

Annual Report 2024|2025



The Federal Bridge Corporation Limited
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A Joint Word from the Chair and CEO

2015 marked the beginning of a new chapter for The Federal Bridge Corporation Limited (FBCL), when the corporation emerged in its current, amalgamated form. The transition was successful thanks to a single policy framework, unified best practices and a shared commitment to responsible stewardship. As we celebrate this 10-year milestone, we are proud to sustain our bridges as more than infrastructure—they're vital connections between communities and economies on both sides of the Canada-U.S. border.

This journey has been one of significant transformation and resilience. We navigated the complexities of an ever-evolving landscape for international bridge operations, emerging from the unprecedented challenges posed by the COVID-19 pandemic, with key lessons learned and renewed strength. Financially, our path has been marked by prudence and progress. Guided diligently by FBCL's Board of Directors, we substantially reduced long-term debt—now nearing full repayment—enhanced public accountability and embraced robust governance principles. This financial stewardship earned FBCL an upgraded S&P credit rating, climbing from a legacy corporation's BBB- to A+.

As stewards of four essential crossings, our focus over the past decade remained steadfast on maintaining the highest standards of asset management, risk mitigation and ethical oversight. All of these efforts were validated by the positive results of the Office of the Auditor General of Canada's 2022 Special Examination. We also pioneered modern technologies including tolling system upgrades to continually improve the flow over our critical infrastructure while making crucial progress in our environmental, social and governance commitments. Throughout these ten years, our team's resilience and professionalism ensured our bridges endure as vital trade corridors for Canada and the United States.

Building upon this decade-long foundation, our focus in 2024-25 remained guided by our strategic goals. Sustaining our assets, infrastructure and operations was paramount. It was a year of tangible progression across our physical portfolio: we finalized a major rehabilitation project on the Second Blue Water Bridge span, advanced substantial preservation works on the Canadian Span at the Thousand Islands International Bridge, and initiated repaving efforts on the South Channel Bridge at the Seaway International

Bridge (SIB). Our dedicated maintenance and facilities teams ensured that every structure received the meticulous attention required for safety and efficiency, bolstered by a strong Occupational Health and Safety culture and formalized security policies strengthening our internal frameworks. Operationally, despite external pressures affecting passenger volumes, the Blue Water Bridge (BWB) saw record commercial traffic late in the year, surpassing all other international bridge crossings in the country. We also advanced preparations for cashless tolling to further optimize traffic flow.

Indeed, optimizing financial sustainability and ensuring adaptable scalability required careful navigation through these fluctuating travel volumes and economic uncertainties. Financial stability remained paramount; capital reinvestment proceeded prudently, supported by vital funding from the Government of Canada for key projects, and crucially, for the continuity of operations at the Seaway International Bridge Corporation (SIBC). The unique operational context at the SIBC—where a significant portion of traffic comprises Crown-mandated toll-exempt travellers—presents ongoing financial sustainability challenges unanticipated in historical agreements. While the Canadian government funding provided critical support this fiscal year, we are actively collaborating with our American partner to explore new governance and funding mechanisms to secure the long-term viability of this important crossing. Concurrently, we continued to refine our Enterprise Risk Management system, prioritizing resilience, and broadened strategic collaborations, setting the stage for innovation. Our commitment to sustainability and adaptation is demonstrated through expanded alignment with the Task Force on Climate-Related Financial Disclosures framework and advancements in carbon monitoring.

Ultimately, our success hinges on nurturing excellence in our people and strengthening community ties. The dedication of our employees and their tireless work ensures our bridges stand strong as vital international connectors. We fostered a culture of collaboration and fairness by introducing new resources such as a more accessible employee portal and implementing our first Accessibility Plan and Pay Equity Plan. We deepened our reconciliation efforts through valued participation with the Aamjiwnaang First Nation in Point Edward and continued engagement with the Mohawk Council of Akwesasne in Cornwall, incorporating tangible actions that reflect respect for Indigenous culture and history. These steps underscore our commitment to being a responsible corporate citizen in the communities we serve.

We thank our bi-national bridge partners, subsidiary, host communities, and stakeholders for their invaluable collaboration and trust. Together, we have forged a future where FBCL's crossings are safe, efficient and indispensable, ensuring the Corporation remains an enduring leader in operational excellence, stewardship and innovation for generations to come.



Pascale Daigneault
Chairperson of the
Board of Directors



Natalie Kinloch
Chief Executive Officer



Board of Directors



Senior Management

Corporate Profile

Background

The Federal Bridge Corporation Limited (FBCL) is a parent Crown Corporation that operates at arm’s length from the federal government. Headquartered in Ottawa, the Corporation is responsible for Canadian federal interests at four of the twelve international bridges in Ontario. FBCL is a bridge corporation enabling Canada’s trade, tourism and bi-national interests with the United States. It is of acute national interest, enabling essential daily Canadian-U.S. trade, supporting its economies and guaranteeing resilience of the supply chain.

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

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 the Sault Ste. Marie International Bridge and the Thousand Islands International Bridge.

	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 Bridges 50% Rift Bridges 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

	Sault Ste. Marie International Bridge	Blue Water Bridge	Thousand Islands International Bridge	Seaway International Bridge
International Partner	Michigan Department of Transportation (MDOT)	Michigan Department of Transportation (MDOT)	Thousand Islands Bridge Authority, a New York State <i>Public Authorities Law</i> public benefit corporation	Great Lakes St. Lawrence Seaway Development Corporation (GLS), an agency of the United States Department of Transportation
Bridge Operator	International Bridge Administration, a distinct administrative unit within MDOT with delegated authority from Sault Ste. Marie Bridge Authority, a separate legal entity constituted by MDOT and FBCL	Canadian portion: FBCL; American portion: MDOT	Thousand Islands Bridge Authority	Seaway International Bridge Corporation Limited, an agent Canadian Crown corporation and an FBCL subsidiary

	Sault Ste. Marie International Bridge	Blue Water Bridge	Thousand Islands International Bridge	Seaway International Bridge
Governance Structure	Eight Directors: four Americans appointed by the Governor of Michigan; four Canadians appointed by FBCL	Canadian portion: FBCL; American portion: MDOT	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 GLS)

Mandate and Public Policy Role

FBCL's mandate, approved by the Minister of Transport and Internal Trade, 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 structures, facilities, 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 structures, facilities, work or property contemplated in paragraph (a) or (b).

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

Vision

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

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.

Pillars

FBCL delivers on its mission through its five strategic pillars below:

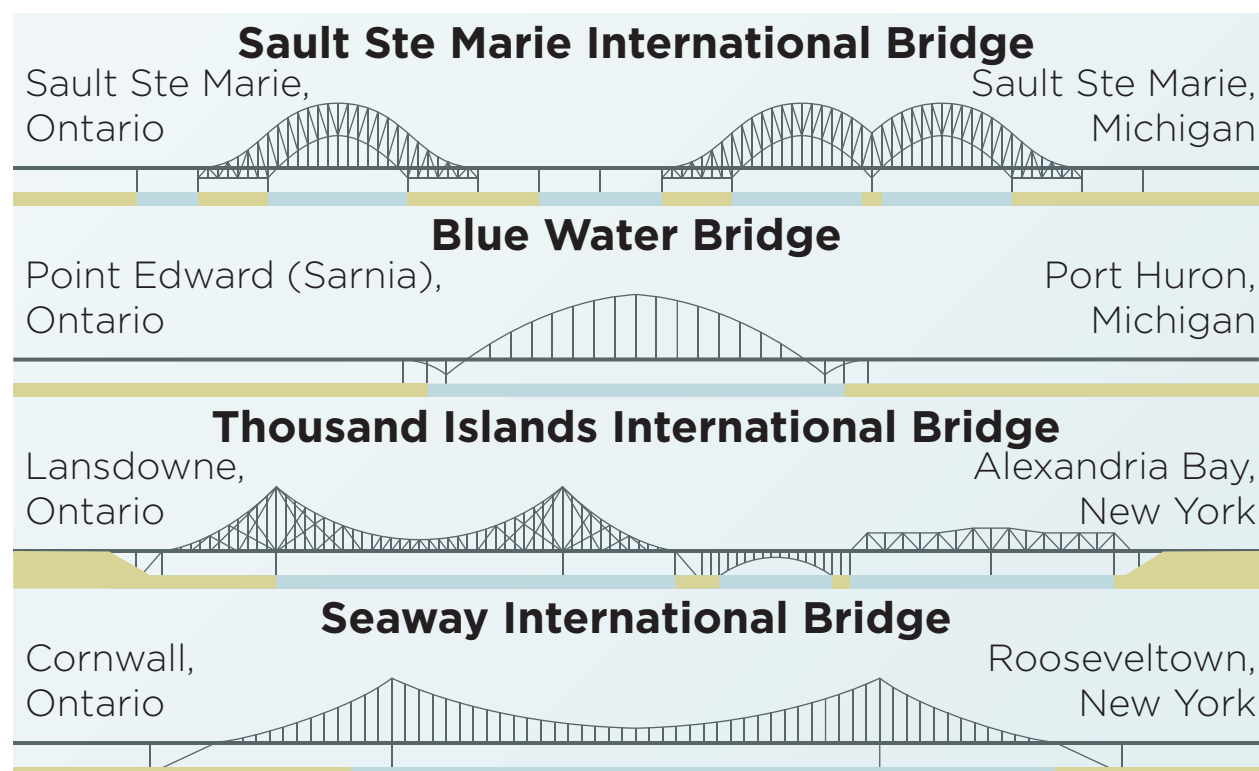
- A corporation operating with a portfolio management approach and focused on providing excellent customer service;
- Stewardship of the bridge assets under its responsibility, focused on safety and security through a program of independent inspections, and appropriate capital and maintenance programs;
- Effective use of technology, utilising common platforms to ensure efficiency of operations and accuracy of information, managed in a manner that limits associated risk and cost;
- Sustainability of operations, maintenance and administration through a shared revenue approach, prioritised investment, toll optimisation and cost containment; and,
- Sound governance of the Corporation, through an optimised structure, the required capacity and skills, and strong relationships with stakeholders.

Main Activities

In accordance with the *Treasury Board Secretariat Policy on Results*, FBCL's Core Responsibility statement is "Managing international bridges".

It reports to the Parliament of Canada through the Minister of Transport and Internal Trade. The Corporation is responsible for Canadian federal interests at four of the twelve international bridges in Ontario and is headquartered in Ottawa, Ontario.

Connecting Canada and the United States



FBCL has a diverse range of duties and relationships, each shaped by the distinct history of individual bridges. The organisation owns the bridges and oversees their operations. This includes managing international agreements linked to these bridges, directing engineering and inspection tasks for them, and overseeing projects related to bridge capital investments.

ESG Commitment

FBCL is firmly committed in its international bridge operations to minimising its impact on the environment, to ensure a financially resilient future and to the respect of its employees, stakeholders and host communities. By embedding an ESG Framework in FBCL's international bridge operations, FBCL creates value through:

- Weaving ESG into all aspects of our corporation to inform decision-making at all levels benefiting long-term sustainability of FBCL's assets;
- Supporting initiatives that benefit our customers, our host communities, and our employees; and,
- Offering a positive employee experience and engaging our employees in delivering on our ESG objectives.

The scope of ESG at FBCL encompasses:

Environment

- Optimising resources and energy to minimise emissions;
- Being a caretaker of the land and adjoining waterways;
- Integrating environmental sustainability and limiting environmental impact; and
- Furthering accomplishment of climate change targets.

Social

- Creating a relationship and reputation with people, institutions and communities; and
- Furthering labour relations, diversity, equity and inclusion.

Governance

- Monitoring the internal system of practices, controls, and procedures;
- Optimising methods to make decisions and comply with laws; and
- Meeting the needs of stakeholders.

Alignment with United Nations Sustainable Development Goals

In September 2015, the Government of Canada and 192 other Member States, adopted the United Nations 2030 Agenda for Sustainable Development. The agenda consists of 17 Sustainable Development Goals (SDGs) centered on poverty elimination, protection of the planet, and universal peace and prosperity by 2030.

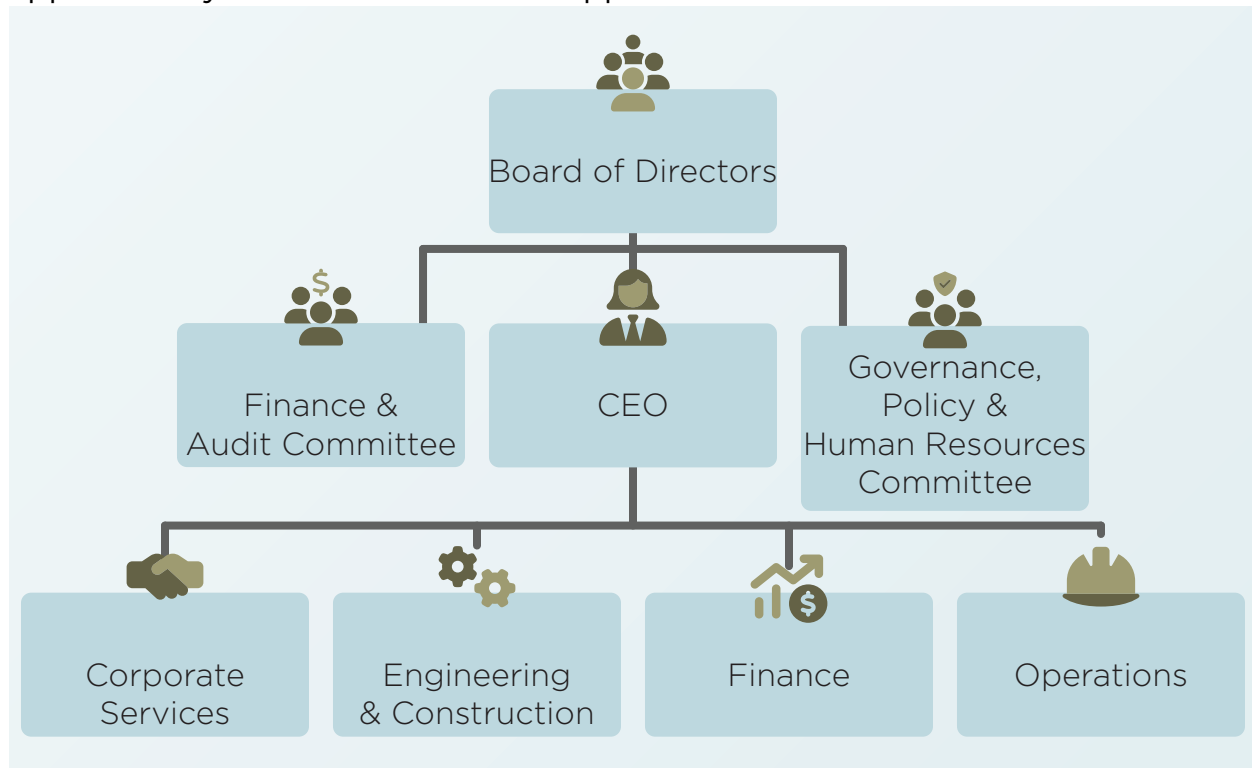
The *Federal Sustainable Development Act* (the Act) provides the legal framework for developing and reporting on a *Federal Sustainable Development Strategy* (FSDS), which is the Government of Canada's primary vehicle for sustainable development planning and reporting.

As a federal Crown corporation, FBCL is not subject to the application of the Act and is therefore not required to contribute to the development and reporting of the FSDS. That said, FBCL is intrinsically tied to the SDGs, and as a good corporate citizen, FBCL recognises the need to align its business to these goals. In addition to adopting goals 10, 12, and 13, which are required by all organisations subject to the Act, FBCL is also stepping up in order to implement an additional three:

- Goal 5: Champion gender equality
- Goal 9: Foster innovation and green infrastructure in Canada
- Goal 10: Advance reconciliation with Indigenous peoples and take action to reduce inequality
- Goal 12: Reduce waste and transition to zero-emission vehicles
- Goal 13. Take action on climate change and its impacts
- Goal 16: Promote a fair and accessible Justice System, Enforce Environmental Laws and Manage Impacts

Corporate Governance

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



Legislative Authority

FBCL is a corporation constituted under the *CBCA*, is listed in Schedule III Part I of the *FAA*, and is an agent of The Crown, following the amalgamation in 2015 of the predecessor corporation, also known as The Federal Bridge Corporation Limited with several other bridge corporations.

The amalgamations have contributed significantly to resolving historical governance issues and allowed for increased focus and greater accountability for the international bridges under its purview.

Public Accountability

FBCL is governed by a Board of Directors that is accountable for oversight and strategic direction. The CEO is a member of the Board and is responsible

for the day-to-day management and performance of the Corporation in addition to supporting the Board in its oversight role.

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. Six meetings of the Board of Directors are typically held in each fiscal period.

The Board is supported in its roles 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 website.

In accordance with section 113.1 (1) of the *FAA*, the Board of Directors holds an annual public meeting each year, which is open to the public, to highlight the Corporation's activities over the past year, as well as current and future initiatives. FBCL's most recent annual public meeting was held virtually in October 2024. The presentation from this meeting is published on FBCL's website.

Committees

Finance and Audit Committee

Mandate

As per the duties outlined in the *FAA*, 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 and asset management together with 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, its resulting plans, and report

updates in reference to the Asset Management Program. 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 and includes ESG matters. 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. As with the Finance and Audit Committee, the Board Chair is also a nonvoting ex-officio member of the Committee.

Board of Directors Remuneration

The Governor-in-Council establishes the remuneration paid to the Chair, other Board members and the Chief Executive Officer. The remuneration of the Chair and other Board members follows the Government's Remuneration Guidelines for Part-time Governor in Council Appointees in Crown corporations and is pursuant to section 108 of the *FAA*. The Chair receives an annual retainer of \$6,400 - \$7,500 and a per diem of \$200 - \$300 for attending regular and committee meetings, while other Board members are paid an annual retainer of \$3,200 - \$3,800 and a per diem of \$200 - \$300 for meetings and travel. Board members are reimbursed for all reasonable out-of-pocket expenses, including travel, accommodations, and meals, incurred in the performance of their duties.

