Corporate Plan 2025/26 – 2029/30

Marine Atlantic Inc

August 2025

Contents

Executive Summary

The Government of Canada recently announced a significant investment in Marine Atlantic Inc's (MAI) operations. These investments allow the Corporation to reduce its rates by 50% for passengers and passenger vehicles, and to freeze commercial rates until 2028/29.

The Corporation is appreciative of the Government's commitment to maintaining the affordability of the service, and the recognition of the service's importance as part of Canada's interprovincial supply chain. The reduction in rates will encourage more people to avail of the service and allow for stable pricing for commercial users for the next several years.

Having only a portion of its long-term fleet strategy approved at this juncture, MAI has revised the remaining components of the strategy to reflect adjusted timelines, approvals and implementation dates.

MAI will also continue to progress its strategic objectives of reducing its GHG emissions, improving the customer experience, driving the Innovation agenda, and creating an energizing, inclusive workplace culture.

Finally, the plan outlines the Corporation's current financial position and outlines the funding requirements necessary for MAI to continue to meet the traffic demand, while maintaining the service levels and key performance indicators established by its Shareholder.

Corporate Overview

Marine Atlantic Inc (MAI) was created on June 27, 1986 as a parent Crown Corporation through the *Marine Atlantic Inc. Acquisition Authorization Act*. As a Crown Corporation, MAI 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 MAI 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.

Main Activities

MAI offers twice daily ferry 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 Argentia, NL and North Sydney, NS.

MAI provides an essential service to the island of Newfoundland, as it is the only daily ferry 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 the 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. MAI is a very important enabler of the economy of Newfoundland and Labrador. MAI's success drives the success of the province 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 MAI's website.

Constitutional Obligation

The ferry service between NL and the rest of Canada is enshrined in the Constitution.

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".* MAI exists to fulfill that mandate.

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.

A more detailed review of the Corporation's operations can be found in its latest annual report, which can be found at https://www.marineatlantic.ca/about-us/corporate-information/reports

Operating Environment

The following section will address various factors of both the internal and external environments in which MAI operates.

Internal Environment

Human Resources Overview

As of December 2024, MAI employs a total of 1328 people, spread over three geographical locations – Port aux Basques, Argentia and North Sydney. However, a number of these employees live in other parts of Atlantic Canada and commute to work for their two-week on/off shifts. 36.97% of MAI's workforce are women; a breakdown by occupation group is provided below:

Occupational Group	Total Employees	Total Women	Percentage
01 Senior Managers	7	3	42.86%
02 Middle and Other Managers	66	22	33.33%
03 Professionals	33	24	72.73%
04 Semi-Professionals and Technicians	146	10	6.85%
05 Supervisors	44	24	54.55%
06 Supervisors: Crafts and Trades	8	0	0.00%
07 Administrative and Senior Clerical Personnel	26	24	92.31%
08 Skilled Sales and Service Personnel	66	28	42.42%
09 Skilled Crafts and Trades Workers	67	0	0.00%
10 Clerical Personnel	90	48	53.33%
11 Intermediate Sales and Service Personnel	130	102	78.46%
12 Sem-Skilled Manual Workers	147	9	6.12%
13 Other Sales and Service Personnel	295	171	57.97%
14 Other Manual Workers	203	26	12.81%
Totals	**1328**	**491**	36.97%

Collective Bargaining

MAI's has six collective bargaining units, and all collective agreements have been ratified through to December 31, 2025. Preparations for the next round of negotiations are underway.

External Environment

Weather and Climate Change

MAI operates in the Gulf of St. Lawrence, a very harsh environment, prone to extreme winds, waves, and ice. As such, MAI's service is often cancelled due to extreme weather conditions. Further, climate change has led to more frequent, longer, and more violent weather events, resulting in increased cancellations.

These cancellations impact the users of the service by the interrupting their travel plans, resulting in delays and increased costs as they await the resumption of service. They also have a significant impact on the availability of goods and service in the province of NL as commercial traffic is also delayed. The commercial operators potentially face a financial impact on their operations – especially those transporting perishable products that are at risk of spoilage. Industries and businesses in NL are also temporarily impacted by the availability of supply, thereby negatively impacting the overall economy. Finally, the safety and health of the people of NL can be put at risk, as the service transports many of the supplies – like medical oxygen – that are essential to the province's hospitals.

This necessitates a fleet of ice-class vessels with the capacity to quickly and efficiently clear up the significant backlog of cargo and passengers that results. Furthermore, the configuration of the Port aux Basques Harbour, with Vardy's Rock creating an obstacle, limits MAI's ability to operate in certain weather conditions, adding to the number of cancelled trips.

The operating environment also necessitates the maintenance of an alternate port that can be used by the Corporation in case of service interruption in Port aux Basques. While the port of Argentia cannot handle the same volume of traffic that can be routed through Port aux Basques, the availability of the port allows the Corporation to keep essential goods moving.

Regulatory

The marine industry is highly regulated. As a federal Crown Corporation, MAI adheres to all regulatory requirements as outlined by Transport Canada's marine regulations and all applicable international regulations.

Further, federal Crown corporations are subject to regulations, particularly related to reporting and accountability, with which MAI complies fully.

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, in the past, were often viewed as more reasonably priced than MAI's service. Historically, increasing airfare discounts and new entrants in the airline market increased the choices for consumers. However, the impact of Covid-19 on the airline industry has resulted in a major reduction in service to the island which continues even as demand has returned to normal. For example, Air Canada has eliminated its flights between Halifax, NS, and Sydney, NS. Travellers from NL who want to visit Sydney now must either fly to Toronto or Montreal, and then back to Sydney, or they avail of MAI's ferry service. Similarly, Flair Airlines announced the discontinuation of its service to NL in 2025/26.This reduced service along with significantly higher prices for flights than pre-pandemic is credited for driving increased passenger traffic to MAI. However, traffic growth is currently limited because of almost 100% capacity utilization during the peak travel period.

Commercially, MAI supports the road transportation network, of which Oceanex is viewed as the closest alternative service provider.

NL's Economic Environment

In its five-year provincial update for NL released in June 2025, the Conference Board of Canada included the following key findings:

- **Economic Growth:** Real GDP growth is forecasted to average around 1.4% annually over the next five years. This growth will be supported by major projects such as the Bay du Nord offshore oil development, which is anticipated to significantly boost economic activity once operational.
- **Oil and Gas Sector:** The offshore oil sector remains a cornerstone of the provincial economy. The Bay du Nord project is expected to begin production by 2028, bringing new investment and job opportunities. However, the sector faces volatility due to fluctuating global oil prices and environmental concerns.
- **Demographics and Labour Market:** Newfoundland and Labrador continues to grapple with demographic decline, including an aging population and outmigration. These trends are expected to constrain labour force growth, posing long-term economic challenges.
- **Diversification Efforts:** The province is making progress in diversifying its economy through investments in renewable energy, mining, and tourism. However, these sectors currently contribute a smaller share to the GDP compared to oil and gas.
- **Fiscal Outlook:** The fiscal position is improving gradually, aided by higher oil royalties and restrained government spending. Nonetheless, the province continues to carry a high debt burden, and fiscal sustainability remains a concern.
- **Housing and Inflation:** The housing market remains relatively stable, with moderate price growth. Inflation is expected to stay within manageable levels, although supply chain disruptions and energy costs could exert upward pressure.

The Key Economic Performance Indicators for the province of NL over the next four-years are as follows:

NL's Key economic indicators

(percentage change)

	2023	2024	2025	2026	2027	2028	2029
Real GDP	-2.6	2.4	1.2	1.6	1.4	1.0	0.9
Nominal GDP	-5.5	-0.2	4.3	2.3	3.2	2.6	2.7
Consumer price index	3.3	1.8	1.8	1.7	2.1	2.0	1.8
Household disposable income	7.0	6.6	1.3	0.7	1.9	1.8	1.8
Employment	1.7	2.7	-1.0	-0.4	-0.5	-0.6	-0.7
Unemployment rate (level)	9.8	10.0	10.4	9.7	9.3	9.2	9.2
Retail sales	1.9	6.2	6.3	1.8	2.3	2.0	2.0
Wages and salaries per employee	6.4	2.5	2.3	1.4	1.6	1.7	1.7
Population	1.4	1.1	0.2	-0.6	-0.6	-0.4	-0.3

Shaded area represents forecast data.
Sources: The Conference Board of Canada; Statistics Canada.

MAI’s Recent Performance – 2024/25 Results

MAI reports on numerous Key Performance Indicators (KPI) monthly, with quarterly updates provided to the Board of Directors at the quarterly board meetings. MAI also provides regular updates as to the in-year status of its Strategic Initiatives, and its risk dashboard.

The first table that follows outlines MAI’s performance on its KPIs as of March 31, 2025. The second table outlines year-end progress on strategic initiatives.

Key Performance Indicators

Strategic Perspective	Measure	2024/25 Target	End of Q4 2024/2025	Variance to Target
Financial & Public Stewardship	Revenue ($M)	$122.0M	$125.2M	$3.2M
	Operating Expenditures	$314.5M	$294.1M	$18.7M
	Capital Expenditures	$45.8M	$46.8M	$1.0M
	Total Recordable Environmental Incidents	0 Class A's	0 Class A'a	N/A
Customer & Stakeholders	CRV's	89,162	96,349	7,187
	PRV's	142,727	141,582	(1,145)
	AEUs Carried	529,325	556,222	26,897
	Vessel Availability	≥ 97%	97.7%	0.7%
	On-time Performance	≥ 90	83.0%	-7.0%
	Overall Customer Satisfaction - PRV	≥ 69%	71.0%	2.0%
	Overall Customer Satisfaction – CRV*	≥ 60%	Not Avail	N/A
	Likelihood to Recommend	> 50%	49%	1%
	Media Score	Positive	Neutral	N/A
Internal Processes	Capacity Utilization	≥ 70%	87.0%	17.0%
	Wait time	> 50% ≤ 10 hours	43.00%	7.00%
	Unplanned Service Interruptions**	≤3%	2.3%	0.7%
	Lost Time Injury Frequency	≤2.00	2.58	0.58
	Passenger Injury Rate	≤0.82	0.7	0.12
	Funded Planning horizon	> 2 years	9 months	15 months
	Fuel Consumption	31.2M litres	35.2M litres	4.0M litres
	Overtime	$2.7M	$5.2M	$2.5M
People, Tools, & Skills	Vacancy Rate of Key Positions	<5%	3.98%	1.02%
	Turnover Rate of Employees (Resignations)	< 4%	1.55%	2.45%

*Customer Service surveys for Commercial Drivers are only completed once a year in the July time frame, results not available.

