



FEDERAL BRIDGE CORPORATION
SOCIÉTÉ DES PONTS FÉDÉRAUX

CORPORATE PLAN SUMMARY (2021-2026)

The Federal Bridge Corporation Limited
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Canada

EXECUTIVE SUMMARY

The Federal Bridge Corporation Limited (FBCL) is a federal Crown corporation entrusted with the administration of Canada's interests in four international crossings between Ontario and the United States. Each bridge has unique geographic, cultural, climactic, trade, employment and administrative characteristics that present unique environments while delivering crucial benefits to their local communities and facilitating the national interest.

The past few year's global events have created challenging operational contexts at FBCL bridges. As the persistent, revenue diminishing effects from pandemic-induced restrictions to non-essential, cross border travel have compounded themselves to prior international trade disputes, manufacturing sector labour unrest and global market volatility, its negative impact on Canada's international bridge traffic is unmistakable.

A federal Canadian Crown corporation entrusted with the oversight of selected international bridges:

- Sault Ste. Marie International Bridge
Sault Ste. Marie, Ontario
- Blue Water Bridge
Point Edward, Ontario
- Thousand Islands International Bridge
Lansdowne, Ontario
- Seaway International Bridge
Cornwall, Ontario

Effective March 21, 2020, by mutual agreement, the Canada-US border was closed to non-essential traffic in order to curtail the spread of the novel coronavirus pandemic. Although the impact of this restriction affected less than two weeks of the 2019-20 fiscal year, the continued extension of the closure has had a profound impact on FBCL's subsequent fiscal health. While FBCL initially relied upon its internal reserves to weather revenue calamities, by late 2020, persistent pandemic restrictions forced the Corporation to solicit emergency Crown support. As of the time of writing, border restrictions were scheduled to remain in place until February 21st, 2021. However, additional extensions stretching deeply into 2021 can be readily envisaged given the current levels of infection prevalence on both sides of the border. The fiscal impact on the Corporation is likely to linger for years to come.

The restrictions to non-essential travel do not directly impact the cross-border movement of commercial vehicles, however, the evolving restrictions and closures imposed on various manufacturing and retail facilities impacts the demand for goods and their movement. At this stage, while factories are largely operational, annual declines in the fifteen to fifty percent range to commercial vehicle traffic persist, depending on the crossing. The effects of lost toll revenue resulting from restrictions on non-commercial traffic are even more dramatic.

In addition to the impact on toll revenues, travel restrictions have significantly affected FBCL's revenue sharing from such tenants as Duty Free Stores and Currency Exchange outlets where a good portion of rent is variable and dependent on tenant income.

All of FBCL's international crossings are seeing major revenue shortfalls from restrictions on non-essential travel. Given that the commercial traffic bases at the Sault Ste. Marie and Seaway International Bridges normally constitutes only 5% of traffic loads, these operations have been significantly impacted by COVID-19 restrictions to non-essential travel. Worsening the situation at the Seaway International Bridge is the requirement to maintain normal operating levels in support of the prevalent crossings from more than 70% of toll-exempt travellers that depend on the bridge in order to access necessary food and medical services suppliers. Revenues at both of these crossings are down by more than 85%.



For the Thousand Islands International Bridge, commercial vehicles typically make up about twenty percent of crossing's users and vehicles supporting the on-going construction of new US Customs and Border Protection facilities on Wellesley Island have helped prop up a vital source of cash flow. Despite these advantages, the strong cross-border tourism industry in this region collapsed, resulting in traffic trends that caused a 60% reduction in revenues.

Of FBCL's crossings, the Blue Water Bridge is uniquely positioned to deal with this pandemic's impacts. As Canada's second busiest commercial border crossing, it benefits from a user base that is comprised of roughly forty percent commercial vehicles. Initially, the pandemic caused dramatic reductions to both private and commercial traffic. Recent data indicates that commercial trends have returned to within seasonal and annually expected values, although at the lower end of the characteristic range and total volumes initially expected for the year will not be realized. While this situation is allowing the Blue Water Bridge to operate effectively, the significant loss in revenue from private passenger vehicles and the depletion of internal cash reserves has forced the Corporation to defer the majority of its planned, required capital investments at all of its bridges.

FBCL's prudent toll and cost management strategies have helped to delay the disastrous impact of this evolving marketplace, however, the Corporation's shrewd planning was not sufficient to sustain it independently in the face of continued uncertainty affecting cross-border movements. Decisions related to the timing of capital investments have been seriously re-evaluated and adjusted but the total deferral of some on-going projects is not possible due to existing bi-national partner commitments and/or the urgency of essential infrastructure activities.

To date, FBCL had relied heavily on its cash reserves to sustain its operations. In order to ensure the continued safety and security of Canada's vital trade arteries, FBCL did not have to resort to drastic cuts to non-seasonal staffing, as has been the case for the crossings operated by its US ownership partners. An overall reduction in headcount for specific departments has been affected to ensure efficiency of operations through redeployment of staff to critically in-demand departments. As revenue streams remained constricted, these protections to crucial trade corridors were





becoming increasingly at risk without the Crown's emergency support that was provided in July 2020 for subsidiary The Seaway International Bridge Corporation Limited and, in December, inevitably to the parent FBCL.

While it remains unclear when cross-border travel restrictions will be lifted and when the restoration of regular toll revenue could recommence, from a Corporate Planning perspective, the Corporation's needs, goals and strategies remain largely unchanged from those expressed in the prior version of this Plan.

In the construction of this document, various scheduling models and forecasts were defined and subjected to detailed analysis. For tactical purposes and to facilitate discussion, April 1, 2022 was selected as the likely date for the removal of travel restrictions. It must be clearly noted that the precise timeline to execute this plan is presently impossible to specify and, as such, its schedule will continue to slip roughly proportionately for every additional month travel restrictions remain in place. Moreover, the precise criteria used by the Governments of Canada and the United States to trigger a border reopening schedule and strategy remain unknown. Also unclear are the social and public health conditions that will be in effect when travel restrictions are lifted. These will largely dictate the rate at which regular cross-border travel is restored.

Prior to the pandemic, the Corporation had prudently managed to slowly build its liquidity position to roughly \$25M that had been earmarked for the long term capital investments of the Corporation. Over the course of the 2020-21 fiscal period, due to revenue losses, spending to satisfy non-deferrable expenses at all of its bridges, increases in operational costs resulting from pandemic protection measures and, most significantly, to service the outstanding debt of the legacy Corporation, this reserve was fully eroded. The rainy day for which the Corporation had planned came however, the rain continues to fall and for a much longer period than any could have realistically anticipated.

In order to mitigate the impact of future events beyond the Corporation's control, FBCL has secured access to up to \$10M in available credit in addition to the receipt of federal, short term emergency funding for the prior and current fiscal periods.





Short-term Concern

Due to continuing financial obligations, by mid-January 2021, the Corporation's cash position would have become dangerously depleted and, without the emergency support from the Crown, its operations would have been compromised. With the Crown's committed 2020-21 and 2021-22 support to FBCL, the implementation of at least one of the following will allow the Corporation to resume its prudent path towards the re-establishment of its internal cash reserves:

- Where feasible in the context of responsible management of social health and welfare, reduction or removal of restrictions on the cross border movement of non-essential travel so that toll revenue collection may begin to be resumed (*this is a scenario that appears to be highly unlikely and travel restrictions are expected to carry on into the 2021-22 fiscal period*);
- The Crown improves FBCL's cash flow position by providing infrastructure investment funding of at least \$30M to facilitate the immediate implementation of key deferred capital improvement projects; and/or,
- The Crown provides an estimated \$45M in financial support to allow the immediate retirement of the legacy debt burden assumed by FBCL during its legislated amalgamation in 2015.

Longer-term Concern

Looking forward, FBCL's longer-term position is forecasted to be achieved only through Crown support in the following areas:

- Continued progress on the establishment of an invigorated fiscal framework for its subsidiary The Seaway International Bridge Corporation Limited; and,
- Completion of the Crown's long standing land claim litigation with the Mohawks of Akwesasne through a favourable settlement for all parties.

Independently, FBCL will continue to focus on asset improvements, cost management, deepening employee engagement and ensuring fiscal sustainability. These goals will eventually be facilitated through investments in key technologies and innovation.

Strategic Priorities

At this time, the single most important strategic priority facing the Corporation is its survival in the face of the consequences of the COVID-19 pandemic. FBCL's crossings provide a vital conduit for Canada's international trade and sources of supply. The continued maintenance of their ongoing viability, their safety and security is of national importance.

Within the broader operational framework, while execution time frames are heavily dependent on the restoration of the unrestricted movement of goods and people across the Canada-US border, the Corporation is generally planning to continue on its proven and long-standing strategic path through its ongoing activities in organizational efficiency and excellence. FBCL focuses its efforts and attention towards the proper solutions required to improve its services and to position itself for the future. To mitigate risks, FBCL will continue to monitor its established operational procedures and organizational alignment with corrective measures applied as required to allow the Corporation to move ever closer to its target strategic objectives.

Notable priorities for the coming period include:

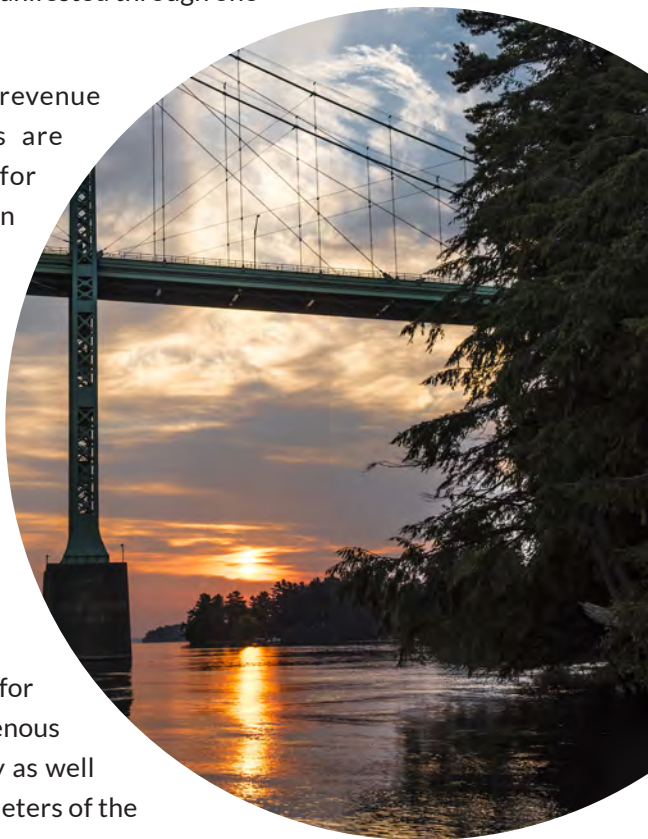
- Safeguarding the Corporation's financial sustainability:
 - Reduction of overall business risks;
 - Planning long-term capital investment requirements;
 - Clearance of the legacy corporation's debts; and,
 - Promoting revenue optimisation and diversification.
- Preparing FBCL's people for the future labour & skills landscape:
 - Succession planning;
 - Development of career paths; and,
 - Retention of skills and experience.
- Managing assets and infrastructure:
 - Maintaining the safety and security of facilities;
 - Delivering effective asset stewardship;
 - Ensuring the flow of goods and people; and,
 - Maximize the operational lifecycle of assets for lowest cost.
- Investing in technology & innovation:
 - Facilitating data-driven decision making;
 - Increasing the efficiencies of business operations;
 - Ensuring the security of business practices; and,
 - Maintaining market competitiveness.



Strategic Government Attention

In the delivery of its mandate, FBCL will require governmental authorities and/or support in:

- i) The provision of any necessary additional emergency financial assistance to enable the Corporation to continue to deliver on its mandate within the constrictions of ongoing cross-border travel restrictions to non-essential travellers, an imposed duty that is severely impacting self-sustaining revenue generation and has decimated internal cash reserves; such support could be manifested through one or more of the following:
 - COVID emergency support funding to help address revenue shortfalls until such time as reliable traffic levels are reestablished. At least \$2.4M per month is required for every month in which travel restrictions remain in effect in FY2022-23 and beyond;
 - Infrastructure investment funding of at least \$30M to support Corporate cash flows and to facilitate the immediate implementation of key, deferred improvement projects; and/or,
 - An estimated \$45M in financial support to allow the immediate retirement of the legacy debt burden assumed by FBCL during its legislated amalgamation in 2015.
- ii) for subsidiary SIBC, establishing a mechanism of compensation for the publicly imposed duties resulting from toll-exempt, Indigenous crossings in order to maintain the solvency of the subsidiary as well as in supporting a reassessment of the revenue sharing parameters of the 1957 binational joint-venture agreement;
- iii) maintaining the Gateways and Border Crossings Fund (GBCF) funding allocation for the relocation of FBCL facilities off of Cornwall Island as required under the proposed settlement agreement between the Crown, represented by Transport Canada, and the Mohawk Council of Akwesasne;
- iv) authorizing minor land exchanges with municipalities in Sault Ste. Marie and Point Edward, Ontario to improve safety and regularize titles for portions of the bridge property perimeter;
- v) finalizing the transfer of canal lands in the Cornwall area from the Crown (Transport Canada) to FBCL; and,
- vi) proposing the next steps regarding the authorized amalgamation with the SIBC subsidiary as per the *Economic Action Plan 2013 Act, No. 2*.





CONTENTS

Executive Summary	2
Corporate Overview	9
Operating Environment	12
Strategic Objectives, Activities and Results	29
Financial Overview	34
Annexes	41
Ministerial Direction	42
Corporate Governance Structure	43
Planned Results	47
Chief Executive Officer Results Commitment	50
Chief Financial Officer Attestation	51
Financial Statements	52
Borrowing Plan	60
Risk Management	63
Compliance with Legislative and Policy Requirements	67
Government Priorities and Direction	69
Special Consideration Content	73
Abbreviations	75
Acknowledgements	76

CORPORATE OVERVIEW

Background

The Federal Bridge Corporation Limited (FBCL) was created by articles of incorporation under the *Canada Business Corporations Act*. It is an agent of Her Majesty in Right of Canada and is a parent Crown corporation as listed in Schedule III, Part 1 of the *Financial Administration Act*. It reports to the Parliament of Canada through the Minister of Transport. The Corporation is responsible for Canadian federal interests at four of the eleven international bridges in Ontario and is headquartered in Ottawa, Ontario.

SAULT STE. MARIE INTERNATIONAL BRIDGE

Sault Ste. Marie,
Ontario



Sault Ste. Marie,
Michigan

BLUE WATER BRIDGE

Point Edward (Sarnia),
Ontario



Port Huron,
Michigan

THOUSAND ISLANDS INTERNATIONAL BRIDGE

Landsdowne,
Ontario



Alexandria Bay,
New York

SEAWAY INTERNATIONAL BRIDGE

Cornwall,
Ontario



Rooseveltown,
New York

FBCL's responsibilities and relationships are varied and reflect the unique origin of each bridge. FBCL owns crossing assets and provides oversight to bridge operations, administering international agreements associated with the bridges, leading bridge engineering and inspection duties and management of bridge capital investment projects.

FBCL's mission, vision and pillars underpin the framework for the Corporation's strategic direction as approved by the Board of Directors.

Core Responsibility Statement

In accordance with the Treasury Board Secretariat Policy on Results, FBCL's Core Responsibility statement is "Managing international bridges". This responsibility was further qualified to also include its mission and vision statements. FBCL manages these international bridges with a focus on enhancing revenue sources, excellence in governance, best practices in portfolio management, optimization of processes and strong relationships with its stakeholders. This Core Responsibility aims to maintain safe and secure international trade routes and enable the efficient transit of people and goods.





Mission

FBCL is a Crown corporation responsible for the oversight of Canadian federal interests in selected international bridge crossings between Canada and the United States.

Vision

Striving to optimize the safety, security, sustainability and capacity of bridge operations to the benefit of Canada while serving the traveling public with efficiency and respect.

Mandate

FBCL's mandate, approved by the Minister of Transport, is to provide the highest level of stewardship so that its international bridges and associated structures are safe and efficient for users.

The business and undertakings of the Corporation are limited to the following:

- a) The design, construction, acquisition, financing, maintenance, operation, management, development, repair, demolition or reconstruction of bridges or other related structures, facilities, works or properties, including approaches, easements, power or communication transmission equipment, pipelines integrated with any such bridge, other related structure, facility, work, or property, linking the Province of Ontario in Canada to the State of New York or the State of Michigan in the United States of America, either alone, jointly or in cooperation with any other person, legal entity or governmental authority in Canada or in the United States of America;
- b) The design, construction, acquisition, financing, maintenance, operation, management, development, repair, demolition or reconstruction of other bridges or other related structures, facilities, works or properties, as the Governor in Council may deem appropriate, on such terms and conditions as the Governor in Council may determine; and
- c) Any business, undertaking or other activities incidental to any bridge, or other related structure, facility, work or property contemplated in paragraph (a) or (b).

For the foregoing purposes, the Corporation has, subject to the *Financial Administration Act*, the *Canada Business Corporations Act*, and its mandated articles, as amended from time to time, the capacities and powers of a natural person.

Strategic Pillars

FBCL will fulfill its mission through these key pillars:

- **Mandate** of unified bridge portfolio delivered proficiently by agile, innovative and skilled teams;
- **Stewardship** of assets and infrastructure emphasizing safety, security and asset lifecycle management;
- **Technology** adoption aligned with solid data-driven operational efficiency, limiting risk and resource expenditure;
- **Sustainability** based on enhanced revenue, prioritized investment, toll optimization and cost



containment; and,

- **Governance** through strong corporate oversight, profound employee engagement and positive stakeholder relations.

Financial Position

For the purposes of this plan, it is assumed that restrictions to non-essential cross-border travel will remain in effect up to March 31, 2022 and, once removed or amended, traffic levels will remain depressed, featuring, at best, progressive improvements in small increments over a protracted period estimated to be at least 1.5 years in duration. For this reason, without the aid of appropriations, FBCL does not return to positive cash flow from operations until 2022-23.

Given its progressive approach to debt management amid a generally unpredictable and changeable external context, to date, FBCL's overall financial position is best described as having been resilient. This perspective is supported through the assessment of Standard & Poor's Financial Services LLC. FBCL's financial risks are assessed regularly and, in August 2020, S&P Global Ratings maintained its long-term issuer credit and senior unsecured debt ratings on FBCL at 'A+' reaffirming the strategic framework governing FBCL operations. Additionally, their outlook for the business was revised from "stable" to "negative" due to the unpredictable nature and duration of the COVID-19 pandemic. This outlook is a reflection of an operating environment impacted by a global pandemic, rather than of the internal administration of the business. S&P concluded that "FBCL's very strong management and governance characteristics have allowed it to achieve financial and operational goals. We believe the management team has considerable expertise and experience. It proactively adjusts operating and capital spending to minimize the impact of traffic volatility on its financial profile and monitors performance against its budgets. We believe management is reacting quickly to current adverse economic conditions by reducing discretionary operating expenditures where possible and deferring capital spending. Furthermore, management has policies and strategies to mitigate key risks, including debt management, cash and investment management, and a suite of insurance policies." S&P pointed out that FBCL benefits from a strong federal government link.

FBCL is currently servicing debt that was amassed by its legacy corporations prior to its legislated amalgamation in 2015. Outstanding loans and corporate bonds are locked and subject to a debt-servicing program that is scheduled to be completed in 2027. Any future independent FBCL capital investments within its portfolio will need to be funded either through additional debt or be scheduled for implementation at its present modest pace through operational funding (or perhaps a combination of both). For this reason, FBCL aims to accelerate its asset management plans by opportunistically leveraging support from relevant governmental capital or economic stimulus funding avenues when these are feasible and accessible.

The latest tabled Annual Report (2019-20) is posted at <https://www.federalbridge.ca/wp-content/uploads/2020/09/FBCL-Annual-Report-2019-20.pdf>. For FY2020-21, due to the pervasive cross-border travel restrictions imposed on non-essential travellers as a result of the COVID-19 pandemic, as internal fiscal reserves dwindled, the financial outlook became quite stark. Revenue has been severely impacted throughout the portfolio and spending for both the short and long terms have been significantly curtailed or, where feasible, indeterminately postponed.