2024-25 Board Reimbursements

Board Members	Retainer Earned	Per Diems	Travel / Training	Total
Notes	a	a,b	c	
	\$	\$	\$	\$
Pascale Daigneault Sarnia, ON	7,500	7,875	11,008	26,383
John Lopinski Port Colborne, ON	3,800	5,475	4,717	13,992
Marie-Jacqueline Saint-Fleur Montreal, QC	3,800	4,575	1,103	9,478
Travis Seymour Cornwall, ON	3,800	4,200	941	8,941
Rakesh Shreewastav Toronto, ON	3,800	6,300	7,068	17,168
Rick Talvitie Sault Ste. Marie, ON (term started December 17, 2024)	1,105	1,275	1,340	3,720
Natalie Kinloch Apple Hill, ON (Note d)	n/a	n/a	n/a	-
Total	23,805	29,700	26,175	79,680

a. Rates per Order-in-Council PC2015-84, January 30, 2015, for the Chairperson. Rates per Order-in-Council PC2015-81, January 29, 2015, for other Directors. These are supplemented by Guidelines for the Remuneration of the Chairperson and other Directors of The Federal Bridge Corporation Limited (2015), which is based on Remuneration Guidelines for Part-time Governor in Council Appointees in Crown Corporations (2000), published by the Privy Council Office.

b. Includes attendance at Board and Committee meetings, annual public meeting, strategic planning sessions, teleconference, special duties, and additional travel days.

c. Travel and training reimbursements include repayment of reasonable out-of-pocket expenses and registration fees in accordance with FBCL's Travel, Hospitality, Conference, and Events Policy.

d. The Chief Executive Officer is also a member of the Board of Directors and receives no additional compensation for those duties.

2024-25 Board Meeting Attendance

Board Members	Board Meetings	Committee Meetings		Training	FBCL Representation
		GP	HR		
Notes		e	f	# of days	g
Pascale Daigneault Sarnia, ON	7/7	3/3	3/4	2/2	4/4
John Lopinski Port Colborne, ON	7/7	3/3	4/4	0/0	-
Marie-Jacqueline Saint-Fleur Montreal, QC	6/7	2/3	4/4	0/0	-
Travis Seymour Cornwall, ON	7/7	0/0	4/4	0/0	-
Rakesh Shreewastav Toronto, ON	7/7	3/3	0/0	1/1	-
Rick Talvitie Sault Ste. Marie, ON (term started December 17, 2024)	2/2	1/1	0/0	0/0	-
Natalie Kinloch Apple Hill, ON (Note d)	7/7	-	-	-	-
d. The Chief Executive Officer is also a member of the Board of Directors and receives no additional compensation for those duties.					
e. GP stands for Governance, Policy, and Human Resources Committee					
f. FAC stands for Finance and Audit Committee					
g. Number of days that the Chairperson has represented FBCL in an official capacity with stakeholders.					

FBCL Senior Executives

Name	Title
Natalie Kinloch	Chief Executive Officer
Richard Iglinski	Chief Financial Officer
Thye Lee	Vice-President, Engineering and Construction
Rémi Paquette	Chief Information, Risk & Technology Officer
Karen Richards	Chief Operating Officer

Senior Executives Remuneration

The employment conditions of the Chief Executive Officer are provided by the Terms and Conditions of Employment for Full-Time Governor-in-Council Appointees. The salary range for the Chief Executive Officer position (CEO 3) is \$226,700 - \$266,600 (based on approved 2024-25 compensation for Crown corporation CEOs as outlined by Treasury Board). The Chief Executive Officer does not receive an annual retainer nor a per diem for attending Board meetings. The Governor in-Council may also grant to the Chief Executive Officer performance pay of up to 15 percent of the base salary, according to the achievement of key performance objectives, as determined by the Board of Directors.

Remuneration for senior management is modeled on the Government of Canada Executive Group (EX) salary scales.

Audit Regime

The audit regime consists of external and internal audits.

The external audit regime requires the OAG to conduct 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 *FAA*. The OAG 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 was completed in June 2022, with very positive results, which are available on [FBCL's website](#).

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 and reviewed annually to identify key risk areas common to all bridge locations.

Code of Conduct

The purpose of the *Public Servants Disclosure Protection Act* is to encourage employees in the public sector, including Crown corporations and other public agencies, to come forward if they have reasons to believe that serious wrongdoing has taken place and to provide protection to them against reprisal should they do so. One requirement of the Act is to promptly provide public access to certain information respecting founded cases of wrongdoing resulting from a disclosure brought forward. Specifically, the Corporation must describe the wrongdoing, the recommendations made to the CEO through the designated disclosure officer, and the corrective action taken by the CEO. FBCL's disclosure officer is the Chief Information, Risk & Technology Officer.

The Board approved a Code of Values and Ethics that sets out FBCL's values, its commitment to ethics and expected behaviours from all employees in their dealing with their colleagues, the public, and other governmental or external entities. The Code is signed annually by all employees during their annual performance review.

The Corporation fully adheres to the spirit of the *Public Servants Disclosure Protection Act* and has had no disclosures to date.

Risk Management

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

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

FBCL views risk management as a shared responsibility. The Board of Directors, committees, CEO, and all employees actively participate in managing risks within their respective areas of responsibility. The aim is to embed a consistent, holistic, and comprehensive approach to risk

management, firmly rooted in the Corporation's planning, decision-making, and operational activities.

The Board is accountable, along with the CEO, for the overall stewardship of the Corporation. The Board sets the strategic direction and:

- provides direction and oversees risk management strategies, including setting risk targets, appetite, tolerances and capacity;
- provides leadership in risk management and managing strategic risks within the Corporate Risk Profile;
- ensures identification of key risks and implements effective systems and resources for risk management;
- upholds information systems and management practices that meet corporate requirements and ensure data integrity; and
- communicates significant residual risks to the Minister of Transport.

The Board of Directors has endorsed the following risk profile and tolerance matrix, adapted from the widely recognised Paisley Consulting Governance, Risk and Compliance assessment methodology.

FBCL Risk Assessment Matrix

		Likelihood What's the chance of the risk occurring?				
Consequence How severe could the outcomes be?		Rare 1	Unlikely 2	Moderate 3	Likely 4	Almost Certain 5
	Severe 5	5 Moderate	10 Major	15 High	20 Severe	25 Severe
	High 4	4 Moderate	8 Moderate	12 Major	16 High	20 Severe
	Major 3	3 Low	6 Moderate	9 Moderate	12 Major	15 High
	Moderate 2	2 Low	4 Low	6 Moderate	8 Moderate	10 Major
	Rare 1	1 Low	2 Low	3 Low	4 Moderate	5 Moderate

FBCL Risk Register

: Severe
 : High
 : Major
 : Moderate
 : Low
 ↔: Stable ↑: Increasing Risk ↓: Declining Risk

Risk Description		Mitigation Strategies
Financial Sustainability Inherent Risk  	Risk that financial instability may occur, due to a significant reduction in revenue generation (i.e.: reduced toll revenue), unexpected expenditures or mismanagement, which could lead to reductions in bridge operations, maintenance, bridge safety and security, jeopardising our employees and clients.	• Careful monitoring of traffic at each FBCL location and general trends; • Cyclical toll rate revisions at all locations; • Actively monitor and prioritise expenditures against budget; • Manage corporate financial sustainability; • Continually assess overall debt and explore potential solutions; • Explore additional revenue opportunities, including business development and lease vacancy rate; • Collaborate with CBSA to develop strategies for long-term CBSA facility cost management.

: Severe
 : High
 : Major
 : Moderate
 : Low
 ↔: Stable ↑: Increasing Risk ↓: Declining Risk

Risk Description		Mitigation Strategies
Funding of SIBC Inherent Risk  ↑	Risk that the FBCL will not be provided appropriate levels of government funding in order to operate the SIBC crossing safely. This may occur at both the operational funding level or the long-term capital infrastructure level, both of which have the potential to inhibit the ability of the crossing to be maintained as a critical lifeline piece of infrastructure.	• Managing financial sustainability in the context of SIBC's viability; • Continuously engage with GLS for governance/funding updates; • Prioritising projects based on lifecycle study of the South Channel Bridge; • Secure future funding commitments and provide supporting information to Transport Canada; • Continuously briefing the Minister's office on funding requirements and complexity.
External Forces Inherent Risk  ↑	Risk that the FBCL is unable to deliver on its mandate due to changing economic cycles (e.g. market supply chain), social and political instability in both Canada and the U.S. This could result in significant impacts to operations, staffing and infrastructure investments across the portfolio.	• Monitor global issues and their potential impacts, including effect of inflation and capital escalation; • Engage in continuous consultation with local partners; • Actively monitor economic developments impacting traffic and revenue while prioritising expenditures against budget; • Adapt risk management strategies as necessary.

 Severe
  High
  Major
  Moderate
  Low

↔: Stable ↑: Increasing Risk ↓: Declining Risk

Risk Description		Mitigation Strategies
Reputation Inherent Risk  ↑	Risk that negative public perception of the Corporation may occur, due to the inability to foster a positive and productive relationships with host communities, stakeholders and the public, which could lead to decreased credibility of the Corporation, difficulties in obtaining support and cooperation for initiatives and potentially, disruption to operations.	• Implement an active media engagement strategy; • Enhance liaisons with emergency services; • Manage public comments on Media channels; • Engage media for factual supplementing of articles; • Foster active stakeholder engagement; • Execute Community ConneXion charitable outreach activities to build positive local engagement; • Adhere to ATIP request timelines.
Partnerships / Stakeholders Inherent Risk  ↑	Risk that actions by partners and stakeholders may occur, due to environmental factors and business decisions, which could lead to a deterioration in our ability to meet business objectives and our public service obligations.	• Engage actively with key stakeholders and border partners; • Work with bridge partners and their Boards of Directors; • Maintain open and timely communications; • Participate in community events and meetings.

: Severe
 : High
 : Major
 : Moderate
 : Low
 ↔: Stable ↑: Increasing Risk ↓: Declining Risk

Risk Description		Mitigation Strategies
Public and Asset Security Inherent Risk  ↔	Risk that asset (bridge, buildings or plaza infrastructure) security may be compromised due to intentional acts such as terrorism, protests, vandalism, and criminal activities, which 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.	• Monitor special interest groups, communications, and media reports; • Keep track of First Nations issues and port running occurrences at SIBC; • Investigate preventative measures for mental health-related incidents; • Engage in employee training and scenarios for emergency preparedness; • Maintain and update international bridges security plans; • Ensure excellent communication with bridge operators, partners, and local police forces; • Adhere to MOUs with Transport Canada regarding security measures, as per the <i>IBTA</i>.

 Severe
  High
  Major
  Moderate
  Low

↔: Stable ↑: Increasing Risk ↓: Declining Risk

Risk Description		Mitigation Strategies
Organisational Inherent Risk  ↔	Risk that organisational threats may occur across the FBCL portfolio, due to structural or governance changes, a transition in executive leadership, underlying management, and labour performance difficulties and complications with bi-national partners, which could lead to an erosion of operational and financial performance.	• Manage the financial sustainability and viability of SIBC; • Implement key policies to secure funds and employee values and ethics; • Ensure FBCL succession plans are current and effective; • Remain current in governance and leadership matters of bi-national partners.
People Safety Inherent Risk  ↔	Risk that compromised people safety instances may occur, due to accidents, incidents, natural disasters, workplace injuries or major public health events, 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 employees and public confidence.	• Maintain updated Emergency Action Plans; • Liaise with law enforcement to proactively identify and address issues; • Maintain a comprehensive Health and Safety program; • Conduct ongoing employee safety training; • Control risks to personnel in line with public health advisories.

: Severe
 : High
 : Major
 : Moderate
 : Low
 ↔: Stable ↑: Increasing Risk ↓: Declining Risk

Risk Description		Mitigation Strategies
Asset Management Inherent Risk  ↔	Risk that the FBCL is unable to suitably forecast and perform appropriate levels of ongoing maintenance and capital investment in order to ensure the longevity and safety of its bridge crossings. This could result in significant liability and decrease in public confidence in the organisation's ability to be a trusted steward of its international crossings.	• Forecast capital requirement accurately; • Engage with government for adequate and timely funding; • Develop long-range capital investment plans; • Follow appropriate procurement standards.
Competition Inherent Risk  ↔	Risk that competition will impact the FBCL, due to the availability of competing international crossings or modes of transportation offering better pricing or route destinations, which could lead to a decrease in tolling and general revenue impacting overall financial sustainability.	• Monitor tolls and traffic trends at other crossings; • Work collaboratively to stay informed about the GHIB's progress; • Engage with key stakeholders, such as border partners; • Continue responsible budgeting and careful monitoring.

 Severe
  High
  Major
  Moderate
  Low
 ↔: Stable ↑: Increasing Risk ↓: Declining Risk

Risk Description	Mitigation Strategies
Cybersecurity Inherent Risk  ↔	• Engage with Canadian Centre for Cyber Security; • Regularly update hardware and software as part of lifecycle management; • Maintain employee awareness training; • Ensure rigorous testing and management of releases; • Implement a clear change management program; • Conduct regular audits and manage access as per internal control policies.
Fraud Inherent Risk  ↔	• Enforce Conflict of Interest procedures and Board attestations; • Conduct yearly review of the Values and Ethics Code; • Ensuring security monitoring and internal control policies in vulnerable areas; • Maintain an up-to-date Disclosure of Wrongdoing Policy.

 **Severe**
 **High**
 **Major**
 **Moderate**
 **Low**
 ↔: **Stable** ↑: **Increasing Risk** ↓: **Declining Risk**

Risk Description		Mitigation Strategies
Environmental, Social, and Governance Inherent Risk  ↑	Risk that the FBCL has an investment gap (funding or resources) in sustainable development, including risks related to climate change, which could lead to damage to the bridge infrastructure and the environment, a negative public perception of the corporation, and the loss of public funds through claims against the corporation.	• Align strategies with the United Nations' 2030 Agenda for Sustainable Development and TCFD; • Implementation of ESG plans.
Workforce Management Inherent Risk  ↔	Risk that workforce management issues may occur, due to labour disruption, insufficient human resources, a lack of skilled employees, the lack of proper leadership and the lack of an appropriate compensation structure, which could lead to the inability to staff key positions, an increased and constant regrettable staff turnover, unsatisfied and non-engaged employees and an inability to effectively deliver or execute our mandate.	• Actively promote employee engagement; • Provide support to People Leaders; • Target advertising in niche markets; • Provide regular training on harassment and violence prevention; • Maintain proactive, timely and transparent communications.

 Severe
  High
  Major
  Moderate
  Low

↔: Stable ↑: Increasing Risk ↓: Declining Risk

Risk Description		Mitigation Strategies
Technology Inherent Risk  ↔	Risk that technology solutions may be inaccessible or unusable due to third party interruptions or inadequate recovery actions which could lead to critical system failures, financial and reputational liabilities.	• Create and follow a clear strategic plan; • Ensure continuous hardware and software updates; • Ensure proper testing and release management; • Create and maintain a clear change management program; • Provide dedicated support on critical systems; • Audit and manage access effectively.
Infrastructure Inherent Risk  ↔	Risk that compromised infrastructure (bridge, buildings or assets) integrity instances may occur, due to accidents, incidents, natural disasters or capital cycle funding gap, which 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.	• Ensure compliance with bridge inspection requirements; • Develop maintenance and repair programs based on regular inspection reports; • Maintain continuous updates on maintenance progress; • Engage with Transport Canada to communicate progress and the need for capital funding.

Business and Performance

Performance Assessment

The Corporation continues to focus on the core and future of its business to ensure bridge availability and maintain public trust. While the stewardship of assets and operational optimisation remain foundational pieces of the mandate, increasing weight is being placed on skills development, retention, and digital tools in order to ensure the long-term sustainability of the Corporation and its subsidiary. The objectives for the organisation that were set for the Corporate Plan timeframe of 2024-25 to 2028-29 were separated into four main strategic goals as follows:

- Sustain Assets, Infrastructure and Operations:
 - Maintain the stewardship over the quality of FBCL's assets
 - Deliver optimal traffic flow through appropriate levels of service
 - Bolster portfolio health and safety
- Ensure Adaptable Scalability:
 - Prioritise risk
 - Optimise business operations
- Optimise Financial Sustainability:
 - Diversify revenue and growth
 - Control of robust financial operations
 - Solidify capital and debt plans
- Nurture Excellence in People:
 - Support employee development and diversity, enhance corporate citizenship
 - Maintain community engagement opportunities

The targets' timelines were identified as:

- ST (short-term, expected to be completed in fiscal 2024-25);
- MT (medium-term, expected within the first three years of planning period);
- LT (expected to occur over the five-year period, and beyond); and,
- All (recurring on a yearly basis throughout the planning period and beyond).

The performance assessment below includes the objectives that are included in the 2024-25 to 2028-29 Corporate Plan.