**Based on published schedule; excludes delay in introducing Ala’suinu into service.

2024-25 Strategic Initiatives Update

Strategic Initiative	Activities	Q4 2024/25 Update
Achieve NetZero by 2050	• GHG Inventory Management • Transition to Electric Vehicles Environmental Management Project Evaluation Tool/ Oversight of projects • Green Marine Certification • Environmental Management System (EMS)	• 0.25% reduction in Scope 1 GHG Emissions • 3/80 = 3.75% vehicle fleet is electric • GHG review form is incorporated in Capital projects • Green Marine Audit Results – continue to maintain a level 3 or above. • 2 Quarterly Environmental Inspections
Develop a long-term fleet replacement strategy	• Ongoing procurement of MAI's new vessel • Develop a plan to replace the MV *Leif Ericson* • Develop a longer-term fleet lifecycle management program	• Completed. • Long-term fleet strategy document submitted to TC.
Improve service offerings to better meet customer needs	• Enhancing MAI's digital service delivery options for all customer segments. • Development of Commercial Customer Service Strategy. • Maintain marketing and brand awareness promotions.	• Delayed due to dependence on BOOKIT upgrade which will begin in Sept 2025. • Pilot will continue into summer. Revised date of completion in Q3. • Commercial Strategy continues; working group formed to prioritize items from formal and informal outreach during Q1 2025/26. • Spring 2025 campaign launched Feb 13 for travel between May 1 and June 30.
Innovate and automate	• Improve customer engagement through deployment of Mobile App • Advance MAI's data and analytics strategy to provide better information to both customers and employees. • Leverage enterprise solutions to further modernize and automate MAI business process • Align the cyber security posture of MAI's most critical infrastructure (Vessels) with Det Norske Veritas (DNV) Class Society regulation.	• Delayed due to dependence on BOOKIT upgrade which will begin in September 2025; Pilot underway. • Data Governance framework approved. • SAP Roadmap under development to establish corporate priorities for future SAP enhancements. • Continuing with work with DNV to ensure MAI cyber program aligns with DNV guidance.

Strategic Initiative	Activities	Q4 2024/25 Update
Focus on People and Culture	• Continued implementation of the Psychological Health and Safety Program. • Continued collective bargaining for expired agreements. • Identify innovative recruitment strategies with a focus on equity deserving groups. • Implementation of the Pay Equity Plan.	• Mental Health First Aid training • Workplace Harassment and Violence Refresher • Management Workplace Harassment and Violence / Performance Management – 10 sessions held. • Non-Violent Crisis Intervention (NCVI) - pilot session was held • Workplace assessments have been completed. • Collective bargaining has concluded. • Leadership Orientation Program pilot session will be held in Q3 2025/26 to obtain feedback and finalize content. • Completed.

MAI's Strategic Plan

Government Policies and Objectives

The government's priorities were outlined in a letter from the Prime Minister to his Cabinet. They include seven areas of focus:

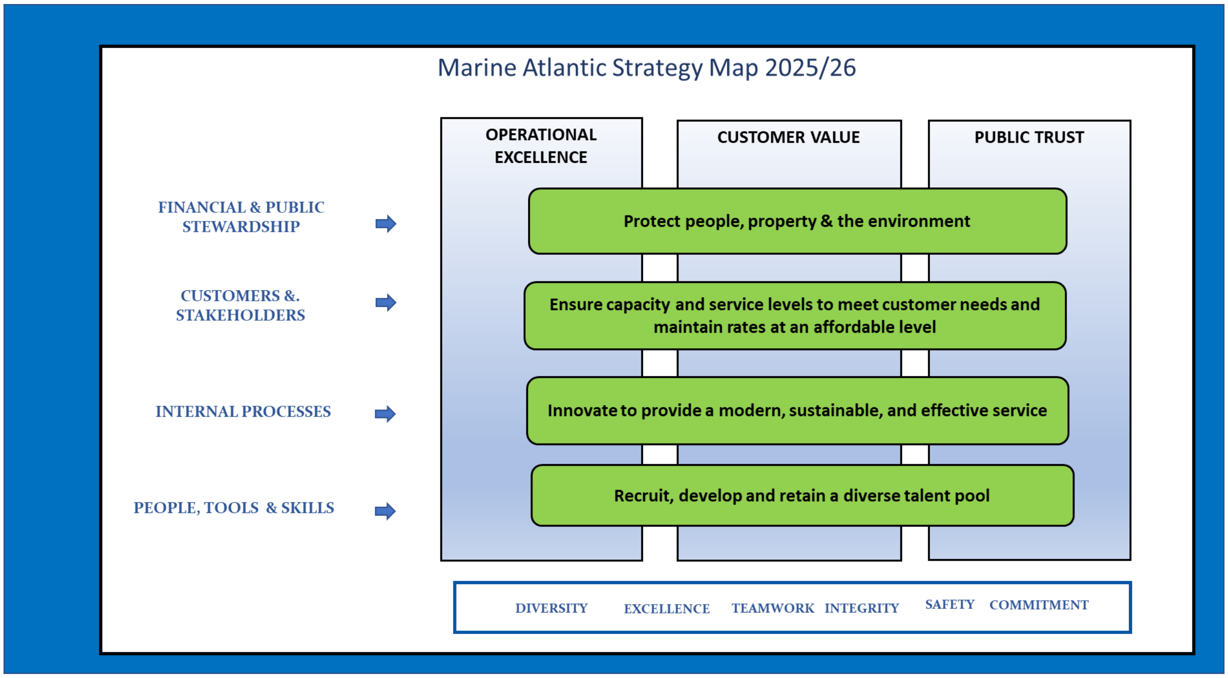
1. Establishing a new economic and security relationship with the United States and strengthening our collaboration with reliable trading partners and allies around the world.
2. Building one Canadian economy by removing barriers to interprovincial trade and identifying and expediting nation-building projects that will connect and transform our country.
3. Bringing down costs for Canadians and helping them to get ahead.
4. Making housing more affordable by unleashing the power of public-private cooperation, catalysing a modern housing industry, and creating new careers in the skilled trades.
5. Protecting Canadian sovereignty and keeping Canadians safe by strengthening the Canadian Armed Forces, securing our borders, and reinforcing law enforcement.
6. Attracting the best talent in the world to help build our economy, while returning our overall immigration rates to sustainable levels.
7. Spending less on government operations so that Canadians can invest more in the people and businesses that will build the strongest economy in the G7.

As a key part of the Canadian supply chain, and the provider of the only daily passenger ferry service between Newfoundland and the rest of Canada, MAI is particularly well-suited to helping the Shareholder achieve its objectives regarding both the removal of interprovincial trade barriers by expanding capacity and transporting more people and goods, contributing to nation building projects as part of fleet renewal, and reducing costs for Canadian by lowering rates for the service and expenses for commercial shippers by reducing wait-times for crossings.

By using these as a starting point, each of the objectives and activities planned for 2025/26 support one or more of these priorities.

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 the 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.

In 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 used to develop the organization's strategic initiatives that the Corporation will focus on for the upcoming planning period. While MAI's overall Corporate Strategy Map has not changed, in 2025/26 the Board of Directors chose to focus in on specific objectives to ensure alignment with the government's priorities.



Key Objectives and Activities

1. Environmental Stewardship

Planned Activities	Outcomes	Performance measures
GHG Inventory Management	GHG Inventory Completed	GHG Emissions Reductions (Tonnes)
Transition to Electric Vehicles	Use less fuel for shore-based vehicles	% of Electric Vehicles
Environmental Management Project Evaluation Tool/ Oversight of projects	Tool complete and process incorporated in Capital Projects	Improved environmental awareness
Green Marine Certification	Green Marine Annual Certification Level	Green Marine Level
Environmental Management System (EMS)	EMS Implemented	Annual Inspection/Audit Results

MAI continues to focus on reducing its environmental footprint. Having established a baseline greenhouse gas (GHG) inventory, MAI will continue to work to reduce its emissions. MAI's Environmental Stewardship Committee continues to provide guidance and oversight to ensure that the organization achieves its environmental performance objectives, fulfills its compliance obligations, and minimizes environmental impacts from operations.

Activities

1. **Ongoing measurement of MAI's GHG inventory** – in alignment with the Greening Government Strategy, includes an assessment of the light vehicle fleet, heavy vehicle fleet, propane usage, vessel fuel usage, HVAC systems, fire suppression systems, and electricity usage on MAI premises.

2. **Project oversight and evaluation –** Using an environmental project evaluation tool to assess all projects and initiatives as it relates to impacts on emission targets and the overall environmental performance, several projects have been identified for inclusion in the 5-year capital plan to support Net Zero opportunities:
    - *Lighting Upgrades in Argentia - switching to LED.*
    - *Heating System Replacement at the PAB Maintenance shop to improve energy efficiency.*
    - *HVAC System Upgrades at the North Sydney Maintenance shop to improve energy efficiency.*
    - *Self-Supporting Sewage System at the PAB Life Raft Center.*
    - *New propeller blades for the Blue Puttees to reduce fuel consumption – started in 2024/25, to be completed in 2025/26.*

3. **Ongoing participation in the Green Marine Program,** which guides the maritime industry toward environmental excellence by encouraging the adoption of concrete measurable actions that go beyond regulatory obligations. Under this program, MAI is evaluated against established criteria in several different categories for both the vessels and the terminals. The Green Marine Program has 5 levels. Green Marine defines Level 5 as 'Excellence and Leadership' in each category, whereas Level 3 is defined as 'Integration of best practices' into an adopted management plan and understanding of environmental impacts. Strategically, MAI has set a corporate goal to maintain or exceed at least an average of level 3, which was first achieved in 2021/22.

4. **Environmental Management System –** MAI's Environmental Management System continues to guide the organization in improvement of environmental performance and the minimization of the environmental impacts of our operations.

Transition to Electric Vehicles - MAI continues to work on its plan to introduce electric vehicle and charging stations as part of its shore-based infrastructure innovation plan. Charging stations have been installed in all ports. Electric powered baggage vans are now in operation, as well as the Electric Scissor Lifts, with plans to expand into other vehicle types (i.e., Shuttle Buses, Shunt Trucks, Maintenance Vehicles, etc.) as soon as they can be procured. As of June 2025, the status of each of MAI's Environmental targets and goals are as follows:

Goal	Baseline	2023 Target	Result YTD
Fuel Consumption: Vessels	39,169,920 L (2019 YTD))	3% Reduction	9% reduction (35,329,486 L)
Fuel Consumption: Terminals	378,898 L (2021)	5% Reduction	6.9% increase (405,247 L)
Green Marine – Vessel Program	-	3 or better	3.1
Green Marine – Terminals Program	-	3 or better	3.7
Class A Environmental Incidents	-	0	0
Class B Environmental Incidents	-	<1	0

***Fuel data up to end of March 2025 (as compared to March of 2023 Baseline Year)**

It should be noted that MAI is behind on its fuel reduction target for 2024/25, because of the incremental speeds and additional trips made by the fleet while the Ala'suinu was out of service; further, the learning curve on a vessel like the Ala'suinu is steep; it will take a while for the captains and crew to determine its most efficient running parameters.

2. Implement MAI's Long-term Fleet Strategy

Activities	Outcomes	Performance measures
• Begin the procurement phase for the interim replacement vessel for the MV *Leif Ericson*. • Seek approval and funding for permanent replacement vessels for the MV *Leif Ericson, the MV Blue Puttees, and the MV Highlanders.* • Develop an operating plan that will drive incremental capacity from the current fleet.	• Successful RFP process for vessel procurement. • Data analysis to support request for new vessel. • Develop options for the Corporation's long-term fleet strategy • Expand capacity during the peak season to better meet traffic demand.	• On-time Performance • Vessel Reliability • Meet traffic demand • Reduced maintenance costs • Reduced cost of vessel acquisition •Reduction in carbon emissions

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 as per the Terms of Union, but also to achieve the key performance targets established by the Shareholder, such as on-time performance, vessel reliability, emission reduction, and customer satisfaction levels. Enabling an increased number of passengers and freight traveling to and from the island of Newfoundland also stimulates the regional economy and reduces barriers to interprovincial trade.