OPERATING ENVIRONMENT

A bridge is a passive facilitator of travel and trade. Due to its presence, it enables the transit of people and goods while possessing no fundamental or intrinsic means of enticing its usage. The provision of a safe, well-maintained and functional crossing ensures the bridge's viability and appeal, however the decision to cross relies much more significantly on the availability of local and regional attractors on the opposite side. Without those external attractors, a bridge has limited ability to affect consumption behaviour on its prospective users.

Strategic Issues

Within an operational context underlined by an on-going pandemic, the key strategic issues faced by the Corporation remain largely unchanged and include:

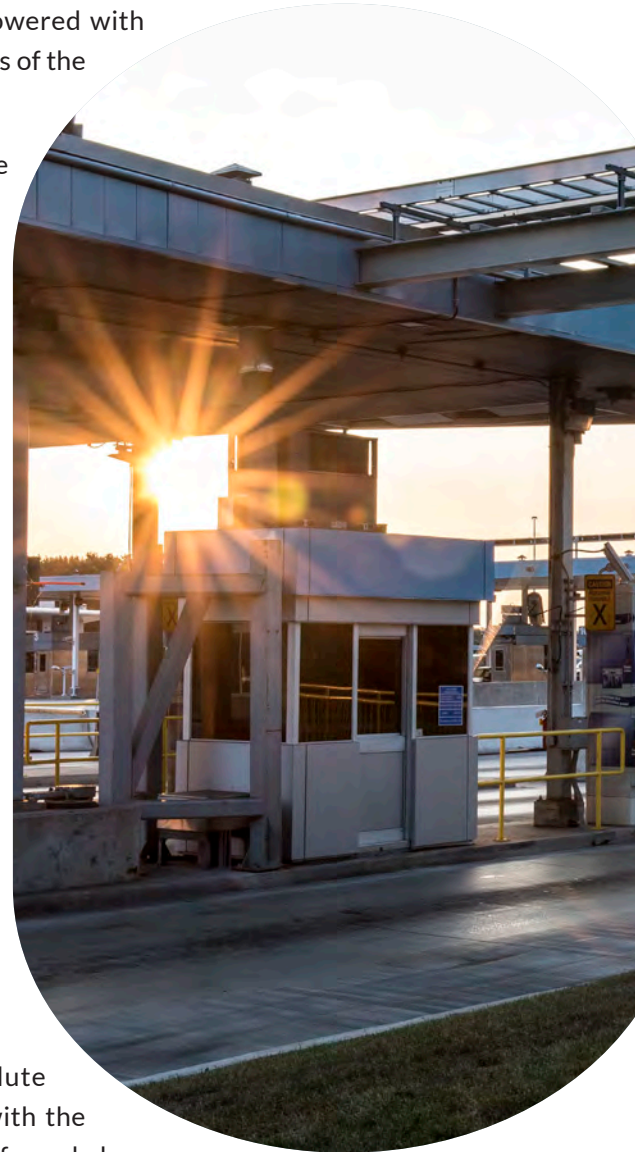
- **COVID-19 Pandemic Restrictions on Non-Essential Cross-Border Travel:** Effective March 21, 2020, the movement of non-essential travellers has been limited through mutual agreement between Canada and the United States of America for the protection of the health of citizens on both sides of the border. The term of the agreement has been the subject of several month-long extensions that presently expire on February 21, 2021. Further extensions are readily envisaged as disease incidence rates continue to be prevalent on both sides of the border. While commercial goods continue to flow, the absence of non-commercial traffic is significantly impacting FBCL's operations and revenue streams. This in turn will have a manifest effect on the Corporation's ability to fund long-term, strategic capital investments and the timing of these activities at all of its operating locations.
- **The Economy:** The overall state of local and broader international economic health and outlook manifest their effects on FBCL in a number of ways. These include effects derived from currency exchange rates, employment and productivity as well as from travel attractors serviced by bridges.
 - a. Currency exchange rates affect bridge usage in term of the commercial attractiveness of Canadian export goods to foreign buyers and/or the affordability of desirable import goods. While it has experience a few larger shifts, the Canada-US exchange rate has generally been stable around 1.33 for the past couple of years;
 - b. Local, regional, provincial and national general employment, manufacturing and economic health enhances the presence of thriving exporting and importing industries and manufacturers operating





within a stable or growing international business climate and these contribute to the creation of a well-remunerated population empowered with disposable income for spending and investing on both sides of the border;

- c. Stable international trading environments allow for the predictable movement of goods across Canada's borders, and,
 - d. Given that between 80 and 95% of passenger car crossings originate locally, the presence and/or demise of bridge-accessible travel attractors and destinations have a significant impact on the number of prospective travellers. Bridge users seek value for dollar and uniquely available products, services or entertainment. A marquee retail outlet or a notable employment source each impact travel decisions and bridge activity.
- **Throughput at the border:** A reputation for speed and ease of crossing is the single most important factor affecting crossing choice for non-local travellers and commercial goods transporters. Safe spaces, free of obstructions, complemented by well-staffed, efficient and stable customs processing systems collectively ensure the fluidity of a crossing. Successful delivery of these services is a joint operational obligation of both the bridge operator and border protection services who necessarily must find the appropriate balance between security protection and processing efficiency.
 - **Evolving transportation logistics:** Even when the absolute volume of commercial vehicles crossing Ontario's border with the United States shows annual declines, the reported value of goods has been increasing at a rate higher than inflation over the course of recent years. This is an indication of freight consolidation and improvements in transportation logistics. Any change in transportation logistics and modalities will have an impact on cross-border bridge usage.
 - **Trade and Tariff Stability:** The re-establishment of a stable North American trade agreement, regardless of any potential advantages or short-comings, is a fundamental resource for the facilitation of international trade and commercial growth on both sides of the border.
 - **Technology and its security:** Customer pressures to adopt support for an ever expanding diversity of novel rapid payment options prevails across the bridge portfolio. Multi-component





systems with various integrated interfaces are required to link customer transaction processing with internal financial management systems, customer account management resources and external payment processing systems. FBCL must ensure that its underlying transaction management technologies remain current, adaptable and secure. Additionally, the security of these systems is fundamental to ensuring customer trust and confidence.

- **Competition:** The international crossing landscape in southwestern Ontario is headed towards a paradigm shift as the competitive battleground sees new options. Changes are afoot in the Windsor-Detroit corridor. As shovels hit the ground, the riverfront skyline will experience change with the introduction of the new Gordie Howe International Bridge and, potentially, a proposed replacement to the Ambassador Bridge. While these development projects are not anticipated to have a significantly material effect on car transits at the Blue Water Bridge, the same is not accurate for highly lucrative long-haul transport trucks. Blue Water Bridge is expected to remain the option of choice for western and southwestern tractor trailers, however a disruptive cycle to Blue Water Bridge's commercial traffic is anticipated and a new status quo is not expected to be established in the region for at least five years following the opening of the new bridge(s), now projected for late 2024.
- **Audit:** On a three-year cycle, the Corporation conducts a risk based audit plan, performing internal audits on a broad set of topics. Additionally, the Office of the Auditor General conducts annual fiscal audits and there are presently no outstanding findings. Over the course of 2021-22, the Office of the Auditor General will conduct the first special examination of the post-amalgamation FBCL. Their report is expected in June 2022.

With the exception of well-maintained bridge assets and support for secure and novel payment technologies, all of the strategic issues affecting FBCL's line of business are external and detached from the organization's direct influence.





Alignment With Government Priorities

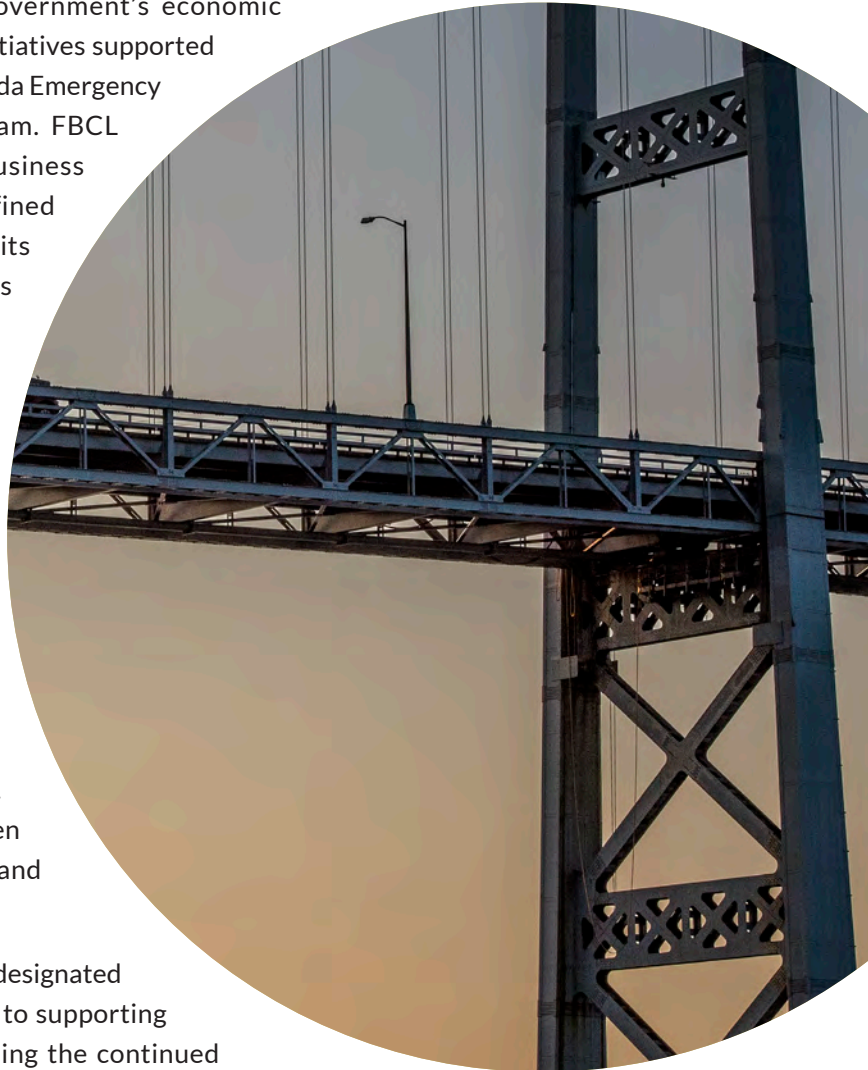
As they are defined in the 2020 Speech from the Throne, the Government of Canada's priorities are focused on ending the COVID-19 pandemic; supporting Canadians as they weather the effects of the pandemic; building a stronger Canada; and, continuing to promoting diversity and Indigenous reconciliation.

The activities of FBCL support all of the Government's economic priorities. One of the many pandemic related initiatives supported by FBCL were actions in alignment with the Canada Emergency Commercial Rent Assistance (CECRA) program. FBCL had extended rent relief to eligible small business tenants, in some cases beyond the scope defined by the Government. FBCL has also improved its facilities sanitization to the benefit not only of its customers, tenants and staff but also to spaces used by CBSA and CFIA.

FBCL staff are front line personnel critical to easing the pain of the pandemic. By facilitating safe, secure international trade and the efficient transit of people and goods, FBCL delivers secure gateways to economic growth and prosperity for all Canadians. This is demonstrated not only in terms of transport; it also cascades into related domains including job creation, economic opportunities and expanded markets for Canadian innovation. International bridges allow Canada to strengthen its multi-faceted relationships with its allies, and expressly with the United States.

In the Cornwall area, within the framework of its designated mandate, FBCL fully maintains its commitment to supporting the needs and objectives of the Crown regarding the continued growth of a constructive relationship with the Mohawk community and the achievement of an equitable settlement of land claims. FBCL and its SIBC subsidiary have a long history of positive engagement both as a reliable source of employment for members of the local Indigenous community as well as through the management of a vital facilitator of local economic growth.

Additionally, FBCL is in the process of mitigating the impact of changing climate on its assets, customer relationships and, identifying measures to reduce risks.





International Bridge Traffic Trends

The following table outlines the evolution of traffic flows at each FBCL crossing. Also provided are regional comparables. The Ambassador & Peace Bridges serving as regional peers to the Blue Water Bridge and the Ogdensburg-Prescott International Bridge as a peer to the Seaway International Bridge and to the Thousand Islands International Bridge. While each of the crossings possesses its own individual attributes and challenges, no bridge truly operates free of an overarching international and regional economic context.

A unique factor impacting the Seaway International Bridge is the toll exempt passage for members of the Indigenous community. For that reason, the table provides traffic trends for the crossing holistically as well as a view solely on usage that generates a compensation.

*FORECASTED DATA 1 APRIL 2021	ALL TRAFFIC			COMMERCIAL		
	2018-19	2019-20	2020-21*	2018-19	2019-20	2020-21*
Sault Ste. Marie International Bridge	-2.47%	-6.92%	-90.24%	-0.46%	0.32%	-42.85%
Blue Water Bridge	0.69%	-5.02%	-67.06%	2.41%	-5.00%	-11.42%
Thousand Islands International Bridge	-2.27%	5.32%	-57.66%	-2.61%	-1.74%	-9.61%
Seaway International Bridge (All Traffic)	0.59%	0.75%	-34.21%	7.57%	10.02%	-18.21%
Seaway International Bridge (Paid Traffic)	-1.49%	-2.70%	-80.41%	1.57%	-5.02%	-29.15%
ALL FBCL TOTAL:	-0.34%	-2.01%	-60.66%	1.51%	-4.08%	-13.25%
Ambassador Bridge	2.55%	-4.66%	-51.19%	0.82%	-1.92%	-14.00%
Peace Bridge	-3.36%	-3.09%	-76.02%	-4.39%	-3.32%	-8.55%
Ogdensburg-Prescott International Bridge	-4.08%	-1.01%	-81.20%	-6.22%	-1.79%	-12.84%
ALL CROSSINGS:	-0.62%	-2.28%	-69.37%	-0.18%	-2.77%	-12.93%

From this table, we see the impact on commercial traffic of recent years of trade uncertainty and imposed tariffs on imports and exports. The recent implementation of a lasting trade agreement and return to a predictable international trade climate could and should facilitate improvements of these numbers. Although the amount of commercial traffic may be declining, the value of goods transported continues to climb at a rate higher than inflation. This is a sign of increasing efficiencies in the transport logistics sector and trans-border cargo consolidation. These increases of industry efficiency stress FBCL revenues as commercial traffic volumes decline during a period where every commercial vehicle has a greater positive impact to operations.



COVID-19 related travel restrictions began to manifest their influence on traffic and revenues as of the final 2 weeks of the 2019-20 fiscal year. The COVID-19 pandemic's effects are quite notable in the forecasts for the present fiscal year. After an initial decline, commercial traffic at Blue Water Bridge has begun trending towards more expected levels though the total volume of commercial traffic will be lower than previously projected in budget. For passenger vehicles at Blue Water Bridge and all categories of vehicles at all other crossings, FBCL bridges are experiencing dramatic losses in traffic and commensurate toll revenues.

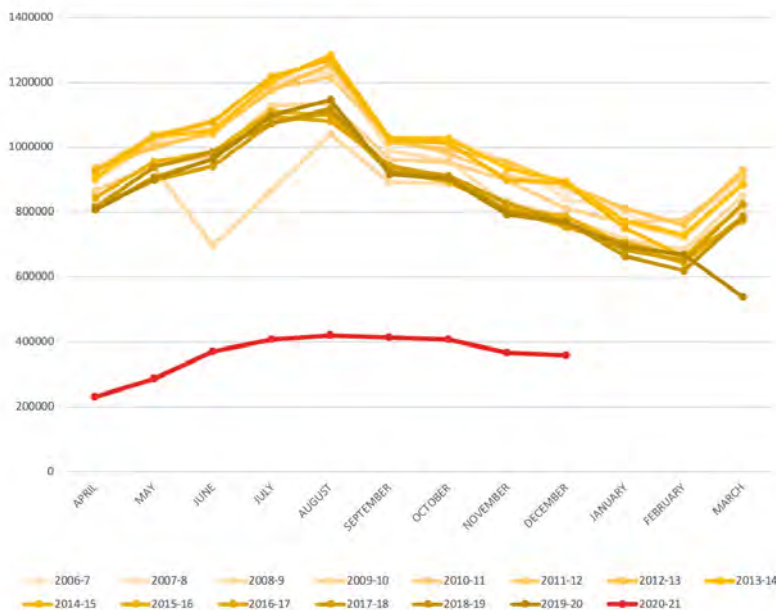
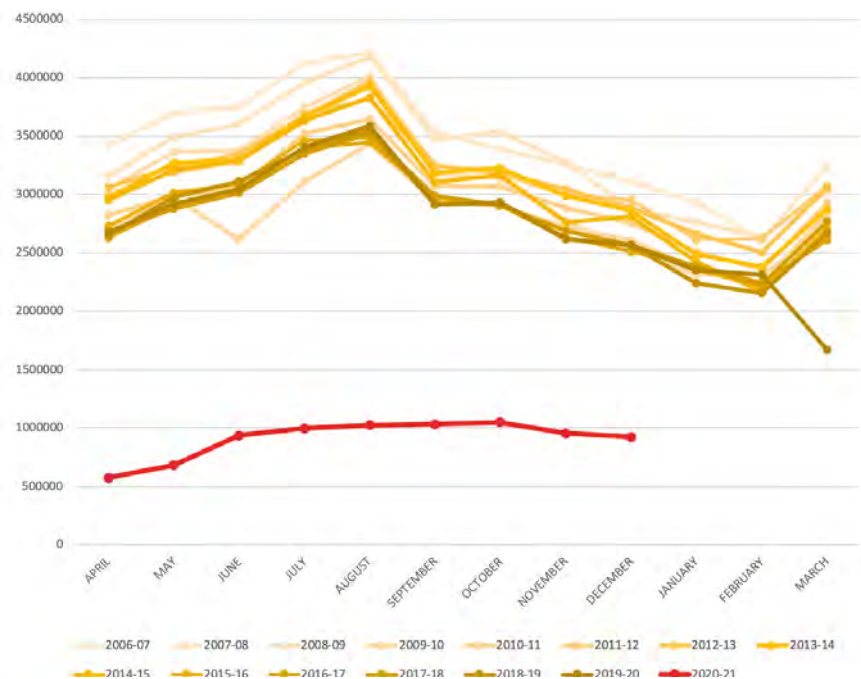
The impact of currency exchange disparity manifests its presence in the form of fluctuating tourism and rates of private vehicles entering Canada to benefit from favourable prices. The relative stability of the exchange rate in recent years has generally encouraged renewed movement of Canadian travellers, when permitted.

For overall transits, collectively FBCL's crossings continue to witness modestly better growth and faster recovery than that of the overall marketplace, likely due to the higher rates of commercial vehicles and lower dependencies on regional tourism. Tariffs on metals and labour action in the automotive sector were clearly felt in the crossings between Michigan and Ontario in the prior year.