Outcomes	Performance Indicators	Target	Status
Capital assets (bridges, roads, and facilities) are properly maintained, safe and efficient	Percentage of high priority projects identified in bridge inspection reports completed on time and on budget	100% (All)	Blue Water Bridge Rehabilitation: achieved Thousand Islands Bridge Rehabilitation: Main cable wrapping will extend into fiscal 2025-26
	Percentage of capital projects completed on time and on budget	>90% (All)	Achieved
	Percentage of the asset inventory and Geographical Information System (GIS) that is digitised	100% of imagery (GIS) (LT) 100% of infrastructure inventory at all bridge locations (LT)	On target
Traffic flow is improved and reduces idling time	Percentage of improvement in significant identified bottlenecks	> 5% increase in use of ConneXion Cards (MT)	On target
Partner and stakeholder relationships are fortified and portfolio integration is expanded	Number of collaborative projects implemented	≥ 1 annually (All)	Achieved

Outcomes	Performance Indicators	Target	Status
	Completion of long-term strategy of SIBC	To complete (LT)	Progressing Fully committed to completing a long-term strategy which is in the best interest of all stakeholders
	Maintain level of support provided to the community	> 100 hours (All)	Achieved
	Number of multi-location expenses reduction initiatives	≥ 1 annually (All)	Achieved
	Percentage of priority Health and Safety elements implemented	100% implemented (All)	Achieved
Improved alignment of Environmental, Social and Governance (ESG) framework with United Nations Sustainable Development Goals (UNSDG's)	SDG Goal 5: Number of development initiatives regarding women employees in leadership roles	≥ 2 development leadership initiatives directed at women (All)	Achieved

Outcomes	Performance Indicators	Target	Status
	SDG Goal 5: Number of development initiatives that support equality, diversity, and inclusion	Diversity (All) - Designated groups > 65% - Leadership positions occupied by women > 40% - Bilingual employees > 20% - Gender diversity variance < 10% - Indigenous >10% - Visible minorities > 8%	Achieved
	SDG Goal 9: Achieve Rick Hansen Foundation Accessibility Certification (RHFAC) Gold	100% of existing BWB buildings and new constructions (LT)	On target
	SDG Goal 9: % of new or retrofit construction to reuse existing materials where safe and viable during development	100% of infrastructure projects are reviewed and analysed to identify highest percentage of retrofit and reuse possible (LT)	On target
	SDG Goal 10: Advancement of reconciliation efforts on Seaway litigation	Per Crown established timeline (All)	Progressing Discussions are ongoing with the Crown

Outcomes	Performance Indicators	Target	Status
	SDG Goal 10: Number of First Nations initiatives	≥ 5 annually (All)	Achieved
	SDG Goals 12 & 13: Carbon reduction targets set	Establish reduction strategies by 2025-26 (MT)	On target
	SDG Goal 13: Percentage of recommendations from the climate change impact assessment that have been implemented	> 50% (LT)	On target
	SDG Goal 13: Stormwater master plan at BWB is completed	To complete (MT)	On target
	SDG Goal 16: OAG Special Examination recommendations addressed	100% addressed per established timeline (All)	Achieved
	SDG Goal 16: Maintain strong internal controls to keep fraud, corruption and bribery non-existent at FBCL	0 instances of fraud, corruption or bribery (All)	Achieved
	TCFD reported in 2023- 24 Annual Report	Disclosed in 2023-24 Annual Report (ST)	Achieved
Technological infrastructure is stable and secure	Number of cybersecurity breaches and events	0 external breaches (All) 0 internal data privacy events (All)	Achieved
	Percentage of uptime	> 99.6% (All)	Achieved

Outcomes	Performance Indicators	Target	Status
FBCL is financially sustainable	Ensure long term positive cashflow	Operating cashflow > \$10M annually (All)	Achieved
	Percentage of debt payments made in full and on time	100% (All)	Achieved
A qualified workforce is attracted and retained	Maintain employee engagement across the corporation	Engagement > 80% (All)	Achieved
	Minimise employee turnover rate	Turnover rate < 15% (All)	Achieved

Portfolio Management

The Corporation has adopted a portfolio management approach to deliver its mandate. It is not a portfolio of corporations but rather one parent Crown corporation overseeing a portfolio of federal assets, which are used in pursuit of public policy objectives. Key aspects of the portfolio management approach include:

- Funds surplus to operating requirements are used for capital reinvestment in all portfolio bridges in support of public policy objectives;
- Revenues and expenses are centrally recorded, with each bridge established as its own segment;
- Operational and maintenance expenditures of each bridge are based on common best practices;
- Integrated long-term capital plans are developed as a basis for capital prioritisation and annual capital budgeting; and,
- Shared knowledge and expertise across the portfolio.

The establishment of this management approach provides a unique opportunity to look at all possibilities, both through adopting best practices and a comprehensive common approach within the portfolio and through identifying broader strategic opportunities.

At an Overarching Corporate Level

Traffic Volumes

The Corporation generates revenues to pay for expenses and capital projects, excluding projects funded via parliamentary appropriations, principally through toll revenues and supplemented by lease and interest revenues.

Certain trending political and economic factors directly affect FBCL's operations. This was most evident through evolving travel restrictions resulting from the COVID-19 pandemic. Once the lifting of all restrictions occurred, passenger volumes gradually albeit very slowly, began to recover. As of the end of 2024-25, the passenger traffic volumes remained significantly below pre-pandemic volumes at most FBCL crossings, with overall volumes reaching only 84% as compared to pre-pandemic volumes. From a commercial traffic perspective, traffic volumes were at a normal state and not impacted overall by pandemic restrictions. At a macro-level, this trend continued with one exception, in that the BWB location had a solid year with commercial volumes being abnormally higher than usual. This is a direct correlation to a large pricing increase decision made by a large competitor bridge. However, this positive upward trend is expected to be short-lived, with the planned opening of a major new international bridge in proximity, the GHIB, in fiscal 2025-26.

With the election of a new federal Administration in the United States, the discussion and implementation of tariffs on cross-border trade and reciprocal policies from Canada began to add volatility to commercial traffic volumes. Further, the decline of the Canadian dollar combined with Canadians' individual reactions to the views and policies of the U.S. Administration, are having significant effects on passenger border traffic volumes. The last few months of 2024-25, saw passenger traffic volumes reduce, as compared to the prior year, across all international bridges in Ontario up to 40%. From the commercial side, volumes have remained somewhat steady up to March 2025, due to the timing of tariff implementation.

Government Funding Support

With lower traffic volumes and depleting cash flow reserves resulting from pandemic travel restrictions, the Government of Canada provided much needed operating and capital funding for three years spanning fiscal years 2022-23 to 2024-25. For the 2024-25 fiscal year, operating funding of up to \$1.0 million was available to cover the operating shortfall of SIBC and capital funding of \$16.9 million was provided (refer to Capital Infrastructure Initiatives below). FBCL has requested both operating and capital funding for the upcoming fiscal year and is awaiting a response.

Indigenous Reconciliation

The FBCL and its SIBC subsidiary are deeply committed to the path of reconciliation with Indigenous peoples, recognising the importance of both the “little things” that make a difference every day and the “bigger picture” that frames relationships with the Indigenous communities.

To advance reconciliation, the corporation’s efforts extend beyond symbolic gestures to include strategic, long-term engagements at all levels, rooted in respect and mutual understanding.

The FBCL’s dedication to fostering respectful relationships is exemplified by its engagement with regional Indigenous leadership members of the Aamjiwnaang First Nation in Point Edward and the Mohawk Council of Akwesasne (MCA) in Akwesasne. These collaborations are grounded in historic agreements, encompassing complex issues like land claims and the rights of Indigenous peoples. Memorandums of Understanding with these communities reflect a shared respect for the land’s history and a commitment to consultation and partnership on projects and discoveries.

This past year, FBCL and SIBC have continued their efforts at the Seaway International Bridge to demonstrate support for its host Indigenous community. In addition to maintaining the initiatives of the past, this year included an initiative led by the Akwesasne community and the Kateri Prayer Circle in creating a memorial honouring residential and boarding school survivors.

Community leaders are directly engaged to exchange information and discuss initiatives on a regular basis. Further at this location, in addition to support of Crown-mandated free passage for Indigenous Peoples, the observance of the National Day for Truth and Reconciliation is reinforced by also observing National Indigenous Day. Moreover, long-standing partnerships with the MCA

ensure that Mohawk contractors and workers play an integral role in projects here, furthering economic well-being and social diversity.

In Point Edward, a project was initiated this year to naturalise significant green spaces around the Blue Water Bridge plaza. This will address environmental sustainability, accessibility, biodiversity, ethically sustainable land use, and enhancement of community partnerships. The emphasis on native plant life enhances biodiversity, while addressing key Environmental, Social, Governance (ESG) issues make this a key FBCL project over the coming years. This project, led by employees, follows in the spirit of reconciliation, and is being pursued in partnership with Aamjiwnaang First Nation.

Looking ahead, the corporation is mindful of the evolving governance structure required to ensure the financial viability of the SIBC. The historical binational agreements did not anticipate a scenario where the crossing would not generate sufficient toll revenue to sustain itself. As FBCL navigates this crossroad, the corporation is committed to exploring new opportunities with its U.S. partner, GLS, and continues to engage with MCA in order to discuss the related ongoing challenges.

The FBCL's initiatives, from maintaining historic cemeteries in respect of Indigenous Peoples to enabling respectful ceremonies, and high employment rates of Indigenous Peoples, are indicative of a deep-seated respect and commitment to reconciliation. These actions, coupled with ongoing dialogue and partnership, form the cornerstone of the approach to building a future that honours our shared history and embraces the opportunities for mutual growth and understanding.

The FBCL is dedicated to continuing these vital conversations and collaborations, ensuring that operations and projects not only respect, but also actively contribute to the reconciliation process. By weaving these principles into the fabric of the corporation, a commitment is affirmed to a future where Indigenous rights, culture, and well-being are integral to the prosperity and diversity of Canada.

ESG - Taskforce on Climate-Related Financial Disclosure (TCFD) Component

FBCL recognises its responsibility to reduce the environmental impacts of its operations and ensure the resilience of its facilities and infrastructure to climate change. A key priority of FBCL's ESG strategy focuses on Climate Action. FBCL is actively increasing its understanding of climate risks and opportunities and is working on better integrating climate-related questions

into governance and internal processes, as it relates to operations and the way the FBCL's customers are serviced.

A comprehensive TCFD is included later in this Annual Report.

Maintenance Work

While FBCL owns four crossings across the international border, this is actually made up of 10 different bridge structures, 50% of which are over 85 years old, 70% are over 65 years old, and the facilities that support these integral bridge crossings have been constructed as early as in the 1960's. Proactive maintenance and repairs are the greatest tools that enable the preservation and longevity of these assets.

Extensive regular maintenance works continue to ensure the integrity of the bridges and associated infrastructure, as a part of continued prudent stewardship of these important Canadian assets.

Capital Infrastructure Initiatives

The safety and livelihood of millions of Canadians is of utmost concern for the Corporation, and that is why at FBCL stewardship responsibilities are at the forefront of every decision. Independent bridge inspections across the portfolio continue to reflect favourably on the talented and hard-working maintenance staffs across FBCL's four locations. Bridge inspection reports for all four locations are annually reviewed by the Board of Directors and repair and rehabilitation needs are integrated into the asset management plan. These inspections are submitted to Transport Canada in accordance with the *International Bridges and Tunnels Act* (IBTA) reporting requirements. In addition to the significant effort put forth in maintaining its infrastructure and facilities on a daily basis, certain significant projects, by bridge location, performed this year include the following:

Blue Water Bridge

Culminating three years of planning and maintenance works, the completion of major rehabilitation of both spans of the Blue Water Bridge was completed in 2024-25. The projects focused on a range of significant repairs and improvements to maintain the bridges' structural integrity. This included strengthening cross beams and replacing bearings, replacing expansion joints, conducting concrete deck repairs and waterproofing the bridge deck followed by asphalt repaving. The Government of Canada funded these projects with \$4.9 million incurred in fiscal 2023-24 and \$8.4 million incurred in fiscal 2024-25.

Thousand Islands International Bridge

During 2023-24, design and planning was completed in order to proceed with the 2024-25 rehabilitation works on the Canadian spans of the Thousand Islands crossing. This work will ensure the longevity of the suspension cable bridge, and these 2023-24 preparatory works of \$0.8 million were funded by the Government of Canada. During fiscal 2024-25, these rehabilitation works were initiated. The works included, replacement of the main suspension cable wrapping, to reduce their exposure to weather elements, as well as the replacement of pivotal bridge components. Government of Canada funding of \$6.5 million was utilised to achieve this. The remaining main cable areas will be wrapped in fiscal 2025-26. The installation of a dehumidification system on these critical cables will complete the project in the near term.

Seaway International Bridge

During fiscal 2024-25 multiple repairs to the building infrastructure occurred to address accessibility issues as well as the aging state of the facilities. Additionally, work commenced on installing pedestrian sidewalk lighting on the North Channel Bridge (NCB) and construction of additional access hatches to be installed on the South Channel Bridge (SCB).

Sault Ste. Marie International Bridge

Regular and prudent maintenance works kept the staff at the crossing busy, in order to keep this significant asset in shape. Included within this scope was the laying of a surface friction coating that ensures vehicles maintain an ability to use the crossing even in harsh freezing rain conditions, ensuring safety for commercial vehicles and other patrons.

Enabling Modernisation

The only constant is change. To this end, the Corporation continues to enable change both operationally and strategically.

The BWB Master Plan has been implemented in phases for more than two decades. Ultimately and progressively, the goal of the Master Plan is to increase the efficiency and reduce wait times thus reducing current existing bottlenecks and climate impact by reducing idle times. With the introduction of the new tolling system in fiscal 2022-23, the Corporation continues to implement enhancements to reduce idling times.

FBCL, in partnership with the Ministry of Transportation of Ontario (MTO), has upgraded and expanded the infrastructure allowing a better estimation of the border wait times. Aged equipment was replaced and implemented on both the Canadian and U.S. sides of the BWB border crossing.

The initiation of the Smart Corridor concept is taking shape at the BWB crossing. This concept utilises technology in order to create safe, sustainable, secure and efficient transportation that benefits all travelers along the corridor. By integrating this concept at the BWB, and working with Michigan Department of Transportation (MDOT) in order to do so, this will work to keep Canada's economic prosperity competitive and attractive for essential tourism and trade.

FBCL is forging relationships to prepare for the future. The Ontario Vehicle Innovation Network (OVIN), part of the Ontario Centre for Innovation (OCI), has partnered with FBCL to identify opportunities to introduce new technology and prepare for the future mobility and cross-border movement of goods and people. FBCL is also a founding member with the Council of the Great Lakes Region (CGLR) to create the Bi-National Great Lakes Border Trade and Supply Chain Alliance and an active member with the Future Borders Coalition. These relationships enable ongoing discussion between academia, industry, and government to identify solutions that will facilitate and grow the secure movement of goods and people across the international border.

Corporate Services

FBCL maintains a comprehensive set of internal business-management functions essential for operational success. This includes a wide array of areas such as information technology, finance, communications, information management, risk management, corporate security, human resources, and occupational health and safety. Additionally, the corporation increasingly views all aspects of these services through a lens of offering greater accessibility.

As the corporation celebrated its 10th anniversary, in February 2025, employees continued to advance FBCL's mission with significant achievements. FBCL's people remain at the heart of the ideas and strategies that are essential to success.

FBCL's commitment to preserving and enhancing our inclusive and accessible workplace was evident in multiple facets this past year. Significant actions were taken to improve accessibility at FBCL with over 75 initiatives being implemented. This included digital accessibility training, deployment of a new employee intranet portal that is fully accessible both in terms of functionality and visual design, publishing corporate documents (both internal and external) in an accessible format, and continuing to make upgrades to signage and infrastructure working to eliminate physical barriers.

This work has also extended to the corporation's branding, ensuring its public image meets the highest accessibility standards. Working with partners to not only meet accessibility legislated requirements, but go beyond, ensures that FBCL can best meet comprehensive needs. This included such items as accessible job posters being used for all recruitment efforts. These steps are part of the strategic lens that the FBCL looks through for decision-making in the future.

The 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. The FBCL supports its employees in the achievement of related objectives through multiple methods. The "tone from the top" sets clear expectations that behaviour inconsistent with the FBCL's culture is not tolerated. This direction is reinforced by corporate policies defining expectations as well as policies on conduct in the workplace, such as harassment prevention, Employee Equity, Diversity and Inclusion. This year included the rollout of a modern Pay Equity plan, Compensation and Benefits Policy, Health and Safety Program, Professional Development Guideline and Employee Relations Guideline. In addition, renewals of both the employee benefits plan (after the consideration of a Joint Benefits Review committee) and the Awards and Recognition Policy were implemented.

As the FBCL moves forward, the focus continues to be on fostering a workplace that is diverse, inclusive, and accessible, setting a standard for excellence for ourselves and the traveling public. The FBCL is dedicated to enhancing efficiency, innovation, and adaptability, ensuring that the corporation remains forward-focused and responsive to the evolving landscape of its industry.

Employee Engagement

Employee engagement and satisfaction surveys indicated high engagement levels, with participation rates exceeding 90%. Employee engagement of this sort allows FBCL to direct corporate efforts that best improve the overall employee experience. To this end, and to further celebrate FBCL's 10th anniversary, 2025 has been coined "The Year of You", which will focus on employees and offering multiple types of training opportunities to continue to invest in FBCL's staff.

It is FBCL's employees who allow for accomplishments year after year. Whether it is the expedient processing and efficient flow of the record levels of commercial traffic witnessed this year at the BWB, the outreach to local Indigenous communities, or the emphasis placed on environmental initiatives, staff at all corners of FBCL's operations continue to achieve. These boundaries continue to be pushed, while keeping a keen eye on ensuring processes, guidelines, and protocols are adhered to, as evidenced by internal audits identifying sound governance across the corporation.

Community ConneXion

As a stakeholder in its community, FBCL understands its role in helping the local community and giving back. To this end, FBCL staff came together for an exciting CanStruction event in Sarnia, and what a success it was! Employees, and the corporation, raised over \$10,000 through various events in order to construct a replica out of canned foods of FBCL's twin Blue Water Bridge spans. The award winning project brought together creativity, teamwork and a lot of canned goods. Over 1,300 items were used to create elements like the bridge spans, water features, toll booths, a fry truck, benches and vehicles that made our display stand out.

The Task Force on Climate-Related Financial Disclosures

Introduction

It is widely recognised that continued emissions of greenhouse gases (GHG) will cause further warming of the Earth and that an increase above 2° Celsius (2°C), relative to the pre-industrial period, could lead to damaging economic and social consequences. One of the most significant, and perhaps most misunderstood, risks that corporations face today relates to climate change with the timing and severity of physical effects being difficult to estimate.

About TCFD

The Financial Stability Board established an industry-led task force: the Task Force on Climate-related Financial Disclosures (Task Force or TCFD), to help identify the information needed to appropriately assess and price climate-related risks and opportunities. The Task Force was mandated to develop voluntary, consistent climate related financial disclosures that would be useful in understanding material risks.

