to adequately maintain and renew its infrastructure leading to negative impacts on its operations and service levels.			<ul style="list-style-type: none"> The risk has remained elevated due to the inability of our current supplier to provide the contracted fuel. Sufficient supply has been secured from an alternate source through the summer season. An RFP process for fuel supply is being finalized. As a last resort if required, a standing arrangement to use tank wagons mitigates the risk from going to a very high. While Covid-19 has presented potential challenges from a supply chain perspective, increased focus internally has help to mitigate this risk. Risks associated with Covid-19 and its impact on dry docking resulted in the development of a risk register to assess the risks and identify appropriate mitigations. This register will continue to support the upcoming dry docks scheduled throughout Q4 20/21 and Q1 21/22.
6	Protect people, property, and the Environment	The risk that MAI's response to a catastrophic event such as natural disaster, act of sabotage/terrorism, grounding, etc. is inadequate.			<ul style="list-style-type: none"> MAI's response to the Covid-19 pandemic has demonstrated that the Corporation's ability to respond to these types of events is robust.
7	Maintain rates at an affordable level to ensure customer accessibility; Maintain the service to meet the constitutional mandate	The risk that MAI fails to provide a quality service that is affordable and accessible resulting in reduced customer satisfaction and traffic levels.			<ul style="list-style-type: none"> MAI recognizes that there will inevitably be a degree of frustration expressed by customers relative to some of the restrictions it has implemented as a result of the pandemic (i.e., Food services, passenger #'s, etc.) This risk will potentially trending upwards as customers' expectations do not necessarily align with MAI's approach to adhering to public health measures. To mitigate potential risks of dissatisfaction, MAI continues to ensure it communicates with consistent messaging. It also continues to propose solutions to safely adapt operations in light of the Pandemic to lessen negative impacts on customers. MAI's pace of recovery from the Pandemic will need to be executed in a manner that carefully manages any negative impacts resulting from the expectations of customers and stakeholders.
8	Balance expectations of stakeholder groups	The risk that MAI does not effectively engage its Stakeholders leading to the erosion of its reputation and the loss of confidence in the service.			<ul style="list-style-type: none"> An announcement about increased rates resulted in significant pushback. A decision was later made by MAI to roll back the 2021 increases. Further attention required with respect to how MAI interacts with associations, such as APTA. A stakeholder management strategy is planned for 21/22. During the pandemic, MAI has ensured a high degree of engagement with a wide variety of stakeholders and, as a result, it has led to a better understanding and to some degree acceptance of how MAI has responded to the pandemic.

Risk	Strategic Objective(s)	Risk Statement	Q1 2021-2022	Projected Risk Outlook	Commentary
9	<p>Ensure a sustainable and reliable service</p> <p>Maintain the service to meet the constitutional mandate</p>	The risk that MAI is not able to plan and execute on its medium-long term strategy due to a lack of control over its Corporate Plan and the funding approval mechanisms.			<ul style="list-style-type: none"> MAI's lack of control over the drivers related to this risk will result in the risk remaining at a orange level. A long-term funding decision could reduce the risk for a period of time. The current status of this risk validates the findings of the last special exam conducted by the OAG which highlighted the timeliness of Corporate Plan approvals as a significant risk to the Organization and its ability plan and execute on its Strategy. The results of the Traffic Analysis conducted by TC which supports a three vessel fleet poses a significant risks for MAI and its capacity to deliver the essential service Election call for the fall will delay approval of the 21/22 Corporate plan and may impact the 22/23 plan approval. MAI is less than 7 months away from the beginning of a non-funded year.
10	<p>Improve Information Management and Analytics</p> <p>Innovate to provide a modern, sustainable, and effective service;</p> <p>Utilize modern and emerging technologies to improve</p>	The risk that MAI's policies, planning and processes are inadequate to allow MAI to operate effectively.			<ul style="list-style-type: none"> While the impacts of Covid-19 are challenging the organization's ability to deliver on some of its strategic initiatives, there are examples where Covid-19 has also forced MAI to become more efficient (i.e., a paper reduction strategy within the Finance Division has realized significant gains. There has also been a better utilization of video-conferencing capabilities.) Covid-19 has also allowed for the identification of opportunities for innovation in the future. Focus on increased standardization for IT/IM project delivery. Continued emphasis on integrating OCM framework for project delivery.
11	<p>Improve Information Management and Analytics</p>	The risk that MAI fails to adequately manage the integrity, protection and availability of information.			<ul style="list-style-type: none"> IT security/vulnerability will require constant monitoring given the rapidity of technological change. A number of active projects commenced from the Cyber-Security Framework which will help further mitigate the risk. IMO standards will raise the accepted level of maturity for cyber security on the vessels and in our SMS
12	<p>Recruit, develop and retain a diverse talent pool</p>	The risk that MAI does not have sufficient people resources with the necessary skills and competencies to operate and manage the business and achieve its strategic objectives			<ul style="list-style-type: none"> Continued pressures on the ability to recruit the required skill sets for some key positions remains a critical consideration for this risk. Unknowns associated with the additional waves of the pandemic and its potential impact on capacity levels will also keep this risk elevated. Covid Fatigue within the organization could potentially impact our ability to deliver on our commitments. MAI has experienced multiple resignations which maybe related to Covid- as a result of people leaving to work elsewhere during the pandemic. A recent cancelled sailing due to not being able to crew the vessel reflects the growing concerns associated with the impacts of staff shortages. Media announcements of a reported Global labour shortage (broadening beyond the traditional areas of reported concern)