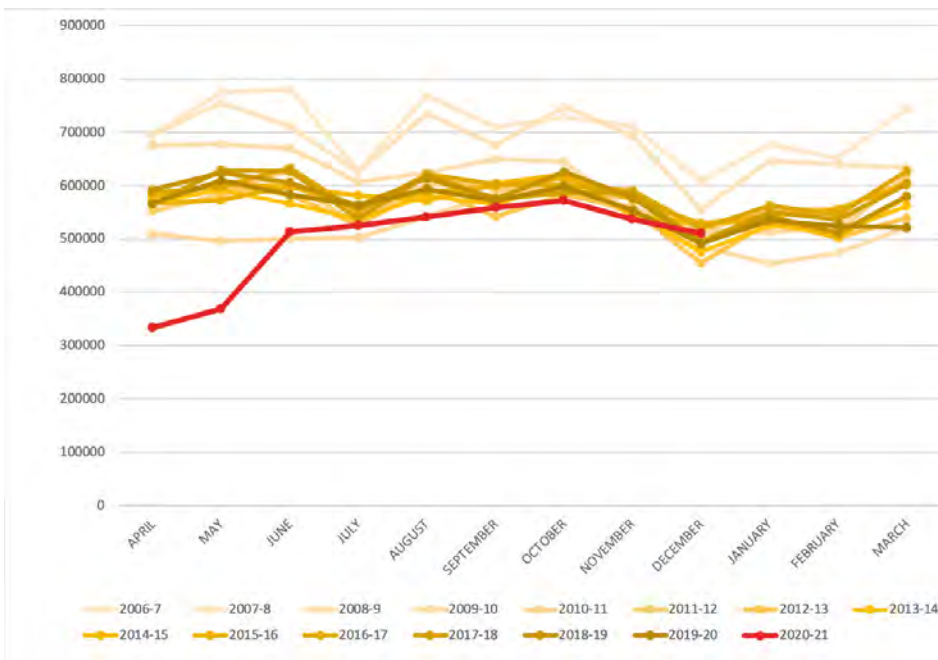


All BTOA Bridges



Only FCBL Bridges

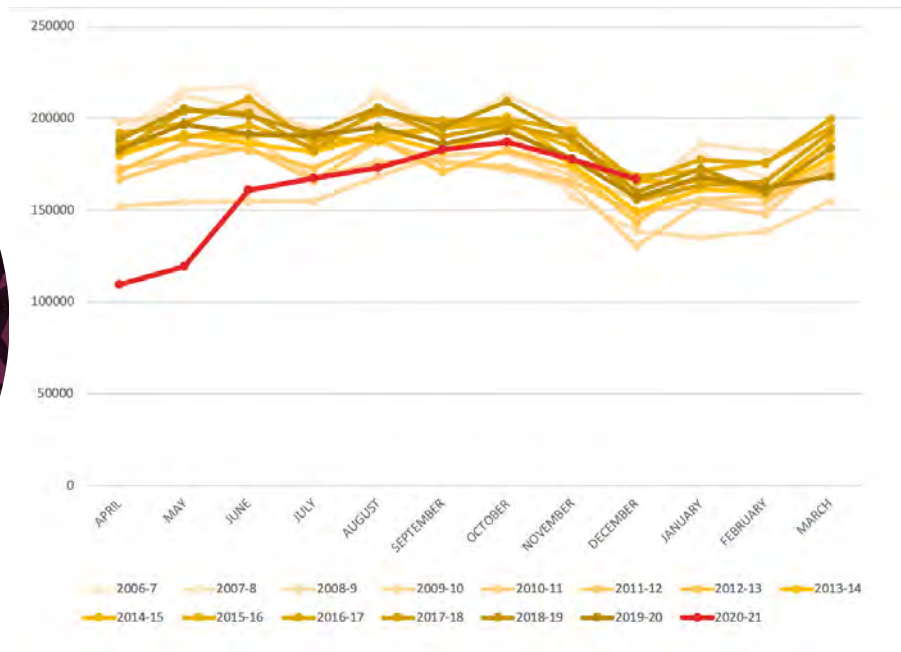
The above charts show monthly combined traffic levels for all vehicles over the past fifteen-year period, the most recent year denoted in red. The COVID-19 pandemic's dampening impact on traffic is clearly obvious and are notable starting in the final month of 2019-20. The upper chart shows all 11 crossings of the Bridge and Tunnel Operators Association while only FBCL's four bridges are presented in the chart beneath. As can be seen, FBCL's traffic patterns generally offer close correspondence to that of the overall group, however FBCL's recent periods are trending slightly better than that of the overall peer group.



All BTOA Commercial



FCBL Commercial



Separating commercial truck traffic from the overall volume, more clearly demonstrates that, for international truck freight, FBCL crossings are generally performing similarly or slightly better to their peers' relative to their historic averages where all crossings have been visibly impacted by the pandemic.



Notably within the FBCL portfolio, the Blue Water Bridge is a workhorse for Canadian international trade and, in tandem with its Windsor-Detroit-based peers, establishes the crucial backbone for the success of international trade within our economy. As the second-busiest commercial crossing between Canada and the United States, the Blue Water Bridge is a critical cornerstone in the reliability of Canada's freight transport supply chain.



Additionally, the Blue Water Bridge, through its geographic separation from Windsor, Ontario, provides Canada with its only true commercial border crossing redundancy. Blue Water Bridge ensures our nation's economic health and trade. Contributing to its success is its exceptionally high ratio of commercial vehicles within its traffic mix. Comparatively, the Thousand Island International Bridge generally closely mirrors the Ontario average while the other two venues remain in the lowest tier of the range. Only the Ambassador Bridge sees a slightly higher ratio of commercial crossings than the Blue Water Bridge. So far in FY 2020- 21, Blue Water Bridge has carried 24.2% of all truck freight crossing Ontario-USA bridges; comparatively, the Ambassador and Peace Bridges respectively handled 37.0% and 16.9%.

In typical circumstances, for the Seaway International Bridge, it must be noted that more than 71% of its cars and nearly 33% of its commercial vehicle traffic are toll exempt. This equates to roughly \$6.5M annually in uncollectable toll revenue that would normally contribute to bridge operations, maintenance and long-term capital project reserves. This critical financial constraint continues to hold much managerial attention. Prior to pandemic travel restrictions, traffic volume at the Seaway International Bridge increased modestly; however, the rate of growth of non-tolled crossings increased at a much stronger pace than that of tolled traffic. Identifying long-term Crown sources of financial support for the impact of these uncompensated transits remains a critical concern for the lasting financial sustainability of the crossing and of the SIBC subsidiary itself.



Given that the commercial traffic bases at the Sault Ste. Marie and Seaway International Bridges normally constitutes only 5% of traffic loads, these operations have been significantly impacted by COVID-19 related travel restrictions. Worsening the situation at the Seaway International Bridge is the requirement to maintain normal operating levels in support of the more than 71% of toll-exempt travellers that depend on the bridge in order to access essential food and medical services suppliers. Without the temporary financial support of \$2.6M in July 2020 from the federal *Public Health Events of National Concern Payments Act*, the travel restrictions imposed by the pandemic would have been permanently catastrophic for the subsidiary, The Seaway International Bridge Corporation, Limited.



For the Thousand Islands International Bridge, commercial vehicles typically make up about 20% of the crossing's users. With seasonal tourist traffic decimated, traffic servicing the ongoing construction of new US Customs and Border Protection facilities on Wellesley Island have helped maintain a vital source of cash flow as supplies and workers travel to the site.

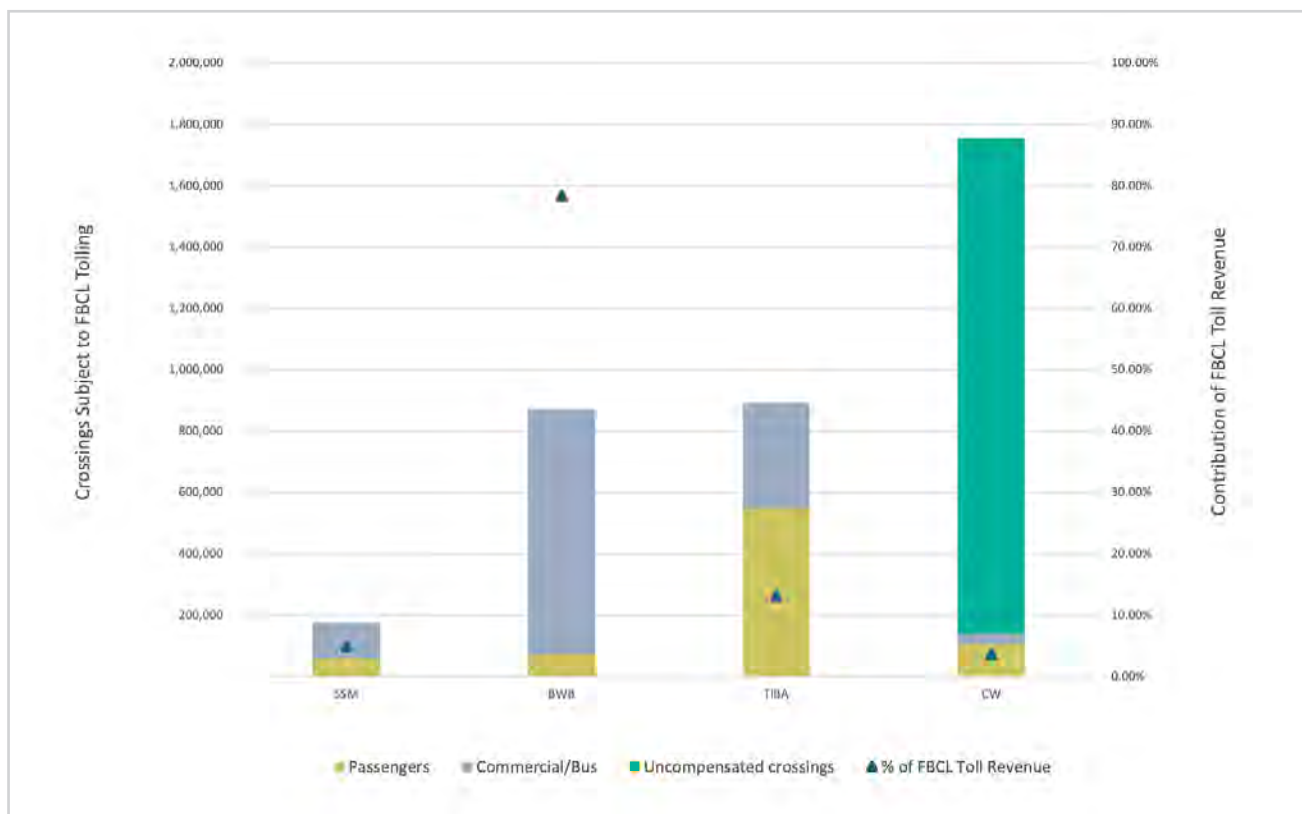
Blue Water Bridge is uniquely positioned in the FBCL portfolio to deal with the pandemic's impacts. As Canada's second busiest commercial border crossing, it benefits from a user base that normally consists of more than 40% commercial vehicles.

While these traffic levels are insufficient to fund the long-term capital requirement for the crossing, when supplemented by FBCL prior cash reserves, they were temporarily adequate to ensure that the Corporation did not succumb to imminent failure.



Financial Contributions

Adding a financial perspective to crossing data provides additional insight into FBCL's operational and financial context.



The above figure shows budgeted FY2021-22 crossings subject to tolling by FBCL or its subsidiary operating entity. An overlay shows the impact towards FBCL's total toll revenue from each location. The data, impacted by the COVID-19 induced border restrictions, demonstrate the reliance that FBCL has on its Blue Water Bridge location. In terms of total traffic passing through FBCL-managed toll booths, U.S.-bound travellers at Blue Water Bridge are approximately the same as the volume of traffic (north and south) at the Thousand Islands International Bridge, but is dwarfed by the volume of uncompensated crossings at the Seaway International Bridge crossing. Revenue from the Blue Water Bridge will account for almost 80% of FBCL's revenue in 2021-22.

This data strongly underscores the economic value of location and commercial traffic in the overall mix. The toll revenue from the other three crossings is also subject to revenue sharing with FBCL's U.S.-based operating partners that further reduces their effect on FBCL's financial situation. Seaway International Bridge is also significantly impacted by its high volume of uncompensated crossings.



SWOT Analysis

In delivering its mandate, the Corporation is affected by internal and external factors that may impact results. Once identified, these factors are monitored and plans are adapted to address significant changes and challenges. FBCL has established a common approach to handling key, portfolio-wide issues that arise while also taking local crossing attributes and requirements into account.

STRENGTHS

- Strategic locations, particularly for BWB
- Unimpeded authority within operational mandate and core responsibility
- Nimble, flexible and responsive to changes with lean resources
- Good condition of assets sets stage for long term viability
- Robust financial management and prospects
- Effective performance and risk measurement and management
- Positive support from the Crown and goodwill in user communities
- Partnership and collaboration with engaged and responsive organizations
- Experienced leadership, committed and capable staff
- Excellence in capital project delivery
- Recently modernized governance and policy frameworks

WEAKNESSES

- Cash reserves depleted due to pandemic impact on revenues
- Financial sustainability of subsidiary, SIBC and impact on bi-national agreement
- Cash reserves for capital investments take years to accumulate and impact timing of project execution
- Legacy debt inherited from prior Corporation
- Financial sustainability reliant on toll revenue, low revenue diversity
- Nothing to offset costs resulting from CBSA/CFIA requirements
- Narrow mandate limits financial diversification and growth opportunities
- Not leading in toll management system and transaction automation
- Can only be anticipatory and reactive to external events and factors

OPPORTUNITIES

- Achieve long-term solution for the future management and funding model of SIB
- Improved automation and online interface technologies
- Enterprise asset management infrastructure driving decision processes
- Investigate potential impacts of climate change on market and assets
- Revenue diversification
- Benefit from predictive big data analytics and reporting
- Burgeoning collection of business intelligence
- Increased positive visibility and engagement within Government
- Continued optimization and alignment of resources to priorities, strategies, and objectives
- Potential future integration with other international bridges

THREATS

- Continued restrictions on non-essential cross-border travel and uncertain timeline for cessation of these restrictions
- Negative revenue impacts resulting from travel restrictions and inability to forecast rate of recovery on traffic levels
- Financial sustainability of Corporation following depletion of cash reserves
- Inability to influence macro-scale socio-economic factors affecting bridge usage
- Volatility in currency values, global economics and trade policies
- Unpredictable shifts in socio-political attitudes and behaviours
- Impact of climate change on assets, procedures and bridge operations
- Security of assets (human, physical and information)
- Shifts in regional employment, manufacturing and travel profiles
- Changes to regional travel routes and travel preferences
- Competition, particularly from changes coming to Windsor-Detroit corridor



Human Resources Overview

The following table summarizes the Corporation and its subsidiary's staffing situation.

Function	Full Time Equivalents
Executive Management	5
Bridge Engineering and Asset Management	35
Bridge Operations, Facilities and Security	42
Corporate Services	27
Total:	109

Roughly 40 FBCL employees are subject to the terms of a collective agreement with the Public Service Alliance of Canada (PSAC) Local 501 that is in effect to November 2023. SIBC employs roughly 20 people in the Cornwall area whereas FBCL's staff is distributed roughly 80%/20% between Point Edward and the Ottawa HQ. Gender balance is even although with a small advantage towards females, as reflected in society as a whole.

FBCL provides miscellaneous services including Human Resources to SIBC as they do not have sufficient revenues to take on these functions through direct staffing.

As FBCL continues to weather the revenue shortfalls resulting from the pandemic, it has elected to pursue a prudent employment strategy of temporarily suspending new hiring and leaving unfulfilled positions vacated through natural attrition. Over the course of the pandemic, staff have been dynamically reassigned internally to accommodate short term functional requirements.

Staff at the Thousand Islands International Bridge and Sault Ste. Marie International Bridge are employed by American partners and thus are not subject to FBCL Human Resources administration and policies.

Competition

In addition to location, there are key issues as well as various ownership and management models uniquely applicable to each international bridge that place some crossings at an advantage over others. These various factors include geography, country of incorporation and financial operating modes. The Blue Water Bridge faces the highest degree of competition, specifically from the Ambassador Bridge, the Detroit-Windsor Tunnel and, in the future, the Gordie Howe International Bridge.

To date, the Blue Water Bridge has successfully capitalized on user frustrations with congestion in the Windsor-Detroit area and has robustly established itself as the second busiest commercial crossing between Canada and the U.S. Traffic studies show that it offers the preferred routing from Ontario's industrial core to long-haul destinations in the central and southwestern United States such as Chicago and Texas. Blue Water Bridge relies on these commercial transits for the majority of its revenue.

As previously stated, the introduction of the future Gordie Howe International Bridge in late 2024 will result in an immediate disruption of regional traffic patterns. While the new bridge with its appealing direct and fluid linkages to regional highways will have its most significant impact on its closest neighbour,



the aging, urban Ambassador Bridge, a collateral effect will undoubtedly be noticed at Blue Water Bridge. Traffic analyses and forecasts predict that some of Blue Water Bridge's commercial customer base will shift to alternates. Since the Corporation is actively focused on legacy debt retirement, changes in traffic patterns will ultimately impact FBCL's ability to develop capital reserves in support of long term objectives.

Any negative repercussions to crossing revenues at Blue Water Bridge will ultimately cascade throughout the financial prospects and operational planning of the overall FBCL portfolio. The Corporation has anticipated this development, has taken and continues to take mitigating actions and will be monitoring this situation and the bridge's toll policy with great attention, particularly should actual economic outcomes drift away from predicted forecasts.

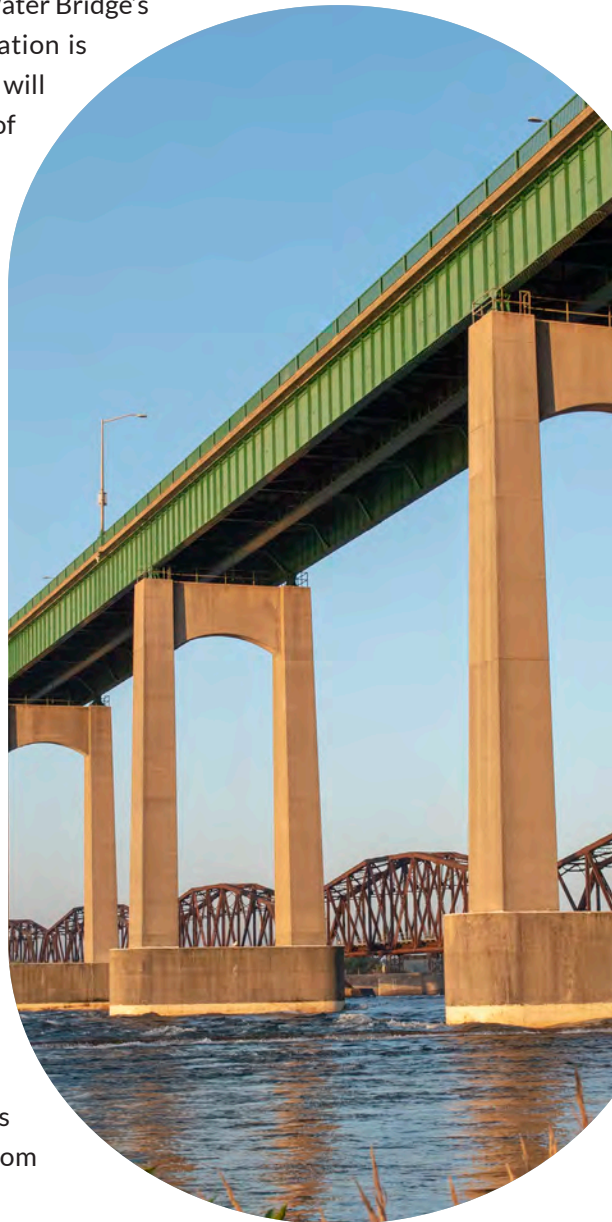
On other fronts, the Thousand Islands and Seaway locations compete with the Ogdensburg-Prescott International Bridge that operates under a different, privatized business model. Specifically, Ogdensburg, operated entirely by an American entity, uses an aggressive toll rate strategy in addition to being free from the Sections 6 obligations of the *Customs Act*. The competitive tolling approach employed by the Ogdensburg-Prescott International Bridge heavily constrains FBCL's flexibility in dealing with toll rate elasticity and rate management at its two nearby crossings.

With the exception of the Seaway International Bridge, FBCL's crossing are required to bear the costs of the Canada Border Services Agency and other Canadian mandated facilities. Financial constraints resulting from the imposed duty of permitting the toll-exempt passage of members of the ever growing Indigenous community at the Seaway location inhibit The Seaway International Bridge Corporation Limited's ability to be financially self-sustaining in addition to preventing it from carrying any of the burdens resulting from the *Customs Act*.

FBCL monitors its competitors and adjusts plans including increasing tolls, monitoring expenses and debt levels carefully, as well as looking at other revenue generating opportunities, in an attempt to ensure the long-term financial sustainability of all four international crossings.

Technology

Bridge users, like many consumers in North America, are quickly advancing towards the use of non-cash modes of payment. To ensure ongoing efficiency of operations, FBCL must remain responsive with its adoption of relevant technologies. The accelerating use of technologies by all bridge stakeholders is increasing at a rapid pace. It is integrated in every process from traffic management, toll collection, pre-





clearance of individuals and commercial loads, trusted traveller management to border wait-time control. Additionally, with the on-going incidence of reports of technology security breaches appearing in the media, defending the security of customer payment information remains a vital aspect in protecting customer trust.

FBCL will continue to invest in technology, alone or in partnership with others, in order to ensure optimal efficiencies in operations and high customer satisfaction. More specifically, FBCL is investigating the feasibility of collaborating with the Michigan Department of Transportation in the selection of a next generation toll management system. Should the deployment of a common platform prove viable, it would help reduce overall acquisition and maintenance costs as well as facilitate interoperability of frequent crossing account users.