As such, MAI has developed a long-term fleet strategy that addresses its fleet requirements for the next 30 years. An established long-term fleet strategy permits a stable and efficient fleet renewal program which allows for the appropriate fleet configuration, timely vessel renewal and replacement, better value in expenditures, staffing efficiencies, and the flexibility to meet service expectations. The strategy includes the following components:

1. An overview of MAI's current fleet.
2. A discussion on MAI's capacity limitations during peak season.
3. The interim replacement for the MV *Leif Ericson*.
4. additional capacity during peak season.
5. Permanent replacements for the MV *Leif Ericson*, the MV *Blue Puttees*, and the MV *Highlanders*.
6. Shore infrastructure to improve the efficiency and reliability of the service.

Each of these components is discussed briefly in this plan. The longer, more detailed strategy document has been shared with TC.

Current Fleet

MAI's current fleet consists of four Canadian flagged ice-class ferries: MV *Blue Puttees*, MV *Highlanders*, the MV *Leif Ericson* and the new vessel, the *Ala'suinu*. The MV *Atlantic Vision* was returned to its owners in May 2024.

A fleet of four RoPax (roll-on, roll-off with passenger amenities) 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. From an operational perspective, having four RoPax vessels is one of MAI's key risk mitigation factors in delivering the essential year-round service.

MV *Blue Puttees*
Ro-Pax

- 1000 Passengers
- 94 cabins
- 3 vehicle decks
- 1 hoistable deck

MV *Highlanders*
Ro-Pax

- 1000 Passengers
- 94 cabins
- 3 vehicle decks
- 1 hoistable deck

Ala'suinu
Ro-Pax

- 1000 Passengers
- 186 cabins
- 2 vehicle decks
- 1 hoistable deck

MV *Leif Ericson*
Commercial Ro-Pax

- 51 Passengers
- 24 cabins
- 2 vehicle decks
- 380 Passengers in non-commercial mode

The ten-year lifecycle of MAI's current fleet is outlined in the following chart.

MAI's Ten Year Fleet Lifecycle

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
	1	2	3	4	5	6	7	8	9	10
MV *Blue Puttees*		***20 Year Mid-life Refit***					***Begin Replacement Process***			
MV *Highlanders*			***20 Year Mid-life Refit***					***Begin Replacement Process***		
Ala'suinu	***Charter***	***Charter***	***Charter***	***Purchase Feb 2029***						
MV *Leif Ericson*		***Sell***								

Peak Season

Industry best practices suggest that a vessel utilization rate of 85% is indicative of a ship at maximum capacity – the remaining 15% of space is required for wide loads and maneuvering vehicles and trailers as they are being loaded and off-loaded.

MAI's capacity utilization varies widely from season to season. At the time of writing (August 1), the service is booked for the remainder of the summer. The Government of Newfoundland and Labrador, along with other industry partners, have expressed concerns regarding MAI's ability to accommodate their forecasted increases in non-resident tourism over the next five-years. Similarly, some manufacturing sectors have indicated that capacity has hindered industry growth. The commercial trucking industry has also indicated that capacity pressures prevent them from using MAI's service, as delayed crossings and reduced capacity in the peak season lengthens time to market.

MAI's long-term fleet strategy includes several components to help offset the capacity limitations, including a larger replacement for the MV *Leif Ericson* than the existing vessel.

Replacement of the MV *Leif Ericson*

The Corporation's most urgent requirement is the need to immediately replace the MV *Leif Ericson*. The vessel is approaching 35 years of age, and is at increasing risk of mechanical or other failure. Without significant investment, the vessel will no longer meet class requirements as of April 2026, and will have to be pulled from service, leaving MAI with only three vessels in its fleet.

The Government has provided MAI with sufficient funds to secure a leased vessel to enter service before June of 2026/27 as an interim replacement for the Ericson. With funding available, MAI will immediately begin the replacement process for the aging vessel. By doing so, the Corporation will be able to offset some of the increasing pressure for incremental passenger capacity during peak season.

Permanent Replacement Vessels

In the past, MAI has approached fleet replacement on an as-needed basis. There are several reasons for this.

First, the short-term nature of MAI's funding does not allow for long-term planning. Shareholder approval for new vessels has historically been requested through a Memorandum to Cabinet, along with a request for the required funding. The process occurred outside of MAI's corporate planning process, and timing and approvals often did not line up with fleet requirements. Should approval not be granted when required, MAI was left to employ short-term leases to ensure that it could meet the traffic demand.

Relying on charter arrangements for its vessel requirements means the Corporation has been dependent on favorable market conditions and a sufficient supply of vessels available for lease.

Shore Infrastructure

The final component of MAI's fleet strategy are shore infrastructure investments to better enable MAI to meet the traffic demand and to move more people and goods efficiently and reliably. Dock upgrades are necessary to accommodate larger vessels and to ensure the redundancy of the service – both by allowing several vessels to dock in port at the same time, and to increase loading and unloading capacity in Argentia. Electrification of both the vessels and the docks will drive significant fuel savings and is safer for the environment. Auto mooring systems will reduce the need for stevedores, as well as reduce the risk of injury to employees during the docking process.

3. Improve Service Offerings to Better Meet the Needs of Customers

Activities	Outcomes	Performance measures
• Enhancing MAI's digital service delivery options for all customer segments. (ex, MobileApp, Commercial Portal).	• Improved service offerings.	• Traffic volumes
• Development of Commercial Customer Service Strategy.	• Improve service alignment with customer needs, customer experience and perceived value, loyalty.	• Customer Satisfaction
• Improving MAI's ability to address the accessibility needs of its customers.	• Insights into the opportunities and barriers to advancing MAI's accessibility strategy.	• Compliance with accessibility regulations.
• Maintain marketing and brand awareness promotions.	• Increased ridership and capacity utilization	• Revenue

The needs and expectations of customers in the transportation sector are continually evolving due to advancements in technology, changing lifestyles, and increasing environmental awareness. Those who rely on the MAI service expect an efficient, dependable, and sustainable service. Customers expect timely information sharing, a seamless booking experience, and a level of service that aligns with their needs, or in the case of the commercial industry, the needs of their customers. Our passengers, and the public in general, expect to see a continued focus on safety, accessibility, and environmentally friendly practices. By continuously innovating and adapting to customer needs where possible, MAI can help ensure customer satisfaction, improve the overall customer experience, and drive operational efficiency to ensure long-term sustainability.

As with any industry, the needs, and expectations of MAI's customer base continues to evolve, and it is essential that MAI continue to evolve its service to meet those needs - both from a passenger and commercial customer perspective. To effectively make the necessary changes however, MAI must have a clear understanding of the needs, expectations, and priorities of all its customer segments. It is through this information that data-based decisions can be made to help the organization move forward in a meaningful way.

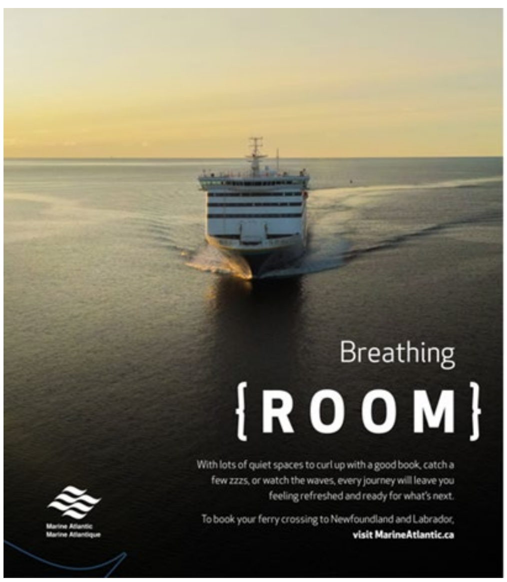
Building on the process of the past fiscal year, MAI continues to work closely with key members of its various stakeholder groups. MAI is actively engaged with organizations such as the Atlantic Provinces Trucking Association (APTA), Hospitality Newfoundland and Labrador (HNL), Parks Canada, Newfoundland and Labrador Outfitters Association (NLOA) and the Government of Newfoundland and Labrador. Understanding the unique requirements and opportunities presented by these groups is critical to ensuring that MAI is giving proper consideration to its stakeholders during its planning process. MAI also utilizes one-on-one meetings with members of its commercial customer base to help understand how their businesses are evolving and how innovation may impact their needs in the future.

One common theme across all MAI customers segment is the growing needs for electronic data sharing. MAI's commercial and tourism industry partners increasingly look to real data to measure performance and to predict future trends. For this reason, data will be a priority focus over the next fiscal as MAI continues to build out its commercial customer service strategy. MAI will aim to use data to improve communication with industry as well as provide more transparency to customers on the service.

MAI's digital strategy is key to supporting improved data sharing. Planned enhancements to the commercial section of MAI's web platform will be focused on providing commercial customers with more insights into the status of their shipments, as well as expanding the use of traffic related data to provide more transparency of the service. Additionally, plans are underway to release a mobile app during the 2025-26 season. The app will have two (2) distinct profiles with a tailored experience for commercial and non-commercial customers. Customers will be able to make bookings, check sailing status, receive various push notifications and other features through the convenience of their mobile device.

Through its marketing strategy, MAI continues to build on its annual program of promotional and brand awareness campaigns. MAI's marketing strategy leverages the latest trends in the digital media marketing space. The strength of MAI's marketing program is its focus on analytics which allows for every aspect of the program to be measured and benchmarked. As we head into the next fiscal, the team will work with industry partners to identify new opportunities, or adjustments to existing strategies to further advance the program and drive customer satisfaction and new financial goals. The core marketing program is further augmented with a wide variety of other tactics including digital signage, e-newsletters and brand standards, designed to ensure consistency across the organization. All these activities are supported by the corporate web platform which is the anchor for all customer engagement.

The 2025 Canada Games are being held in St. John's, NL, with MAI a Champion Partner and Torch Relay Journey Supporter. The Marketing team has worked closely with Corporate Communications and MAI's creative agency partners to finalize an overarching sponsorship strategy.



4. Innovate and Automate

Activities	Outcomes	Performance measures
• Improve customer engagement through deployment of Mobile App • Advance MAI's data and analytics strategy to provide better information to both customers and employees. • Leverage enterprise solutions to further modernize and automate MAI business process • Align the cyber security posture of MAI's most critical infrastructure (Vessels) with DNV Class Society regulation.	• Increase operational efficiency • Improve the quality, timeliness, and reliability of information for decision making. • Increased visibility into MAI business processes through integrated systems and information sharing. • Ensure MAI's critical information is highly available and protected from a cyber and information protection perspective.	• Customer Satisfaction • Traffic volumes • Cyber Security rating • Decreased reliance on non-integrated, independent systems to deliver business processes

Innovation in the ferry and transportation industry is crucial for driving efficiency and enhancing customer service. By adopting advanced technologies and continuing to modernize operations, MAI believes it can further streamline business processes, reduce corporate risk as well as advance its environmental and sustainability objectives. While the challenges that face our industry can be great, so to are the opportunities. More than ever, there is a need for organizations to leverage trusted data to inform business decisions, drive policy development and enable the delivery of a more effective service. By embracing a corporate strategy that values innovation, MAI will help ensure that the organization can respond efficiently to the evolving needs of its customers and improve its overall service.