Risk	Strategic Objective(s)	Risk Statement	Q1 2021-2022	Projected Risk Outlook	Commentary
14	Reward accountability, encourage leadership, and plan for succession	The risk that the Corporation fails to create an organizational culture that recognizes employee performance and provides opportunity for growth and advancement.			<ul style="list-style-type: none"> • Continuation of LMDP -provides opportunities for growth and advancement • MAI has a wide array of Training opportunities available • MAI has an Annual employee recognition program.
<p>Footnotes:</p> <p>The Dashboard outlines the trend in the Residual Risk from Quarter to Quarter. Determination of the movement of the Risk will be based on a number of factors such as progress or lack of progress on planned additional actions, results of audits and inspections, new insights about control effectiveness, relevant internal and external developments, movements /trends on the key metrics.</p> <p>Projected Longer-Term Outlook - Risk Owners have identified the longer-term (12-24 months) outlook for the risk based on their capacity to further reduce the residual gap. Reduction of most risks will not be realized in the short-medium term due to many of the planned mitigations being multi-year initiatives. Additionally, sufficient time will be required to establish their effectiveness. Risks may also be projected to increase when relevant internal and external developments create increased uncertainty.</p>					

Appendix H Compliance with Legislative and Policy Requirements

Official Languages Act

Marine Atlantic has assigned two Official Languages champions to monitor and promote the use of official languages within the Corporation. Marine Atlantic ensures that all public communication is available bilingually and has bilingual employees in key public facing positions throughout the Corporation.

Access to Information and Privacy Act

The Access to Information Act, guided by the principles that government information should be available to the public, subject to certain specific and limited exceptions, provides individuals and organizations with a right of access to information in records under the control of government institutions.

The Privacy Act helps to ensure that the right to individual privacy is respected by government institutions by limiting the collection, use and disclosure of personal information. It further gives individuals the right to access the personal information about them held by these institutions.

Marine Atlantic completes an Annual Report on the Access to Information and Privacy related requests and activities ongoing at the Corporation each year. This Report can be found on the Corporation's website. The corporation also posts summaries of previously released requests through the Government's Open Data Portal.

Directive on Travel, Hospitality, Conferences and Event Expenditures

As directed under section 89 of the Financial Administration Act, MAI has established a policy outlining the reimbursement of expenses required for the purposes of business travel, hospitality, conferences and events in accordance with Government of Canada direction. The policy includes processes for the preparation and approval of expenses for reimbursement. The Corporation's compliance with this policy is audited annually by the Office of the Auditor General.

Marine Atlantic reports quarterly on its website information regarding travel, hospitality, conference and events expenditures. This is done for senior executives and directors of the Corporation.