Additionally, FBCL will seek to increase user loyalty through various incentive programs, data mining and targeted user engagement campaigns. FBCL will also examine the potential of real-time traffic data collection resources for improvements in planning and predictive analysis to better inform traffic management and decision-making.

FBCL is also progressing in its efforts to deploy a comprehensive asset management platform. Asset management technology will not replace the best practices that are currently in place. Rather, it will provide a framework within which to more effectively plan and manage asset life cycles, maintenance work and existing processes.

All key technology investments remain under consideration however all implementation timelines are under consideration for rescheduling and deferral due to revenue shortfalls experienced due to pandemic related restrictions to non-essential travel.

Notable Operational Initiatives

Over the past reporting cycles, FBCL has categorized performance tracking within four broad categories. The past year bore witness to a few other notable events or activities that have impacted bridge operations and will deliver value to all of the Corporation's performance domains. Similarly, the Corporation is committed to implement a number of new notable initiatives, when permitted by restored revenue levels. This information provides context and specificity for the sections that follow.

At an overarching Corporate level

The COVID-19 pandemic has imposed unprecedented operational conditions on FBCL's activities. Measures to ensure the health and safety of staff, partners and travellers have been significant and will be maintained as long as required. These include such components as stringent sanitation, social distancing measures, staff scheduling and space allocations, personal protective equipment and reductions in the handling of cash currencies.

Within the constraints of pandemic-related limits to revised budgets, FBCL continues to progress its Asset Management modernization program with the retention of a specialist agent that will further refine internally defined requirements in order to facilitate the technology procurement process. Related to its asset management objectives, with the support of Transport Canada's Transportation Assets Risk Assessment



(TARA) Program the Corporation has initiated a weather and climate change impact assessment study to identify and quantify the Corporation's vulnerabilities and risk areas resulting from environmental factors. The Corporation, in conjunction with two of its international bridge ownership partners, is undertaking a consolidated requirements definition process for the potential future acquisition of a next generation toll management system that could be shared across locations.

Inwardly, the Corporation has consolidated and updated the system used for Human Resource management, staff scheduling and payroll at its two operating locations. In addition to this, the Corporation has initiated the Community ConneXion outreach and engagement program as a means for staff to demonstrate their intimate ties to their communities through coordinated volunteering and charitable giving activities.

Flowing from continuous dialogue on topics of mutual interest and site security, two municipalities are subject to proposed land exchanges with FBCL. If authorized, these exchanges satisfy the strategic interests of all affected parties. In Point Edward, FBCL's vacant lots at 310-316 St Clair Avenue would be exchanged for the Bridge Street access point (43183-0147 (R)). In Sault Ste. Marie, the undeveloped Eastern portion of 395 Queen Street West would be severed and traded for title to 499 Queen Street West, a vacant property.

At the Sault Ste. Marie International Bridge

Following completion of recent major renewal activities, regular annual maintenance and bridge inspection activities rather than notable capital investments are presently scheduled for this location. Over the course of the present maintenance season, flood coating, sealing and surface treatment for the U.S. arch has been completed resulting in 100% coverage of the pair of arches. Additionally, the concrete top of Pier 20, a critical component located over a complex underlying landscape, was recapped to ensure its resiliency to future moisture encroachment.

This year saw the commissioning of an Under Bridge Inspection Unit (UBIU) based at Sault Ste. Marie, and shared with FBCL at the Blue Water Bridge under a Memorandum of Agreement. This unit has expanded the capabilities of the Maintenance Department at these crossings, and will lead to improved maintenance practices.

The on-going focus remains on standard, well-scheduled bridge and facilities maintenance.

At the Blue Water Bridge

With the completion of all of the principle objectives of the prior 2004-based planning cycle, FBCL has commissioned the definition of a new Master Plan for the Canadian plaza of the Blue Water Bridge with a focus on improved income generation. To that end, the assessment phase of the endeavour seeks to review possible commercial development of the plaza site as well as to optimize and streamline existing operations to improve profitability. Based on individual business cases supporting each proposed activity, the execution phase of the rejuvenated Master Plan will schedule short, medium and long-term redevelopment items needed to ensure the continued vitality and relevance of the bridge plaza site and property alignment.



In support of its greening initiatives, FBCL continues to operate a pilot program at two sites, including Blue Water Bridge, that offers drivers of electric vehicles with the security of DC fast charging electrical supply services at this bridge. FBCL's electric vehicle support program offers high capacity 25 kW units with support for all existing connector types in order to get drivers back on the road quickly.

A reorganization of the Maintenance Department has enabled the corporation to attract new talent to lead that team with a focus on facilities as well as bridge infrastructure. This reorganization supports the strategic importance of developing agile and innovative teams and prepares for the implementation of asset management.

With the support of Transport Canada's Transportation Assets Risk Assessment (TARA) Program, the Corporation has also initiated a Storm Water Management Study that aims to improve the expedited removal of water from the plaza as water table and river levels continue to rise under the effect of a changing climate.

At the Thousand Islands International Bridge

Following completion of recent major renewal activities, regular annual maintenance and bridge inspection activities rather than notable capital investments are presently scheduled for this location. The on-going focus remains on standard, well-scheduled bridge and facilities maintenance.

It must be noted the United States' General Services Administration is presently investing US\$215M to refresh and expand their Customs and Border Protection facilities. The modernization is set to be delivered in two phases with the commercial component set for early 2021 completion and the balance of the undertaking expected to be completed in late 2022. These works will likely have some impact on the attractiveness of this crossing with travellers during and shortly following the construction.

This location is the second where FBCL deployed the pilot program to offer drivers of electric vehicles with the security of DC fast charging electrical supply services at this bridge.

At the Seaway International Bridge

In support of the Crown's efforts to resolve long standing land claims, and pending the local community's expected ratification of a proposed settlement agreement, FBCL is readying itself for a multi-faceted 30-month activity associated with the relocation of FBCL operational facilities away from Cornwall Island. The project includes further optimization of the Canadian bridge plaza on the space known as the Canal Lands. Additional outcomes of this undertaking include new traffic routing and the creation of dedicated lanes for eligible members of Canada's First Nations.

Over the course of the planning period, FBCL aims to collaborate with the Crown to identify and implement lasting measures to address revenue constraints at this crossing that result from the significant volume of toll exempt vehicular traffic.

In the context of on-going bridge and facilities maintenance, a project estimated to cost \$3M to replace a mobile maintenance platform under the South Channel Bridge is scheduled to continue to be deployed into 2021.

STRATEGIC OBJECTIVES, ACTIVITIES AND RESULTS

In early 2015, following the amalgamation of the previous operating entity with its subsidiaries, the present structure of FBCL began operation. In the intervening years, the strategic focus of the organization has centered on the consolidation and rationalization of internal processes. The Corporation is presently leveraging its operational efficiencies to take action based on insights acquired over the course of recent years. FBCL continues to evolve its strategy towards portfolio growth, innovation and operational excellence.

Corporate Strategic Goals

The Corporation continues to focus on the core and future of its business. While the sustainability and security of assets and operational optimization remain foundational pieces of the mandate, increasing weight is being placed on skills development and retention in order to ensure the long-term sustainability of the corporation and its subsidiary.

The organization's targeted outcomes will be achieved through an emphasis on:

1. Preparing FBCL's people for the future labour & skills landscape;
2. Managing assets and infrastructure;
3. Safeguarding the Corporation's financial sustainability; and,
4. Investing in technology and innovation.



Major Objectives and Expected Results

In addition to on-going activities, the following incremental strategic activities are anticipated:

Risk scale:

Major Objective	Activities	Expected Results	Performance Indicators	Risk Level
People	Attract and retain skills and experience	Diverse pool of skill sets	Skills map gap action plan and execution progress	Low
	Employee development	Healthy and respectful workplace	Plan implemented and execution progress	Low
	Employee engagement	Labour goodwill	Increasing scores in employee satisfaction surveys	Low
	Labour	Labour goodwill	Renewed collective bargaining agreement established	Low
	Community engagement	Positive organizational reputation	Activities and partnerships with local community groups	Low
Assets	Asset Management Program Development	Asset management system in place	Core of asset planning and budgets defined by asset management program	Low
	Identification of potential climatic deficiencies that could disrupt long term growth	Climate resiliency	Development of climate impact action plan and progress of its action items	Low
	Blue Water Bridge Master Plan	Definition of future course of action for site	Plan completed and execution progress	Low
Sustainability	Corporate Financial Sustainability	<ul style="list-style-type: none"> - Corporate survival during pandemic after exhaustion of internal cash reserves - Establishment of a lasting mechanism for compensation for the publicly imposed duties resulting from toll-exempt, Indigenous crossings and to maintain the solvency of subsidiary SIBC 	Progress on funding frameworks	High

Major Objective	Activities	Expected Results	Performance Indicators	Risk Level
	Toll Rate Strategies	Continued fiscal stability and operational funding	Revenue sufficiency, traffic trends and market shares	Moderate
	Improve toll collection management	Modernized toll management and payment collection systems	-Implementation of systems and/or revised vehicle classification - Possible partnerships with tolling entities	Moderate
	Maintain or increase customer amenities and service	In-demand services available at FBCL bridges	Increase in lease and other diversified non-toll revenues	Moderate
Technology	Real-time predictive traffic analysis	Improved staff and activity scheduling	Deployment of consolidated data aggregation and analysis solution	Moderate
	Technology master plan	Course of action for direction of technological assets	Plan completed and execution process	Low
	Customer-oriented data mining	Data driven decision-making and promotional campaigning	Core of operational and marketing activities defined by data analytics	Low
	Data Integrity	Secure data	Absence of data breaches	Moderate



On-going Operational Priorities

International bridges are complex operations that feature the collection of tolls, traffic flow management, on-going asset inspection and maintenance functions, capital renewal projects, and activities associated with leases to third parties.

A number of policy and operational issues are being tracked internally to ensure the most effective and efficient behaviour and to reduce risk. During the planning period, FBCL will be reviewing and measuring each of these components across the portfolio in order to implement best-practices, and to continuously improve the delivery of the mandate. These on-going operational areas include but are not limited to:

- Quality customer service;
- Improvement to bridge facilities;
- Financial self-reliance for daily operations;
- Positive relationships with stakeholders; and,
- Sustaining intrinsic engagement of employees.

Risk Assessments

The Corporation monitors and manages its risk profile and is tracking risks within ten detailed categories. These include:

1. Physical Bridge Security
2. Technology:
 - a. Security
 - b. Systems
3. Workforce Management
4. Organizational Risk
5. Fraud and Corruption
6. Financial Sustainability
7. Competition
8. Partnerships and Stakeholders
9. Public Perception
10. Bridge Safety
 - a. Asset Integrity
 - b. Human Element



Of these categories, the key risk areas of concern involve ensuring that:

- the bridges remain secure and protected from misuse and threats;
- the Corporation's technologies, particularly in the areas of information security, reliability, payment processing and document archival remain relevant and current; and,
- the Seaway International Bridge toll and port-running security issues and the site's financial exposure resulting from the high percentage of toll exempt crossings are both subject to continued monitoring and progressive improvements.

To mitigate the risks associated with payment technologies, the Corporation is in the process of defining its requirements for a replacement, next generation toll management system. The deployment of a GCDocs-compliant electronic documents and records management solution has ensured the longevity of the FBCL records management and archival resource.

Subsidiary company SIBC implements a rigorous cost management strategy to ensure that its operational expenses remain in line with budgets and revenue. FBCL is acting in close partnership with Transport Canada with the support of Crown-Indigenous Relations and Northern Affairs Canada and Indigenous Services Canada in the management of issues affecting the Indigenous community and its toll exempt passage.





FINANCIAL OVERVIEW

Introduction

FBCL's goal is to generate adequate revenue to cover its daily operations carry out a risk-based asset management program, and make required payments on its legacy debt while also building fiscal surpluses to responsibly address the present and future major capital requirements of the bridges, approaches, and facilities. At present, FBCL has been able to work with the Crown to secure various forms of financial assistance to compensate for hardships brought upon FBCL by imposed duty of restrictions on cross-border travel to non-essential vehicles. These include support for the SIBC subsidiary for the 2020-21 fiscal year \$2.6M under the *Public Health Events of National Concern Payments Act*, further assistance for FBCL's other three crossings through *Fall Economic Statement 2020* (up to \$6.9M), and FBCL's inclusion in the Main Estimates for 2021-22 (up to \$18.5M) meant to assist FBCL through the upcoming fiscal year, subject to administrative conditions. This financial support is both for operating and capital requirements of the organization. FBCL continues to actively work with the Crown regarding:

- the establishment of lasting funding support for the publicly imposed duties resulting from toll-exempt Indigenous crossings in order to permanently maintain the solvency of the subsidiary, SIBC;
- the funding allocation for the relocation of FBCL facilities off of Cornwall Island as required under the proposed settlement agreement between the Crown, represented by Transport Canada, and the Mohawk Council of Akwesasne; and,
- the finalization of the transfer of the Canal Lands in the Cornwall area from the Crown (Transport Canada and/or Natural Resources Canada) to FBCL.

COVID-19 Impact

The effects of COVID-19 on FBCL's financial situation were immediate and impactful. Across its portfolio of bridges, FBCL dramatically reduced expenses where appropriate, and delayed or cancelled a number of capital projects. One critical area of cash outlays that FBCL could not affect/reduce was its debt payments. In the 2020-21 fiscal year, that represents \$9.6M in payments. FBCL has no choice but to spend more cash on a monthly basis than it receives in revenue, due to the requirement to ensure the safe and efficient flow of traffic across the borders, primarily commercial trucking operations to ensure the adequate continuation of Canada's economic viability. Negative effects have been slightly reduced relative to the first months of the pandemic related border restrictions, due to numerous issues, including improvement in overall commercial traffic, temporary expense reductions put in place, and the deferral of capital projects. However, the present constrained state of operations is not sustainable for the continued practical future of the crossings. FBCL bridges are very expensive assets that must be properly maintained and kept secure. Protracted periods of restricted investments in their upkeep will only result in very expensive complications in the future.

Impactful changes and assumptions

In FBCL's 2020-21 Amended Corporate Plan, certain significant financial changes and assumptions were introduced as a result of the changed landscape that the border restrictions brought into effect. These new changes and assumptions have been carried forward into FBCL's current Corporate Plan, and are as follows:

- The proportionate recording of SIBC's (FBCL's subsidiary) Statement of Income recognizes 100% of net expenses in excess of revenue in both 2020-21 and 2021-22. This is due to the funding provided



to FBCL for SIBC in July 2020 under the *Public Health Events of National Concern Payments Act* for the entirety of the crossing, as opposed to the 50% recognition between Canadian and US bridge owners that has occurred in the past. This funding was for an amount up to \$2.56M to be used in 2020-21. Through prudent fiscal management of resources and projects, FBCL does not expect to require the full use of this \$2.56M appropriation.

- In addition to the SIBC crossing, FBCL obtained from the Crown a further \$6.9M in 2020-21 to assist with continuity of operations at its three other international crossings. Due to administrative conditions applicable to the funding, approximately half of these \$6.9M in funds are expected to be claimed in that fiscal period.
- Initially, for the 2021-22 fiscal year, FBCL had identified that with continued border travel restrictions in place, it would require up to \$28.5M in funding support, which was to be commensurate with the decrease in cash and investments forecasted for the 2020-21 fiscal year. As FBCL will have utilized the full extent of its cash reserves due to the pandemic and is now receiving Federal funding in 2020-21 in order to pay expenses, this \$28.5M was required to allow the international bridges to remain open and properly functional. The request for \$28.5M was reduced by the Government of Canada to \$18.5M for inclusion in the Main Estimates for 2021-22. Due to administrative conditions applicable to the funding, FBCL expects to have access to only \$11.3M in 2021-22 and has reviewed its spending plan and included toll rate increases in order to ensure that the Corporation will still be able to fulfill its mandate. This forecast is highly dependent upon commercial traffic volumes being maintained at least at current levels and any further economic environment activity not affecting these volumes.
- For the 2020-21 and the 2021-22 fiscal years, FBCL obtained Minister of Finance approval to enter into a loan facility of up to \$10M. This \$10M will be required both for working capital cash flow purposes in 2021-22 (as the full amount of approved appropriations will not be accessible to be claimed due to administrative conditions), as well as for continued operations in future years (2022-23 and beyond). While it is expected that the border restrictions should be lifted by that time, the recovery in traffic levels is currently forecasted at taking at least 1.5 – 2 years from the fulsome lifting of travel restrictions. For the purposes of this Plan, the full \$10M loan is expected to be drawn during 2021-22.
- Where FBCL was able to do so in the 2020-21 fiscal year, expenses were reduced and all discretionary spending was indefinitely deferred. These reductions in expenses were partially offset by additional measures required in order to keep the traveling public safe (including FBCL's legislated obligations towards CBSA and the CFIA under the provisions of Section 6 of the Customs Act). Efforts to further reduce spending will continue into 2021-22 and beyond, but particularly in light of the significantly reduced revenues available to the Corporation. However, FBCL will not defer expenses that affect the safety and security of the travelling public, its employees, nor other stakeholders.



Operating Budget

FBCL records revenues from three primary sources. While the dollar values expected from each category vary over the course of this 5-year Corporate Plan due to the cross-border travel restrictions, the percentage contribution remains within a relatively narrow band.

FBCL's revenue from operations consists of:

- Tolls collected at international bridges **(94%)**;
- Leases and licenses **(up to ~5%)** from:
 - Commercial properties on the bridge plazas such as duty free stores, food services and brokerage facilities;
 - Properties bordering bridges that are retained for future use;
 - Licenses and permits for utilities and services exploiting the bridges' rights of way; and,
- Interest and other miscellaneous revenue **(1%)**.

The Corporation budgets to record an average deficit of expenses over revenue of \$4.9M per year. Net of depreciation, government funding, and interest expense, this results in an average surplus of \$9.6M per year, ranging between (\$0.6M) and \$14.1M. However, the latter part of the Plan coincides with the first two years that FBCL expects to be affected by competition from the new Gordie Howe International Bridge starting in 2024-25. These funds in excess of operating expenses are to be used to pay down the substantial legacy debt and to procure capital investments. As the debt is repaid, FBCL will see significant decreases in its interest expense, dropping from \$3.9M in 2019-20 to \$1.4M in 2025-26.

CONSOLIDATED STATEMENT OF INCOME								
For the year ending March 31 (in thousands of dollars)				Budget				
	Actual 2019-20	Forecast 2020-21	Main Budget 2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
TOTAL REVENUE	43,106	27,240	21,387	28,956	37,851	44,076	43,725	43,827
TOTAL EXPENSES	44,734	45,506	48,229	47,723	47,193	48,166	48,520	49,055
OPERATING INCOME BEFORE GOVERNMENT FUNDING	(1,628)	(18,266)	(26,842)	(18,767)	(9,342)	(4,090)	(4,795)	(5,228)
TOTAL GOVERNMENT FUNDING	3,535	7,400	12,877	14,285	3,677	3,761	3,761	3,761
TOTAL NON-OPERATING ITEMS	(3,891)	(3,428)	(3,430)	(3,133)	(2,757)	(2,322)	(1,857)	(1,362)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(1,984)	(14,294)	(17,395)	(7,615)	(8,422)	(2,651)	(2,891)	(2,829)



Capital Investments

In 2021-22, the Corporation has plans to engage in \$8.3M in capital investment projects and a further \$20.1M in the subsequent four years. FBCL has deferred projects from the 2020-21 fiscal year that will require attention during the upcoming five-year horizon of this Corporate Plan. Of the over \$8M in projects that were eliminated or indefinitely deferred as documented in the Amendment to the prior Corporate Plan, FBCL has now deferred projects to 2025-26 in the amount of \$4.2M, which are primarily (\$3.9M) bridge work. This is spending that is inevitable and must be performed, and that FBCL has been able to temporarily defer without sacrificing safety. A further \$3.0M of these projects is now set to be spent in the 2020-21 and 2021-22 planning periods. These are primarily expenditures concerned with the safety and security of the bridge and the bridge plaza. This has been made possible because FBCL now has a loan to draw upon and has witnessed slightly increasing commercial traffic in recent months. If these figures do not remain at current levels due, for example, to deepening public health precautions, then FBCL will reevaluate its investment schedule on a month-to-month basis. In the 2024-25 and 2025-26 fiscal years, FBCL is budgeting for major and significant repairs and upgrades at its Blue Water Bridge and Thousand Islands International Bridge locations. It is primarily in anticipation of these projects that FBCL is intending to borrow against its loan authority in 2021-22. Overall, FBCL expects to spend approximately 70% of its capital budget at the Blue Water Bridge, and the remaining 30% at its partner bridge locations, in duly proportionate amounts.