The Task Force established recommendations for disclosing clear, comparable and consistent information about the risks and opportunities presented by climate change. Their widespread adoption ensures that the effects of climate change become routinely considered in business and investment decisions. Adoption of these recommendations also helps corporations better demonstrate responsibility and foresight in their consideration of climate issues.

The Task Force structured its recommendations around four thematic areas that represent core elements of how corporations operate: Governance, Strategy, Risk Management, and Metrics and Targets. Recommended disclosures in each area build out the framework with information that will help investors and others understand how reporting corporations assess climate-related risks and opportunities.

Disclosure

This section of the Annual Report supports FBCL's commitment to provide meaningful and transparent sustainability information to all stakeholders on climate-related risks and opportunities affecting operations. It also meets the Canadian government's requirement for Crown corporations to demonstrate

climate leadership by reporting in accordance with the recommendations of the TCFD. FBCL has bi-national interests within Canada and the United States. The disclosure requirements of the Canadian government applies to Canadian Crown corporations and as such, the information below relates to FBCL operated infrastructure at the Blue Water Bridge, the Seaway International Bridge, and its head office in Ottawa. Information regarding the international bridges of Sault Ste. Marie and the Thousand Islands that are operated by American partners may be incorporated in future years. As FBCL continues to expand its ESG Framework, which includes TCFD components, the TCFD information will expand over time as work on integrating evolving needs is intertwined with critical governance and decision mechanisms.

Forward-looking Statements

FBCL's 2024-25 TCFD Report contains forward-looking statements that reflect management's best estimate and current views with respect to future climate-related events, risks, opportunities, and strategies at the time of publication. Forward-looking statements are not facts, but rather estimates regarding future results that are based on current estimates, assumptions and other factors deemed reasonable at the time that they were applied. They involve known and unknown risks, uncertainties and other factors, which may cause the actual results and performance of the corporation to be materially different from any future results and performance expressed or implied by such forward-looking information. These estimates may prove to be incorrect due to unforeseen risks and general uncertainties of the business and operating environment. Readers are cautioned to not place undue reliance on forward-looking information contained in this report.

Commitment to Climate Change

The corporation has an important responsibility to reduce the environmental impacts of its own operations and ensure the resilience of facilities and infrastructure to climate change. The scope of FBCL's Environment component of its ESG framework encompasses:

- Optimising resources and energy to minimise emissions;
- Being a caretaker of the land and adjoining waterways;
- Integrating environmental sustainability and limiting environmental impact; and
- Furthering accomplishment of climate change targets.

FBCL actively increases its understanding of climate risks and opportunities and continues to integrate climate-related questions into governance and internal processes, as it relates to operations and customer service delivery.

ESG Framework (Climate Portion)

FBCL strengthens its corporate planning by establishing ESG¹ goals that are informed by its assigned mandate, business environment and stakeholder expectations. In line with UNSDG Goal 12 (Reduce waste and transition to zero-emission vehicles) and Goal 13 (Take action on climate change and its impacts), FBCL's goals are:

- implement recommendations from the most recent climate change impact assessment of FBCL facilities;
- ascertain its carbon inventory and establish strategies to achieve a carbon reduction by 2030, and aspire to net zero by 2050; and
- complete the stormwater master plan at the Blue Water Bridge.

In the previous year, being the first year of TCFD, the corporation established its base year for carbon inventory. During this fiscal year, the corporation calculated GHG scope 1 and 2 emissions data for fiscal 2023-24 and 2024-25. The information disclosed below serves as a first glance at the corporation's on-going support towards reducing its carbon inventory. This year, the corporation also calculated the GHG scope 3 emissions data for fiscal 2023-24 and 2024-25. In fiscal 2025-26, the corporation will complete its analysis by establishing formal objectives to reach its carbon reduction goals. These objectives will first be introduced in FBCL's 2026-27 to 2030-31 Corporate Plan.

The Corporation is developing its climate change action plan to further improve its green presence. Initiatives being implemented or contemplated for deployment include to:

- address actions stemming from a commissioned climate study with added procedures and proactive maintenance;
- finalise LED transition on remaining lights on the bridges and facilities infrastructure;
- install electric vehicle charging stations at all portfolio bridges;

¹ Refer to the ESG Commitment section of this Annual Report for additional information regarding FBCL's alignment with UNSDGs.

- assess feasibility for the generation of green (solar, wind, etc.) energy at facilities;
- increase vehicle processing capabilities to result in shorter idling time;
- work with CBSA and U.S. CBP to improve traffic flow;
- reuse existing materials, where feasible, in new construction; and
- establish GHG reduction strategies with an aspiration towards becoming net zero by 2050.

Governance

The leadership of the FBCL Board of Directors (“the Board”), CEO and Senior Management Team plays an active role in the development, implementation and review of the FBCL’s approach to climate-related risks and opportunities.

Oversight²

The Board is accountable, along with the CEO as a Board member, for the overall stewardship of the Corporation. The Board sets the strategic direction and as their role pertains to climate-related and other risks:

- provides direction and oversees risk management strategies, including setting risk targets, appetite, tolerances and capacity, through a rigorous Enterprise Risk Management (ERM) process;
- provides leadership in risk management and managing strategic risks within the Corporate Risk Profile;
- ensures identification of key risks and implements effective systems and resources for risk management;
- upholds information systems and management practices that meet corporate requirements and ensures data integrity; and
- communicates significant residual risks to specific stakeholders and through the Minister of Transport to central agencies and Parliament, as appropriate.

The Board³ has direct oversight of FBCL’s ESG program, its direction, strategy and risk management policies. It receives progress updates on the implementation of the ESG Framework including consideration of climate related issues. These functions are supported by the Governance, Policy and

² TCFD Governance requirement point A - Describe the board’s oversight of climate-related risks and opportunities.

³ Refer to Corporate Governance section of this Annual Report for mandate and membership of the Board of Directors and its committees.

Human Resources Committee, and the Finance and Audit Committee which evaluates the financial disclosure and methodology.

The Board is also responsible for overseeing and approving the overall ERM Framework and ERM Policy. The Board is updated quarterly, via the ERM, of risks that are encompassed within the ESG Framework. Once a year, at a minimum, the Board completes a comprehensive review of the enterprise risk profile and re-assesses its top strategic risks to be monitored. ERM reporting is actively discussed by the Board on a quarterly basis ensuring Board members are informed of the evolution and status of top strategic risks, which include ESG-related risks. At the strategic level, the Board reviews risks related to climate change and the manner in which this can affect the corporation's infrastructure, as well as the corporation's effect on the surrounding environment.

Additionally, on a yearly basis, the Board engages in a strategic session that is held in the fall. At this session current corporate objectives that face the organisation are reviewed and updated, if required, for the upcoming fiscal year. Climate related objectives are included as part of these discussions. The resulting objectives are outlined annually in FBCL's Corporate Plan. Periodically, the committees of the Board, and the Board itself, receive a progress report outlining FBCL's measurement of its corporate goals and targets. Annually, these measurements are summarised and reported in the Performance Assessment section of this report.

FBCL is on target to creating meaningful corporate objectives in relation to GHG emission reductions and other climate-related strategies in 2025-26. As this continues, these objectives are being crafted within the guidelines of the corporation's ERM, and in response to specific risks identified, including those relating to transitional and physical risks. The Board will then receive the most relevant and actionable information on climate-related issues and remain most informed as to actions being undertaken by FBCL. Relevant and specific information will be detailed in the organisation's quarterly financial reporting.

Management Responsibility⁴

The CEO and Senior Management Team⁵ (SMT) have distinct roles and responsibilities in overseeing the ESG Framework. This team plans and directs

⁴ TCFD Governance requirement point B - Describe management's role in assessing and managing climate-related risks and opportunities.

⁵ Refer to Corporate Governance section of this Annual Report for composition of the Senior Management Team.

the execution of FBCL's ESG Framework within the overarching provision of oversight and guidance for all strategic initiatives, decisions and outcomes across the corporation. The CEO is accountable for the ultimate delivery of the ESG program, on the advice provided by the SMT. This not only includes overseeing the corporation's full day-to-day operations, but also ensuring alignment of FBCL's environmental strategy with those of the Government of Canada. The functional responsibility for ESG is led by the Chief Operating Officer, the Chief Financial Officer assumes responsibility for the related financial disclosures, and the SMT as a whole is responsible for managing specific aspects of the plan as it relates to their areas of responsibility. The SMT meets on a weekly basis to discuss strategic and operational issues, including those relating to climate-related risks, when required. Furthermore, at regular intervals, risk tolerance and metrics are measured, with corresponding actions adjusted based on the risk assessment. Ensuring the FBCL's Environmental policy is adhered to and metrics related to climate concerns are investigated in a timely fashion fall under the purview of this group.

Strategy⁶

Since FBCL oversees significant international bridge structures, associated roadways, and facilities, and is physically located close to large bodies of water, the Corporation is inherently exposed to climate-related risks and opportunities. In identifying, assessing and subsequently managing climate-related risks and opportunities, consideration has been given to the full lifecycle of such infrastructure, including significant rehabilitations and/or new constructions.

FBCL recognises the importance of identifying and assessing the impacts of climate-related risks and opportunities over the short, medium, and long term. The corporation considers climate-related and ESG risks and opportunities over the short-term (0-2 years), medium-term (3-10 years) and long-term (> 10 years) time horizons. Levels of risk are defined in accordance with the risk matrix⁷. The Corporation has implemented risk control strategies

⁶ TCFD Strategy requirements points A, B, C - Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term; Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning; and Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2 degree or lower scenario.

⁷ Refer to the Risk Management section of this Annual Report for the risk matrix and how risks are defined.

to mitigate the risk of damage to its assets and the resultant impacts to operations whenever possible.

In terms of risks, FBCL evaluates transitional and physical climate-related risks as part of the ERM process. A physical climate risk assessment was completed in 2021 to assess various hazards under high warming and low warming scenarios. Hazards assessed include: riverine, flooding, coastal inundation, extreme wind, soil subsidence, freeze-thaw events, surface water flooding, extreme heat, and forest fire. Transitional climate-related risks include the assessment of current and emerging regulatory, technology, legal, market and reputational risks.

As the Corporation evolves in its climate journey, more comprehensive data collection will be critical in improving the accuracy of future analyses and estimates. The impact to FBCL's business will depend heavily upon the presence (or not) of a significant climate event, the severity and duration of the event, and the specific region or facility involved.

The information below outlines the current understanding of key climate-related risks and opportunities along with their potential impacts to business operations including financial impact, and opportunity strategies.

Legend used in risks as outlined below

- Climate-related risk & impact:
: **Severe** : **High** : **Major** : **Moderate** : **Low**
- Financial impact:
Severe > \$100M, High > \$50M, Major > \$10M, Moderate > \$1M, Low < \$1M

Transitional Risks

Risk #1 Policy/Legal – Increased pricing of GHG emissions

Description

Policy actions have the potential to increase fuel and energy costs which could result in increased operating costs.

The Government of Canada has accepted UNSDG 12 (Reduce waste and transition to zero-emission vehicles) which includes an annual statement that 75% of new light-duty and on-road fleet vehicles purchased will be zero-emission vehicles or hybrids. By 2030, all light-duty and road-fleet vehicles in its fleet will be zero-emission. This results in additional costs of having to purchase new vehicles. However, most Canadian federal Crown corporations, including FBCL, are not currently scoped into this as a requirement.

The Government of Canada's Emissions Reduction Plan (March 2022) is seeking a 40-45% emissions reduction by 2030 and a net zero impact by 2050.

Risk and Financial Impact

The increased pricing of GHG emissions is considered to be a moderate risk (■: **Moderate**) with an ongoing time horizon ranging from short-term to long-term. The financial impact on FBCL is as follows:

- Scope 1 and 2 costs: Low (annual);
- Replacement value of existing fleet: Moderate (one-time); and
- Policy actions having the potential to increase fuel and energy costs which could result in increased operating costs: Low (annual).

Climate-related Opportunities to Address Risk

Short-term

- Implement infrastructure design strategies to reduce overall carbon footprint for the foreseeable future.
- Track GHG emissions on a yearly basis, as compared to the baseline year, to understand material effects.

Medium-term

- Implement infrastructure design strategies to reduce overall carbon footprint for the foreseeable future aligning with the Government of Canada reduction strategy for 2030.
- Retrofit and reuse existing facilities where safe and viable during new development using sustainable materials. The goal is to move towards more efficient facilities which could include reduced water usage and consumption.
- Contemplation of FBCL's light-duty fleet to be 100% zero-emission by 2030.
- Establish strategies to aspire to achieve zero-emissions by the year 2050.

Long-term

- Execute on carbon reduction strategies towards 2050 aspirations.

Risk #2 Policy/Legal – Enhanced emissions-reporting obligation

Description

Rapidly evolving regulatory expectations in relation to climate disclosures may result in increased compliance and administrative costs.

Risk and Financial Impact

The enhanced emissions-reporting obligation is considered to be a low risk (●: **Low**) with an ongoing time horizon ranging from short-term to long-term. The financial impact on FBCL is as follows:

- Additional compliance costs: Low (annual).

Climate-related Opportunities to Address Risk

Ongoing

- Provide additional training to staff to stay abreast of industry trends and requirements.
- Seek expertise externally, as needed, in order to help establish processes going forward.
- Ensure that FBCL's ESG framework is continuously updated to incorporate new regulations.

Risk #3 Plaza design and technology – Continued levels of GHG emissions

Description

Vehicle idling is the biggest component of GHG emissions for FBCL. Additional resources by FBCL and border stakeholders relating to emerging technologies and plaza redesign could be utilised to reduce idling time.

Risk and Financial Impact

The plaza design and technology related to continued levels of GHG emissions is considered to be a high risk (▲: **High**) with an ongoing time horizon ranging from medium-term to long-term. The financial impact on FBCL is as follows:

- Plaza improvements: High (one-time); and
- Replacement and upgrade of toll collection system and traffic management system: Moderate (decennial).

Climate-related Opportunities to Address Risk

Medium-term

- Work with CBP and CBSA to pinpoint bottlenecks in traffic flow and establish strategies to help alleviate these bottlenecks. This will be a combined effort between the border stakeholders.

Long-term

- Implement a tolling and traffic management system that would eliminate vehicles needing to come to a full stop at the tollbooth, in a controlled environment.

Risk #4 Market – Increased costs of materials

Description

Increased and/or uncertain prices of raw materials, such as lumber, concrete, steel, etc., will result in increased capital expenditure costs, especially as they relate to more environmentally friendly options.

Increased and/or uncertainty in energy pricing may result in increased operating costs.

Risk and Financial Impact

The increased costs of materials is considered to be a major risk (◆: Major) with an ongoing time horizon ranging from short-term to long-term. The financial impact on FBCL is as follows:

- Replacement cost of planned capital works: High (as outlined in Corporate Plan);
- Scope 1 and 2 costs: Low (annual)

Climate-related Opportunities to Address Risk

Medium-term

- Retrofit and reuse existing infrastructure where safe and viable during new development using sustainable materials.
- Implementation of energy efficient and fuel substitution measures.

Risk #5 Reputation – Increased stakeholder concerns

Description

With any infrastructure project or decision made by the organisation with how the organisation impacts human health and the environment, there is the possibility of general community concern. FBCL has a strong reputation

with respect to closely managing and avoiding adverse impacts on the environment with its projects.

Risk and Financial Impact

Being unable to consider any increased stakeholder concerns is considered to be a low risk (●: **Low**) with an ongoing time horizon ranging from short-term to long-term. The financial impact on FBCL is as follows:

- Continued project costs: Low (annual).

Climate-related Opportunities to Address Risk

Ongoing

- Continue to perform impact assessments on all major construction projects.

Long-term

- Monitor environmental concerns such as GHG emissions, water levels, flood events, renewable energy and the landscape. Establish mitigation strategies in collaboration with host communities.

Physical Risks

Risk # 6 Acute – Increased severity of extreme weather events such as floods and high winds

Description

There has been an increase in the frequency and severity of extreme weather events. This may result in direct or indirect damage to assets, compromising the integrity of key infrastructure leading to increased costs.

This increase in frequency and severity of high wind events could result in earlier major rehabilitation works being required as damage results from accumulated wear and tear.

Risk and Financial Impact

The increased severity of extreme weather events such as floods and high winds is considered to be a moderate risk (■: **Moderate**) with an ongoing time horizon ranging from short-term to long-term. The financial impact on FBCL is as follows:

- Additional maintenance costs: Low (annual); and
- Replacement cost of infrastructure: Moderate (one-time, dependent on weather event occurring).

Climate-related Opportunities to Address Risk

Short-term

- Continue the development of the asset management program.
- Naturalisation of land around BWB plaza with native plant species.

Medium-term

- Improve and enhance storm water management features to reduce flooding risk.

Long-term

- Incorporate acute risks into the asset management program to ensure that infrastructure remains safe and secure.

Risk # 7 Chronic – changes in precipitation patterns and extreme variability in weather patterns

Description

Increasingly variable weather patterns, such as a rise in temperatures and freeze-thaw conditions accelerate the wear and tear of FBCL's infrastructure resulting in increased maintenance costs.

Similarly, extreme weather, such as extreme heat, could prevent personnel from working at certain times of the year.

Risk and Financial Impact

The changes in precipitation patterns and extreme variability in weather patterns is considered to be a major risk (◆: **Major**) with an ongoing time horizon ranging from short-term to long-term. The financial impact on FBCL is as follows:

- Additional maintenance costs: Low (annual); and
- Replacement cost of infrastructure: High (over infrastructure life cycle).

Climate-related Opportunities to Address Risk

Short-term

- Continue the development of the asset management program.
- Assess employee safety risk during extreme heat events and identify mitigation measures. Incorporate climate risks into health and safety policy development and implementation.

Medium-term

- Implement the recommendations from the climate change impact assessment.

Long-term

- Incorporate chronic risks into the asset management program to ensure that infrastructure remains safe and secure.