In fiscal 2024-25, MAI finalized its Innovation Opportunity Assessment (IOA). The IOA is a supporting document to MAI's Innovation Strategy. The Innovation Strategy established the strategic themes for innovation at MAI; the Innovation Opportunity assessment forms the basis of a strategic plan that identifies the most significant, and attainable, opportunities for MAI to consider on its innovation journey. The IOA consists of the following nine strategic priorities:

- Data and Analytics
- Digital Twins
- Scheduling
- Commercial Reservations
- Digitization of Workflow
- Fostering a culture of innovation
- Automating the customer experience
- Pricing modernization
- Workplace modernization

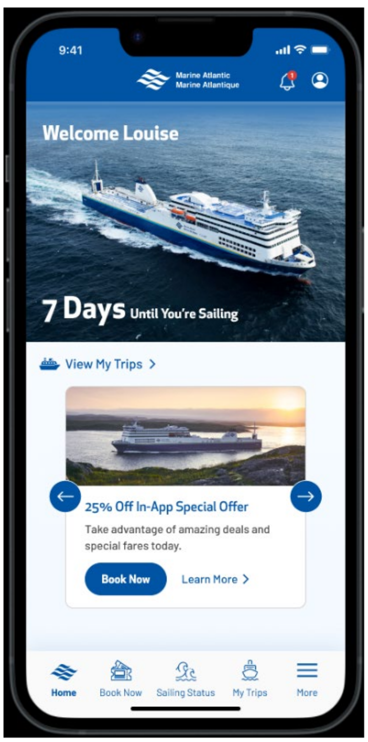
Data and Analytics was identified as a foundational element of the IOA. Data and analytics are increasingly critical for organizations as they navigate a rapidly evolving business landscape. Like many organizations, MAI understands that by leveraging data as a strategic asset, it can make more informed decisions, identify trends, and uncover insights that further drive strategic initiatives. Late in Fiscal 2024-25, MAI launched a formal Data and Analytics program with two distinct work steams.

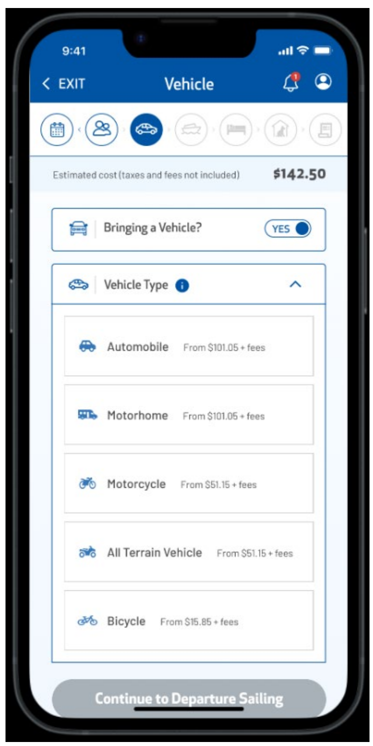
- The first stream includes a variety of data quality assessments as well as baselining the data literacy of the organization in general. This will help identify any areas of required growth to further support data maturity moving forward. This stream will also include the establishment of a data governance framework critical to ensuring data managed as a strategic asset.

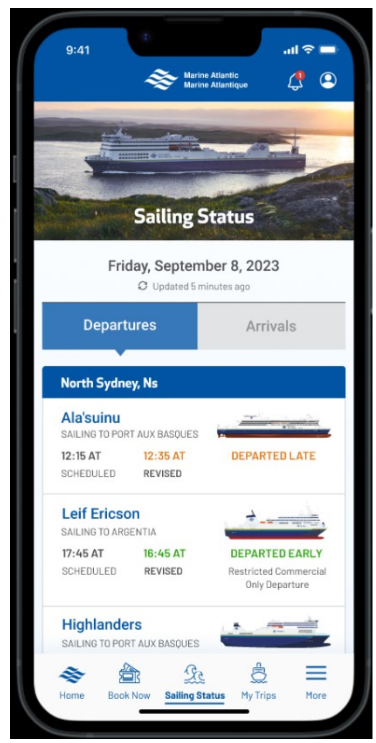
- The second stream will focus on the technologies used to support data and analytics. Building on the foundation of the previously deployed SAP Analytics Cloud (SAC), the project team will look to scale the solution to further support an enterprise approach to analytics.

From a business process perspective, MAI will continue to explore its customer engagement strategy through the commercial reservations project. First, an assessment must be completed of numerous business processes that may need to be adjusted to support commercial reservations going forward. Once completed, a roadmap will be brought forward with recommendations on the pace and timing to implement a reservation program for MAI's commercial customer segment. While the organization believes commercial reservations offers many opportunities from a planning and efficiency perspective, it also understands the significance of the change from a customer and internal process perspective. Planning and change management will be key to a successful implementation.

MAI will also be advancing its customer facing digital strategy in the upcoming year. Planned enhancements to the commercial section of MAI's web platform will be aimed at providing commercial customers with more insights into the status of their shipments, as well as expanding the use of traffic related data to provide more transparency of the service. Additionally, plans are underway to release a mobile app during the 2025-26 season. The app will have two (2) distinct profiles with a tailed experience for commercial and non-commercial customers. Customers will be able to make bookings, check sailing status, receive various push notifications and other features through the convenience of their mobile device. Mock up pages of the app are shown below.







Finally, cyber security is key to any strategy, but even more so for a corporate strategy that places a strong importance on information and innovation. MAI's Cyber program will continue to advance over the upcoming planning period, with the deployment of a wide variety of technology-based solutions aimed to enhance the protection of all aspects of the operation. Additionally, MAI will be working closely with class society to ensure MAI's vessels and operational environment continue to meet or exceed cyber security requirements.

5. Focus on People and Culture

To align with the priorities set out by the Shareholder, MAI continues to focus on the psychological health and safety of its employees and improving its equity, diversity and inclusion programs.

Activities	Outcomes	Performance measures
Continued Implementation of the HR Strategic Plan.	Improved employee wellbeing and prevention of workplace harassment.	Increased retention rates Reduced incidents of workplace harassment
Integration of the Psychological Health and Safety Program into the Safety Management System.	Psychologically healthy and safe workplace.	Reduced employee turnover
Introduce a program to improve workplace attendance.	Improved recruitment, and retention and a strengthened employee value proposition.	Reduced absenteeism
Implementing the terms and conditions of the six ratified collective agreements.	Better work life balance	Reduced vacancy rates of key positions
Continuing innovative recruitment strategies with a focus on equity deserving groups.	Increased equity, diversity and inclusion amongst MAI's workforce	Increased representation of equity deserving groups
The development of a succession planning program for Executive and key operational positions.	Development of a Cohort of future leaders	Increased number of positions with succession candidates

Equity, Diversity, and Inclusion

Equity, Diversity and Inclusion (EDI) remains a key area of focus for the organization, with various initiatives and activities in progress and planned. EDI targets and measures remain a key part of the CEO's Accountability Agreement and is a focus of the Board of Director's HR Committee.

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 representation goals for the duration of the Corporate Plan are as follows:

MARINE ATLANTIC EMPLOYMENT EQUITY RATIOS							
Targeted Group	**Baseline Representation (2017)**	**2020 Results**	**2021 Results**	**2022 Results**	**2023 Results**	**2026/27 Target**	**Gap Target vs. 2023 Results**
Women	37.10%	37.20%	35.10%	37.20%	37.40%	48%	-10.60%
Indigenous People	3.70%	4.40%	3.10%	3.20%	4.00%	5.50%	-1.50%
Visible Minorities	1.50%	1.80%	2.00%	1.40%	1.90%	2.50%	-0.60%
Persons with Disabilities	4.80%	5.70%	4.60%	4.20%	3.90%	6.00%	-2.10%

MAI will also focus on inclusion initiatives for members of the 2SLGBTQIA+ community. The Corporation continues to work to advance equity, diversity, and inclusion for all equity deserving groups with the following objectives:

1. Ongoing implementation of the diversity, equity, and inclusion plan, contributing to positive contributions to social inclusion and workforce participation.
2. Implementation of recommendations to demonstrate MAI's commitment to Reconciliation.
3. Continued implementation of the Psychological Health and Safety committee recommendations.
4. Develop department specific EDI action plans across the organization.
5. Support the development of an Inclusion Circle Employee Resource Group.
6. Continue the Women's Mentorship Program.
7. Continue to advance gender equality in the workplace.
8. Strengthen MAI's partnership with Indigenous communities in Newfoundland and Nova Scotia.
9. Create a workplace which is fair, safe, accessible and inclusive for
    a. persons with disabilities
    b. for members of racialized communities.
    c. 2SLGBTQIA+ individuals and all people regardless of their sexual orientation, gender identity/expression or intersex status.

Official Languages

Marine Atlantic is committed to providing customers with the option of receiving service in either of Canada's two official languages. The Corporation has designated bilingual positions throughout the organization to facilitate effective and efficient bilingual interactions with customers and requires all public-facing signage and digital platforms to be bilingual, of similar quality in both official languages, and made available to the public at the same time.

Marine Atlantic participates in an advisory committee that reports to the Official Languages Centre of Excellence and works with the Office of the Commissioner of Official Languages, Treasury Board, and the Department of Canadian Heritage to report and meet our requirements under the Official Languages Act.

Enterprise Risk Management

MAI's risk registers and corporate level risk statements align with its key strategic objective, and are organized in much the same manner – financial, operational, process and human resource risks.

For the past several years, the most significant risks that MAI has faced was from aging infrastructure and the absence of funding to begin the replacement process. Now that funding has been approved to replace the MV *Leif Ericson* on an interim basis, MAI's Corporate Risk Profile will change.

The risks associated with prudent financial management, safety governance, minimizing the Corporation's environmental footprint, and ability to respond to catastrophic events will continue to exist and be mitigated. However, the risk associated with the affordability of the service has been adequately mitigated through the upcoming rate reductions for the service.

Introducing a new vessel into the fleet is also highly risky, and a comprehensive risk mitigation plan will be developed for the replacement of the *Ericson* as soon as the project team is in place.

From a Corporate perspective, MAI has identified the following risks, and has developed appropriate mitigation strategies for each:

1. Human Resource and Organizational Risk
    - Inadequate human resource capacity for upcoming projects.
    - Recruitment challenges for key workforce segments.
    - Skills and competency gaps (e.g., digital transformation).
    - Inadequate succession planning.
    - Deficient organizational structures/processes.

2) Financial and Economic Risks
    - Capital project management.
    - Vulnerability to changes in government policy or funding priorities.
    - Impact of fuel price volatility on costs.
    - Growing operational costs in the face of declining revenue streams because of rate reductions.

3) Supply Chain Risks
    - Supply chain pressures.
    - Adherence to procurement policies.
    - Vendor and contractor management.
    - Dockyard space limitations.
    - Inability to source alternative fuels.
    - Removal of shipbuilding exemption from CETA.

4) Operational Risks
    - Traffic demand outpacing capacity integration.
    - Capacity impacts of mechanical disruptions.
    - Scheduling challenges with increased demand.

Appendix G includes MAI's most current risk dashboard.

Financial Overview

The financial projections in this corporate plan are based on the following assumptions (not-exhaustive):

- 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.

- Capacity on both these routes will be optimized to respond to fare reductions and increased traffic demand.

Rates

To reduce costs for Canadians, and to facilitate increased trade between provinces, the Shareholder's recent funding announcement included sufficient funding to allow MAI to significantly reduce fares for both passengers and passenger vehicles, on both the Gulf and Argentia routes, as of August 1, 2025. Rates for commercial vehicles were last increased in 2020/21, and have again been frozen until the end of Fiscal 2028/29. Commercial vehicle drivers will benefit from the passenger rate reduction.