CAPITAL INVESTMENTS

For the year ending March 31 (in thousands of dollars)				Budget				
	Actual 2019-20	Forecast 2020-21	Main Budget 2020-21	2021- 22	2022- 23	2023- 24	2024- 25	2025- 26
FUNDING								
Government funded	95	43	60	2,590	-	-	-	-
FBCL funded	4,360	12,907	10,703	5,752	5,659	1,847	6,109	6,534
TOTAL FUNDING	4,455	12,950	10,763	8,342	5,659	1,847	6,109	6,534
FBCL Proposal to Transport Canada FUNDING & CAPITAL EXPENDITURES								
Cornwall Port Of Entry enhancement for CBSA and new FBCL facilities for bridge operations ^{(1) (2)}	-	-	-	-	2,000	8,000	9,000	-
TOTAL FUNDING & CAPITAL EXPENDITURES	-	-	-	-	2,000	8,000	9,000	-

⁽¹⁾ Funding proposal to Transport Canada for consideration as part of land claim discussions for Cornwall international crossing and related broader federal issues. Realization dependent on project specific authorities granted.

⁽²⁾ Customs Act, Section 6 is currently assumed by CBSA due to long-term free passage rights granted.



Debt

The Corporation has financing arrangements to fund portions of past major capital projects. Pursuant to the *Economic Action Plan 2013 Act*, No. 2, the maximum that FBCL can borrow is \$130.0M, subject to Minister of Finance approval.

FBCL has two financing arrangements in place to address capital redevelopment and infrastructure. These are composed of an outstanding loan agreement, and a bond issuance that were established by one of the Corporation's legacy organizations prior to amalgamation in 2015. These financing arrangements have each received approval from the Minister of Finance pursuant to Section 127(3) of the *Financial Administration Act*. The debt load of these loans and bonds payable will be \$2.5M and \$46.3M at March 31, 2021.

In January 2016, FBCL put in place a debt repayment plan that specified its intent to pay down the loans payable as they came due. Consequently, the one current loan arrangement will be paid in 2021-22, at its term end date. However, in order to maintain appropriate cash balances in 2021-22 and beyond, FBCL sought authority in its amended 2020-21 Corporate Plan for a new \$10M loan facility. The borrowing authority requested to commence in 2020-21 and expire (any portion of the \$10M not accessed) at the end of the 2021-22 fiscal year. This authority was granted to FBCL and received Minister of Finance approval, pursuant to Section 127(3) of the *Financial Administration Act*, on December 18, 2020.

FBCL is unable to accelerate payments on its bonds payable as the premium associated with doing so is substantial and extends beyond FBCL's financial authorities and capacity. Consequently, the bonds payable will mature in July 2027 with FBCL repaying \$33.8M in principal and \$10.6M in interest over the next five-year horizon.

FBCL does not have plans to enter into new lease agreements in the upcoming five year period and consequently does not have any leases that need to be approved.

In addition to the loans and bonds payable, FBCL has a capitalized lease liability of \$1.5M as at March 31, 2020 for its Ottawa office space. By the end of 2025-26, the remaining lease liability will be \$0.2M. FBCL does not have plans to enter into significant new lease agreements in the upcoming five year period and consequently does not anticipate having any leases that need to be approved in accordance with Section 127(3) of the *Financial Administration Act* and the associated Crown Corporation General Regulations, 1995.





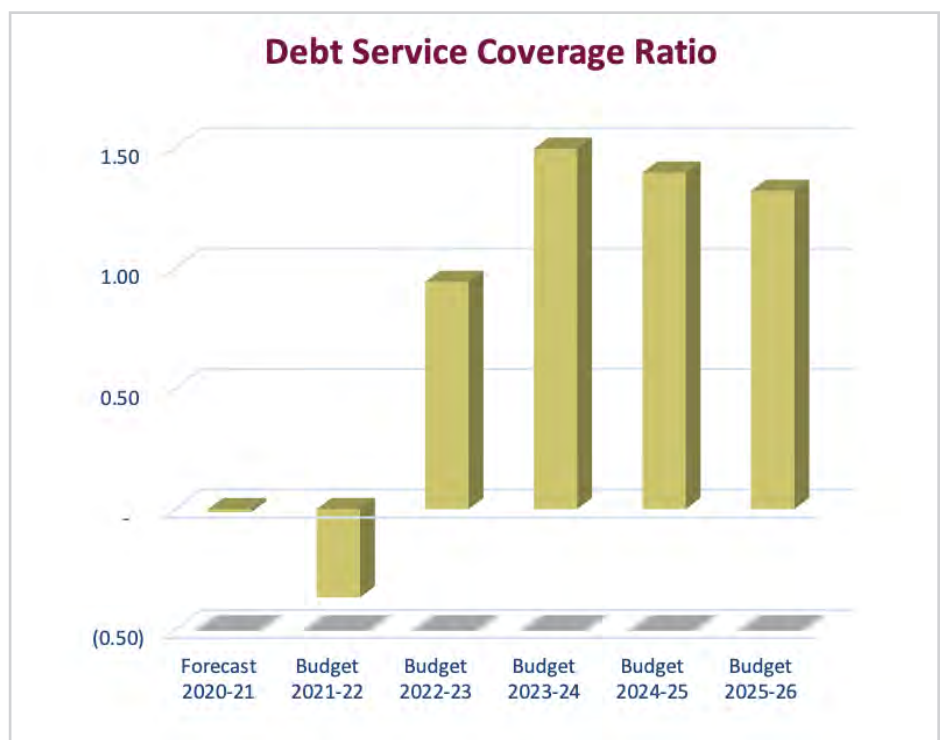
Financial Prospects

FBCL's financial risks are assessed regularly by Standard & Poor's Financial Services LLC (S&P) and in August 2020, S&P Global Ratings maintained its long-term issuer credit and senior unsecured debt ratings on FBCL at 'A+'. Shortly following the declaration of a global pandemic, Standard & Poor's Financial Services LLC scheduled a review of the Corporation that saw FBCL's Global Rating maintained at "A+", reaffirming the strategic framework governing its operations. Although their outlook was revised from "stable" to "negative", this was more a reflection of an operating environment impacted by a global pandemic, than of the administration of the business.

The revenue stream is strengthened by the fact that the distribution of goods by truck remains the most significant delivery mode for 90%-95% of Ontario's exports to the U.S. market. FBCL's bridge portfolio accounts for over 32% of truck crossings between Ontario, and the States of Michigan and New York. FBCL is subject to competition from alternative crossings to the U.S. although these competing facilities mainly serve differing economic basins. It is noted that if there was prolonged downward volatility in this commercial traffic, it would reflect negatively on FBCL's financial basis.

While FBCL has some control over toll rates, it must be noted that most international bridges are managed jointly under international agreements with U.S. partners. From a revenue perspective, the ability to unilaterally change toll rates for additional revenue is subject to variances in governance policies between Canada and the United States.

On the expenditure front, whereas Canadian bridge owners must comply with the *Customs Act* (Section 6), the *Plant Protection Act*, and the *Health of Animals Act* to provide the Canada Border Services Agency and the Canadian Food Inspection Agency with facilities. Similar expenses for the U.S. Customs and Border Protection organization are not the responsibility of American bridge owners/operators. In addition, given the Crown agreements providing toll-free passage for members of the Indigenous community, this section of the Customs Act is not applied at the Seaway International Bridge as the operational burden would effectively threaten the facility's financial sustainability.

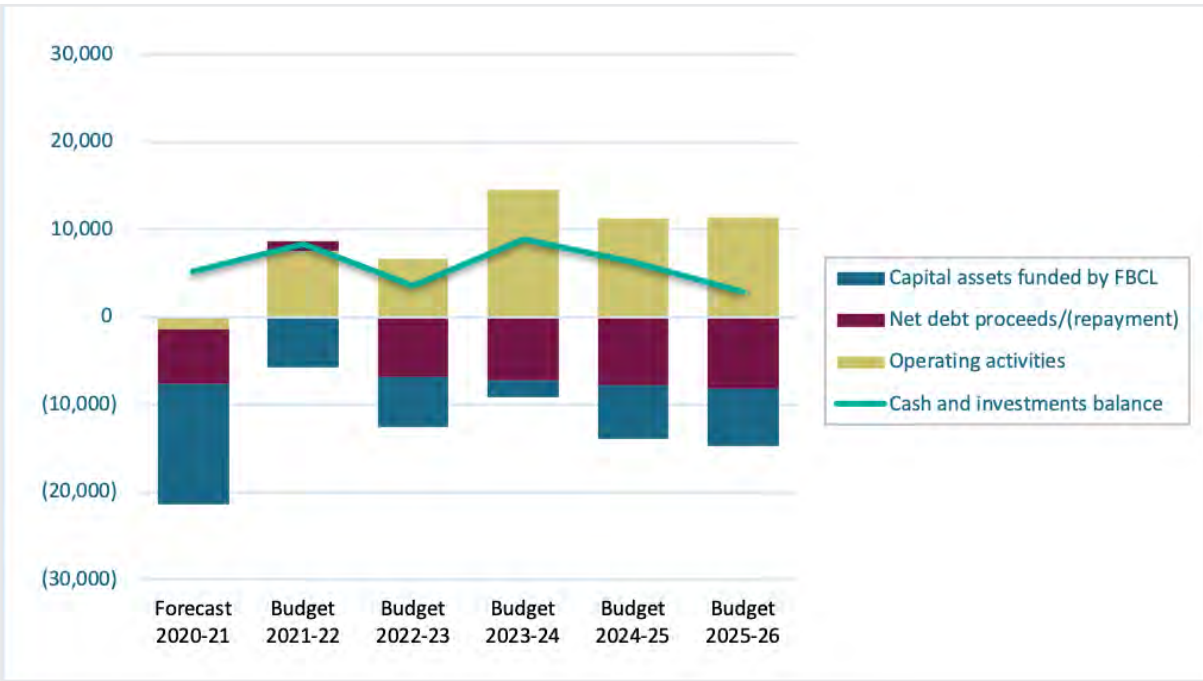




FBCL wishes to maintain a strong debt service coverage ratio (DSCR). With severely pandemic affected 2020-21 and 2021-22 fiscal years, the DSCR is at its lowest point being as low as -0.37X in 2021-22. However, from 2022-23 onwards, FBCL’s DSCR ratio is stronger in the 0.94X to 1.50X range, as cross border traffic is expected to recover.

Forecast Cash Flow Position

A summary of FBCL’s financial status for the period of the Corporate Plan is illustrated by the following figure. Cash flow for each fiscal period is mapped against the total value of budgeted cash and investments.



FBCL’s year-end cash and investments position is expected to fluctuate over the course of the next five years, between \$2.9M and \$8.8M. Despite ending this five-year Corporate Plan horizon with \$2.9M in budgeted cash and investments, which is significantly lower than the \$27.2M that FBCL held in cash and investments at the end of the 2019-20 fiscal year, FBCL will continually reassess this situation and take action as required to ensure appropriate cash flow remains available. During this time, FBCL expects to have weathered the storm of COVID-19 and continued to make necessary and required capital improvements, all the while ensuring the Canada-US border remains opened and unfettered access is still in place. This cash balance is not expected to change significantly beyond this 5-year time horizon until FBCL has its legacy bond requirements satisfied. This will still cost FBCL \$57.8M between the 2021-22 and 2027-28 fiscal years. These debt payments continue to be a significant burden for FBCL.



ANNEXES

1. Ministerial Direction
2. Corporate Governance Structure
3. Planned Results
4. Chief Executive Officer Results Commitment
5. Chief Financial Officer Attestation
6. Financial Statements
7. Borrowing Plan
8. Risk Management
9. Compliance with Legislative and Policy Requirements
10. Government Priorities and Direction
11. Special Consideration Content
12. Abbreviations
13. Acknowledgements



MINISTERIAL DIRECTION

As there is no recent mandate letter or direction provided to the Corporation by the responsible minister, The Federal Bridge Corporation Limited is presently operating in accordance with the guidance expressed in the Prime Minister's Minister of Transport Mandate Letter dated December 13, 2019, that was communicated to the Chief Executive Officer by the Honourable Marc Garneau, previous Minister of Transport.

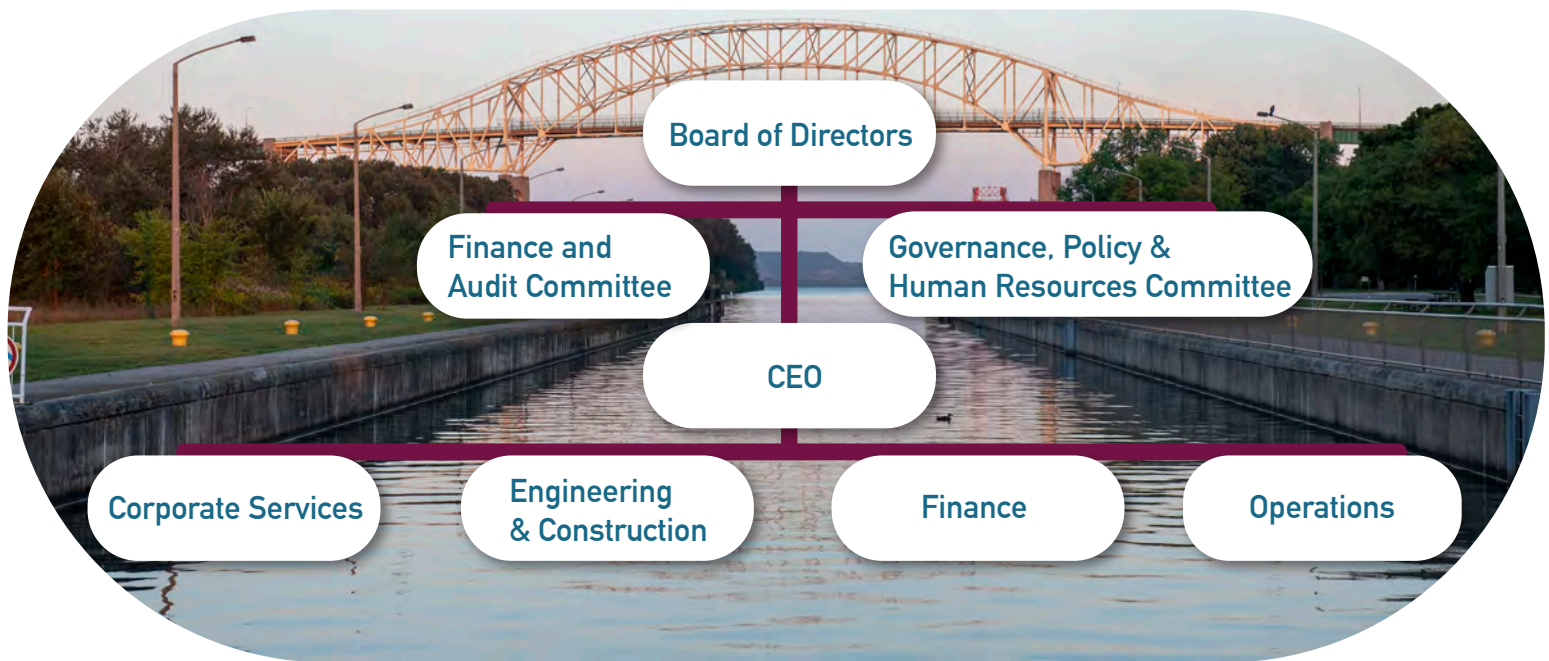
<https://pm.gc.ca/eng/minister-transport-mandate-letter>

<https://pm.gc.ca/en/mandate-letters/2021/01/15/minister-transport-supplementary-mandate-letter>



CORPORATE GOVERNANCE STRUCTURE

As a Crown corporation, FBCL is governed by a Board of Directors (“the Board”) and is accountable to Parliament through the Minister of Transport. The Board is composed of seven directors, including the Chairperson and the Chief Executive Officer (CEO). The Chairperson and the CEO are appointed by the Governor in Council, in accordance with section 105 of the *Financial Administration Act*. The directors, other than the Chairperson and the CEO, are appointed by the Minister with the approval of the Governor in Council.



Bridge operations for the Blue Water Bridge and the Seaway International Bridge are administered directly or through a subsidiary by FBCL whereas FBCL provides a liaison function through local bridge authorities for the operations of Sault Ste. Marie International Bridge and Thousand Islands International Bridge.

FBCL Board Role

The Board is responsible for the oversight and strategic direction of the Corporation. It sets corporate objectives and direction, ensures good governance, monitors financial performance, approves budgets and financial statements, approves policies and by-laws, as well as ensures that risks are identified and managed. Eight meetings of the Board of Directors are typically held in each fiscal period.

The Board is currently supported in its role and responsibilities by the legally required Finance and Audit Committee as well as by a Governance, Policy and Human Resources Committee.

The Board has established a Charter for each standing Committee and operating guidelines that govern the operations of all committees. The Board may establish other committees as required to assist the Board in meeting its responsibilities. Committee membership is subject to change and presently serving committee members are listed on the Corporation’s web site.



Board of Directors Membership

Position	Location	OIC Appt. Date	Term
Pascale Daigneault Chairperson	Sarnia, Ontario	May 9, 2021*	5 years
John Lopinski Vice-Chairperson	Port Colborne, Ontario	May 9, 2019**	2 years
Natalie Kinloch Director, Chief Executive Officer	North Glengarry, Ontario	February 1, 2019	5 years
Karen Hill Director	Ohsweken, Ontario	February 1, 2019	4 years
Marie-Jacqueline Saint-Fleur Director	Montreal, Quebec	June 6, 2018	4 years
Andrew Travis Seymour Director	Ottawa, Ontario	June 6, 2018	4 years
Rakesh Shreewastav Director	Toronto, Ontario	May 9, 2019	4 years

* Original appointment May 9, 2019 for a term of 2 years.

**The term of the Vice-Chairperson has expired and is in an overhold position.

Member attendance records in the most recently completed fiscal period are listed in the Corporation's Annual Report.

Committees

Finance and Audit Committee

Mandate: As per the duties outlined in the Financial Administration Act, the Finance and Audit Committee provides oversight and makes recommendations to the Board on the standards of integrity and behaviour, the reporting of financial information, management control practices, risk management and insurance needs.

The Committee is responsible for advising the Board on matters related to financial statements, any internal audit of the Corporation and the annual auditor's report of the Corporation. It is also responsible to review and advise the Board with respect to a special examination, and the resulting plans and reports. The Committee performs other functions assigned to it by the Board and they are included in corporate by-laws.

Membership: This Committee is composed of three members of the Board who are appointed by the Board on the recommendation of the Board Chair. One of these members is designated by the Board,



on the recommendation of the Board Chair, to be the Chair of the Committee. The Board Chair is also a non-voting ex officio member of the Committee.

Governance, Policy and Human Resources Committee

Mandate: This Committee assists the Board in overseeing the Corporation’s governance, Board policy infrastructure and human resources. The role of the Committee is to support the Board in the discharge of its responsibilities by performing due diligence on matters within its area of responsibility. Its function is not to approve but make recommendations for approval by the Board.

Membership: This Committee is composed of three members of the Board who are appointed by the Board on the recommendation of the Board Chair. One of these members is designated by the Board, on the recommendation of the Board Chair, to be the Chair of the Committee. The Board Chair is also a non-voting ex officio member of the Committee.

Audit Regime

The audit regime consists of external and internal audits. The Office of the Auditor General conducts an annual audit of the consolidated financial statements to verify that they fairly reflect the operating results and financial position, and that the transactions have been carried out in accordance with International Financial Reporting Standards (IFRS) and Part X of the *Financial Administration Act*. The Office of the Auditor General also conducts a special examination at least once every ten years to confirm that assets are being safeguarded and controlled; that financial, human and physical resources are being managed efficiently; and that operations are being conducted effectively. Such an examination is presently under way with a report expected in June 2022.

The internal audit regime aims to strengthen accountability, risk management, resource stewardship, and good governance by ensuring that internal audit is a key governance component. Risk-based, multi-year audit plans are developed to identify key risk areas common to all bridge locations. The current audit plan focuses on on fraud prevention, policies, and security.