Pension Plan Reforms

Marine Atlantic's pension plan is a defined benefit plan. Over the past number of years Marine Atlantic, as a Crown Corporation, has been aligning its plan with the requirements announced in a 2014 Order in Council:

"...a 50:50 current service cost-sharing ratio between employee and employer for pension contributions, to be phased in for all members by December 31, 2017..."

To achieve the 50-50 cost sharing target, MAI started a process to gradually increase employee contributions and by 2017 MAI reached its target with MAI and its employees sharing equally in the cost of benefits being accrued in any year. The Corporation is in compliance with the Order in Council.

Other acts and regulations governing Marine Atlantic

- Canada Labour Code
- Marine Occupational Safety and Health Regulations
- Transportation of Dangerous Goods Acts and Regulations
- Marine Liability Act and Regulations
- Canada Shipping Act, 2001
- Canada Marine Act
- Coasting Trade Act
- Domestic Ferry's Security Regulations
- Marine Transportation Security Regulations
- Financial Administration Act
- Pay Equity Act
- Accessibility Act

Appendix I Government Priorities and Direction

MAI did a reconciliation of the Minister of Transport's mandate letter to the Chair – included in Appendix A - with its 2021/22 Strategic Plan. The results are highlighted below.

Mandate Letter	MAI's Strategic Objectives	Strategic Initiatives	CEO's Accountability Agreement
<p>Economic response/pandemic recovery</p> <p>"...providing a safe secure and efficient transportation system to support economic recovery."</p>	<ol style="list-style-type: none"> 1. Protect people, property and the environment 2. Ensure a sustainable, reliable and accessible service 3. Maintain rates at an affordable level 4. Ensure capacity and service levels to meet customers needs 	<ul style="list-style-type: none"> • Develop the PAB harbour • Procure a new Ropax vessel • PAB Office Administration Building • Establish a psychological health and safety program 	<ul style="list-style-type: none"> • Perform annual Pandemic Plan Review. • Engage with the Healthy Workplace Advisory Committee to assist in developing a program to address psychological health and safety. • Implement harassment and violence prevention requirements of the Canada Labour Code (Bill C-65). • Based on recommendations and lessons learned from the Senior Leadership Development pilot and a qualitative assessment of the Leadership Management Development Program (LMDP), review and revise the LMDP to improve leadership skills for participants in a post-pandemic work environment. • PAB Harbour <ul style="list-style-type: none"> ○ Development Project Certification Documents submitted to regulators. ○ Environmental Site Works ○ RFP Package Completed • Fleet Renewal <ul style="list-style-type: none"> ○ Contract completed for preferred proponent. ○ Post RFP Project Governance & Framework developed. ○ Vessel Detailed Design Specifications Completed • PAB Admin Building <ul style="list-style-type: none"> ○ Site Work Tender Package Released ○ Project Management Governance Structure in place <p>HSE Objectives:</p> <ul style="list-style-type: none"> • Safety <ul style="list-style-type: none"> ○ Lost Time Injury Frequency ○ Total Recordable Injury Frequency (TRIF) ○ Certificate Renewals (External DOC and ISM Audits)