The table below outlines the planned rate decreases/increases for the duration of the planning period.

Rate decreases/increases	2025/26	2026/27	2027/28	2028/29	2029/30
PRV Tariff - Gulf	-50.00%	0.0%	0.0%	0.0%	0.0%
PRV Tariff - Argentia	-50.00%	0.0%	0.0%	0.0%	0.0%
CRV Tariff - Gulf	0.0%	0.0%	2.0%	2.0%	2.0%
CRV Tariff - Argentia	0.0%	0.0%	2.0%	2.0%	2.0%
Drop Trailer Management Fee	4.0%	4.0%	4.0%	4.0%	4.0%

PRV = passenger related vehicles
CRV= Commercial related vehicles

The new rate structure has been implemented in MAI's booking system, and the Corporation has started the process of refunding customers who had previously booked at the higher rates. MAI expects that all refunds will be processed by mid to late August.

Fuel Surcharge

Fuel is, and will continue to be, a large portion of the Corporation's operating budget. MAI endeavours to minimize the cost of fuel through contractual commitments with suppliers and bulk purchases.

Traffic and Revenue

MAI has developed the following five-year traffic and revenue forecast based on fare reductions and available capacity.

Traffic Projections	2025/26	2026/27	2027/28	2028/29	2029/30
Total Passengers	371,719	379,154	389,840	398,057	406,030
Total PRV	149,544	152,536	156,835	160,140	163,348
Total CRV	89,119	89,076	96,206	99,862	100,860

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

Millions	2025/26	2026/27	2027/28	2028/29	2029/30	Total

Transportation Revenue	82,399	77,003	83,480	87,014	88,774	418,670
Profit Centre Revenue	17,633	18,958	19,882	20,707	21,544	98,724
Fuel Surcharge Revenue	8,536	7,850	8,366	8,646	8,755	42,153
Misc. Revenue	150	150	150	150	150	750
Total Revenue	108,718	103,961	111,877	116,516	119,223	560,295

*Numbers may not add due to rounding

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 monthly on its website as well as annually in its Annual Report. In general, MAI's travel costs include travel for training and travel to MAI's various offices. Much of this training is regulatory in nature; a portion of the travel costs are associated with training required by MAI to maintain industry standards and to ensure our employees are kept current. Hospitality costs are mostly related to training, interdepartmental managers' meetings, and employee recognition events. Professional development costs include costs that are associated with requirements to maintain professional designations.

Budget 2023 Spending Reductions on Discretionary Consulting, Professional Services and Travel

Budget 2023 set out that government departments and agencies were to reduce discretionary spending on travel and professional services by 15 per cent in 2024-25 and ongoing from the base year - 2023-24. Crown corporations are likewise expected to identify a planned 2023-24 "consulting, professional services and travel spending" base, and apply a 15 per cent ongoing reduction to reduce their discretionary spending in these areas as well, in addition to the roughly 3 per cent reduction to operating and administrative expenses which MAI is achieving through reduced fuel consumption.

While MAI's total Travel, Hospitality and Conference budget is increasing year over year, the entirety of the increase is related to non-discretionary spending – i.e., spending that is required to meet certification, safety, or other mandatory designations. While MAI did not meet the targeted reduction in 2024/25, the corporation is striving to align with the spirit and intent and has reduced these expenses by 15% or more over the course of the plan.

The Corporation's forecasted travel, hospitality and conference expenses for the normal course of business are presented in the following table.

	Actual	Forecast	Forecast				
(000's)	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Travel (total)	1,790	2,427	2,987	3,054	3,120	3,188	3,257
Hospitality (total)	156	212	244	249	255	260	265
Conferences (total)	56	132	128	131	129	132	134
Total	**2,002.0**	**2,771.0**	**3,359.0**	**3,434.0**	**3,504.0**	**3,580.0**	**3,656.0**
Mandatory	2001.9	2770.8	3358.8	3433.9	3503.9	3579.9	3655.9
Discretionary	0.0949	0.184	0.156	0.133	0.113	0.096	0.082

Climate-related Financial Disclosures

Budget 2021 included direction related to climate-related financial disclosures for Crown Corporations: MAI has included its disclosure document with the 2024/25 annual report.

Comprehensive Expenditure Reduction

MAI has been included in the Comprehensive Expenditure Reduction (CER) exercise, in addition to having its revenue stream significantly reduced. The Corporation is currently exploring ways to achieve these savings; approved reductions will be included in next year's plan.

Other Costs

Hedging Strategy

The Corporation utilizes a foreign exchange hedging strategy to proactively mitigate exposure to foreign currency.

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 an inflation rate of 2.0% for non-labour expenditures.

Pension Costs

Marine Atlantic's pension plan is a defined benefit plan. The Corporation is following the Order in Council requiring its pension plan to be cost shared 50:50 between employer and employees. The Corporation is assuming that Employer current service cost payments will be required in fiscal 2026/27 onward.

Restructuring Costs

Restructuring costs are based on an average severance package per employee based on current collective bargaining agreements. While there are no current plans to undertake restructuring activities in 2025-26, funding is set aside annually since to ensure the Corporation can respond to any unforeseen requirements.

Capital Requirements

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 and its innovation strategy. Many of the activities outlined also support the Shareholder's goal of managing climate change.

Financial Summary

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

2024/25 - 2029/30 Financial Projections

(in $ thousands)	2024/25 Actual	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget
Revenues	127,057	98,718	103,961	111,878	116,517	119,223
Funding Requirement	194,974	221,112	348,386	500,351	740,786	280,393
Funding Available	176,563	221,112	135,026	102,095	270,695	33,682

Surplus/(Deficit)	(18,411)	0	(213,360)	(398,256)	(470,091)	(246,711)
Reprofiled Operating Funding	18,411	-	-	-	-	-
Remaining Surplus/(Deficit)	**-**	**0**	**(213,360)**	**(398,256)**	**(470,091)**	**(246,711)**

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.

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.

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 and Finance Committee
2. Innovation and Infrastructure Committee
3. Corporate Governance, Risk and Strategy Committee
4. Human Resources Committee

Each committee reports directly to 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
Jennifer Warren	Sept. 25, 2023	Sept. 24, 2027	St. John's, NL
Randolph Drover	Sept. 25, 2023	Sept. 24, 2027	Bishop's Falls, NL
John Butler	November 25, 2020	November 24, 2024*	St. John's, 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, 2024	April 14, 2029	North Sydney, NS

*Overholding

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

Chairperson

- Per diem ($310 - $375)
- Position; annual ($8,000 - $9,400)

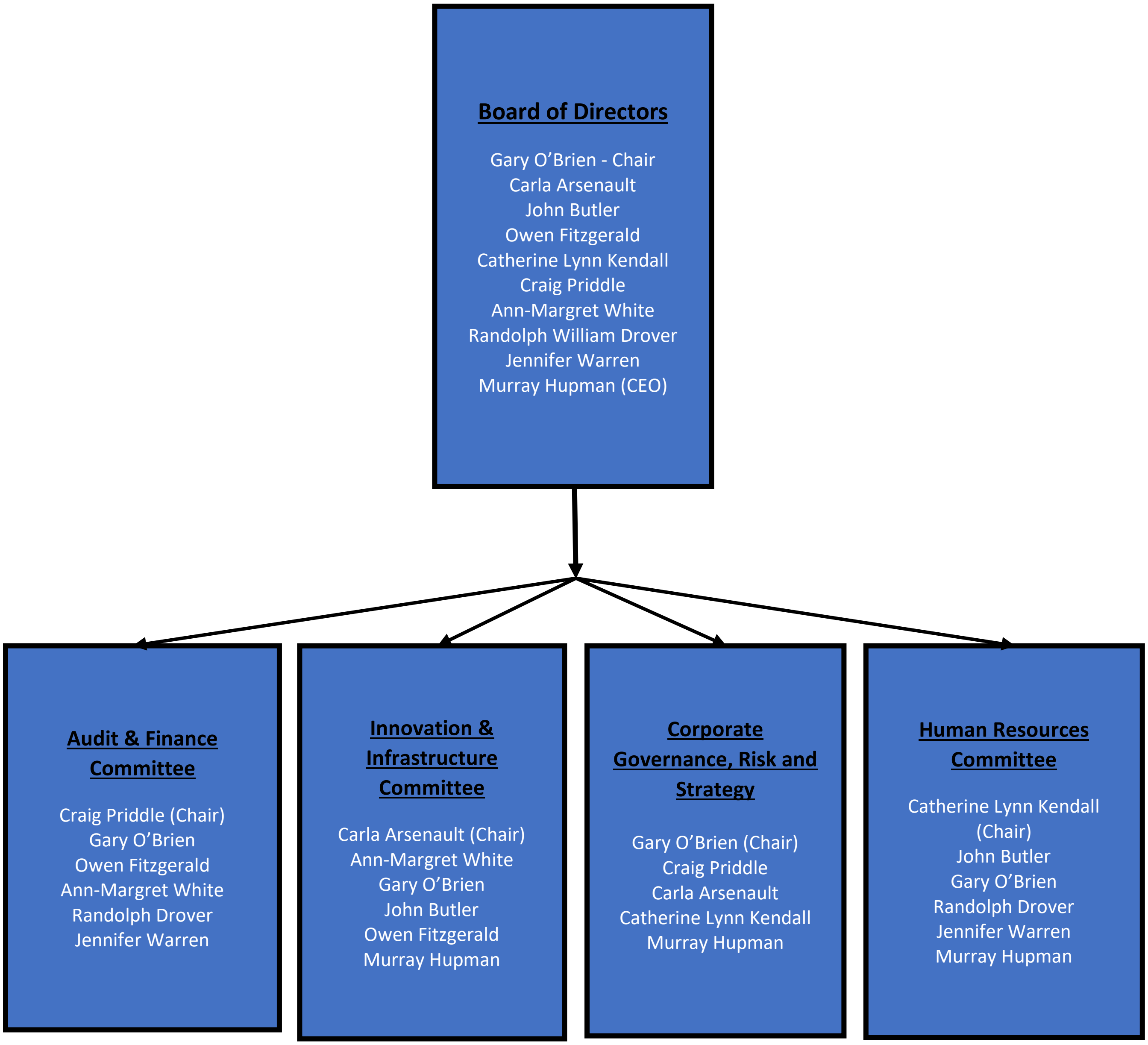
Director

- Per diem ($310 - $375)
- Position; annual ($4,000 - $4,700)

CEO

- Salary range $226,700- $266,600
- Maximum Performance Award: 15.00%

Committee Structure and Membership (November 2023)



Number of Meetings and Attendance in 2024/25

Full Board Meetings*	# of Meetings/ participation
10	
Attendance	
Gary O'Brien	10
Carla Arsenault	9
John Butler	10
Owen Fitzgerald	10
Craig Priddle	9
Catherine Lynn Kendall	8
Ann-Margret White	8
Randolph Drover	10
Jennifer Warren	10
Murray Hupman	9