Senior Executives

The following individuals hold key senior executive positions within the Corporation:

Name	Title
Warren Askew	Chief Operating Officer
Richard Iglinski	Chief Financial Officer
Thye Lee	Vice-President, Engineering and Construction
Rémi Paquette	Chief Corporate Services Officer



Bridge Operations

The organization's operational structure allows FBCL to manage all bridges as a portfolio, sharing staff, expertise, support infrastructure, revenues, expenses and best practices through a common administrative framework for the collective benefit of the four assets.

	Sault Ste. Marie International Bridge	Blue Water Bridge	Thousand Islands International Bridge	Seaway International Bridge
FBCL Ownership	50% of the bridge; 100% of Canadian bridge plaza and port of entry	50% of each of the twin bridges; 100% of Canadian bridge plaza and port of entry	100% Canadian Bridge; 50% Rift Bridge; 100% of Canadian bridge plaza and port of entry	100% North Channel Bridge, 100% of Canadian toll plaza and International Road; 32% South Channel Bridge
International Partner	Michigan Department of Transportation	Michigan Department of Transportation	Thousand Islands Bridge Authority, a New York State <i>Public Authorities Law</i> public benefit corporation	Saint Lawrence Seaway Development Corporation, an agency of the United States Department of Transportation
Bridge Operator	International Bridge Administration, a distinct administrative unit within the Michigan Department of Transportation with delegated authority from Sault Ste. Marie Bridge Authority, a separate legal entity constituted by Michigan Department of Transportation and FBCL	Canadian portion: FBCL; American portion: Michigan Department of Transportation	Thousand Islands Bridge Authority	Seaway International Bridge Corporation Limited, a subsidiary Canadian Crown corporation
Governance Structure	Eight Directors: four Americans appointed by the Governor of Michigan; four Canadians appointed by FBCL	Canadian portion: FBCL; American portion: Michigan Department of Transportation	U.S. Chair and six Directors appointed by Jefferson County: three Americans and three Canadians (recommended by FBCL)	Eight Directors appointed by FBCL, four Canadians and four Americans (recommended by Saint Lawrence Seaway Development Corporation)

PLANNED RESULTS

The following provides an overview of the Corporation's performance to date and intended results for the future.

Component	Outcome	Result Indicator	Target	Data source and methodology
Attract and retain skills and experience	Full staffing of key functional domains	Skills map gap action plan and execution progressing	Diverse pool of skill sets	Staffing/vacancy levels
Employee development	Compliance with all mandatory training and certifications	Plan implemented and execution progressing	Healthy and respectful workplace	-Human resources information management system training compliance dashboard -Individual staff annual performance reviews
Employee engagement	Labour goodwill	Increasing scores in employee satisfaction surveys	Over 80% scores on key satisfaction metrics	Annual employee satisfaction surveys
Labour	Labour goodwill	Renewed collective bargaining agreement established	Agreement in place effective December 20, 2019 to November 2023	Collective agreement negotiations
Community engagement	Staff involved in charitable activities	Activities and partnerships with local community groups	Positive organizational reputation	Participation levels in ongoing activities
Asset Management Program Development	Data driven asset management decision making in effect	Core of asset planning and budgets defined by asset management program	Asset management manager and system in place	-Completion of hiring process -Progress and completion of procurement process
Identification of potential climatic deficiencies that could disrupt long term growth	Actionable climate impact assessment report	Development of climate impact action plan and progress of its action items	Climate resiliency of assets and operations	Climate impact assessment completed



Component	Outcome	Result Indicator	Target	Data source and methodology
Blue Water Bridge Master Plan	Funded, actionable plan	-Plan completed and execution progressing -Availability of investment funding	Definition of future course of action for site	-Refreshed Master Plan completed; -Restoration of revenues post-pandemic; -Access to Crown infrastructure investment funding
Corporate Financial Sustainability	-Continued, funded operations -Uninterrupted operations	Progress on funding frameworks	- Corporate survival during pandemic after exhaustion of internal cash reserves - Establishment of a lasting mechanism for compensation for the publicly imposed duties resulting from toll-exempt, Indigenous crossings and to maintain the solvency of subsidiary SIBC	-Emergency Crown funding support -Ongoing, annual parliamentary funding for Seaway Bridge
Toll Rate Strategies	Positive accumulation of cash reserves for long term capital investments	Revenue sufficiency, traffic trends and market shares	Continued fiscal stability and operational funding	Bi-annual toll rate reviews
Improve toll collection management	Completed deployment of reliable, new software and systems	-Implementation of systems and/or revised vehicle classifications -Possible partnerships with tolling entities	Modernized toll management and payment collection systems	Progress and completion of procurement process
Maintain or increase customer amenities and service	Increasing, diversified sources of revenues	Increase in lease and other diversified non-toll revenues	Increasing non-toll revenues	Monthly revenues and profit sharing



Component	Outcome	Result Indicator	Target	Data source and methodology
Real-time predictive traffic analysis	Actionable reports	Deployment of consolidated data aggregation and analysis solution	Improved staff and activity scheduling	-Implement new tolling infrastructure (data source) -Progress and completion of procurement process -Daily, weekly, monthly and annual statistics and operational dashboards
Technology master plan	Actionable plan	Plan completed and execution progressing	Course of action for direction of technological assets	Percentage of plan completed
Customer-oriented data mining	Actionable reports	Core of operational and marketing activities defined by data analytics	Data driven decision- making and promotional campaigning	-Implement new tolling infrastructure (data source) -Progress and completion of procurement process -Daily, weekly, monthly and annual statistics and operational dashboards
Data Integrity	Secure, protected data	Absence of data breaches	Secure data	Real-time firewall intrusion reports

CHIEF EXECUTIVE OFFICER RESULTS COMMITMENT

I, Natalie Kinloch, as Chief Executive Officer of The Federal Bridge Corporation Limited, am accountable to the Board of Directors of The Federal Bridge Corporation Limited for the implementation of results described in this Corporate Plan and outlined in this Appendix. I verify that this commitment is supported by the balanced use of all available and relevant performance measurement and evaluation information.



Natalie Kinloch,
Chief Executive Officer
The Federal Bridge Corporation Limited

28 January 2021

Date

CHIEF FINANCIAL OFFICER ATTESTATION

In my capacity as Chief Financial Officer of The Federal Bridge Corporation Limited, accountable to the Board of Directors of The Federal Bridge Corporation Limited through the Chief Executive Officer, I have reviewed the Corporate Plan, budgets 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 financial and related information 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, with the following observation:

The Strategic Issues presented in this Corporate Plan have the potential to be highly disruptive to FBCL business. Prudent budgeting and investment decisions have been made within this Corporate Plan to enable FBCL to mitigate the risks of these issues. Despite this mitigation, there remains a risk that the impact of one or more of such disruptions, should they occur or align in timing, materially impact the assumptions, forecasts and budgets of this Corporate Plan and require future amendments.

3. Financial resource requirements have been disclosed and are consistent with the stated assumptions, and options to contain costs have been considered.
4. Funding has been identified and is sufficient to address the financial requirements for the expected duration of the Corporate Plan, with the following observations, including, observations with regards to appropriations that have not yet been approved.
5. The Corporate Plan is compliant with relevant financial management legislation and policies, and the proper financial management authorities are in place (or are being sought as described in the Corporate Plan).
6. Key financial controls are in place to support the implementation of proposed activities and ongoing operation of the parent Crown corporation and its wholly-owned subsidiary, with the following observation:

FBCL presents consolidated budgets and financial statements within its Corporate Plan that includes financial information and assumptions for bridge operations of a subsidiary and American bridge partners. Although the financial information received is validated through qualitative and quantitative processes and internal controls, there remains a budgetary risk related to potential error in forecasting, application of accounting standards and/or omission of information by third parties. Should such a risk materialize, dependent on its magnitude, it could materially impact the assumptions, forecasts and budgets of this Corporate Plan and require future amendments.

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



Richard Iglinski,
Chief Financial Officer
The Federal Bridge Corporation Limited

28 January 2021

Date



FINANCIAL STATEMENTS

This Corporate Plan is presented under International Financial Reporting Standards (IFRS).

2019-20 Actual: The strong year (and preceding years) at FBCL and its partners allowed FBCL to start the pandemic plagued 2020-21 fiscal year off on a strong footing with over \$27M in cash and investments.

2020-21 Forecast: Financial results are presented according to management's best estimates. Actual results may vary significantly particularly if assumptions associated with factors outside of the Corporation's control are materially affected. The primary area of variability revolves around the prevalence of cross-border restrictions on non-essential travel, the timing of any modifications to these international travel rules and the persistence of any dampening effects on cross-border travel subsequent to modifications.

Budget Outlook: The five-year (2021-22 to 2025-26) budget outlook has been severely affected by COVID-19 and its effects on the closure to the Canada/US border to all but essential traffic. This Plan is assuming such border restrictions remain in place until April 2022, and the effects of these closures are felt for a further two fiscal years. FBCL, much like the rest of Canada and the world, will not get back to normal for at least five years, and possibly longer. In the fourth year of the budget outlook, FBCL will likely be faced with another shock to its business and traffic levels, in that the opening of the competing Gordie Howe International Bridge is expected within the 2024-25 fiscal year, and will affect FBCL's most prominent crossing, the Blue Water Bridge. These years of COVID-19 induced restrictions will most definitely give rise to a new way of looking at spending and planning for the future. While FBCL is appreciative of access to appropriations in the current and upcoming fiscal years, there is the hope that the border restrictions will ease sooner than budgeted.

Financial Planning Factors

When preparing its forecast and budgets, FBCL considers a variety of elements, both financial and non-financial. During the budget preparations, the following assumptions have been applied:

Traffic volumes:

Traffic volumes across FBCL's entire portfolio of bridges have been significantly affected. This is reflected across much of this plan with severely depressed volumes, particularly at those crossings where passenger traffic is the primary source of revenue (as opposed to commercial traffic). Traffic volumes are not expected to return to prior levels (in par with the 2018-19 and 2019-20 fiscal years) until at least 2024-25. This will be the case at FBCL's crossings in Sault Ste. Marie, Lansdowne, and Cornwall. Volumes at the Blue Water Bridge in 2024-25 are projected to have just recovered from COVID-19 restrictions, when there is an anticipated decrease of 4% for commercial and 2% for passenger vehicles due to the planned opening of the competing Gordie Howe International Bridge.

Competition:

Gordie Howe International Bridge – will become operational in year four of the planning cycle.

Ambassador Bridge – any changes will become operational after the current planning cycle.

Economy:

COVID-19 induced restrictions at the border were immediately felt as much of the economies in Canada and US all but shut down for over a month. This had an immediate effect on FBCL's commercial traffic volumes.



With the opening up of industry, commercial traffic has been coming back to approximate seasonal volumes, however this is not consistent across the portfolio of bridges. It is assumed in this Plan, that the current level of commercial volumes will persist during the length of further border restrictions, and be fully back to normal (along with passenger vehicle volumes) by the fourth year of this Plan.

Thousand Islands International Bridge Agreement:

A renewed agreement, to replace the current agreement, was signed in December 2019 for a 10-year term starting in June 2020. The agreement's terms are similar to the existing terms and do not result in significant material impact on Thousand Islands International Bridge Revenues and Expenses.

Safety and Security:

It is assumed that no finding or event, internal or external, would occur and result in a major investment requirement, which is defined as more than \$10.0M, or modify US or Canadian border processing times in a significant manner.



Inflation rate:

Rates for inflation, related to goods and services, have been set as 2.00%, annually. Employee wage and salary increases, where known, have been incorporated into the annual expense values.

Exchange rates:

2021-22 & onwards $1 \text{ CDN } \$ = 0.80 \text{ US } \$$ $1 \text{ US } \$ = 1.25 \text{ CDN } \$$

Interest rates:

Based on forecasts the following interest rates have been used:

Short term (under one year)	0.50%
One year rate	0.50%
Long term average (over one year)	1.00%

Financial Position

CONSOLIDATED STATEMENT OF FINANCIAL POSITION								
as at March 31 (in thousands of dollars)				Budget				
	Actual 2019-20	Forecast 2020-21	Main Budget 2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
ASSETS								
Current Assets								
Cash and cash equivalents	7,382	5,020	4,455	5,345	3,510	5,327	5,234	2,887
Investments	17,847	248	-	3,000	-	-	1,000	-
Trade and other receivables	936	1,495	1,200	1,200	1,200	750	750	750
Prepays	346	2,834	1,300	1,220	1,300	1,380	1,475	1,575
TOTAL CURRENT ASSETS	26,511	9,597	6,955	10,765	6,010	7,457	8,459	5,212
Non-current Assets								
Capitalized assets	383,554	378,360	376,003	368,578	356,024	339,729	327,929	316,836
Lessor Inducement	204	193	188	177	161	145	129	113
Investments	2,000	-	-	-	-	3,500	-	-
TOTAL NON-CURRENT ASSETS	385,758	378,553	376,191	368,755	356,185	343,374	328,058	316,949
TOTAL ASSETS	412,269	388,150	383,146	379,520	362,195	350,831	336,517	322,161
LIABILITIES								
Current liabilities								
Trade and other payables	4,041	2,064	3,000	3,000	3,000	4,000	4,000	4,000
Employee benefits	1,327	1,131	1,332	1,136	1,141	1,097	1,103	1,110
Provisions	-	-	-	-	-	-	-	-
Holdbacks	88	337	50	50	50	500	200	200
Deferred revenue	2,476	2,462	1,228	2,617	3,421	3,984	3,953	3,962
Current portion of capitalized leases	182	189	202	220	226	232	238	185
Current portion of loans payable	132	2,542	2,943	335	339	345	350	355
Current portion of bonds payable	5,540	5,914	5,914	6,312	6,737	7,191	7,675	8,192
Current portion of deferred funding	3,504	5,845	3,565	3,677	3,761	3,761	3,761	3,761
TOTAL CURRENT LIABILITIES	17,290	20,484	18,234	17,347	18,675	21,110	21,280	21,765
Non-current Liabilities								
Capitalized leases	1,323	1,119	1,088	881	655	423	185	-
Loans payable	2,943	-	-	9,499	9,160	8,815	8,465	8,110
Bonds payable	46,320	40,407	40,407	34,095	27,358	20,167	12,492	4,300
Employee benefits	7,220	8,380	7,220	8,380	8,380	9,080	9,830	10,630
Deferred revenue	1,366	1,214	1,291	1,063	912	761	610	459
Deferred funding	100,731	97,025	97,225	96,349	93,571	89,642	85,713	81,784
TOTAL NON-CURRENT LIABILITIES	159,903	148,145	147,231	150,267	140,036	128,888	117,295	105,283
TOTAL LIABILITIES	177,193	168,629	165,465	167,614	158,711	149,998	138,575	127,048
EQUITY								
Retained earnings	234,525	219,529	217,130	211,914	203,492	200,841	197,950	195,121
Accumulated other comprehensive income	551	(8)	551	(8)	(8)	(8)	(8)	(8)
TOTAL EQUITY	235,076	219,521	217,681	211,906	203,484	200,833	197,942	195,113
TOTAL LIABILITIES AND EQUITY	412,269	388,150	383,146	379,520	362,195	350,831	336,517	322,161

Income

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME								
for the year ending March 31 (in thousands of dollars)								
	Actual 2019-20	Forecast 2020-21	Main Budget 2020-21	Budget				
				2021-22	2022-23	2023-24	2024-25	2025-26
REVENUES								
Tolls and services	31,334	20,542	16,360	23,133	29,278	33,168	32,624	32,706
Leases and permits	4,691	1,378	1,377	1,554	2,998	4,527	4,718	4,736
International Thousand Islands Bridge revenue	6,222	3,671	3,071	4,109	5,391	6,199	6,199	6,199
Interest	535	313	408	97	98	94	94	95
Other	324	1,336	171	63	86	88	90	91
TOTAL REVENUE	43,106	27,240	21,387	28,956	37,851	44,076	43,725	43,827
EXPENSES								
Operations	5,568	5,427	6,149	5,915	6,170	6,323	6,407	6,507
Thousand Islands International Bridge expenses	4,656	3,838	4,993	4,976	4,952	5,048	5,147	5,249
Maintenance	6,344	6,656	7,653	6,654	6,517	6,950	7,124	7,520
CBSA & CFIA operations	3,793	3,636	3,732	4,115	4,082	4,191	4,284	4,380
Administration	6,491	6,636	7,388	7,022	7,259	7,512	7,649	7,772
Additional funding of SIBC operations	-	1,169	-	917	-	-	-	-
Depreciation	17,882	18,144	18,314	18,124	18,213	18,142	17,909	17,627
TOTAL EXPENSES	44,734	45,506	48,229	47,723	47,193	48,166	48,520	49,055
OPERATING INCOME BEFORE GOVERNMENT FUNDING	(1,628)	(18,266)	(26,842)	(18,767)	(9,342)	(4,090)	(4,795)	(5,228)
GOVERNMENT FUNDING								
Funding in relation to operating expenses	-	3,897	9,372	8,740	-	-	-	-
Amortization of deferred capital funding	3,535	3,503	3,505	5,545	3,677	3,761	3,761	3,761
TOTAL GOVERNMENT FUNDING	3,535	7,400	12,877	14,285	3,677	3,761	3,761	3,761
NON-OPERATING ITEMS								
Interest expense	(3,891)	(3,428)	(3,430)	(3,133)	(2,757)	(2,322)	(1,857)	(1,362)
TOTAL NON-OPERATING ITEMS	(3,891)	(3,428)	(3,430)	(3,133)	(2,757)	(2,322)	(1,857)	(1,362)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(1,984)	(14,294)	(17,395)	(7,615)	(8,422)	(2,651)	(2,891)	(2,829)

GOVERNMENT FUNDING

for the year ending March 31 (in thousands of dollars)				Budget				
	Actual 2019-20	Forecast 2020-21	Main Budget 2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Appropriations from Government of Canada								
Vote 1 - Payments to the corporation								
New Funding	-	7,216	6,876	-	-	-	-	-
Funding not accessible	-	(3,528)	-	-	-	-	-	-
Total Vote 1 - Payments to the Federal Bridge Corporation Limited	-	6,876	6,876	-	-	-	-	-
Transfers to The Federal Bridge Corporation Limited	-	340	-	-	-	-	-	-
Total New Funding	-	3,688	6,876	-	-	-	-	-
Approved Funding	95	2,556	2,556	18,497	-	-	-	-
Re-profile	-	-	-	(7,167)	7,167	-	-	-
Lapsed Funding	-	(209)	-	-	(7,167)	-	-	-
Total Funding Accessed	95	2,347	2,556	11,330	-	-	-	-
Grand Total	95	6,035	9,432	11,330	-	-	-	-
Reconciliation of government funding								
Total funding received in current year	-	6,035	9,432	11,330	-	-	-	-
Amortization of Deferred Government Funding	3,535	3,503	3,505	7,640	3,677	3,761	3,761	3,761
Government funding deferred to future years	-	(2,140)	(60)	(2,590)	-	-	-	-
Total amount recognized in Statement of Operations	3,535	7,398	12,877	16,380	3,677	3,761	3,761	3,761
Balance of Deferred Government Funding								
Balance - start of year	107,770	104,235	104,235	102,870	99,915	96,238	92,477	88,716
Government funding recognized in year	-	2,138	60	2,590	-	-	-	-
Amortization of deferred government funding	(3,535)	(3,503)	(3,505)	(5,545)	(3,677)	(3,761)	(3,761)	(3,761)
Balance - end of year	104,235	102,870	100,790	99,915	96,238	92,477	88,716	84,955