Risk Management⁸

The Corporation manages its risks based on the processes of ERM including setting risk targets, appetite, tolerances and capacity to assess sustainability and climate-related performance.

As part of its asset management objectives, the Corporation has completed a weather and climate change impact assessment study to identify and quantify the vulnerabilities and risk areas resulting from environmental factors and is creating a mitigation action plan.

FBCL continues to evolve and advance its risk management framework and processes to better identify, monitor and manage climate-related risks by:

- Updating the ERM Framework to include Climate Change;
- Including climate risk discussion in Quarterly Financial Reports;
- Collecting data related to climate risks to prioritise and advance data in support of TCFD and assessment of climate risks and opportunities; and
- Increasing internal and stakeholder climate risk literacy and awareness, including:
 - producing and making available information on TCFD and climate-related financial risks,
 - considering existing and emerging regulatory requirements related to climate change, and
 - holding more focused information sessions in key areas in the corporation.

FBCL recognises that it is not solely responsible to itself for its obligations and actions. FBCL's operations have a wide area of influence in the

⁸ TCFD Risk Management requirements points A, B, C - Describe the organisation's processes for identifying and assessing climate-related risks; Describe the organisation's processes for managing climate-related risks; and Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

industry, the country, the province, and within its individual communities, as evidenced through everyday performance. This report serves as one medium through which FBCL can communicate its obligations and commitments to stakeholders. It also demonstrates how climate-related risks and opportunities are identified, assessed and managed at FBCL. By integrating climate risk into the ERM program, FBCL can proactively adapt its business to align with UNSDG's Goal 13 (Take action on climate change and its impacts).

Metrics and Targets⁹

FBCL's science-based metrics and targets are centered on its goals:

- to reduce scopes 1 and 2 GHG emissions by 2030 as well as reducing scope 3 GHG emissions where feasible;
- to aspire to net-zero GHG emissions by 2050; and
- to ensure the safety and security of its infrastructure, people and its surrounding environment.

In the prior fiscal year, FBCL proceeded to carry out a GHG Baseline Study for scopes 1 and 2 to comply not only with the TCFD but also to establish necessary baseline information to inform its alignment with the Government of Canada's Greening Government Strategy. As part of this study, FBCL has established its baseline as fiscal year 2015-16 as this represents FBCL's first year of operations, under its current corporate structure following its amalgamation. Starting this current fiscal year, the Corporation provides comparative information for Scope 1 as compared to the baseline year, and Scope 3 GHG. In the next fiscal year, the Corporation will complete the development of additional metrics and targets, which coincides with the completion of the ESG Framework goal development.

Scope 1 and 2 GHG Emissions at FBCL-operated Facilities

The following represents FBCL's scope 1 and scope 2 emissions at its Blue Water Bridge, Ottawa, and Seaway International Bridge locations. Values pertaining to 2015-16 represent the baseline year for the corporation, along with current data for the last two fiscal years, 2023-24 and 2024-25. This

⁹ TCFD Metrics and Targets requirements points A, B, C - Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process; Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks; and Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

information provides an insight as to the advancements made by FBCL in attaining its objective of reducing scopes 1 and 2 GHG emissions by 2030.

Source Group	Source	Tonnes of CO ₂ eq ¹⁰		
		2015-16 (Baseline year)	2023-24	2024-25
Stationary Combustion	Natural Gas	450	383	397
	Propane	15	15	15
Mobile Combustion	Diesel	90	72	87
	Gasoline	60	40	50
Purchased Electricity	Electricity	226	191	199
TOTAL		841	702	749

Even before formally implementing its ESG strategy, FBCL and its legacy corporations focused on reducing their impact on the environment. For example, the BWB Corporate Center was built and certified (June 2015) as Leadership in Energy and Environmental Design (LEED) Silver. Consequently the baseline year already incorporates GHG reduction initiatives undertaken by FBCL. The decrease in tonnes of CO₂eq of 11% exhibited over the last ten years has been an accomplishment of FBCL rooted in the 5 key governance pillars of the organisation. These pillars have guided the corporation to undertake a number of projects since its amalgamation in 2015. As these projects related to CO₂eq reductions, some examples include:

- As part of the Blue Water Bridge Master Plan, and due to the 2011 opening of the Blue Water Bridge Corporate Center, the former CBSA commercial complex and administrative buildings were demolished;
- Replacement of two gas and one diesel generators, with three more efficient and effective generators, considerably reducing gasoline and diesel usage;

¹⁰ In general, each source of GHG emissions were calculated using this formula:

$$\text{GHG Source [tonnes CO}_2\text{eq]} = \text{Base Quantity [unit]} * \text{Emission Factor [(tonnes CO}_2\text{eq)/unit]}$$

Where:

Base Quantity = the energy or fuel consumed annual (e.g., L of gasoline)

Emission Factor = the amount of CO₂eq emitted from the consumption/combustion of the energy

- Reconfiguration of the Blue Water Bridge's power usage to reduce electricity consumption requirements;
- Transition to LED lights for bridge and facility infrastructure at the Blue Water Bridge;
- The purchase and use of more energy-efficient VMS signs throughout the plazas at Blue Water Bridge and the Seaway International Bridge;
- New, and replacement, HVAC systems have more energy-efficient units across the portfolio of FBCL locations;
- An overall assessment of the allocation and needs of vehicles, resulting in more frequent use of smaller engine vehicles where feasible; and
- The purchase of a fully electric vehicle, in order to determine if its use is appropriate for the needs across the portfolio of bridges for FBCL.

Capital and other project works, however, are not the only factors that can impact the gasoline and diesel usage in one year compared to another. For example, during years with major bridge or plaza rehabilitation works being performed by third parties, there is less use of FBCL-owned maintenance vehicles which would result in lower scope 1 but higher scope 3 GHG emissions. Both in fiscal 2023-24 and 2024-25 there were major rehabilitations conducted on the two BWB spans. Another factor is the severity (or mildness) of the winter season. In fiscal 2023-24, there was a mild winter, which resulted in less use of the snow plow trucks. In fiscal 2024-25, however, there was significantly more usage of the snow plow trucks to ensure the safety of the crossing.

FBCL operated facilities (at Point Edward and Cornwall), even when taken in aggregate, are far below any GHG reporting levels. These include both reporting requirements federally and provincially (Federal Greenhouse Gas Reporting Program (GHGRP) and Ontario Regulations 390/18). These programs impose a reporting requirement of over 10,000 tonnes of CO₂eq of scope 1 and 2 emissions.

Total Emissions (Scopes 1, 2, and 3)

The following table outlines total emissions for the current and prior year.

	Tonnes of CO ₂ eq	
	Fiscal 2023-24	Fiscal 2024-25
Scope 1 and 2	702	749
Scope 3: purchased goods and services	987	1,059
Scope 3: capital projects	1,986	3,400
Scope 3: processing of sold products	1,351	1,374
Scope 3: Investments	1,823	4,687
Total emission	6,849	11,269

Scope 3 Indirect Emission that Occur in the Value Chain

Scope 3 emissions are emitted from activities that are not owned or controlled by FBCL, but indirectly affects its value chain. These emissions include all sources that do not fall into the scope 1 and scope 2 definition boundary and can represent the majority of GHG emissions incurred in the value chain. If a company's relevant scope 3 emissions are 40% or more of total scope 1, 2 and 3 emissions, they must be included as part of the TCFD.

A scope 3 emissions screening questionnaire that includes 15 high-level categories, was used to identify potential scope 3 emissions sources. Of these 15 categories, four were deemed to be material for FBCL: purchased goods and services, capital goods, processing of sold products, and investments. These four categories represent 95% of scope 3 emissions. Consequently the remaining 11 categories are not disclosed. In addition to the aggregate GHG information disclosed above, the following metrics have been established for each of the four material scope 3 categories, in accordance with the World Resource Institute / World Business Council on Sustainable Development Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard, the GHG Protocol Scope 3 Guidance, and ISO 14064-1-Specification with Guidance at the Organisation Level for Quantification and Reporting of Greenhouse Gas Emission and Removals.

FBCL's GHG emissions are calculated using relevant data sources (e.g., fuel consumption volumes) and emission factors, which specify the amount of carbon dioxide equivalents (CO₂eq) per unit of the aspect being calculated. For example, to estimate GHG emissions from goods and services purchased,

the total dollar amount of a particular goods or services category is multiplied by an emissions factor used to determine the total amount of CO₂eq produced.

GHG Emissions per Thousand Dollars

The forthcoming data details information for the latest two fiscal years in relation to scope 3 data metrics. Presented are tonnes of CO₂eq per thousand of each of the four material categories of scope 3 emissions for FBCL. These four categories are explained with consolidated data for two years presented at the end of this section.

Purchased Goods and Services

This relates to goods and services that have been purchased by FBCL and SIBC that directly relate to the operations of the Blue Water Bridge, Seaway International Bridge and the Ottawa office. Excluded from purchased goods and services are scope 1 and 2 emissions, salaries and benefits, waste generated in operations, and business travel as these fall under immaterial scope 3 categories. Data is presented as tonnes of CO₂eq emissions per thousand dollars of spending.

Capital Projects

The total emissions generated from capital projects will vary from year to year depending on the type of capital projects undertaken. In both fiscal years 2023-24 and 2024-25 there were major rehabilitation projects conducted at the Blue Water Bridge. Data is presented as tonnes of CO₂eq emissions per thousand dollars of spending.

Processing of Sold Products (Processed Vehicles)

This category represents the processing of vehicles through toll booths, only. The total emissions volume identified include the estimated GHG emissions from the point in which the vehicle enters the bridge plaza.

GHG emissions emitted as a result of processing at BWB CBSA, while physically located on FBCL land, is excluded, as this processing is the responsibility of CBSA. FBCL's obligation as it relates to CBSA is the maintenance and capital projects relating to this infrastructure, which is already included in Scope 1 and 2, as well as other Scope 3 categories above.

The Seaway International Bridge is exempt from Section 6 of the *Customs Act* and consequently the CBSA complex is not located on FBCL owned property, nor is it included in any GHG emissions calculations for FBCL.

The metrics represent the processing time through tolls, but do not include queue times. The total GHG emissions for processing time only is 102 and 120 tonnes of CO₂eq out of the 1,351 and 1,374 total tonnes of CO₂eq for fiscal years 2023-24 and 2024-25 respectively. Data is presented as tonnes of CO₂eq emissions per thousand vehicles processed through toll booths.

Investments

FBCL's investment activities are to be managed with prudence in order to generate investment returns without undue investment risk, having regard to the principle of capital preservation, the legal framework and financial and borrowing obligations of FBCL. They must also be in line with the *Financial Risk Management Guidelines* issued by the Minister of Finance. The investments are limited to bonds and notes issued by the federal, provincial or municipal government and corporations, bank certificates of deposit of Schedule 1 Canadian chartered banks, banker's acceptance and commercial paper and other short-term securities issued by corporations. All investments must be no lower than the investment grade "A" or equivalent.

As the entities FBCL invest in advance their GHG reduction strategies, an overall decrease in GHG emission per thousand dollars invested will decrease. Data is presented as tonnes of CO₂eq emissions per thousand dollars of FBCL investments, at year-end.

	Tonnes of CO ₂ eq	
	2023-24	2024-25
GHG emissions per thousand dollars of goods and services purchased	0.185	0.175
GHG emissions per thousand dollars of capital purchases	0.329	0.328
GHG emissions per thousand commercial vehicles	0.099	0.093
GHG emissions per thousand passenger vehicles	0.011	0.007
GHG emissions per thousand dollars of investment value	0.187	0.208

Looking Ahead

As FBCL's ESG Framework goals development continues to evolve and GHG reduction strategies are expanded upon, additional metrics and targets will be defined. The strategies, metrics and targets to be defined in the upcoming year tie into the objective of aspiring to reach net-zero by 2050. As strategies are further developed, FBCL will incorporate the resiliency of its current strategies, specifically as it relates to FBCL's ability to remain effective and achieve its intended objectives under a range of potential future conditions, particularly in the face of challenges, disruptions, or changes related to climate risks.

As Canada transitions to a net-zero economy, FBCL recognises the importance of its day-to-day business decisions and is developing forward-looking plans. The results of this year's climate risk assessment help FBCL gauge risks in the transition to a low-carbon economy and provide guidelines to strengthen its business continuity plans amid the risks and uncertainty presented by climate change. FBCL is committed to creating a culture of leadership that will be reflected in the development of a strategic and collaborative commitment to sustainability and climate action.

Going forward, FBCL will continue to integrate climate-related considerations across the business as part of regular business continuity procedures and improvements. The corporation places value in the TCFD framework for climate change reporting. It holds corporations accountable, provides transparent reporting, and ensures Canadians have access to climate change impact and mitigation strategies.

Management Discussion and Analysis

The Management Discussion and Analysis (MD&A) outlines FBCL's financial results and operational changes for the year ended March 31, 2025. This MD&A should be read in conjunction with FBCL's audited annual consolidated financial statements and accompanying notes for the year ended March 31, 2025. The consolidated financial statements and notes have been prepared in accordance with IFRS Accounting Standards and are expressed in thousands of Canadian dollars. All information is current as of June 26, 2025.

Forward-looking Statements

Readers are cautioned that this report includes certain forward-looking information. These forward-looking information are generally stated to be anticipated, expected or projected by FBCL. They involve known and unknown risks, uncertainties and other factors, which may cause the actual results and performance of the corporation to be materially different from any future results and performance expressed or implied by such forward-looking information.

Materiality

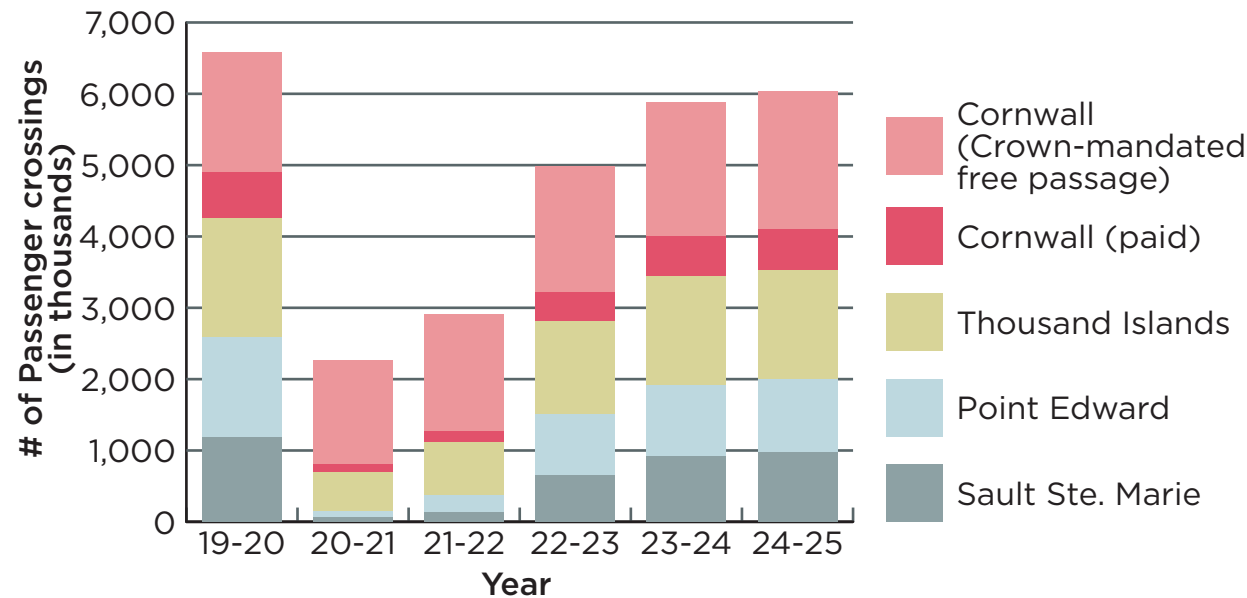
In assessing what information is to be provided in this report, management applies the materiality principle as guidance for disclosure. Management considers information material if it is probable that its omission or misstatement, judged in the surrounding circumstances, would influence the economic decisions of FBCL's stakeholders.