**All meetings were virtual excluding Q1, which was held in North Sydney, NS on June 13-14, 2024.

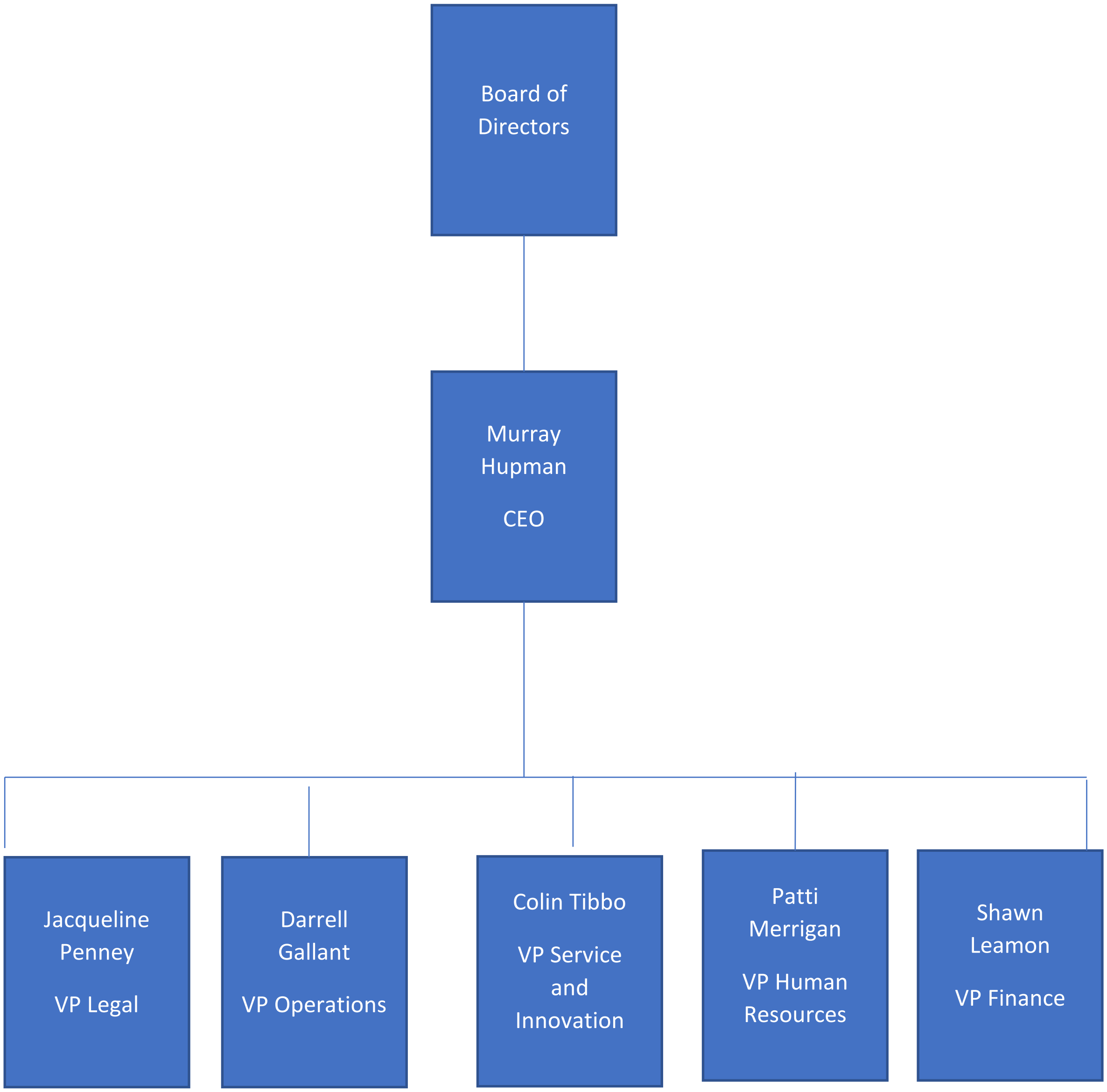
Audit and Finance Committee	# of Meetings/ participation
10	
Attendance	
Gary O'Brien	10
Owen Fitzgerald	10
Craig Priddle	9
Ann-Margret White	6
Randolph Drover	10
Jennifer Warren	8

Innovation and Infrastructure Committee	*# of Meetings/ participation*
5	
Attendance	
Gary O'Brien	5
Carla Arsenault	5
John Butler	5
Owen Fitzgerald	5
Ann-Margret white	5

Corporate Governance, Risk and Strategy	# of Meetings/ participation
4	
Attendance	
Gary O'Brien	4
Carla Arsenault	4
Craig Priddle	4
Lynn Kendall	4
Murray Hupman	4

Human Resources Committee	# of Meetings/ participation
6	
Attendance	
Gary O'Brien	6
John Butler	6
Catherine Lynn Kendall	6
Randolph Drover	6
Jennifer Warren	6

Executive Team



Appendix C Planned Results

Outcome	Measure	2025/26 Target
Meet financial performance targets within the approved appropriations	Revenue ($M)	$99M
	Operating Expenditures	$250M
	Capital Expenditures	$46.2M
Protect people, property and the environment	Class A Environmental Incidents	0%
	Lost Time Injury Frequency	< 2.50
	Total Recordable Injury Frequency	< 4.0
Ensure capacity and service levels to meet customer needs	Passengers carried	371,719
	CRVs	89,119
	PRVs	149,544
	Overall customer satisfaction - PRV	> 70%
	Overall customer satisfaction - CRV	> 60%
	Vessel reliability	> 97%
	On-time performance	> 90%
	Capacity utilization	> 70%
	Unplanned Service Interruptions	<3%
	Average Wait time - Unrestricted Commercial Loads	< 9 hours
Recruit, develop and retain a diverse talent pool	Vacancy Rate of Key Positions	<5%
	Turnover Rate of Employees (Resignations)	< 4%
Improve internal processes	Overtime	$4M
	Fuel Consumption	36.6M Litres
	Cyber Security Effectiveness	700

PRV = passenger related vehicles
CRV= Commercial related vehicles
AEU = Auto-equivalent unit (the standard measuring unit used to determine deck use)

Marine Atlantic Planned Results - Longer Term		
Outcome	**Measure**	**2033**
Achieve Net Zero by 2050	GHG Emissions	82,000 Tonnes
	% of vehicle fleet that is electric	10%
	Number of vessels with alternative fuel capabilities	2
Develop and implement a Long-term fleet replacement strategy	Capacity utilization	75%
	Cost of vessel acquisition	Lowered
	Maintenance costs	Lowered
	Fuel Costs	Lowered
Improve service offerings to better meet the needs of customers	Revenue per customer	Increased
	Customer satisfaction PRV	> 80%
	Customer satisfaction CRV	> 70%
Implement innovation strategy	Implementation of AI processes	> 2
	Number of automated processes	Increase by 50%
	Online/self-serve customer applications	3
Diversity and Inclusion	Percentage of diverse talent out of total workforce representation	Increased
	Percentage of organizational participation in resource groups	Increased
	Percentage of diverse candidates in total pool	Increased
	Percentage of diverse talent out of total senior leader and board representation	Increased

CEO Attestation

Signature: __ Date: August 5, 2025

Murray Hupman, CEO

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 2025-2026 to 2029-2030 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. 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.
5. 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

Date: August 5, 2025

Chief Financial Officer, Marine Atlantic Inc.

2025/26 - 2029/30 Corporate Plan

Financial Statements

Statement A: Statement of Financial Position

Marine Atlantic Inc.

Statement of Financial Position - Year Ended March 31st

As at March 31, 2024 and Projected for 2024/25 to 2029/30

(in $ Thousands)	Actual 2023/24	Forecast 2024/25	Budget 2025/26	2026/27	2027/28	2028/29	2029/30
Financial assets							
Cash (Note 1)	$ 9,919	$ 10,782	$ 10,782	$ (202,578)	$ (600,835)	##########	$ (1,317,636)
Accounts receivable	11,688	14,067	14,067	14,067	14,067	14,067	14,067
Receivable from Government of Canada	29,329	16,325	16,325	16,325	16,325	16,325	16,325
Inventories held for resale	338	435	435	435	435	435	435
Derivative financial instruments	2,857	2,053	2,053	2,053	2,053	2,053	2,053
Accrued pension asset	151,316	187,778	187,778	187,778	187,778	187,778	187,778
	$ 205,447	$ 231,440	$ 231,440	$ 18,080	$ (380,177)	$ (850,268)	$ (1,096,978)
Liabilities							
Accounts payable and accrued liabilities	44,767	30,640	$ 29,340	$ 29,340	$ 29,340	$ 29,340	$ 29,340
Asset retirement obligations	30,893	28,500	$ 29,450	$ 30,400	$ 31,350	$ 32,300	$ 33,250
Derivative financial instruments	47	8	8	8	8	8	8
Deferred revenue	14,909	18,589	8,589	8,589	8,589	8,589	8,589
Accrued vacation pay	8,345	8,651	8,651	8,651	8,651	8,651	8,651
Accrued pension liability	3,559	3,722	3,722	3,722	3,722	3,722	3,722
Accrued liability for non-pension post-retirement benefits	50,359	48,458	48,458	48,458	48,458	48,458	48,458
Accrued liability for post-employment benefits	12,522	14,024	14,024	14,024	14,024	14,024	14,024
	165,401	152,592	142,242	143,192	144,142	145,092	146,042
Net financial assets (debt)	$ 40,046	$ 78,848	$ 89,198	$ (125,112)	$ (524,319)	$ (995,360)	$ (1,243,020)
Non-financial assets							
Tangible capital assets	353,415	342,390	332,293	365,395	419,094	812,787	779,537
Inventories held for consumption	36,241	25,355	25,355	25,355	25,355	25,355	25,355
Prepaid expenses	8,606	15,752	12,529	22,800	23,516	26,478	21,385
	398,262	383,497	370,177	413,550	467,965	864,620	826,277
Accumulated surplus (deficit)	$ 438,308	$ 462,345	$ 459,375	$ 288,437	$ (56,354)	$ (130,740)	$ (416,743)

The accompanying notes are an integral part of these financial statements

1. Cash includes $4,100 EUR 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 2023/24 are due to changes in the Corporation's funding levels.

2. Numbers may not add due to rounding.

Marine Atlantic Inc.
Statement of Operations
For the Year Ended March 31, 2024 and Projected for 2024/25 to 2029/30

(in $ Thousands)	Actual 2023/24	Budget 2024/25	Actual 2024/25	Budget 2025/26	2026/27	2027/28	2028/29	2029/30
Government funding								
Operations	146,731	137,417	147,349	175,774	120,239	97,095	90,608	28,642
Capital	64,575	39,146	46,761	45,338	14,788	5,000	180,088	5,000
Approved Funding	211,306	176,563	194,110	221,112	135,026	102,095	270,695	33,642
Reprofiled operating funding	(18,411)	18,411	-	-	-	-	-	-
Lapsed operating funding/timing adjustment	147	-	-	-	-	-	-	-
Lapsed capital funding/timing adjustment	(1,027)	-	-	-	-	-	-	-
	192,015	194,974	194,110	221,112	135,026	102,095	270,695	33,642
Operating surplus (deficit)	38,407	(12,408)	24,781	(2,970)	(170,938)	(344,791)	(74,386)	(286,003)
Accumulated operating surplus (deficit), beginning of year	395,981	434,388	434,388	459,169	456,198	285,261	(59,530)	(133,916)
Accumulated operating surplus, end of period	$ 434,388	$ 421,979	$ 459,169	$ 456,198	$ 285,261	$ (59,530)	$ (133,916)	$ (419,919)

1. Employee future benefits expenses for 2023/24 and 2024/25 are based on actuarially determined numbers. For 2025/26 and future years, expense is assumed to equal cash requirements for non-pension employee future benefits and current service pension cost payments.