Cash Flows

CONSOLIDATED STATEMENT OF CASH FLOWS								
for the year ending March 31 (in thousands of dollars)				Budget				
	Actual 2019-20	Forecast 2020-21	Main Budget 2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
CASH FLOWS FROM OPERATING ACTIVITIES								
Net Income	(1,984)	(14,294)	(17,395)	(7,615)	(8,422)	(2,651)	(2,891)	(2,829)
Adjustments for:								
Amortization of deferred capital funding	(3,535)	(1,408)	(3,505)	(5,545)	(3,761)	(3,929)	(3,929)	(3,929)
Depreciation of capitalized assets	17,887	18,144	18,314	18,124	18,213	18,142	17,909	17,627
Change in employee benefits	494	262	5	5	5	656	756	807
Loss on disposal of assets	(6)	(26)	-	-	-	-	-	-
Changes in working capital:								
(Increase) decrease in trade and other receivables	(57)	(548)	(264)	295	-	450	-	-
(Increase) decrease in prepaids	501	(2,488)	(954)	1,614	(80)	(80)	(95)	(100)
Increase (decrease) in trade and other payables	155	(1,141)	(1,041)	936	-	1,000	-	-
Increase (decrease) in holdbacks	-	249	(38)	(287)	-	450	(300)	-
Increase (decrease) in provisions	(6,047)	-	-	-	-	-	-	-
Increase (decrease) in deferred revenue	(165)	(166)	(1,323)	4	653	412	(182)	(142)
Increase (decrease) in lease inducements	31	11	16	16	16	16	16	16
Net cash generated by operating activities	7,274	(1,405)	(6,185)	7,547	6,624	14,466	11,284	11,450
CASH FLOWS FROM INVESTING ACTIVITIES								
Payments for property and equipment (government funded)	(95)	(43)	(60)	(2,590)	-	-	-	-
Payments for property and equipment (FBCL funded)	(4,877)	(13,728)	(10,703)	(5,752)	(5,659)	(1,847)	(6,109)	(6,534)
Funding related to acquisition of property and equipment received	368	43	60	2,701	1,067	-	-	-
Proceeds on sale (purchase) of investments	3,426	19,040	19,847	(2,752)	3,000	(3,500)	2,500	1,000
Net cash generated (spent) on investing activities	(1,178)	5,312	9,144	(8,393)	(1,592)	(5,347)	(3,609)	(5,534)
CASH FLOWS FROM FINANCING ACTIVITIES								
Proceeds (Repayment) of bonds payable	(5,192)	(5,539)	(5,539)	(5,914)	(6,312)	(6,737)	(7,191)	(7,675)
Proceeds (Repayment) of loans payable	(2,419)	(533)	(132)	7,292	(335)	(339)	(345)	(350)
Proceeds (Repayment) of lease liability	(157)	(197)	(215)	(207)	(220)	(226)	(232)	(238)
Net cash generated (spent) on financing activities	(7,768)	(6,269)	(5,886)	1,171	(6,867)	(7,302)	(7,768)	(8,263)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,672)	(2,362)	(2,927)	325	(1,835)	1,817	(93)	(2,347)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,054	7,382	7,382	5,020	5,345	3,510	5,327	5,234
CASH AND CASH EQUIVALENTS AT END OF YEAR	7,382	5,020	4,455	5,345	3,510	5,327	5,234	2,887



Changes in Equity

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY								
for the year ending March 31 (in thousands of dollars)				Budget				
	Actual 2019-20	Forecast 2020-21	Main Budget 2020-21	2020-21	2021-22	2022-23	2023-24	2024-25
BALANCE, BEGINNING OF YEAR	236,046	235,076	235,076	219,521	211,906	203,484	200,833	197,942
IFRS 16 adjustment (lease liability)	169							
Net income / (loss)	(1,984)	(14,294)	(17,395)	(7,615)	(8,422)	(2,651)	(2,891)	(2,829)
Actuarial gains / (losses)	551	(702)	-	-	-	-	-	-
Investments (AOCI)	294	(559)	-	-	-	-	-	-
BALANCE, END OF YEAR	235,076	219,521	217,681	211,906	203,484	200,833	197,942	195,113
Made up of:								
- Retained earnings	234,525	219,529	217,130	211,914	203,492	200,841	197,950	195,121
- Accumulated OCI	551	(8)	551	(8)	(8)	(8)	(8)	(8)

Operating and Capital Budgets

OPERATING BUDGET								
for the year ending March 31 (in thousands of dollars) (presented on a cash basis)				Budget				
	Actual 2019-20	Forecast 2020-21	Main Budget 2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
FUNDING								
Tolls	31,334	20,542	16,360	23,133	29,278	33,168	32,624	32,706
Leases and permits	4,691	1,378	1,377	1,554	2,998	4,527	4,718	4,736
International Thousand Islands Bridge operating revenues	6,222	3,671	3,071	4,109	5,391	6,199	6,199	6,199
Interest	535	313	408	97	98	94	94	95
Other	324	1,336	171	63	86	88	90	91
Federal government appropriations	-	3,897	9,372	8,740	-	-	-	-
TOTAL FUNDING	43,106	31,137	30,759	37,696	37,851	44,076	43,725	43,827
EXPENSES								
Operations	5,568	5,427	6,149	5,915	6,170	6,323	6,407	6,507
Thousand Islands International Bridge expenses	4,656	3,838	4,993	4,976	4,952	5,048	5,147	5,249
Maintenance	6,344	6,656	7,653	6,654	6,517	6,950	7,124	7,520
CBSA & CFIA operations	3,793	3,636	3,732	4,115	4,082	4,191	4,284	4,380
Administration	6,491	6,636	7,388	7,022	7,259	7,512	7,649	7,772
Additional funding of SIBC operations	-	1,169	-	917	-	-	-	-
TOTAL EXPENSES	26,852	27,362	29,915	29,599	28,980	30,024	30,611	31,428
EXCESS OF FUNDING OVER EXPENDITURES	16,254	3,775	844	8,097	8,871	14,052	13,114	12,399

CAPITAL BUDGET

for the year ending March 31
(in thousands of dollars)
(presented on a cash basis)

				Budget				
	Actual 2019-20	Forecast 2020-21	Main Budget 2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
FUNDING								
Appropriations:								
Emergency funding due to COVID border closures	-	43	60	2,590	-	-	-	-
Cornwall Island roadway improvements	95	-	-	-	-	-	-	-
Total appropriations	95	43	60	2,590	-	-	-	-
Other revenue / cash reserves	4,360	12,907	10,703	5,752	5,659	1,847	6,109	6,534
TOTAL FUNDING	4,455	12,950	10,763	8,342	5,659	1,847	6,109	6,534
EXPENDITURES								
Government funded:								
Blue Water bridge paving, repairs, painting	-	-	-	22	-	-	-	-
Blue Water Equipment and Electronic Systems	-	-	-	1,077	-	-	-	-
Blue Water Plaza design improvements and rehabilitation	-	-	-	377	-	-	-	-
Cornwall Island Roadway Improvements	-	-	-	675	-	-	-	-
Cornwall bridge repairs	95	-	-	-	-	-	-	-
Sault Ste Marie Electronic Systems	-	-	-	226	-	-	-	-
Lansdowne Canadian Bridge and Plaza repairs	-	-	-	53	-	-	-	-
Other capital projects	-	43	60	160	-	-	-	-
Total appropriations funded projects:	95	43	60	2,590	-	-	-	-
FBCL funded:								
Blue Water bridge paving, repairs, painting	191	415	236	15	1,090	17	4,494	2,570
Blue Water Equipment and Electronic Systems	1,011	7,124	5,658	3,993	2,519	292	462	992
Blue Water Plaza design improvements and rehabilitation	2,800	3,179	3,750	509	-	510	222	-
Cornwall bridge repairs	32	650	619	276	270	220	187	187
Sault Ste Marie painting and maintenance projects	71	-	-	-	-	-	-	-
Sault Ste Marie Electronic Systems	-	382	-	44	1,067	-	-	-
Lansdowne Toll Upgrade & Electronic Tolling	27	613	-	97	-	-	-	-
Lansdowne Canadian Bridge and Plaza repairs	121	241	250	52	75	75	25	2,125
Property acquisitions	19	26	-	500	-	-	-	-
Other capital projects	88	277	190	266	638	733	719	660
TOTAL EXPENDITURES	4,455	12,950	10,763	8,342	5,659	1,847	6,109	6,534
EXCESS (SHORTFALL) OF FUNDING OVER EXPENDITURES	-	-	-	-	-	-	-	-
FBCL Proposal to Transport Canada								
FUNDING & CAPITAL EXPENDITURES								
Cornwall Port Of Entry enhancement for CBSA and new FBCL facilities for bridge operations ^{(1) (2)}	-	-	-	-	2,000	8,000	9,000	-
TOTAL FUNDING & CAPITAL EXPENDITURES	-	-	-	-	2,000	8,000	9,000	-

⁽¹⁾ GBCF funding proposal to Transport Canada for consideration as part of proposed Seaway land claim settlement agreement. Realization dependant on project specific authorities granted.

⁽²⁾ Customs Act, Section 6 is currently assumed by CBSA due to long-term free passage rights granted.

BORROWING PLAN

Borrowing Authority

The corporation has financing arrangements to fund the portion of major capital projects that the legacy corporations could not cover by available funding at the time. Pursuant to Section 127(3) of the *Financial Administration Act*, the corporation is only engaged in borrowings that have been approved by the Minister of Finance. This approval from the Minister is valued at no more than \$130.0M per *Economic Action Plan 2013 Act*, No. 2.

Overview of Borrowing

As at March 31, 2021, the Corporation will have four types of outstanding financing arrangements:

- Bonds for Blue Water Bridge capital redevelopment in June 2002: \$46.3M principal balance remaining outstanding at March 31, 2021, on an original face value issue of \$110M, 6.41% Revenue Bonds, payable semi-annually, due July 9, 2027, subject to maintenance of bond rating.
- Loans for infrastructure improvements to Blue Water Bridge issued as a Third Supplemental Indenture in June 2010: \$15.0M non-revolving term facility on a fixed rate, non-current basis with periodic payments of interest and principal, not to exceed a maturity of 25 years. The term facility originally carried maturities through July 27, 2021 at rates varying from 2.85% to 4.42%. These facilities were split into four tranches, with three tranches having been fully paid down by March 31, 2021. The remaining tranche totaling \$2.5M at March 31, 2021 is scheduled to be paid down in July of 2021.
- Loan for operating and capital requirements at FBCL, as part of a \$10M non-revolving term facility on a fixed rate, non-current basis with periodic payments of interest and principal, not to exceed a maturity of 25 years. Approvals for this loan authority were granted during the 2020-21 fiscal year, allowing FBCL to draw upon this loan facility up until March 31, 2022. As at March 31, 2021, FBCL does not expect to have drawn against this facility, but expects to do so in the 2021-22 fiscal year.
- In the 2019-20 fiscal year, the Corporation adopted IFRS 16, Leases. This requires the Corporation to account for all material leases as a liability equal to the discounted present value of future lease payments, regardless of whether these leases were previously determined to be capital or operating leases. On April 1, 2019, FBCL recorded \$1.7M of currently existing leases as a liability, as a result of this IFRS standard. This liability ends December 2026. At March 31, 2021, the remaining principal is \$1.3M.



New Borrowing

FBCL does not plan to enter into any new loan or debt arrangements, other than the \$10M authorized in December 2020, but not yet drawn upon. Therefore, FBCL is not requesting any new debt authorities.

FBCL does not have plans to enter into significant new lease agreements in the upcoming five-year period and consequently does not anticipate having any leases that need to be approved in accordance with Section 127(3) of the *Financial Administration Act* and the associated *Crown Corporation General Regulations, 1995*.

OUTSTANDING BORROWINGS								
for the year ending March 31 (in thousands of dollars)				Budget				
	Actual 2019-20	Forecast 2020-21	Main Budget 2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
CURRENT PORTION								
Capitalized leases	182	189	202	220	226	232	238	185
Loans payable	132	2,542	2,943	335	339	345	350	355
Bonds payable	5,540	5,914	5,914	6,312	6,737	7,191	7,675	8,192
TOTAL CURRENT PORTION OF BORROWINGS	5,854	8,645	9,059	6,867	7,302	7,768	8,263	8,732
NON-CURRENT PORTION								
Capitalized leases	1,323	1,119	1,088	881	655	423	185	-
Loans payable	2,943	-	-	9,499	9,160	8,815	8,465	8,110
Bonds payable	46,320	40,407	40,407	34,095	27,358	20,167	12,492	4,300
TOTAL NON-CURRENT PORTION OF BORROWINGS	50,586	41,526	41,495	44,475	37,173	29,405	21,142	12,410
TOTAL BORROWINGS	56,440	50,171	50,554	51,342	44,475	37,173	29,405	21,142

Note: All forms of borrowing by FBCL are denominated in Canadian dollars.

PEAK BORROWINGS								
for the year ending March 31 (in thousands of dollars)				Budget				
	Actual 2019-20	Forecast 2020-21	Main Budget 2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Capitalized leases	-	1,505	2,167	1,290	1,101	881	655	423
Loans payable	5,494	3,075	5,402	12,943	9,834	9,499	9,160	8,815
Bonds payable	57,052	51,860	57,052	46,321	40,407	34,095	27,358	20,167
PEAK BORROWINGS	62,546	56,440	64,621	60,554	51,342	44,475	37,173	29,405

Note: All forms of borrowing by FBCL are denominated in Canadian dollars.



LONG-TERM BORROWING CONTINUITY								
for the year ending March 31 (in thousands of dollars)				Budget				
	Actual 2019-20	Forecast 2020-21	Main Budget 2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Capitalized leases								
Opening balance	-	1,505	1,505	1,308	1,101	881	655	423
IFRS assumption of existing lease	1,662	-	-	-	-	-	-	-
Maturities	(157)	(197)	(215)	(207)	(220)	(226)	(232)	(238)
New issuances	-	-	-	-	-	-	-	-
TOTAL CAPITALIZED LEASES	1,505	1,308	1,290	1,101	881	655	423	185
Loans payable								
Opening balance	5,494	3,075	3,075	2,542	9,834	9,499	9,160	8,815
Maturities	(2,419)	(533)	(132)	(2,708)	(335)	(339)	(345)	(350)
New issuances	-	-	-	10,000	-	-	-	-
TOTAL LOANS PAYABLE	3,075	2,542	2,943	9,834	9,499	9,160	8,815	8,465
Bonds payable								
Opening balance	57,052	51,860	51,861	46,321	40,407	34,095	27,358	20,167
Maturities	(5,192)	(5,539)	(5,540)	(5,914)	(6,312)	(6,737)	(7,191)	(7,675)
New issuances	-	-	-	-	-	-	-	-
TOTAL BONDS PAYABLE	51,860	46,321	46,321	40,407	34,095	27,358	20,167	12,492
TOTAL LONG-TERM BORROWINGS	56,440	50,171	50,554	51,342	44,475	37,173	29,405	21,142
Note: All forms of borrowing by FBCL are fixed rate.								

RISK MANAGEMENT

The enterprise risk management process at FBCL is comprised of three main components:

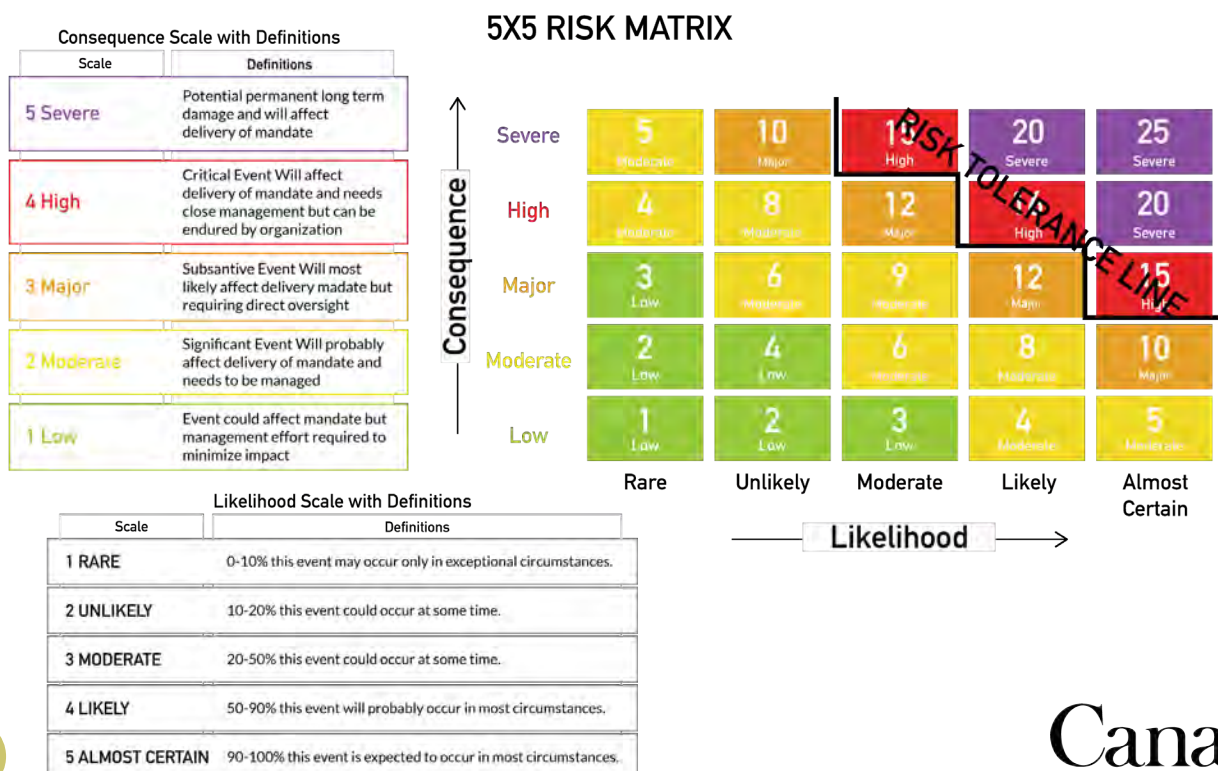
- the Corporate Risk Profile;
- the Corporate Risk Registry; and,
- a three-year risk based audit plan.

FBCL considers risk management to be a shared responsibility. Accordingly, members of the Board of Directors, its committees, the Chief Executive Officer, and all employees are accountable for managing risk within their area of responsibility. Risk management policies ensure a consistent, comprehensive and enterprise-wide risk management approach that is integrated into planning, decision-making and operational processes.

The Board is accountable with the Chief Executive Officer for the overall stewardship of the Corporation. The Board sets the strategic direction and:

- Provides direction on risk management, including risk tolerance;
- Provides corporate leadership on risk management and responsibility for strategic risks in the Corporate Risk Profile;
- Ensures that the key risks have been identified and that appropriate systems and resources to manage these risks have been put in place;
- Ensures that information systems and management practices meet corporate needs and give the Board confidence in the integrity of information produced; and
- Communicates high residual risks to the Minister of Transport.

The Board of Directors has adopted the following risk profile and tolerance matrix that has been adapted from the commonly recognized Paisley Consulting Governance, Risk and Compliance assessment methodology.



At present, through the implementation of the mitigation strategies outlined below, the key risk metrics for the Corporation are:

RISK AREA	SITUATIONAL CONTEXT	RISK LEVEL	MITIGATION STRATEGY
BRIDGE SECURITY	Risk that bridge security may be compromised due to intentional acts such as terrorism, protests, vandalism, and criminal activities that could lead to possible injury, loss of life and/or property damage. Furthermore, such a risk could lead to bridge closures, significant financial liabilities and loss of public confidence.	HIGH (Largely due to port running issues at Seaway International Bridge; less elevated elsewhere)	<ul style="list-style-type: none"> • FBCL's international bridges security plans and high-alert security protocols can be activated and have been tested; • Maintaining excellent communication protocols between FBCL, bridge operators, partners and local police forces; • Planned redevelopment of Seaway International Bridge plaza with port running mitigation elements; • Close monitoring of special interest groups, their communications and media reports; • Ongoing monitoring of First Nations issues.
TECHNOLOGY A) SECURITY	Risk that technology security compromises may occur, due to human error, unintentional consequences, equipment failure, natural disasters and deliberate attacks, such as cybercrime that could lead to critical system failures, financial and reputational liabilities.	MODERATE	<ul style="list-style-type: none"> • Employing staff members with a special focus on security; • An IT consulting firm remains on retainer to assist in-house resources as required; • System documentation and IT plans provide an appropriate level of quality assurance; • Security assessment completed biennially by external IT security consultant.
TECHNOLOGY B) SYSTEMS	Risk that technology systems may be inadequate, antiquated, poorly designed, and inferior may occur, due to lack of planning, insufficient investment, lack of IT skills and poor business decisions that could lead to critical system failures, financial and reputational liabilities.	MODERATE	<ul style="list-style-type: none"> • Update hardware and software as part of a life cycle management program; • Monitor and ensure appropriate testing and release management are maintained; • Access to FBCL infrastructure is controlled; • Action list is monitored and maintained.
WORKFORCE MANAGEMENT	Risk that workforce management issues may occur, due to labour disruption, insufficient human resources, a lack of skilled employees, the development of a toxic workplace environment and the lack of an appropriate compensation structure that could lead to the inability to staff key positions, a constant staff turnover, unsatisfied and non-engaged employees and an inability to effectively deliver or execute our mandate.	LOW	<ul style="list-style-type: none"> • FBCL has contingency plans to maintain the safe and secure operation of the bridge in the event of a labour disruption.
ORGANIZATIONAL RISK	Risk that organizational threats may occur, due to a transition in executive leadership, underlying management and labour performance difficulties that could lead to an erosion of operational and financial performance.	MODERATE	<ul style="list-style-type: none"> • Managing corporate financial sustainability in context of COVID-19 pandemic and SIBC on-going viability; • Alignment of classification system and remuneration for all salaried employees; • Key policies in place including financial delegation, banking, investments, procurement, code of values and ethics, risk management, etc.; • Normal staffing procedures in conjunction with succession planning processes will fill voids.