Financial Highlights 2024-25 at a Glance

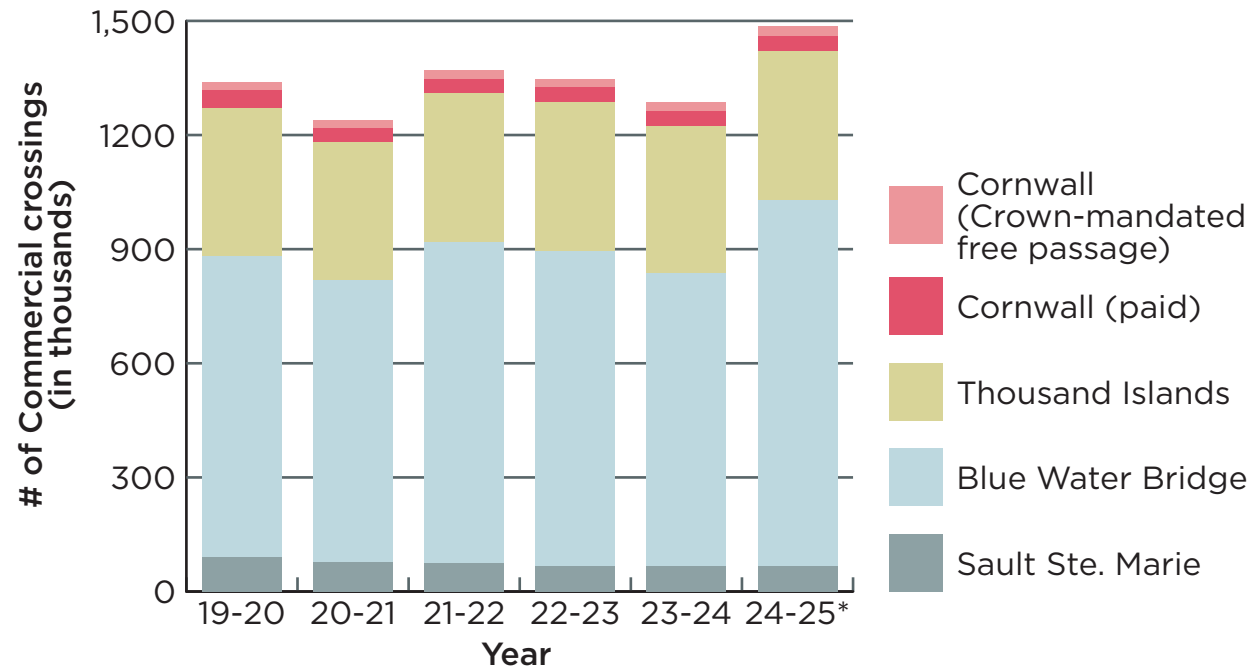
Revenue 2024-25: \$52,158 2023-24: \$46,259 Total Increase: \$5,899 (13%)	Commercial and passenger volumes have increased by 15% and 3%, respectively, as compared to the prior year. The BWB experienced a significant increase in commercial volumes which is directly correlated to a pricing increase decision made by a competitor bridge. Overall passenger volumes continue to be below pre-pandemic volumes at 84% (2024: 82%).
Government Funding 2024-25: \$17,863 2023-24: \$7,045	The Corporation was eligible for up to \$17,923 in funding from the Canadian Government (2024: \$7,381) to provide for capital works and an operating deficit at SIBC. Funding utilised related to capital projects amounted to \$16,904 (2024: \$5,954) and operational funding recognised by FBCL was \$959 (2024: \$1,091).
Expenses 2024-25: \$49,096 2023-24: \$46,954 Total Increase: \$2,142 (5%)	The Corporation exercises significant prudence in all of its expenditures while ensuring the 24/7 operation maintains full and proper maintenance and upkeep of its structures. Commercial volumes resulted in additional revenues and, in parallel, expenses were maintained similar to the prior year in order to allow for FBCL to continue to rebuild its cash and investment reserve. There is uncertainty regarding the current political climate and the impending opening of the GHIB, therefore this indispensable reserve will be partly drawn upon to mitigate these operating effects as well as setting aside funds for capital reinvestment in future years.

Trending Traffic Volumes at a Glance

Passenger Crossings



Commercial Crossings



Analysis of Financial Results

Consolidated Statement of Operations

The following section provides information on key variances within the Consolidated Statement of Comprehensive Income for 2024-25 compared to 2023-24:

Consolidated Statement of Comprehensive Income (\$000's)	March 31 2025	March 31 2024	Variance	
			favourable (unfavourable)	
	\$	\$	\$	%
Tolls and services and Thousand Islands International Bridge revenue	46,134	40,631	5,503	14%
Leases and permits	3,978	3,925	53	1%
Other (interest, gain on investments, other)	2,046	1,703	343	20%
Total Revenue	52,158	46,259	5,897	13%
Operations	10,705	9,838	(867)	-9%
Thousand Islands International Bridge expenses	7,250	6,890	(360)	-5%
Maintenance	14,755	14,529	(226)	-2%
CBSA & CFIA operations	8,575	8,161	(414)	-5%
Administration	7,331	6,991	(340)	-5%
Additional funding of SIBC operations	480	545	65	12%
Total Expenses	49,096	46,954	(2,142)	-5%
Operating income before government funding and interest	3,062	(695)	3,757	541%
Government funding	5,579	5,058	521	10%
Interest expense	(1,852)	(2,330)	478	21%
Net Income	6,789	2,033	4,756	234%
Other comprehensive income				
Actuarial (loss) gain	(249)	1,195	(1,444)	-121%
Investment revaluations	172	(28)	200	714%
Total Comprehensive Income	6,712	3,200	3,512	110%

Revenues – Tolls and Services and Thousand Islands International Bridge Toll Revenue

Toll revenues are affected by traffic volume, by the Canadian dollar exchange rate vs the US dollar, and changes in toll rates.

Traffic volumes: During the year, commercial volumes have increased by 15% and passenger car volumes have increased by 3%. Commercial volumes, per bridge, varied between a decrease of 6% to an increase of 25% while passenger cars, per bridge, varied between 0% to an increase of 7%. In the fourth quarter, passenger volumes have started to decline due to economic and socio-political influences. This had the effect to reduce year-to-date passenger traffic levels in the fourth quarter by 4%-5% at each crossing.

Given that the commercial traffic bases at the Sault Ste. Marie and Seaway International Bridges normally constitute only 5% of traffic loads, these operations remain significantly impacted by long-term declining effects of cross-border passenger travel. These impacts were still in recovery in the wake of the COVID-19 pandemic, and have once again are being affected in a downward fashion due to the current Canada-US socio-political climate. Additionally, the Seaway International Bridge is required to maintain normal operating levels in support of the more than 75% of Crown-mandated toll-exempt travelers that depend on the bridge on a daily basis. Paid passenger volumes at the Sault Ste. Marie and Seaway International Bridge locations have increased from last year by 7% and 4%, respectively, when compared to the prior year but remain at 17% and 9% lower, respectively, when compared to pre-pandemic levels (2024: 23% and 13%). Commercial volumes at these locations are up by 3% at Sault Ste. Marie but down by 6% at the Seaway International Bridge.

For the Thousand Islands International Bridge, commercial vehicles typically make up about 20% of the crossing's users, which have remained at strong levels with a 2% increase from the prior fiscal year. Encouragingly, with respect to passenger traffic volumes, this location has sustained its recovery from pre-pandemic volumes, to more than 90%.

The Blue Water Bridge has historically been Canada's second busiest commercial border crossing. However, in 4 of the year's final 5 months of the fiscal year, its commercial volumes have now entrenched the crossing as the busiest. The increased volumes were well received by the crossing and traffic flowed smoothly. This increase in volumes, however, is likely temporary, with the opening of the GHIB in the upcoming fiscal year. Overall commercial

volumes are up 25% as compared to the prior year. Passenger volumes are up by 2% when compared to the prior year, but are still lower by 28% compared to pre-pandemic levels (2024: 29%).

Canadian vs. US dollar exchange rate: Throughout the year, the exchange rate fluctuated as much as C\$0.11 to US\$1.00 (2024 – C\$0.08 to US\$1.00). The exchange rate fluctuated between a low of C\$1.35 to US\$1.00 to a high of C\$1.46 to US\$1.00 with an average rate for the year of C\$1.39 to US\$1.00 (2024 – the exchange rate fluctuated between a low of C\$1.31 to US\$1.00 and a high of C\$1.39 to US\$1.00 with an average rate for the year of C\$1.35 to US\$1.00). The corporation reviews the currency parity of the toll rates at its bridge locations to ensure that the rates are fair in both currencies and may adjust the rates during the year in order to ensure fairness in toll rates.

Changes in toll rates: The latest update of toll rates, by crossing, occurred at:

- Thousand Islands International Bridge: March 1, 2025;
- Sault Ste. Marie International Bridge: October 1, 2024;
- Seaway International Bridge: April 1, 2024; and
- Blue Water Bridge (for USA-bound traffic): April 1, 2023.

Revenues – Leases, permits and other

Leases and permits: The majority of these revenues are contingent on sales volumes. For this fiscal year, these revenues are consistent with the prior year.

Other income and investment revaluations: Interest and other income are slightly higher this year when compared to the prior year, primarily due to increased investments in the current year.

Actuarial (loss) gain: Decreases in discount rates result in actuarial losses while increases in discount rates result in actuarial gains. With the Bank of Canada reducing rates in the current fiscal year, a small actuarial loss was experienced (2024: Bank of Canada increased rates resulting in an actuarial gain).

Expenses

The Consolidated Statement of Comprehensive Income presents operating expenses by function as this represents how management monitors its expenses internally against budgets. The functions are defined as follows:

- **Operations:** Operations expense relates to the collection of toll revenue, security and traffic management.

- **Thousand Islands International Bridge expenses:** This represents the Corporation's share of expenses as a result of the international agreement pertaining to the crossing at the Thousand Islands.
- **Maintenance:** Maintenance expenses relate to the maintenance, upkeep and repairs of the Corporation's assets.
- **CBSA & CFIA:** The Corporation is required per legislation to provide facilities and the majority of the maintenance of these facilities at some of its crossings to the CBSA and the CFIA, for which there is no related revenue.
- **Administration:** Administration expenses relate to the management and oversight of the operations of the individual crossings and the Corporation.

Overall expenses have increased for the various functions due to:

- yearly salary increases whereas headcounts remained consistent,
- higher foreign exchange rates resulting in higher costs for the SSMB and TIB locations, and
- increased cost for operations including higher bank charges as a direct result of higher traffic volumes, in addition to expiry of the warranty period of a recently installed toll collection system.

Similar to the start of the pandemic, FBCL continues to monitor its expenses by only incurring necessary costs to operate and maintain the bridge portfolio on a 24/7 basis.

Additional funding of SIBC operations: The consistent decreased traffic volume at this location has resulted in non-sustainable operations at this crossing that is deemed unrecoverable. Funding from the Government of Canada had been obtained to sustain SIBC's operations again for fiscal 2024-25. Historically, the Corporation recognises 50% of revenues and expenses of SIBC in accordance with the international agreement. For both the current and previous years the corporation also recognises the remaining 50% of the deficit as an expense since the full deficit has been funded through operating appropriations.

Interest: As the Corporation makes regular payments on its bonds payable, the interest expense decreases.

Government Funding

As part of the *Appropriation Act No. 2, 2024-25* (2024 - *Appropriation Act No. 2, 2023-24*), FBCL was authorised to receive up to \$17,923 (2024 - \$7,381) in Government funding to support the continued safe operation and certain

capital acquisitions across the portfolio of bridges. Of the \$17,923 in Canadian government funding that was available, \$959 (2024 – \$1,091) was used to reimburse SIBC’s operating shortfall and \$16,904 (2024 – \$5,954) was used to purchase capital assets.

Consolidated Statement of Financial Position

The following is a summary of the Consolidated Statement of Financial Position comparing the current year to the prior year and to the Corporate Plan (2024-25 to 2028-29):

Consolidated Statement of Financial Position (\$000’s)	Budget	March 31 2025	March 31 2024	Variance (actual vs prior year)	
		\$	\$	\$	
Assets					
Financial assets	21,635	35,945	24,026	11,919	50%
Capital assets	343,130	341,194	340,791	403	0%
Other assets	1,345	1,828	1,738	90	5%
Total Assets	366,110	378,967	366,555	12,412	3%
Current assets	20,855	34,608	25,605	9,003	35%
Non-current assets	345,255	344,359	340,950	3,409	1%
Liabilities					
Deferred government funding	112,711	112,246	100,214	12,032	-12%
Deferred revenue	3,413	2,473	2,665	(192)	7%
Long-term employee benefits	8,568	7,284	6,621	663	-10%
Long-term debt	29,348	29,337	37,147	(7,810)	21%
Other liabilities	4,259	4,052	3,045	1,007	-33%
Total Liabilities	158,299	155,392	149,692	5,700	-4%
Current liabilities	19,753	19,190	16,854	2,336	-14%
Non-current liabilities	138,546	136,202	132,838	3,364	-3%
Total Equity	207,811	223,575	216,863	6,712	3%

Cash Flow and Liquidity

Establishing a capital reserve is key to ensuring the longevity of FBCL's infrastructure. Throughout the pandemic, FBCL had used its capital reserve to sustain operations in the short-term. As toll revenues started to rebound, FBCL was able to focus on starting to rebuild its capital reserve. This has been achieved through continued budgetary review. The corporation monitors its expenditures very closely in order to ensure that cash remains available should unforeseen events occur. The financial assets which consist of cash and cash equivalents, trade and other receivables, and investments are \$35,945 as at March 31, 2025 (2024: \$24,026). While cash reserves have increased, it is anticipated that these reserves will be significantly tested in the coming years due to anticipated decreases in toll volumes (due to the current economic and socio-political environment as well as the impending opening of the GHIB) as well as reinvestments into capital infrastructure.

Financial Risk

The Corporation's credit rating is assessed regularly by S&P Global Ratings. In August 2024, S&P Global Ratings affirmed its long-term issuer credit and senior unsecured debt ratings on the Corporation as 'A+' with a stable outlook based on its assessment of the corporation. The rating affirms FBCL's vital role in managing key international bridges that are essential for cross-border trade and travel between Canada and the US.

The report commended FBCL's consistent debt service coverage, a reflection of the corporation's longstanding debt reduction strategy and its effective use of federal funding for major projects. FBCL's strategy is to take on as little debt as necessary and to continue to make all loan and bond payments as they come due. It remains focused on maintaining a strong debt service coverage ratio in parallel.

Capital Investments

As stewards of four of Canada's international bridge crossings, it is necessary to invest prudently in the maintenance, rehabilitation and, at times, complete replacement of bridge and bridge plaza assets. In addition to continual prudent measures taken concerning safety and security, there were significant works performed at some locations this year. They include:

- Sault Ste. Marie Bridge: Maintenance crews delivered numerous projects on their maintenance plan, and receiving a much needed snow plow to keep the crossing safe during a particularly high snow accumulation winter.

- Blue Water Bridge: Over the past two fiscal years, both bridge spans have had significant rehabilitation work including the repaving of both spans.
- Thousand Islands Bridge: Substantial bridge repairs included weatherproofing parts of the structure and other important rehabilitation. The weatherproofing will be completed in the upcoming fiscal year.
- Seaway International Bridge: There were maintenance and safety improvements made to the facilities during the year. In addition, two major projects relating to the South Channel Bridge commenced planning with the anticipation of these projects being completed in the upcoming fiscal year.

Report on Annual Expenditures for Travel, Hospitality, and Conferences for 2024-25

Effective July 2015, Crown corporations have been instructed per section 89 of the FAA to align their travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with their legal obligations. The Corporation has complied and continues to comply with this directive.

In line with the spirit of the 2023 Budget whereas the Government is committed to reduce spending on travel, FBCL will continue to implement a combination of in person and virtual meetings in order to maintain lower travel expenses. Expenditures on travel, hospitality, and conference fees incurred by FBCL are directly related to supporting its mandate, in particular, the portfolio of international bridges at four locations in Sault Ste. Marie, Point Edward, Lansdowne and Cornwall.

Reports for Travel, Hospitality, and Conferences of the Corporation are disclosed at open.canada.ca with monthly disclosure of Senior Management and Board of Directors expenditure. Annual aggregates of all employees' expenditures are also posted.

Annual expenditures for Travel, Hospitality, and Conferences of the Corporation:

Year ending March 31 (\$000's)	2025	2024
	\$	\$
Travel	162	129
Hospitality	8	7
Conferences	17	8
Events	-	-
Total	187	144

Compliance with Directive on Pension Plans

FBCL is subject to directives pursuant to Section 89 of the FAA. By Order in Council P.C. 2014-1382 dated December 10, 2014, FBCL is to ensure that the pension plans will provide:

- i) a 50:50 current service cost-sharing ratio between employee and employer for pension contributions, to be phased in for all members by December 31, 2017; and
- ii) for any employee hired on or after January 1, 2015, that the normal age of retirement is raised to 65 years and that the age at which retirement benefits are available, other than those received at the normal age of retirement, corresponds with the age at which they are available under the Public Service Pension Plan.

FBCL has complied and continues to comply with this directive.

Outlook

The Corporation continues a strong reputation of prudent and efficient bridge management. FBCL has bridges in its portfolio in excess of 85 years old. Maintaining these structures and doing so in an environmentally friendly, fiscally prudent, and social responsible manner are keys objectives that will continue to guide FBCL into the future.

From an operating perspective, the landscape is changing with the introduction of the GHIB and the current socio-political environment. Adapting to this new reality is a challenge that FBCL intends to take on fully, while never compromising on its Values. The key words included in FBCL's Vision statement include safety, security, and sustainability, which are at the forefront of FBCL's ongoing strategy.

Management's Responsibility for Financial Statements

The consolidated financial statements contained in this Annual Report have been prepared by The Federal Bridge Corporation Limited (the Corporation) management in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board. The integrity and objectivity of the data in these consolidated financial statements is the responsibility of the Corporation's management and the management of its wholly-owned subsidiary, The Seaway International Bridge Corporation, Ltd. (SIBC), which reports directly to an independent Board of Directors.

It is necessary for management to make assumptions and estimates based on information available at the date of the consolidated financial statements. Areas where the Corporation's management and management of its wholly-owned subsidiary have made significant estimates and judgements include components and associated useful lives of property and equipment, intangible assets, and investment properties, impairment testing, inputs for the calculation of employee benefits plans, classification of leases in which the Corporation is the lessor, classification of joint arrangements, and presentation of The Thousand Islands Bridge Authority (TIBA) operations. The Corporation's management is also responsible for all other information in the Annual Report and for ensuring that this information is consistent, where appropriate, with the information and data contained in the consolidated financial statements.

In support of its responsibility, the Corporation's management prepares the consolidation of the financial statements. The Corporation's management and the management of its wholly-owned subsidiary have developed and maintain books of account, records, financial and management controls, information systems and management practices for their respective financial statements. These are designed to provide reasonable assurance as to the reliability of financial information, that assets are safeguarded and controlled, and that transactions are in accordance with Part X of the *Financial Administration Act* and regulations, the *Economic Action Plan 2013 Act, No. 2*, the *Canada Marine Act* and regulations, the *Canada Business Corporations Act* and regulations, and the articles and by-laws of the Corporation and its wholly-owned subsidiary, as well as the directives issued pursuant to section 89 of the *Financial Administration Act*.