2. Restructuring costs are allocated to fiscal years on a cash basis for corporate plan purposes. For audited financial statements, they are an expense of the year in which the liability is known.

3. 2023/24 Actual Other Income includes $11,940 related to funds received from HST settlement with the Canada Revenue Agency

4. Operating surplus (deficit) - the Corporation receives its funding from the Government of Canada based primarily on cash flow requirements. Items recognized in the statement of operations in one year may be funded by the Government of Canada in different years. Accordingly, the Corporation has a different surplus (deficit) for the year on a government funding basis than on a generally accepted accounting principles basis. Refer to statements (F) Operating Budget and (G) Capital Budget for budgets that align with the government funding basis.

5. 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, 2024 and Projected for 2024/25 to 2029/30

(in $ Thousands)	**Actual 2023/24**	**Forecast 2024/25**	**Budget 2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**
Accumulated remeasurement gains (losses), beginning of year	$ 5,926	$ 3,920	$ 3,176	$ 3,176	$ 3,176	$ 3,176	$ 3,176
Remeasurement gains (losses) arising during the year							
Unrealized gain (loss) on foreign exchange of cash	72	23	-	-	-	-	-
Unrealized gain (loss) on derivatives	5,651	491	(86)	-	-	-	-
Reclassifications to the statement of operations							
Realized (gain) loss on derivatives	(7,729)	(1,258)	86	-	-	-	-
Net remeasurement (losses) gains for the year	(2,006)	(744)	-	-	-	-	-
Accumulated remeasurement (losses) gains, end of year	$ 3,920	$ 3,176	$ 3,176	$ 3,176	$ 3,176	$ 3,176	$ 3,176

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, 2024 and Projected for 2024/25 to 2029/30

(in $ Thousands)	**Actual 2023/24**	**Forecast 2024/25**	**Budget 2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**
Operating surplus (deficit)	$ 38,407	$ 24,781	$ (2,970)	$ (170,938)	$ (344,791)	$ (74,386)	$ (286,003)
Change in tangible capital assets							
Acquisition of tangible capital assets	(60,261)	(46,761)	(44,038)	(90,603)	(116,374)	(468,808)	(57,205)
Amortization of tangible capital assets	61,388	56,180	54,135	57,500	62,675	75,115	90,455
Loss (Gain) on disposal of tangible capital assets	3,915	474	-	-	-	-	-
Decrease in asset retirement value	-	1,132		-	-	-	-
(Increase) decrease in tangible capital assets	5,042	11,025	10,098	(33,103)	(53,699)	(393,693)	33,250
Change in other non-financial assets							
Acquisition of inventories held for consumption	(58,145)	(39,820)	(42,884)	(50,289)	(59,125)	(61,235)	(63,254)
Use of inventories held for consumption	51,685	50,706	42,884	50,289	59,125	61,235	63,254
Purchase of prepaid expenses	(23,267)	(22,697)	(23,800)	(53,430)	(58,746)	(65,885)	(32,558)
Use of prepaid expenses	23,885	15,551	27,023	43,160	58,030	62,924	37,650
Decrease (increase) in other non-financial assets	(5,842)	3,740	3,223	(10,270)	(717)	(2,962)	5,093
Net remeasurement (losses) gains	(2,006)	(744)	-	-	-	-	-
Increase (decrease) in net financial assets	35,601	38,802	10,350	(214,310)	(399,207)	(471,040)	(247,660)
Net financial assets (debt), beginning of year	4,445	-	-	-	-	-	-
Net financial assets (debt), end of year	$ 40,046	$ 38,802	$ 10,350	$ (214,310)	$ (399,207)	$ (471,040)	$ (247,660)

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, 2024 and Projected for 2024/25 to 2029/30

(in $ Thousands)	**Actual 2023/24**	**Forecast 2024/25**	**Budget 2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**
Operating transactions							
Cash receipts from customers	$ 121,125	$ 126,353	$ 98,568	$ 103,811	$ 111,727	$ 116,366	$ 119,073
Other income received	13,252	704	150	150	150	150	150
Government funding - operations	139,699	156,657	175,774	120,239	97,095	90,608	28,642
Government funding - operations (reprofiled)	(18,411)	-	-	-	-	-	-
Government funding - capital	56,964	50,456	45,338	14,788	5,000	180,088	5,000
Cash paid to suppliers and employees	(252,589)	(279,639)	(271,745)	(348,319)	(482,016)	(374,434)	(328,074)
Net restructuring costs	(340)	(142)	(750)	(773)	(788)	(804)	(820)
Cash paid for employee future benefits	(3,137)	(3,093)	(3,297)	(12,653)	(13,051)	(13,256)	(13,476)
	56,563	51,296	44,038	(122,758)	(281,883)	(1,282)	(189,505)
Capital transactions							
Purchase of tangible capital assets	(56,964)	(50,456)	(44,038)	(90,603)	(116,374)	(468,808)	(57,205)
Proceeds on disposal of tangible capital assets	-	-	-	-	-	-	-
	(56,964)	(50,456)	(44,038)	(90,603)	(116,374)	(468,808)	(57,205)
(Decrease) increase from effect of exchange rate changes on cash	72	23	-	-	-	-	-
Net increase (decrease) in cash	(329)	863	0	(213,360)	(398,257)	(470,090)	(246,710)
Cash, beginning of year	10,248	9,919	10,782	10,782	(202,578)	(600,835)	(1,070,925)
Cash, end of year	$ 9,919	$ 10,782	$ 10,782	$ (202,578)	$ (600,835)	$ (1,070,925)	$ (1,317,636)
Cash consists of:							
Restricted Cash	$ 6,066	$ 6,441	$ 6,066	$ 6,066	$ 6,066	$ 6,066	$ 6,066
Unrestricted Cash	3,853	4,341	4,716	(208,644)	(606,901)	(1,076,991)	(1,323,702)
	$ 9,919	$ 10,782	$ 10,782	$ (202,578)	$ (600,835)	$ (1,070,925)	$ (1,317,636)

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.

Marine Atlantic Inc.

Operating Budget

For the Year Ended March 31, 2024 and Projected for 2024/25 to 2029/30

(in $ Thousands)	**Actual 2023/24**	**Budget 2024/25**	**Actual 2024/25**	**Budget 2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**
Operating deficit before government funding	(128,795)	(155,253)	(148,213)	(177,074)	(257,784)	(383,978)	(271,978)	(223,147)
Operating funding from government								
Approved operating funding	146,731	137,417	155,828	175,774	120,239	97,095	90,608	28,642
Reprofiled operating funding	(18,411)	18,411	-	-	-	-	-	-
Lapsing operating funding/timing adjustment	147	-	-	-	-	-	-	-
Net available operating funding from government	128,467	155,828	155,828	175,774	120,239	97,095	90,608	28,642
Net operating income/(loss) - cash basis	**$ (329)**	**$ 575**	**$ 7,615**	**$ (1,300)**	**$ (137,545)**	**$ (286,883)**	**$ (181,370)**	**$ (194,505)**

1. 2024/25 Forecast operating income of $7,615 is being reallocated to fund the Capital Budget and 2025/26 $1,300 deficit will funded by the Capital surplus

2. Numbers may not add due to rounding

Appendix F Borrowing Plan

MAI's bank line of credit is currently approved at $4,200,000 until March 31, 2025. 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 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 through to the end of 2025-26.

Table 1: Peak borrowings during the year ($ millions)

Method and currency used	Actual value	Actual or projected value	Forecast 2025-26 value	Projected value 2026-27	Projected value 2027-28	Projected value 2028-29	Projected value 2029-30
Line of credit: Canadian dollars	$4,200,000		$4,200,000	$4,200,000	$4,200,000	$4,200,000	$4,200,000
Borrowings: Canadian dollars							
Total borrowings	$4,200,000		$4,200,000	$4,200,000	$4,200,000	$4,200,000	$4,200,000

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 Enterprise Risk Management program plays a critical role in ensuring that the Corporation can 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

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

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	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

Risk ID	Risk Statement	Commentary/Current Status	Previous Update	Current Update	Projected Outlook
1	The risk that MAI is not able to effectively deliver the service within its approved funding levels.	• No core operating or capital funding approved beyond 2025/26; future funding levels unknown. • significant rate reductions and capacity limitations during peak season will negatively impact MAI's ability to deliver the service. • The delay of Budget 2025 to the fall has limited MAI's ability to plan for next year. • Budget variances at the end of 24/25 resulted in less working capital available for 25/26. • Global tariffs are predicted to add significant impacts to the economy and to the operation of MAI's service. •Overall, vulnerability remains high.			
2	The risk that MAI does not have adequate safety governance, policies and practices, putting customers, employees, and facilities at risk.	•LTI's have increased: HSE completed a detailed analysis to review with the Executive with a view to providing direction to Operational Managers and Supervisors. •External ISM audit resulted in two observations: 1) Planned maintenance for vessels - unable to determine the number of overdue job cards. 2) Cybersecurity training- verification of completion by onboard personnel. • MARS/Omnigo incident reporting system is working well • All safety and security certificates remain in good standing for all terminals and vessels			
3	The risk that MAI fails to manage its environmental footprint in a way that supports both the Shareholder's and the Corporation's commitment to protecting the environment and addressing the impacts of climate change.	• HSE researching opportunities for de-carbonization, alternative fuels, and other mitigation measures such as climate risk scenario modeling, and investment in resilient infrastructure. • Greenhouse gas inventory updated and monitored quarterly (GHG) • Environmental Incident indicators reflects the current risk rating • The annual OPEP drills were completed • Green Marine external audit completed, and MAI continues to maintain a level 3 or above on vessels and at terminals.			
4	The risk that MAI is not able to adequately plan for both infrastructure maintenance and renewal, leading to negative impacts on its operations and service levels.	• Aging Fleet continues to impact service reliability and operational costs • Vendor and supplier availability and capacity challenges are rising • Global tariffs being introduced could have significant impact for MAI's vendors • Long-term fuel contract has been secured			

Risk ID	Risk Statement	Commentary/Current Status	Previous Update	Current Update	Projected Outlook
5	The risk that MAI's response to a catastrophic event such as natural disaster, act of sabotage/terrorism, grounding, etc. is inadequate.	•Annual Emergency Management Exercise New Horizon II held in November •Significant events in the past 3-5 years have demonstrated MAI's response program to be effective with minimum impact to business continuity. •MAI participating in exercise Safe Return (Full-scale exercise) ran by the Canadian Coastguard with all regional partners. •Emergency Management Training completed for management personnel in Q4 (ICS 300 & 400) •Vessel emergency management plans have been updated including for the Ala'suinu •Emergency management refresher training completed in advance of exercise New Horizon #2			
6A	The risk that MAI fails to deliver an affordable service	• The significant rate reductions for passenger and prv traffic and a three-year rate freeze for commercial traffic has significantly reduced this risk. • PRV/CRV revenues are in alignment budget forecast for this fiscal year. • Implementation of outputs derived from an innovation opportunities assessment for the Organization. may result in expense reductions and/or better customer service offerings.			
6B	The risk that MAI fails to provide a service with sufficient capacity to effectively meet the current and future demands of its commercial and non-commercial traffic segments	• Increase in residual risk rating this quarter due to expected increase in demand given the recently announced rate reductions. • Measures to increase capacity with the current four vessel fleet can only be implemented on a short-term basis (hours of rest; employee fatigue; required vessel maintenance; availability of staff, etc.) • Capacity/accessibility challenges increasingly impacting our ability to support growth of commercial and non-commercial segments. • Increasing frequency and severity of weather events will continue to impact sailings and current capacity will affect ability to recover effectively.			
7	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.	• Expanding reach (i.e., top 20 commercial customers) to further our understanding of their service experience. • Satisfactory level of engagement with stakeholders (e.g., Tourism industry stakeholders, Municipalities, APTA, NLOA, etc.)			