RISK AREA	SITUATIONAL CONTEXT	RISK LEVEL	MITIGATION STRATEGY
FRAUD / CORRUPTION	Risk that fraud and corruption are committed due to intentional act(s) by one or more individual employees that could lead to the loss of public funds or property, diminish employee morale, and undermine Canadians confidence in public services.	MODERATE	<ul style="list-style-type: none"> • Third party audit performed on cash management; • Whistleblower hotline established; • Policies on Conflict of Interest and Values and Ethics renewed annually; • BWB and Cornwall have security cameras in toll booths.
FINANCIAL SUSTAINABILITY	Risk that financial instability may occur, due to a significant reduction in revenue generation (i.e.: reduced toll revenue), unexpected expenditures or mismanagement that could lead to reductions in bridge operations, maintenance, bridge safety and security, jeopardizing our employees and clients.	HIGH	<ul style="list-style-type: none"> • Managing corporate financial sustainability in context of COVID-19 pandemic and SIBC on-going viability; • On-going assessment of overall debt and possible options; • 6-month toll rate review policies and adjustments; • Active monitoring of expenditures to budget and review for efficiencies; • On-going financial restraint measures; • Value engineering studies for capital projects; • Investments in technology; • Full consideration of other revenue opportunities; • FBCL continues to work with TC on developing options to deal with long-term CBSA facility cost increases.
COMPETITION	Risk that competition may occur, due to the availability of competing international crossings or modes of transportation offering better pricing, customer service or route destinations that could lead to a decrease in tolling and general revenue impacting overall financial sustainability.	LOW	<ul style="list-style-type: none"> • Strategies to address this risk include plans to improve traveller experiences, corporate branding and marketing strategy and ongoing market monitoring and analysis. The creation of a marketing position has been a mitigating factor in this risk area.

RISK AREA	SITUATIONAL CONTEXT	RISK LEVEL	MITIGATION STRATEGY
PARTNERSHIPS / STAKEHOLDERS	Risk that actions by partners and stakeholders may occur, due to environmental factors and business decisions that could lead to a deterioration in our ability to meet business objectives and our public service obligations.	LOW	<ul style="list-style-type: none"> Active engagement strategy with key stakeholders and border partners.
PUBLIC PERCEPTION	Risk that negative public perception of the Corporation may occur, due to the inability to foster a positive and productive relationships with neighbouring communities, stakeholders and the public that could lead to decreased credibility of the Corporation, difficulties in obtaining support and cooperation for initiatives and potentially, disruption to operations.	LOW	<ul style="list-style-type: none"> Execution of Community ConneXion charitable outreach activities to build positive local engagement; Active media engagement strategy including regular bridge facilities tours; Active stakeholder engagement with border partners; Marketing and communications planning activities.
BRIDGE SAFETY; A) ASSET INTEGRITY	Risk that compromised bridge safety (asset integrity) instances may occur, due to accidents, incidents, natural disasters or maintenance failures that could lead to possible injury, loss of life and/or property damage. Furthermore, such a risk could lead to bridge closures, significant financial liabilities and loss of public confidence.	LOW	<ul style="list-style-type: none"> Detailed maintenance and repair programs are developed for each location based on cyclical inspection reports to ensure appropriate planning, resource allocation and delivery.
BRIDGE SAFETY B) HUMAN ELEMENT	Risk that compromised bridge safety (human elements) instances may occur, due to accidents, incidents, natural disasters or workplace injuries, which could lead to possible injury, loss of life and/or property damage. Furthermore, such a risk could lead to significant financial liabilities and loss of employee and public confidence.	MODERATE	<ul style="list-style-type: none"> Controlling risks to personnel during COVID-19 pandemic Emergency Action Plans in place (i.e. fire, medical and other first responders); Employee Safety training, Health and Safety Coordinator and Committee on staff; Cross walks in place; Excellent and efficient communications between Canada and U.S. bridge staff; Managing negative incident communications with local media outlets to reduce copycat behaviour; Ongoing agencies and bridge managers meetings.

COMPLIANCE WITH LEGISLATIVE AND POLICY REQUIREMENTS

Official Languages Act , R.S.C., 1985, c. 31 (4th Supp.)

FBCL has assigned an Official Languages champion to monitor and promote the use of official languages within the Corporation. FBCL ensures that all its internal and public communications as well as its services to the public are available bilingually. The use of both official languages within the workplace interactions is very prevalent, particular in Eastern Ontario regions where each language is well represented within the community. Annually FBCL reports its findings related to languages to the Treasury Board Secretariat's Official Languages Centre of Excellence. Over the course of the past year, two Act-related issues were communicated to the Corporation and they were immediately rectified to the satisfaction of the Office of the Commissioner for Official Languages.

Access to Information Act

As part of a commitment to clear and transparent governance, FBCL voluntarily reports, through its website, annual summaries of all requests related to the *Access to Information Act* received for itself and its subsidiaries. To date in FY2020-21, no requests have been received by the Corporation although one has been submitted to subsidiary SIBC.

Directive on travel, hospitality, conferences and event expenditures

As part of a commitment to good governance per the requirement of the *Access to Information Act* and as directed under s.89 of the *Financial Administration Act*, FBCL has established a policy governing the reimbursement of reasonable expenses required for the purposes of business travel, hospitality, conferences and events in accordance with Government of Canada direction, including the amendments effective August 1, 2020. This policy includes processes for preparation and approval of expenses for reimbursement. FBCL's compliance with this policy is audited annually by the Office of the Auditor General.

FBCL voluntarily reports, through its website, annual aggregate corporate expenses related to travel and business development activities as well as the travel and hospitality expenses for the Chief Executive Officer, Board members and senior executives. Expenses are reported by fiscal quarter and are reflected in the period during which they were reimbursed.

These disclosures include business expenses related to business travel, hospitality, conferences, and event expenses for activities directly related to the delivery of FBCL's core mandate or legal requirements, engagement with its key stakeholders, internal governance, and training.

Pension plan reform directives

Prior to December 31, 2017, FBCL became fully compliant with the Ministerial directive under s.89 of the *Financial Administration Act* that ensures that defined contribution pension plan benefits align with a 50:50 contribution ratio.

Trade agreements

FBCL is not involved with any activities directly related to trade agreements. A stable and collaborative pro-trade economic environment directly benefits FBCL's business activities.

FBCL follows a procurement process that includes tendering in a public manner respecting the thresholds established in the various trade agreements.



Other

Additionally, the Corporation supports and complies with the following legislation that affect various facets of its operations:

CORPORATE

- *Canada Business Corporations Act, RSC 1985, c C-44*
- *Corruption of Foreign Public Officials Act, SC 1998, c 34*
- *Financial Administration Act, RSC 1985, c F-11*
- *Economic Action Plan 2013 Act, No. 1, SC 2013, c 33*
- *Economic Action Plan 2014 Act, No. 1, SC 2014, c 20*
- *COVID-19 Emergency Response Act (S.C. 2020, c. 5)*

GOVERNMENT INSTITUTIONS

- *Auditor General Act R.S.C., 1985, c. A-17*
- *Commercial Arbitration Act, RSC 1985, c 17 (2nd Supp.)*
- *Conflict of Interest Act, SC 2006, c 9, s 2*
- *Library and Archives of Canada Act, SC 2004, c 11*
- *Lobbying Act, RSC 1985, c 44 (4th Supp.)*
- *Pay Equity Act, SC 2018, c.27, s 416*
- *Privacy Act, RSC 1985, c P-21*
- *An Act to amend the Access to Information Act and the Privacy Act and to make consequential amendments to other Acts, S.C. 2019, c. 18*
- *Public Servants Disclosure Protection Act, SC 2005, c 46*

REGULATORY STATUTES

- *Bridges Act, RSC 1985, c B-8*
- *International Bridges and Tunnels Act, SC 2007, c 1*
- *Canada Labour Code, RSC 1985, c L-2*
- *Canadian Environmental Assessment Act, 2012, SC 2012, c 19, s 52*

REGULATIONS

- *Crown Corporation General Regulations, 1995 (SOR/95-226)*
- *Crown Corporation Corporate Plan, Budget and Summaries Regulations (SOR/95-223)*
- *The Seaway International Bridge Corporation, Ltd. Regulations under the Canada Marine Act*

Amongst others also including:

- *Canada Transportation Act, SC 1996, c 10*
- *Federal Real Property and Federal Immovables Act S.C, 1991, c. 50*

GOVERNMENT PRIORITIES AND DIRECTION

Results linked to Government priorities

As they are defined in the 2020 Speech from the Throne, the Government of Canada's priorities are focused on safely ending the COVID-19 pandemic; supporting Canadians as they weather the effects of the pandemic; building a stronger Canada; and, continuing to promoting diversity and Indigenous reconciliation.

Through its operational and policy framework, FBCL delivers on the commitment to open and transparent governance as well as effective compensation and diversity through employment opportunities. By facilitating the active flow of vehicles, limiting delays and unnecessary idling and through the construction of energy efficient facilities, FBCL delivers its contribution to a cleaner environment and support for a growing economy.



Government Stakeholders

The Corporation has a variety of stakeholders that add layers of complexity to its operations, policy establishment, and delivery of projects. These include federal partners such as Transport Canada, Canada Border Services Agency, Canadian Food Inspection Agency, Public Services and Procurement Canada, U.S. Customs and Border Protection as well as provincial and municipal governments and agencies, local First Nations communities, the U.S. government and its agencies, multiple law enforcement agencies, trade unions and emergency responders. FBCL works in close collaboration with these stakeholders and the surrounding communities to ensure efficient border crossings. Similarly, FBCL cooperates with its U.S. partners to coordinate efforts to ensure the safe, efficient and reliable movement of international traffic. The process involves extensive communication, the establishment of common understanding, and responsiveness to unplanned situations that can arise in a dynamic border environment. These partnerships are based on ten-year renewable agreements. In 2018-19, the agreement with Sault Ste. Marie's International Bridge Administration was renewed as was the agreement with the Thousand Islands Bridge Authority in December 2019.

When investing in capital projects at bridge plazas, FBCL must intensively coordinate its initiatives to accommodate the important and complex requirements expressed by stakeholders with particular emphasis on those conveyed by the Canada Border Services Agency, the U.S. Customs and Border Protection, its international bridge ownership partners as well as any local Indigenous communities.



Transparency and Open Government

With the use of communications tools and social media services, FBCL is well positioned to deliver its mandate in a fully open, transparent and accessible manner. The diligent administration of bridge properties also ensures that the social and economic benefits made possible with FBCL bridge assets ensure the safety and security of its users.

Within the required timeframes, FBCL openly publishes its Public reports such as Annual and Quarterly Reports, Summary Corporate Plans, Proactive Disclosures and Access to Information Act inquiries in addition to conducting Annual Public Meetings throughout its operational communities. The Corporation aims to respond in a timely manner to all information requests as well as reasonably address their associated concerns when feasible.

Ensuring that bridge operations, policy decisions and future projects are supported by bridge customers and host communities is also critical. As such, the Corporation strives to improve its community engagement and communications using blogs and other social media to ensure that community concerns are identified and addressed, and that the contributions of international bridges are clearly understood.

Gender-Based Analysis / Diversity and Employment Equity

FBCL's staff volume is too low for a statistically significant analysis of any of its employment parameters. Despite its limited quantities of personnel, FBCL remains nimble and effective in the delivery of its mandate. While not driven by specific employment targets, FBCL benefits from a broadly diverse workforce. FBCL is a model employer in a number of notable employment categories including but not limited to gender and linguistic diversity of both staff and Board of Directors. More specifically, bilingualism is actively used at work, there is very visible and equitable representation from women in positions of authority; and other diversity factors such as age, disabilities, ethnicity (including Indigenous peoples) and cultural background are well represented.

Safe Workspaces

FBCL promotes a healthy and respectful workplace that is intrinsically tied to diversity and inclusion. Instilling such a culture requires acceptance and participation by all employees at all levels. FBCL supports its employees in the achievement of related objectives through multiple methods. The 'tone from the top' sets clear expectations that behavior inconsistent with FBCL's culture is not tolerated. This direction is reinforced by corporate policies concerning behavior and conduct in the workplace, such as harassment prevention, workplace violence prevention, values and ethics, and internal dialogue on topics such as mental health and wellness. Furthermore, FBCL is also undertaking a comprehensive review and enhancement of its health and safety program in alignment with its culture.





Indigenous Relationships

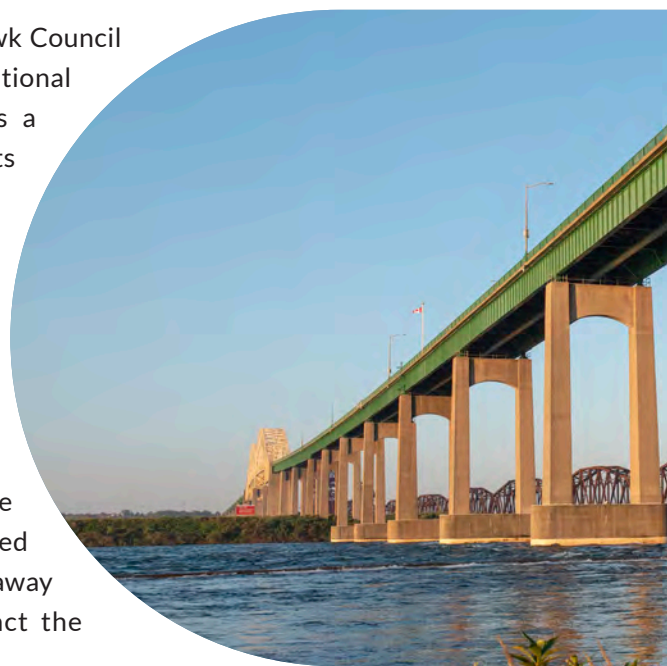
It is the Crown's "duty to consult" Indigenous groups whose actual or potential rights could be affected by government actions. Through community engagement with regional Indigenous groups, FBCL spurs individual economic well-being and promotes an inclusive social diversity that is essential for the future of Canada. This community collaboration also supports environmental protection of the lands and waterways adjoining bridge facilities.

In Cornwall, there are historical agreements in place, varying interpretations of acquired rights and a land claim over the original expropriation of Akwesasne Reserve land for the construction of the crossing and other components of the Saint Lawrence Seaway. Notable within these land claims is a request for the transfer of as much territory as possible to Indigenous control. These elements combined with North American current events that impact Indigenous communities make the Cornwall crossing particularly susceptible to demonstrations that impact operations. FBCL is actively engaged in its support for the Crown's efforts to establish a definitive settlement agreement with the Mohawk Council of Akwesasne regarding its land claims.

FBCL and its SIBC subsidiary maintain dialogue with the Mohawk Council of Akwesasne (MCA) on all major projects and on various operational matters to address identified issues. The Corporation has a Memorandum of Understanding in place with MCA for its projects that provides for the inclusion of minimum works to be executed by Mohawk contractors and workers. FBCL and its SIBC subsidiary in Cornwall has a long history of positive contribution to its local community as a reliable source of employment for members of the local Indigenous community.

In Cornwall, free passage for members of the Mohawk community represents at least \$6.5M in uncollected revenue each year. These factors combined with local economic factors, results in the Cornwall location operating near deficits. As they are prohibited by the bi-national bridge agreement with the Saint Lawrence Seaway Development Corporation, deficits would significantly impact the international relationship at this location.

While this revenue remains unrecoverable for legitimate reasons, the crossing facilities continue to experience a proportional level of wear and depreciation that cannot be redressed through tolling. For the past two years, the level of traffic has proven to be significant. In excess of 71% of passenger vehicles and nearly 34% of commercial trucks making the crossing are exempt from tolls. These rates have continued to increase over the past decade. This results in a cost level that is disproportionate to the subsidiary's revenue base. A new mechanism of funding support such as regular federal subsidies or alternate revenue sources will be required to ensure that deficits are prevented.





In Point Edward, the Blue Water Bridge resides in an area of significant historical importance for the Aamjiwnaang First Nation. A Memorandum of Understanding is in place with this community that reflects a common respect of the region's history and establishes a protocol of consultation for certain projects and a partnership when Indigenous discoveries are made.

Sustainable Development and Greening of Government Operations

As they presently stand, the FBCL Corporate Centre and other newer elements of the Blue Water Bridge plaza have benefited from a conception that aimed from the outset for LEED (Leadership in Energy and Environmental Design) certification. This was achieved by the Corporate Centre on June 25, 2015.

This same approach continues to be reflected in ongoing and future FBCL developments and construction throughout the bridge portfolio. A notable example involves the replacement of light sources at all bridge and plaza locations for more environmentally conscious and energy efficient light emitting diode (LED) bulbs. FBCL aims to perpetuate an energy and environment-friendly methodology in both its project implementation and outcomes.



Increases in vehicle processing results in shorter idling times and reductions in the production of greenhouse gas emissions. Fuel typically accounts for over 40% of operational costs for commercial vehicles. For a commercial transport truck travelling three hours, a ten-minute reduction in travel time equates to roughly a 5% reduction in fuel consumption and associated emissions. FBCL's approach to traffic management aims to continuously improve vehicle throughput and to work with its bridge partners for consistency and improvements in their vehicle processing.

Over the course of the planning period, FBCL intends to commission an impact study to assess the vulnerability of the Corporations assets, including bridges, roadways, buildings and other infrastructure to extreme weather and climate change. The study will include considerations for such factors as increased winds, rainfalls and snowfalls; extremes in temperatures; and, abilities to ensure the safe and rapid removal of weather related traffic impediments. Also expected from the study will be an action plan to mitigate the impacts of climate change on FBCL assets.

In addition to past actions, the Corporation aims to increase its green presence. Various initiatives being implemented or contemplated for deployment include the installation of electric vehicle charging stations at all its bridges as well as feasibility assessments for the generation of green (solar, wind, etc.) energy at its facilities.

Accessibility

FBCL's operational facilities comply with the accessibility legislation, building codes and similar requirements in effect within their local footprints. FBCL endeavours to monitor the continued accessibility of its facilities, as is relevant to each's intended purpose, with an aim to improve accessibility to staff, external stakeholders and customers when and where required.

ABBREVIATIONS

BTOA	Bridge and Tunnel Operators Associations
BTS	Bureau of Transportation Statistics (United States)
BWB	Blue Water Bridge
CBCA	<i>Canada Business Corporations Act</i>
CBSA	Canada Border Services Agency
CEO	Chief Executive Officer
CFIA	Canadian Food Inspection Agency
FAA	<i>Financial Administration Act</i>
FBCL	Federal Bridge Corporation Limited
IBA	International Bridge Administration
IBTA	<i>International Bridges and Tunnels Act</i>
IFRS	International Financial Reporting Standards
MCA	Mohawk Council of Akwesasne
MDOT	Michigan Department of Transportation
SIBC	Seaway International Bridge Corporation Limited
SLSDC	Saint Lawrence Seaway Development Corporation
SSM	Sault Ste. Marie
SSMIBA	Sault Ste. Marie International Bridge Authority
TC	Transport Canada
TIBA	Thousand Islands Bridge Authority
TIIB	Thousand Islands International Bridge

ACKNOWLEDGEMENTS

The Federal Bridge Corporation Limited wishes to acknowledge and recognize the invaluable assistance received from its international bridge partners in planning, operating and realizing capital projects at all crossings:

- The International Bridge Administration;
- The Michigan Department of Transportation;
- The Thousand Islands Bridge Authority; and
- The Saint Lawrence Seaway Development Corporation.

The preparation of this plan was accomplished with the dedicated cooperation and collaboration of many individuals. It is intended to provide complete and reliable information as a basis for the establishment of governmental approvals, managerial decisions, and to ensure the diligent stewardship of the assets and resources of the Corporation.