Mandate Letter	MAI's Strategic Objectives	Strategic Initiatives	CEO's Accountability Agreement
			<ul style="list-style-type: none"> ○ Incident Reporting ● Security – Certificate Renewals (External TC Audits) ● Emergency Preparedness – Annual Exercise ● Pandemic Plan – Annual Program Review Corrective Actions ● Annual Program Review <ul style="list-style-type: none"> ○ Safety ○ Environment ○ Emergency Preparedness
<p>Fight climate change</p> <p>“...opportunities to advance this cause are considered in organization’s priorities, plans and operations”</p>	<ol style="list-style-type: none"> 1. Protect people, property and the environment 2. Utilize modern and emerging technologies to improve processes and to enhance the customer experience 3. Innovate to provide a modern, sustainable, and effective service 	<ul style="list-style-type: none"> ● Develop the PAB harbour ● Procure a new Ropax vessel ● Develop and begin implementation of a comprehensive innovation strategy 	<p>PAB Harbour</p> <ul style="list-style-type: none"> ● Development Project Certification Documents submitted to regulators. ● Environmental Site Works ● RFP Package Completed <p>Fleet Renewal</p> <ul style="list-style-type: none"> ● Contract completed for preferred proponent. ● Post RFP Project Governance & Framework developed. ● Vessel Detailed Design Specifications Completed <p>Innovation</p> <ul style="list-style-type: none"> ● BPR – LMS Module ● BPR – Finance / Procurement
<p>Deliver real results to Canadians</p> <p>“This includes tracking and publicly reporting on the progress of our work, assessing our work’s effectiveness, aligning resources with priorities, and adapting to events as they unfold.”</p>	<ol style="list-style-type: none"> 1. Ensure a sustainable, reliable and accessible service 2. Maintain rates at an affordable level. 3. Ensure capacity and service levels to meet customer needs. 	<ul style="list-style-type: none"> ● Develop the PAB harbour ● Procure a new Ropax vessel ● Undertake an in-depth analysis to better understand the impact of cost recovery on the Corporation. ● Develop and begin the implementation of a comprehensive 	<ul style="list-style-type: none"> ● PAB Harbour – as above ● New Ropax vessel – as above ● Customer Impacting Results: <ul style="list-style-type: none"> ○ On Time Performance ○ Unplanned Service Interruption ○ Return to Service after Weather/Mechanical Delay ○ Overall PRV Satisfaction (Score of 8, 9 or 10) ○ Overall CRV Satisfaction (Score of 8, 9, or 10) ○ PRV Very Likely to Recommend Service ● Financial Planning/Results <ul style="list-style-type: none"> ○ PRV Traffic Budget ○ CRV Traffic Budget ○ Corporate Revenue Budget ○ Corporate Expense Budget

Mandate Letter	MAI's Strategic Objectives	Strategic Initiatives	CEO's Accountability Agreement
		<p>innovation strategy</p>	<ul style="list-style-type: none"> ○ Corporate Capital Expense Budget ● Annual Report <ul style="list-style-type: none"> ○ Final Draft Approved by Board ● Stakeholder Relations – External <ul style="list-style-type: none"> ○ Annual Public Meeting Held ○ Community Stakeholder Meetings ○ Prov/Fed Elected Representatives – Meetings as per stakeholder strategy
<p>Walk the road of reconciliation</p> <p>“...consulting Indigenous communities/incorporating Indigenous perspectives in operations and processes”</p>	<ol style="list-style-type: none"> 1. Protect people, property and the environment 2. Balance expectations of stakeholder groups 3. Recruit, develop and retain a diverse talent pool 	<ul style="list-style-type: none"> ● Develop and implement the Stakeholder Relationship Plan ● Disseminate and integrate diversity and inclusion throughout MAI 	<ul style="list-style-type: none"> ● Coordinate and deliver Truth and Reconciliation awareness sessions. ● Develop and deliver information sessions highlighting MAI and careers in Marine Industry in High Schools in Indigenous communities, targeting grades 9,10,11 and 12. ● Stakeholder Management -Complete stakeholder management targets and objectives.
<p>Improve accessibility</p> <p>“MAI will ensure that it is doing its part to help make the transportation system more accessible for persons with disabilities.”</p>	<ol style="list-style-type: none"> 1. Ensure a sustainable, reliable and accessible service 2. Maintain rates at an affordable level 3. Ensure capacity and service levels to meet customers needs 4. Balance expectations of stakeholder groups 	<ul style="list-style-type: none"> ● Develop the PAB Harbour ● Procure a new Ropax vessel ● Develop and implement the Stakeholder Relationship Plan ● Undertake an in-depth analysis to better understand the impact of cost 	<ul style="list-style-type: none"> ● PAB Harbour – as above ● New Ropax vessel – as above ● PAB Administration building – as above ● Stakeholder Management -Complete stakeholder management targets and objectives.