Risk ID	Risk Statement	Commentary/Current Status	Previous Update	Current Update	Projected Outlook
8	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.	• Funding for an interim replacement vessel for the Leif Ericson has been approved. • Long-term fleet strategy funding to be determined. • Core operating and capital funding beyond 2025/26 pending.			
9	The risk that MAI's policies, planning and processes are inadequate to allow MAI to manage effectively.	• Continuing to work through the adoption of an integrated horizontal supply chain process. • Implementation of outputs from the Innovation opportunities assessment aimed to identify actions that will lead to improvements in efficiencies. • SAP is expected to continue achieving business benefits • Senior leadership group adding value and improving cross departmental collaboration • Integration of the new vessel into MAI's operations is impacting a number of key processes/procedures potentially creating short-term efficiency deficits; mitigated by the completion of impact assessments and associated follow-up.			
10	The risk that MAI does not have adequate governance, policies, and practices to manage the integrity, protection, and availability of information.	• External 3rd party assessment indicates improvements in the technology deployed to protect against outside threats. • MAI continues to work towards DNV standards and guidelines * Trending towards becoming high risk if corrective actions are not implemented. • Work underway to proactively plan/improve life cycle management for IT architecture for vessel and shore			
11	The risk that MAI fails to adopt and adapt to innovative ideas and new technologies resulting in a service that does not keep up with customer expectations.	•The disruptive nature of the changes anticipated from innovation such as AI and Automation is expected to be challenging to implement at MAI from a cultural perspective. • Implementation of outputs from the Innovation opportunities assessment aimed to identify actions that will lead to improvements in efficiencies. • Financial and operational pressures on the organization may impact its ability to invest in new technologies and or other innovative solutions and will need to be balanced against long-term implications. • Expansion of Commercial outreach to broaden our understanding of their service experience • Board level innovation policy has been approved and planning has begun to formally launch elements of the innovation opportunities assessment.			

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 monthly on its website and the Open Government portal 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 following the Order in Council.

MAI also complies with the following acts and regulations:

- 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
- Accessible Canada Act
- Applicable Trade Agreements
- Canada Business Corporations Act
- Fighting Against Forced Labour and Child Labour in Supply Chains Act

Appendix I Government Priorities and Direction

Transition to NetZero by 2050

As noted in this corporate plan, MAI has established a roadmap to further its goals for NetZero by 2050, starting with the benchmarking of its Green House Gas (GHG) emissions. The corporation understands that it is expected to align with the Greening Government Strategy or adopt an equivalent set of commitments in each significant area of their operations, including the commitment to net-zero emissions by 2050 and to be climate resilient. MAI's commitments, including GHG emissions footprint, will be published in the annual reports.

The company has established an Environmental Management Committee to oversee the implementation of its Environmental Management Plan. MAI also continues to meet the requirement for Green Marine Level Three.

From a current project perspective, the new administration building in Port aux Basques will be compliant with Leeds Silver. The new vessel is dual fuel enabled, and meets improved sound regulations to minimize its impact on marine life.

MAI is also in the process of converting its existing fleet of vehicles to electric where possible.

Climate Related Financial Risks

MAI has established an internal working group to ensure that it can meet the requirements for reporting against the recommendations of the Task Force on Climate-related Financial Disclosures. The Corporation is committed to improving the identification, tracking, and reporting of these risks. Per requirements outlined in Budget 2021, MAI has begun reporting on its climate-related financial risks in the 2023-24 Annual Report.

Accessibility

MAI meets or exceeds all regulations for accessibility in its areas of operations. An internal committee monitors and reports on accessibility at MAI, and ensures that any new regulations, such as those flowing from the *Accessible Canada Act* (2019), are implemented in a timely fashion.

Supply Chain

MAI is acutely aware of its importance in maintaining a robust and reliable supply chain, as it is the only daily ferry service for the transportation of goods into and out of the province of NL.

Much of MAI's capital program is focussed on maintaining the infrastructure required to keep the transportation corridor open. Long-term fleet planning, docking upgrades, and vessel improvements are all targeted to providing the level of service that is required, while keeping both customers and employees safe. MAI's focus is on minimum disruptions from mechanical issues, and emphasizes a return to service window of 24 hours or less following a weather disruption.

Additionally, MAI is preparing to meet its reporting obligations under the *Fighting Against Forced Labour and Child Labour in Supply Chains Act* which came into force in early 2024.

Transparency and Open Government

With the use of quarterly financial reporting, the Corporate Plan summary, and online communications tools, including customer alerts for travel disruption, the Corporation is well positioned to deliver its mandate in a fully open and transparent manner. The Company publishes its public reports such as Annual and Quarterly Reports on its website, along with many studies and reports that can keep customers better informed.

MAI also complies with all *Proactive Disclosures and Access to Information Act* inquiries.

Diversity, Equity and Inclusion

While gender-based analysis is not an analytical tool currently used by Marine Atlantic, the Corporation engages in many initiatives to advance diversity and inclusion from a gender perspective including training and education, mentorship, and various other programs.

MAI is committed to increasing the social and cultural diversity of the workforce, and to foster the inclusion of a broad range of voices and views in governance and decision-making. To date, MAI has taken numerous steps:

- Building authentic, long-term relationships with Indigenous Peoples and communities in every region where we operate to support positive outcomes.
- Partnering with post-secondary institutions to improve employment opportunities for Indigenous persons by supporting educational opportunities.
- Enhancing the opportunity to increase the number of employees from under-represented groups.
- Increasing representation of equity deserving groups throughout the organization.
- Developing a pay equity plan as required by the *Pay Equity Act*.
- Setting EDI targets, tracking and reporting on progress as a key part of the CEO's Accountability Agreement and a focus of the Board of Director's HR Committee.

Indigenous relationships

Through community engagement with regional Indigenous groups, the Corporation supports economic well-being and promotes an inclusive social diversity that is essential for our future. We actively engage in dialogue with local First Nations groups about our collective interests in the marine environment. MAI also supports environmental protection of the lands and waterways.

To demonstrate its commitment to ongoing Truth and Reconciliation, MAI has named its new vessel the Ala'suinu, the Mi'kmaq word for "traveller".

A Safe and Healthy Workplace

MAI has implemented numerous policies and processes to ensure the health and safety of its employees, including workplace bullying and harassment, the whistle blower policy, code of conduct, etc. The company has established a Psychological Health and Safety Committee, made up of both management and unionized employees, to ensure that psychological health is considered in all aspects of its operations. Further, MAI's continued use of the Safety Management System and regular reporting on safety incidents ensures that the Corporation can identify and address any safety issues that may arise.

Budget 2023 Spending Reductions

Budget 2023 announced government-wide spending reductions of $15.4B over the next five years, which includes spending by Crown corporations. MAI's associated reduction proposal was confirmed in early 2024.

The reductions have been applied to MAI's annual base reference level and are reflected in the financial forecasts in this plan.

Appendix J OAG Special Examination

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. 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.

OAG Management Action Report

Recommendation	Response	Owner	Update
The Corporation should continue to engage with relevant government officials to help ensure the timely approval of its corporate plans and to resolve the Corporation's long-term fleet-renewal strategy, along with funding requirements to support ongoing fleet renewal.	*The Corporation will continue to engage with relevant government officials to help ensure the timely approval of its corporate plans and the resolution of the Corporation's fleet-renewal strategy, along with funding requirements to support ongoing fleet renewal.*	Murray Hupman	• Budget 2019 included funding for MAI's long-term fleet strategy • Timely approval of the corporate plan is largely beyond MAI's control as corporate plan cycles don't always line up with the timing of funding approvals • Will continue to work with TC to improve alignment
The Corporation should use its balanced scorecard to monitor all key performance indicators and targets set by the Minister.	*The Corporation will incorporate all performance indicators and targets set by the Minister in its balanced scorecard by the end of the fourth quarter of the 2018–19 fiscal year.*	Murray Hupman	• The Corporation reports on all key performance indicators and targets set by the Minister. • Updated results have been included in the 2022/23 – 2026/27 corporate plan and the Annual Report
The Corporation should develop an environmental management plan that states the Corporation's objectives for environmental protection and the activities, timelines, and related resource requirements needed to achieve them. The Corporation should also develop key performance indicators to monitor progress against its strategic objective to protect the environment.	*The Corporation will develop, enhance, and monitor key performance indicators for environmental protection during the 2018–19 fiscal year. This will augment its participation in an industry-accepted marine environmental certification program.* *The Corporation will also establish a formal environmental management plan that clearly documents the current and future plans in the area of environmental protection, as well as the timelines and resources required to execute it, by the second quarter in 2020.*	Kris Parsons	• Completed
The Corporation should ensure that it has a common understanding with the government on how to calculate cost recovery for non-constitutional services.	*The Corporation reports on the cost-recovery targets in its corporate plans. The Corporation will continue its consultation with the Department of Transport to finalize the revised approach to the cost-recovery calculation for the non-constitutional services. This will be completed prior to the end of the 2018–19 fiscal year.*	Shawn Leamon	• Cost recovery target for the constitutional service has been eliminated.
The Corporation should improve its monitoring of	*The Corporation will review the current training policies and*	Colin Tibbo	• Completed

Recommendation	Response	Owner	Update
compliance with its internal training requirements.	*monitoring processes in the 2018–19 fiscal year with a goal to realizing improvements by the fourth quarter of that year.* *Addressing the challenges associated with the timeliness and accuracy of the training tracking system and related reporting has been identified as a key deliverable in the scope of the Corporation's enterprise resource planning project. The Corporation is confident that the project will effectively meet its training management needs and address the identified limitations and information gaps once fully deployed. The first phase of this multi-year project will be implemented in 2019. The learning management module will be implemented in the 2020–21 fiscal year and is expected to yield the greatest benefits in the training area.*		
The Corporation should be more diligent in applying its incident reporting policies and procedures for classifying and documenting corrective actions in a timely way. The Corporation should ensure that its tracking system guidance is updated to reflect its revised classification system.	*In October 2017, the Corporation rolled out a half-day incident reporting training session designed to educate employees on its current methods of incident management. The training is ongoing and to date, over 80% of employees have received this training.* *The Corporation established an Incident Management Review Committee in July 2018 to pursue improvements in the current processes and procedures in incident management.* *In addition, the Corporation is working with ferry industry authorities to develop new injury reporting definitions and guidelines. Upon completion, these will be communicated to employees and incorporated into the classification system.*	Kris Parsons	• Completed
The Corporation should ensure that the enterprise resource planning solution under development meets its scheduling needs and effectively addresses the	*The Corporation's scheduling and information requirements were fully documented and considered as a key deliverable during the selection of its new*	Colin Tibbo	• Completed

Recommendation	Response	Owner	Update
limitations and information gaps in its current systems.	*enterprise resource planning solution.* *The Corporation is confident that the solution and processes will be deployed to meet the relevant regulatory, collective agreement, and information requirements. The first phase of this multi-year project will be implemented in 2019.*		