The Corporation's Board of Directors is composed of six directors who are not employees of the Corporation and one director who is the CEO of the Corporation. The Board of Directors of the Corporation's wholly-owned subsidiary is composed of eight directors who are currently employees of either the Corporation or The Great Lakes St. Lawrence Seaway Development Corporation (GLS) (the Corporation's partner at its wholly-owned subsidiary). The Corporation's Board of Directors and the Board of Directors of its wholly-owned subsidiary are responsible for ensuring that each corporation's management fulfils their responsibilities for financial reporting and internal control. The Board of Directors of the wholly-owned subsidiary reports directly to the Corporation's Board of Directors. The Corporation's Board of Directors and the Board of Directors of its wholly-owned subsidiary exercise their responsibilities through their own Audit Committees comprised of Board of Directors members. Each Audit Committee meets with management and the independent external auditor to review the manner in which these groups are performing their responsibilities and to discuss auditing, internal controls, and other relevant financial matters. The Audit Committee of the Corporation's wholly-owned subsidiary has reviewed its respective financial statements with its external auditors, the Auditor General of Canada. The wholly-owned subsidiary's Board of Directors has approved and submitted its financial statements together with the external auditor's report to the Corporation's (parent) Board of Directors. The Corporation's Audit Committee has discussed the consolidated financial statements with the external auditor, the Auditor General of Canada, and has submitted its report to the Corporation's Board of Directors. The Auditor General of Canada is responsible for auditing the consolidated financial statements and for issuing her report thereon. The Corporation's Board of Directors has reviewed and approved the consolidated financial statements.



Natalie Kinloch
Chief Executive Officer

June 26, 2025



Richard Iglinski
Chief Financial Officer



Office of the
Auditor General
of Canada

Bureau du
vérificateur général
du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister of Transport and Internal Trade

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of The Federal Bridge Corporation Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 March 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the consolidated financial statements, we have audited transactions of The Federal Bridge Corporation Limited and its wholly-owned subsidiary coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are Part X of the *Financial Administration Act* and regulations, the *Canada Business Corporations Act* and regulations, the *Economic Action Plan 2013 Act, No. 2*, the *Canada Marine Act* and regulations, the articles and by-laws of The Federal Bridge Corporation Limited and its wholly-owned subsidiary, and the directives issued pursuant to section 89 of the *Financial Administration Act*.

In our opinion, the transactions of The Federal Bridge Corporation Limited and its wholly-owned subsidiary that came to our notice during the audit of the consolidated financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in IFRS Accounting Standards as issued by the IASB have been applied on a basis consistent with that of the preceding year.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for The Federal Bridge Corporation Limited and its wholly-owned subsidiary's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable The Federal Bridge Corporation Limited and its wholly-owned subsidiary to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the consolidated financial statements are in compliance with the specified authorities referred to above.

A handwritten signature in black ink, reading "Catherine Lapalme". The script is cursive and fluid.

Catherine Lapalme, CPA, CA
Principal
for the Auditor General of Canada

Ottawa, Canada
26 June 2025

Consolidated Financial Statements

Consolidated Statement of Financial Position as at March 31 (in thousands of Canadian dollars)

	Notes	2025	2024
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents	7	11,629	11,397
Investments	8	19,572	9,757
Trade and other receivables	9	1,744	2,872
Prepays		1,663	1,579
Total Current Assets		34,608	25,605
Non-Current Assets			
Property and equipment	10	325,202	324,181
Investment properties	11	15,962	16,595
Intangible assets		30	15
Lessor inducement		165	159
Investments	8	3,000	-
Total Non-Current Assets		344,359	340,950
Total Assets		378,967	366,555
Liabilities			
Current Liabilities			
Trade and other payables		2,424	1,726
Employee benefits		1,440	1,319
Holdbacks		188	-
Deferred revenue	12	1,864	1,905
Loans payable	13	400	400
Bonds payable	14	7,675	7,191
Lease liability		211	203
Deferred government funding	15	4,988	4,110
Total Current Liabilities		19,190	16,854

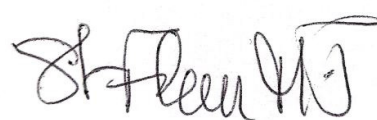
Consolidated Statement of Financial Position
as at March 31
(in thousands of Canadian dollars)

	Notes	2025	2024
		\$	\$
Non-Current Liabilities			
Deferred revenue	12	609	760
Loans payable	13	8,367	8,767
Bonds payable	14	12,491	20,166
Lease liability		193	420
Deferred government funding	15	107,258	96,104
Employee benefits	16	7,284	6,621
Total Non-Current Liabilities		136,202	132,838
Equity			
Share capital - 2 shares @ no par value	17	-	-
Retained earnings		223,440	216,900
Accumulated other comprehensive income (loss)		135	(37)
Total Equity		223,575	216,863
Total Equity and Liabilities		378,967	366,555
Contingent liabilities	21		
Commitments	22		
Replacement of property and equipment	23		

Approved by the Board of Directors



Director



Director

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income
for the year ended March 31
(in thousands of Canadian dollars)

	Notes	2025	2024*
		\$	\$
Revenue			
Tolls and services		38,063	32,726
Leases and permits		3,978	3,925
Thousand Islands International Bridge revenue		8,071	7,905
Interest		1,251	905
Gain on sale of investments		58	179
Other		737	619
Total Revenue		52,158	46,259
Expenses			
Operations		10,705	9,838
Thousand Islands International Bridge expenses		7,250	6,890
Maintenance		14,755	14,529
Canada Border Security Agency & Canadian Food Inspection Agency operations		8,575	8,161
Administration		7,331	6,991
Additional funding of SIBC operations	5	480	545
Total Expenses	18	49,096	46,954
Operating Income (Loss) Before Government Funding		3,062	(695)
Government Funding			
Amortisation of deferred capital funding	15	4,530	3,967
Funding with respect to operating expenses and land transfer	15	1,049	1,091
Total Government Funding		5,579	5,058
Non-Operating Items			
Interest expense		(1,852)	(2,330)
Total Non-Operating Loss		(1,852)	(2,330)
Net Income		6,789	2,033

Consolidated Statement of Comprehensive Income
for the year ended March 31
(in thousands of Canadian dollars)

	Notes	2025	2024*
		\$	\$
Other Comprehensive Income			
Items that will not be reclassified subsequently to net income			
Actuarial (loss) gain	16	(249)	1,195
Items to be reclassified to net income when specific conditions are met			
Revaluation gain on fair value through other comprehensive income investments		230	151
Cumulative gain reclassified to income on sale of fair value through other comprehensive income investments		(58)	(179)
Total Other Comprehensive (Loss) Income		(77)	1,167
Total Comprehensive Income for the Year		6,712	3,200
*Changes made to the presentation of the comparative figures	25		
The accompanying notes form an integral part of these consolidated financial statements.			

Consolidated Statement of Changes in Equity
for the year ended March 31
(in thousands of Canadian dollars)

	Notes	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
		\$	\$	\$
Balance as at April 1, 2023		213,672	(9)	213,663
Net income		2,033	-	2,033
Other Comprehensive Income:				
Actuarial gain	16	1,195	-	1,195
Revaluation gain on fair value through other comprehensive income investments		-	151	151
Cumulative gain reclassified to income on sale of fair value through other comprehensive income investments		-	(179)	(179)
Total Other Comprehensive Income		1,195	(28)	1,167
Total Comprehensive Income (Loss)		3,228	(28)	3,200
Balance at March 31, 2024		216,900	(37)	216,863
Net Income		6,789	-	6,789
Other Comprehensive Loss:				
Actuarial loss	16	(249)	-	(249)
Revaluation gain on fair value through other comprehensive income investments		-	230	230
Cumulative gain reclassified to income on sale of fair value through other comprehensive income investments		-	(58)	(58)
Total Other Comprehensive Loss		(249)	172	(77)
Total Comprehensive Income		6,540	172	6,712
Balance at March 31, 2025		223,440	135	223,575

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows			
for the year ended March 31			
(in thousands of Canadian dollars)			
	Notes	2025	2024
		\$	\$
Cash Flows from Operating Activities			
Net income		6,789	2,033
Adjustments for:			
Amortisation of deferred capital funding	15	(4,530)	(3,967)
Depreciation of property and equipment	10	17,110	17,094
Depreciation of investment properties	11	678	678
Depreciation of intangible assets		7	22
Loss on disposal of assets		42	-
Gain on sale of investments		(58)	(179)
Change in employee benefits		535	581
Foreign exchange loss		1	5
		20,574	16,267
Changes in Working Capital:			
Trade and other receivables		1,793	(541)
Lessor inducement		(6)	11
Prepays		(84)	(9)
Trade and other payables		83	201
Deferred revenue	12	(192)	(454)
		1,594	(792)
Net Cash Generated by Operating Activities		22,168	15,475
Cash Flows from Investing Activities			
Payments for property and equipment		(17,712)	(6,852)
Payments for investment properties		(45)	-
Payments for intangible assets		(22)	-
Government funding related to acquisitions of property and equipment received		16,239	5,738
Proceeds on sale of investments		11,508	6,650
Purchase of investments		(24,093)	(9,741)
Net Cash Used by Investing Activities		(14,125)	(4,205)

Consolidated Statement of Cash Flows
for the year ended March 31
(in thousands of Canadian dollars)

	Notes	2025	2024
		\$	\$
Cash Flows from Financing Activities			
Repayment of loans payable		(400)	(400)
Repayment of bonds payable		(7,191)	(6,737)
Repayment of lease liability		(219)	(239)
Net Cash Used by Financing Activities		(7,810)	(7,376)
Foreign exchange loss on cash and cash equivalents held in foreign currency		(1)	(5)
Net increase in cash and cash equivalents		232	3,889
Cash and cash equivalents at the beginning of the year		11,397	7,508
Cash and Cash Equivalents at the End of the Year	7	11,629	11,397
Supplemental disclosure on cash flow information			
Interest received included in operating activities		1,216	849
Interest paid included in operating activities		1,962	2,429
The accompanying notes form an integral part of these consolidated financial statements.			

Notes to the Consolidated Financial Statements

1) Authority and Activities

The Federal Bridge Corporation Limited (the “Corporation”) is a *Canada Business Corporations Act* (CBCA) corporation listed in Schedule III Part 1 of the *Financial Administration Act* (FAA). It is an agent of the Crown, not subject to income tax under the provisions of the *Income Tax Act*. It is a parent Crown Corporation that reports to the Parliament of Canada through the Minister of Transport. The Corporation resulted, on February 1, 2015, from an amalgamation between the legacy The Federal Bridge Corporation Limited (the “legacy FBCL”), which was a parent Crown corporation, with its subsidiary, St. Mary’s River Bridge Company (SMRBC), on January 27, 2015, and with another parent Crown corporation Blue Water Bridge Authority (BWBA). This was done in accordance with the authorities provided by the *Economic Action Plan 2013 Act, No. 2*. The remaining planned amalgamation in this Act, with the Corporation’s wholly-owned subsidiary, The Seaway International Bridge Corporation Ltd. (SIBC), has not been realised to date.

The Corporation’s primary activities involve the ownership and operation of four international bridges linking the Province of Ontario in Canada to the State of New York or the State of Michigan in the United States of America (U.S.). Moreover, the Corporation may also undertake other activities incidental to the bridge business.

The Corporation’s wholly-owned subsidiary, SIBC, operates the Seaway International Bridge crossing in Cornwall as a joint operation (as described in note 5) per agreement between the Corporation as Canadian owner and The Great Lakes St. Lawrence Seaway Development Corporation (GLS) as U.S. owner. As a Crown corporation, SIBC is also subject to the same authorities as the Corporation. The Corporation is also a party to two other agreements for the operation of the international bridges. In regards to the Sault Ste. Marie International Bridge, this agreement is with the U.S. owner, the Michigan Department of Transportation (MDOT). The bridge oversight is through a joint international entity, Sault Ste. Marie Bridge Administration (SSMBA), and its operation is done by the International Bridge Authority (IBA), an entity of MDOT. The agreement applicable to the operations of the Thousand Islands International Bridge is also with the U.S. owner, the Thousand Islands Bridge Authority (TIBA), an entity of Jefferson County, State of New York. At the

1) Authority and Activities (continued)

Blue Water Bridge crossing between Point Edward, Ontario, and Port Huron, Michigan, the Corporation owns and operates the Canadian portion of the crossing. The U.S. side of the crossing is owned and operated by MDOT.

By Order in Council P.C. 2015-31 dated January 26, 2015, the Corporation was granted all necessary approvals of the *International Bridges and Tunnels Act* for the purposes of ownership and management of the international bridges under the Corporation's portfolio. The *Customs Act* section 6 and other Acts with similar references, requires the Corporation to provide, equip and maintain, free of charge, adequate buildings, accommodations or other facilities for customs and the Canada Border Services Agency (CBSA). Similar provisions in the *Plant Protection Act* and the *Health of Animals Act* mandate similar support for the Canadian Food Inspection Agency (CFIA) based at the land crossings. The subsidiary, SIBC, is also subject to the *Canada Marine Act* for the purposes of the management of the international bridge that crosses the St. Lawrence River.

The Corporation is subject to directives pursuant to Section 89 of the *FAA*. By Order in Council P.C. 2014-1382 dated December 10, 2014, the Corporation is:

- a) to ensure that the pension plans will provide
 - i) a 50:50 current service cost-sharing ratio between employee and employer for pension contributions, to be phased in for all members by December 31, 2017, and,
 - ii) for any employee hired on or after January 1, 2015, that the normal age of retirement is raised to 65 years and that the age at which retirement benefits are available, other than those received at the normal age of retirement, corresponds with the age at which they are available under the Public Service Pension Plan; and,
- b) to outline its implementation strategies with respect to the commitments set out in paragraph (a) in its next corporate plan and subsequent corporate plans until the commitments are fully implemented.

The Corporation was in full compliance with the directive as of December 31, 2017 and continues to comply with the directive.

By Order in Council P.C. 2015-1114 dated July 16, 2015, the Corporation was also directed to align its policies with the travel, hospitality, conference and event expenditure policies, directives, and other related instruments issued by the Treasury Board pursuant to Section 89 of the *FAA* as follows:

1) Authority and Activities (continued)

- a) to align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations; and,
- b) to report on the implementation of this directive in its next corporate plan.

The Corporation complied with this directive in the 2016-17 fiscal year and continues to comply with the directive.

The registered office of the Corporation is 55 Metcalfe, Suite 200, Ottawa, Ontario, K1P 6L5.

The consolidated financial statements were approved and authorised to issue by the Board of Directors on June 26, 2025.

2) Material Accounting Policies

Statement of Compliance

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis of Preparation

The financial statements are consolidated as a result of the ownership in the joint operations and have been prepared on the historical cost basis as explained in the accounting policies below, except as permitted by IFRS and otherwise indicated within these notes.

Functional and Presentation Currency

The consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

Accounting for the Thousand Islands International Bridge

The Corporation records its proportionate share of the Thousand Islands International Bridge revenues and expenses, which consists of 50% gross revenues, 50% gross expenses other than CBSA/CFIA expenses, 100% of CBSA/CFIA expenses, and 50% depreciation of property and equipment. Similar to the revenue recognition policy below, gross revenues for the Thousand Islands International Bridge are recorded when the passenger vehicle users or commercial trucking companies cross the bridge.

2) Material Accounting Policies (continued)

The Corporation is responsible for the ownership and major maintenance of the bridges on the Canadian side of the border and as a result, the acquisitions of property and equipment and investment properties are recognised as assets by the Corporation. The Corporation has no interest in the assets or liabilities of TIBA.

Interests in Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When the Corporation undertakes its activities under joint operations, the Corporation as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and,
- its expenses, including its share of any expenses incurred jointly.

The Corporation accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRS applicable to the particular assets, liabilities, revenues and expenses. The Corporation has assessed that two of its crossings meet the criteria of a joint operation, as explained in note 5. These crossings are at the Cornwall and Sault Ste. Marie international bridges.

Foreign Currencies

Transactions in currencies other than the Corporation's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date and the resulting gains (or losses) are recorded in net income as part of revenue (or operating

2) Material Accounting Policies (continued)

expenses). Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Corporation's proportionate share of the assets and liabilities denominated in foreign currency of SSMBA are translated into Canadian dollars using exchange rates prevailing at the end of each reporting period, with the exception of non-monetary items, which are not retranslated from their exchange rates prevailing at their date of acquisition. Income and expense items are translated at the average exchange rates for each quarter, unless exchange rates fluctuate significantly during that quarter, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in net income.

Government Funding

Normally, the Corporation is financed using its own operating income with the Corporation receiving federal government funding for specific acquisitions of major property and equipment and investment properties from time to time. However, since traffic volumes have not returned to pre-pandemic volumes, the Corporation has obtained federal government funding for operations. Approved government funding drawdowns not received at year-end are recognised as receivables in the Consolidated Statement of Financial Position.

Government funding is recognised in the Consolidated Statement of Comprehensive Income on a systematic basis over the periods in which the Corporation recognises its expenses of the related costs for which the funding is intended to compensate and for land acquisitions in the year in which the land transfer occurs.

Government funding for prepaids, property and equipment and investment properties that are subject to depreciation are recorded as deferred government funding on the Consolidated Statement of Financial Position in the fiscal year in which the purchase is recorded. Income is then recognised in the Consolidated Statement of Comprehensive Income on the same basis, and over the same years, as the prepaid expenses are recognised or depreciation is recognised on the assets acquired using the government funding.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

2) Material Accounting Policies (continued)

The Corporation provides access to use the bridge to customers in exchange for a fixed fare. Revenues are recognised when control of the services have transferred and there is no unfulfilled obligation that could affect the customer receiving the services. For the Corporation, control is transferred, and therefore revenue is recognised, at the time the customer crosses the bridge. Where customers prepay tolls, these amounts are included in deferred revenue until the customer crosses the bridge. A receivable is recognised when customers cross the bridge, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Leases and permits revenue is recognised when services are rendered. Minimum lease payments, including lease incentives, relating to operating leases that the lessee is required to make, excluding contingent rent, are recognised on a straight-line basis over the life of the non-cancellable portion of the lease while contingent rent is recognised when earned. These revenues include payments received from tenants including Duty Free stores, commercial custom brokers, logistics companies, and travel and tourism office. All of the Corporation's leases in which the Corporation is the lessor are operating leases.