Mandate Letter	MAI's Strategic Objectives	Strategic Initiatives	CEO's Accountability Agreement
		recovery on the Corporation.	
<p>Approval of Corporate Plans</p> <p>“ to the extent that circumstances are within MAI's control, MAI's future corporate plans are prepared sufficiently in advance, with the best information available at the time, to enable timely review and approval.”</p>	<ol style="list-style-type: none"> 1. Ensure a sustainable, reliable and accessible service 2. Balance expectations of stakeholder groups 3. Improve information management and analytics 	<ul style="list-style-type: none"> • Undertake an in-depth analysis to better understand the impact of cost recovery on the Corporation. 	<p>Corporate Plan</p> <ul style="list-style-type: none"> • Draft submitted to Board • Substantial Final Draft Approved by Board <p>Stakeholder Relations</p> <ul style="list-style-type: none"> • Meetings with TC/Shareholder
<p>Diversity and Inclusion</p> <p>“(Board) Candidates should also reflect Canada's diversity in terms of linguistic, regional and employment equity groups (women, Indigenous peoples, persons with disabilities and members of visible minorities), as well as members of ethnic and cultural groups.</p>	<ol style="list-style-type: none"> 1. Recruit, develop and retain a diverse talent pool 	<ul style="list-style-type: none"> • Disseminate and integrate diversity and inclusion throughout MAI • Establish a psychological health and safety program 	<ul style="list-style-type: none"> • Gender Equity - Continue recruitment and succession planning with a focus on MAI female employees including participation in LM DP and mentorship programs Conduct an evaluation of the pilot Women's Mentorship Program and develop an annual Women's Mentorship Program for organization. • Increase gender equity on Senior Leadership Team. • Develop inclusion guidelines for all under presented groups for managers, and develop awareness and education tools for employees • Develop an Equity, Diversity and Inclusion Program to embed EDI actions and initiatives in all divisions across the organization. • Senior Management representation at Industry Conferences & Associations. • Corporate Organizational Review

Mandate Letter	MAI's Strategic Objectives	Strategic Initiatives	CEO's Accountability Agreement
<p>"my expectation is that MAI incorporates a similar focus on the abovementioned populations in all its labour force practices."</p>			
<p>Ethics and accountability "All appointees should abide by the principles found in the Prime Minister's recently updated statement on Open and Accountable Government, with particular attention paid to the Ethical Guidelines set out in Annex A." "... ensure ongoing compliance, both for their organization and for themselves, with the relevant requirements of the Treasury Board Secretariat Directive on Travel, Hospitality, Conference and Event Expenditures, the <i>Lobbying Act</i></p>	<p>1. Reward accountability, encourage leadership, and plan for succession</p>		<ul style="list-style-type: none"> • Demonstrates personal behavior and organizational practices that reflect the ethics and integrity expected in a federal public service • Ensures that the Executive Team and any associated working groups engage with MAI customers, clients, stakeholders, and colleagues in a manner consistent with MAI's Values by modeling these behaviors, recognizing behaviors in others that reflect these Values, and by proactively addressing instances where individuals act in a manner contrary to these Values. • Takes the required actions to ensure that the Executive and Directors of the organisation accept and support MAI's vision and promote that vision positively throughout the organization. • Generates excitement, enthusiasm and commitment in respect to the future MAI within the Executive Team and the organization. • Promotes MAI's vision outside of the organization via speaking engagements, attendance at external meetings and via the media. • Leads by example and positively engages the Executive and management teams to achieve MAI's goals and objectives.

Mandate Letter	MAI's Strategic Objectives	Strategic Initiatives	CEO's Accountability Agreement
and the <i>Conflict-of-Interest Act</i> ."			
<p>New vessel procurement</p> <p>"the successful delivery of a suitable new vessel on time and on budget"</p>	<ol style="list-style-type: none"> 1. Protect people, property and the environment 2. Ensure a sustainable, reliable and accessible service 3. Ensure capacity and service levels to meet customers needs 	<ul style="list-style-type: none"> • Procure a new Ropax vessel 	<p>Fleet Renewal</p> <ul style="list-style-type: none"> • Contract completed for preferred proponent. • Post RFP Project Governance & Framework developed. • Vessel Detailed Design Specifications Completed <p>Stakeholder Management -Complete stakeholder management targets and objectives.</p>
<p>Cost Recovery/Appropriations</p> <p>"recognize MAI's efforts for the past several (pre-COVID) years to operate within its appropriation level and meet its overall cost recovery target"</p>	<ol style="list-style-type: none"> 1. Maintain rates at an affordable level. 2. Balance expectations of stakeholder groups 	<ul style="list-style-type: none"> • Undertake an in-depth analysis to better understand the impact of cost recovery on the Corporation. 	<ul style="list-style-type: none"> • Overall Cost Recovery

Appendix J *MV Leif Ericson* 30 Year Survey



LEIF ERICSON 2021

30 YEAR SURVEY

March 19, 2021

LEIF ERICSON 30 YEAR SURVEY

North Sydney – Les Mechins
(Verreault Navigation)

Jan 5 – April 23, 2021

Operations Department Marine
Atlantic Inc

July 2, 2021

L

1

Summary

The Leif Ericson was built in 1991 and turned 30 years old in 2021. As this is the 6th special Class survey, extensive inspections and surveys were needed for Class Society DNV and Transport Canada (TC) Regulatory and Statutory Survey compliance. The largest area included Sub Sea hull refit work and Ultra Thickness Measurement Surveys (UT) which resulted in substantial steel plate replacements throughout the ship. A new installation of a ballast water treatment system (BWTS) to be compliant to IMO Ballast Water Management Regulations was carried out. Upgrade of the bridge navigation equipment, renewal of all Class Load Line fittings (tank vent check valves on deck) and substantial door replacements. Inspection and overhaul of the bow thrusters, overhaul of the propellers, steering gear, and rudders were carried out to bring all tolerances back into limits.

Work was divided into 4 basic categories: Regulatory (Class, Flag, Health, etc.), Reliability, Environmental, and Passenger Experience/Safety. Work items often fell into more than one category.

The vessel departed North Sydney on 17 March 21 and arrived at Verreault Navigation on 19 March. It remained in dock for 38 days, exiting on 23 Apr 21. During the time in dry dock, all underwater machinery was inspected and overhauled by service reps to increase reliability and serviceability.

Regulatory

Before leaving North Sydney for the refit, an underwater survey was done to check the hull condition. UT testing was also done on all accessible decks and tank frames. These UT tests identified several areas of low steel thickness that needed to be addressed. These areas included the interior of the main mast, interior of the funnel base plates, top of the aft elevator casing and battery room, top of the funnel, tanks, and a large portion of vehicle deck 4 aft. UT examination of the hull while in dry dock noted no areas of concern.

The vessel arrived in North Sydney on 5 January 21 to begin the work. Between 5 Jan and 16 Mar 21, all tanks were inspected for DNV. Several tanks were found to need structural repairs to support framing and side plating. The bridge equipment was all upgraded to components that are all easily serviceable for the vessel operating in North Sydney.

Approximately 300m² of steel was replaced on car deck 4 and was the critical path for the dry dock period. Other steel renewals included tank repairs in tanks, top of the aft elevator, battery room and emergency generator compartments. All steel repairs were inspected and accepted by DNV. The boilers were inspected and serviced for class. All four lifeboats and davits were inspected by the manufacturer and overhauled back to original tolerances.



Reliability

Work to increase reliability and decrease maintenance cost included many of the same regulatory items.

The underwater anti-fouling paint system was renewed with the hull being blasted to SA 2.5 and the sub-sea anti corrosive, anti-fouling system and then final hull blue coating paint system re-established. The hull coatings were carried up to and including the yellow stripe at the bulwarks. The superstructure front was painted and the forward capstan deck. This will increase the corrosion resistance and decrease future maintenance costs.

- Galley equipment was replaced to give greater reliability and decrease maintenance costs. Galley sanitation was improved by coating the floor drains and renewing the walk-in cooler/freezer interiors. Customer service areas were improved by replacing damaged flooring and cleaning all HVAC ducts.

Environmental

A ballast water treatment system was installed to meet future environmental and regulatory requirements. The underwater paint system conforms to tin free standards.

- All oil seals in the underwater machinery were renewed. A generator was overhauled to ensure it keeps meeting emission standards.

Passenger Experience/Safety

Passenger area flooring was renewed as well as interior joinery bulkheads repaired. The Safety rails on the viewing deck were modified to give better safety and view. The new galley equipment ensures that food safety and hygiene can be reliably maintained thus reducing the labour to ensure all commissary activities are within compliance.