Deferred revenue represents tolls paid in advance by passenger vehicle users and commercial trucking companies, which represent contract liabilities per IFRS 15 – *Revenue from Contracts with Customers*, and also includes a prepaid minimal lease payment, which is accounted as leases under IFRS 16 – *Leases*, relating to an operating lease for a commercial tenant whose operations were expanded. Deferred revenues that will be recognised greater than one year after the reporting period are considered non-current deferred revenue.

Interest is recognised using the effective interest rate method and recorded in the year in which it is earned. The primary component of revenue in this category is interest related to investments.

Functional Presentation of Expenses

The Corporation's management reviews its expenses by function, therefore its consolidated financial statements are presented as such. Detail surrounding the nature of expenses is detailed in note 18. Functional departments are defined as such:

- Operations: expenses related to the collection of toll revenue, security, and traffic management;

2) Material Accounting Policies (continued)

- Thousand Islands International Bridge: represents the Corporation's share of expenses as a result of the international agreement pertaining to the crossing at the Thousand Islands (see note 3 and note 6);
- Maintenance: expenses related to the maintenance, upkeep, and repair of the Corporation's assets;
- CBSA & CFIA operations: The Corporation is required to provide facilities and certain maintenance of these facilities at some of its crossings to the CBSA and the CFIA, for which there is no related revenue; and,
- Administration: the expenses related to the management and oversight of the operations of the Corporation.

Cash and Cash Equivalents

Cash and cash equivalents includes highly liquid investments with maturities of three months or less from the date of acquisition.

Property and Equipment, Investment Properties and Intangible Assets

Items of property and equipment, investment properties, and intangible assets are measured at cost less accumulated depreciation and impairment.

Depreciation is recognised so as to write off the cost of assets (other than land and projects in progress) less their residual values over their useful lives. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Property and equipment, investment properties and intangible assets are depreciated over their estimated useful lives, using the straight-line depreciation method, as follows:

Type of Asset	Straight-line
Bridges and roads	5 - 75 years
Vehicles and equipment	5 - 33 years
Buildings	10 - 70 years
Right-of-use	Lease term
Property improvements	10 - 30 years
Investment properties	10 - 70 years
Intangible assets	5 years

2) Material Accounting Policies (continued)

An item of property and equipment, investment properties or intangible assets is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment, investment properties or intangible assets is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in net income.

Assets in the course of construction are carried at cost. Cost includes design, engineering and professional fees, material inputs and capitalised salaries. Such assets are classified to the appropriate categories of property and equipment, investment properties or intangible assets when completed and ready for intended use. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use. Appropriateness of depreciation methods and estimates of useful lives and residual values are assessed on an annual basis. In order to establish useful lives for these assets, management uses its judgement to determine the componentisation of property and equipment, investment properties and intangible assets. A component is accounted for separately if it is significant in comparison to the value of the entire asset and if its useful life differs from the other components.

Properties are classified as investment properties when the properties are held to earn rental income or future rental is probable. As lessor, when assets are leased out under an operating lease, the asset is included in the Consolidated Statement of Financial Position within property and equipment and investment properties based on their primary use.

Impairment

At the end of each reporting period the Corporation reviews its property and equipment, investment properties, and intangible assets to determine whether there are any indications of impairment. An impairment loss is recognised immediately in net income when an asset's carrying amount exceeds its recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs.

The recoverable amount of a CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash inflows are discounted to their present value using a discount rate that

2) Material Accounting Policies (continued)

reflects current market assessments of the time value of money and the risks specific to the asset. When impairment indicators exist, the useful lives of the assets within the CGU are reviewed in order to determine if these should be re-assessed. For assets that have a remaining value after the impairment is recognised, the useful lives of the assets within the CGU are reviewed in order to determine if the useful lives should be shortened. Any changes in estimated useful lives are recorded on a prospective basis.

It has been determined that investment properties represent CGU's that could have an impairment analysis, whereas bridge operations (as a separate CGU) could not have an impairment calculation completed.

Contingencies and Provisions

A provision is recognised if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Unless the possibility of an outflow of resources embodying economic benefits is remote, a contingent liability is disclosed when a possible obligation has arisen from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Corporation; or when a present obligation has arisen from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Leases – as a lessee

At the inception of a contract, the Corporation assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the inception or on reassessment of a contract that contains a lease component, the Corporation allocates the consideration in the contract to each lease and non-lease component based on their relative stand-alone prices.

The Corporation recognises a right-of-use asset and a lease liability at the lease commencement date. The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Corporation changes its assessment of whether it will exercise an extension or termination options. When the lease liability is remeasured in this

2) Material Accounting Policies (continued)

way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in net income if the carrying amount of the right-of-use asset has been reduced to zero.

Employee Benefits

Retirement and Other Post-Employment Benefits

SIBC employees are covered by the *Public Service Pension Plan* (the Plan), a defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation to cover current service costs. Pursuant to legislation currently in place, the Corporation has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognised as an expense in the year when employees have rendered service and represent the total pension obligation relating to SIBC employees.

Employees of SSMBA participate in the State of Michigan's defined benefits and defined contribution pension plans. Contributions are required by both the employees and the Corporation to cover current service costs. Contributions are recognised as an expense in the year when employees have rendered service and represent the total pension obligation relating to the employees of the SSMBA.

The Corporation's remaining employees participate in a defined contribution private pension plan and the cost of this plan is shared equally by the employees and the Corporation, allowing for additional voluntary contributions by employees. Employer payments to the defined contribution retirement benefit plan are recognised as an expense when employees have rendered service entitling them to the contributions.

The Corporation also provides eligible employees with defined post-employment benefits including health, dental, life insurance and an employee assistance program. For these defined post-employment benefits, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. The discount rate used to determine the accrued benefit obligation is based on market rates for non-current high quality bonds. Actuarial gains and losses are reflected immediately in the Consolidated Statement of Financial Position with a charge or credit recognised in other comprehensive income in the year in which they occur. Actuarial gains and losses recognised in other

2) Material Accounting Policies (continued)

comprehensive income are reflected immediately in retained earnings and will not be reclassified to net income. Past service cost is recognised in net income in the year of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the year to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and,
- actuarial gains and losses.

The Corporation presents the first two components of defined benefit costs within the function in which it is incurred. The non-current employee benefits recognised in the Consolidated Statement of Financial Position represent the unfunded portion of the Corporation's defined benefit plan.

Short-Term and Other Long-Term Employee Benefits

A liability is recognised for short-term benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the year the related service is rendered. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service and are presented within current liabilities.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Corporation in respect of services provided by employees up to the reporting and measurement date of March 31. The Corporation provides service awards to eligible employees with a long history of commitment, dedication and exceptional service and have been with the organisation for a predetermined period of time. These service awards are a fixed dollar value provided to the employee every five years. The obligation and the cost of these benefits are determined on an actuarial basis using the projected unit credit method prorated on service and management's best estimate assumptions. The discount rate used to determine the accrued benefit obligation is based on market rates for non-current high quality bonds.

Current service cost, interest cost and past service costs are presented in expense as per the function to which it relates. Actuarial gains and losses

2) Material Accounting Policies (continued)

are recognised in full in the year in which they occur and are also recorded in expenses as per the function to which they relate. Past service costs associated with post-employment benefits are recognised as an expense at the earlier of when the plan amendment or curtailment occurs, or when the entity recognises related restructuring costs or termination benefits. These benefits are not pre-funded, resulting in a deficit equal to the accrued liability benefit obligation.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Corporation takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and,
- Level 3 inputs are unobservable inputs for the asset or liability.

Financial Instruments

Financial assets and financial liabilities are recognised when the Corporation becomes a party to the contractual provisions of the instruments. At the initial recognition, the Corporation measures a financial instrument at its fair value plus transaction costs that are directly attributable to the acquisition of the financial instruments. Subsequently, the Corporation classifies its financial instruments in the following measurement categories:

- Financial assets to be measured subsequently at fair value through other comprehensive income;

2) Material Accounting Policies (continued)

- Financial assets to be measured at amortised cost; and
- Financial liabilities to be measured at amortised cost.

The classification depends on the Corporation's business for managing the financial assets and the contractual terms of the cash flows.

Classification of Financial Instruments

The Corporation's financial assets and financial liabilities are classified and measured as follows:

Asset/Liability	Classification	Subsequent Measure-ment
Cash and cash equivalents	Amortised cost	Amortised cost
Investments	Fair value through other comprehensive income	Fair value through other comprehensive income
	Amortised cost	Amortised cost
Trade and other receivables	Amortised cost	Amortised cost
Trade and other payables	Amortised cost	Amortised cost
Holdbacks	Amortised cost	Amortised cost
Loans payable	Amortised cost	Amortised cost
Bonds payable	Amortised cost	Amortised cost

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and expense over the relevant year to net income. The effective interest rate is the rate that discounts estimated future cash flows through the expected life of the instrument.

2) Material Accounting Policies (continued)

Financial Assets

Financial assets at fair value through other comprehensive income

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income with other comprehensive income representing the change in fair value. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses and interest income. Interest income from these financial assets is included in net income using the effective interest rate method.

Financial assets at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in net income using the effective interest rate method.

Impairment of Financial Assets

The Corporation assesses the expected credit losses associated with each class of financial asset, based on reasonable and supportable information, including forward looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade and other receivables, the Corporation applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derecognition of Financial Assets

The Corporation derecognises a financial asset when the contractual rights to the cash flows from the asset expire. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in net income. When a financial asset at fair value through other comprehensive income is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from accumulated other comprehensive income to net income and recognised as a gain or loss.

Financial Liabilities

All financial liabilities are measured at amortised cost. The Corporation derecognises financial liabilities when, and only when, the Corporation's

2) Material Accounting Policies (continued)

obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in net income.

3) Key Sources of Estimation Uncertainty and Critical Judgements

Key Sources of Estimation Uncertainty

The preparation of the consolidated financial statements in accordance with IFRS Accounting Standards requires management to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on industry knowledge, consultation with experts and other factors that are considered to be relevant. Actual results may differ from these estimates.

Use of Estimates and Judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Judgements included in the consolidated financial statements are decisions made by management, based on an analysis of relevant information available at the time the decision is made. Judgements relate to application of accounting policies, and decisions related to the measurement, recognition and disclosure of financial amounts.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are included below and in the statement notes relating to items subject to significant estimate uncertainty. Determinations of critical judgements are reassessed at each reporting date.

Property and Equipment, Investment Properties and Intangible Assets

Estimates: Property and equipment, investment properties and intangible assets are depreciated over their useful lives. Useful lives are based on

3) Key Sources of Estimation Uncertainty and Critical Judgements (continued)

management's estimates of the years of service provided by the assets as outlined in note 2. The appropriateness of useful lives of these assets is assessed annually. Changes to the estimated useful lives would affect current and future depreciation expenses and the future carrying value of the assets.

Judgements: In order to establish useful lives for these assets, management uses its judgement to determine the componentisation of property and equipment, investment properties and intangible assets. A component is accounted for separately if it is significant in comparison to the value of the entire asset and if its useful life differs from the other components.

Long-Lived Assets Valuation

Judgements: The Corporation performs impairment testing on its long-lived assets, when circumstances indicate that there may be impairment. Management judgement is involved in determining if there are circumstances indicating that testing for impairment is required, and in determining the grouping of assets to identify their CGU for the purpose of impairment testing.

The Corporation assesses impairment by comparing the recoverable amount of a long-lived asset, CGU or CGU group to its carrying value. The recoverable amount is defined as the higher of: i) value in use, or ii) fair value less cost to sell. The determination of the recoverable amount involves management judgement and estimation.

Estimates: The recoverable amount involves significant estimates and assumptions, including those with respect to future cash inflows and outflows, discount rates and asset lives. These estimates and assumptions could affect the Corporation's future results, if the current estimates of future performance and fair values change. These determinations will affect the amount of amortisation recognised in future years.

Employee Benefit Plans

Estimates: The cost of other post-employment benefits and other long-term employee benefits earned by employees is actuarially determined using the projected unit credit method prorated on service and management's best estimate of retirement ages of employees, and mortality rates, as well as expected health care costs for other post-employment benefits only. Discount rates used in actuarial calculations are based on long-term interest rates and

3) Key Sources of Estimation Uncertainty and Critical Judgements (continued)

can have a material effect on the employee benefit liabilities. Management employs external experts to advise the Corporation when deciding upon the appropriate estimates to use to value employee benefit plan obligations and expenses.

Leases – as a lessee

Judgements: In determining whether a contract meets the definition of a lease, management makes significant judgements regarding whether an identified asset is present, the Corporation has the right to obtain substantially all of the economic benefits, and the Corporation has the right to direct the use of the asset. In addition, management uses judgement to allocate the value of the lease between lease and non-lease components by allocating the total value of the lease to each component based on their stand-alone costs. Management also uses judgement in determining the minimum lease payments, which takes into consideration whether renewal options will be reasonably exercised or not at the inception of the lease.

Leases – as a lessor

Judgements: The Corporation is party to many leasing arrangements, which requires Management to determine whether the lease is a finance or operating lease, by assessing if substantially all of the risks and rewards of ownership have passed to the lessee. A lease is classified as a finance lease whenever the terms of the lease transfer substantially all of the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases. The most significant judgement, in determining whether the lease transfers substantially all of the risks and rewards of ownership, is whether renewal options are reasonably assured to be exercised at the inception of the lease. At the inception of the lease, the Corporation considers both the minimum lease payment as well as the contingent rent in order to determine whether the renewal options are reasonably assured to be exercised. In Management's judgement, all of the Corporation's leases are considered to be operating leases.

Joint Arrangements

Judgements: Management applies judgement in assessing the Corporation's status when it is party to joint arrangements. In assessing if the Corporation has joint control of an arrangement, the parties involved must determine

3) Key Sources of Estimation Uncertainty and Critical Judgements (continued)

if the activities that significantly affect the returns of the arrangement are collectively considered. Once joint control is determined, the Corporation applies judgement in determining whether the arrangement is a joint operation or a joint venture. A joint operation is an arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. In Management's judgement, the Corporation has two arrangements that are determined to be joint operations, at the Cornwall (SIBC) and Sault Ste. Marie (SSMBA) crossings. Despite the SIBC operation being a 100% wholly-owned subsidiary, due to the international agreement governing its operations, it is considered a joint operation by management. This joint operation in Sault Ste. Marie is considered a foreign operation, however due to the high interdependency between SSMBA and the Corporation, the functional currency judged by management is the Canadian dollar. Management accounts for the difference in equity distribution owed to (or due from) the U.S. partners of these agreements as an adjustment to cash and cash equivalents.

Additional information on the Corporation's joint arrangements can be found in note 5.

Thousand Islands International Bridge

Judgements: There is a third arrangement with an international partner that was judged not to be a joint arrangement by management as the Corporation does not jointly control TIBA. Significantly, this is derived from the fact that four of the seven members of the Board of Directors are appointed by the U.S. partner in the arrangement.

It was determined that although the Corporation can appoint three of the seven members, TIBA is not considered an associate as the Corporation does not have significant influence of TIBA. This arrangement was judged to be this way due to the structure of the agreement with the partner which gives the Corporation the rights to a proportionate share of the bridge related revenues and expenses. However, the agreement does not give the Corporation rights or responsibilities to the assets and liabilities recorded on the financial statements of the operator of the crossing as they relate to the crossing.

3) Key Sources of Estimation Uncertainty and Critical Judgements (continued)

Additional information on the Corporation's arrangement with TIBA can be found in note 6.

TIBA provides goods or services to customers directly. The Corporation needed to determine if it was considered the principal or the agent for the purposes of determining the revenue presentation. In determining who is the principal, it had to be determined who controls the goods before they are transferred to the customer. Since the Corporation has an obligation to maintain the bridge, it was deemed that the Corporation controls the goods before being transferred to the customer. Due to these considerations, the Corporation determined that it acts as a principal and therefore a gross presentation is required.

Contingencies and Provisions

Estimates: In determining a reliable estimate of the obligation, management makes assumptions about the amount, likelihood, and timing of outflows, as well as the appropriate discount rate. Factors affecting these assumptions include the nature of the provision, the existence of a claim amount, opinions or views of legal counsel and other advisers, experience in similar circumstances, and any decision of management as to how the Corporation intends to handle the obligation. The actual amount and timing of outflows may deviate from assumptions, and the difference might materially affect future consolidated financial statements, with a potentially adverse impact on the consolidated results of operations, financial position and liquidity.

4) Changes in Accounting Policies

New standards applied in the current fiscal year

Two amendments to IAS 1 were adopted this year by the Corporation with neither having a material impact on the Consolidated Financial Statements.

IAS 1, *Presentation of Financial Statements*, has been revised to incorporate amendments to clarify the criterion for classifying a liability as non-current relating to the right to defer settlement of the liability for at least 12 months after the reporting period.

IAS 1, *Presentation of Financial Statements*, has been revised to incorporate amendments requiring an entity to disclose, in specified circumstances, information in the notes that enables financial statement users to understand

4) Changes in Accounting Policies (continued)

the risk that non-current liabilities with covenants could become repayable within 12 months after the reporting period.

Future Changes in Accounting Policies

The following accounting standards' amendments are issued but not yet effective. Management is still assessing the potential impacts of these standards' amendments on its consolidated financial statements, and as such its impacts are not yet known at this time. However, management is expecting to implement these standards' amendments at their effective date.

IFRS 18, *Presentation and Disclosure in Financial Statements*, is a new accounting standard replacing IAS 1, *Presentation of Financial Statements*. It introduces several new requirements that are expected to impact the presentation and disclosure. These include:

- presentation of new defined subtotals in the statement of profit or loss;
- required disclosures in the notes to the financial statements of management-defined performance measures; and
- enhanced principles on the aggregation and disaggregation of information which apply to the financial statements and notes to the financial statements.

IFRS 18 also makes consequential amendments to IAS 7, *Statement of Cash Flows*. The IFRS 18 and IAS 7 are effective for annual reporting period beginning on or after January 1, 2027, with earlier adoption permitted.

IFRS 9, *Financial Instruments*, and IFRS 7, *Financial Instruments: Disclosures*, have been revised to clarify the classification of financial assets with environmental, social and corporate governance and similar features, and address concerns raised regarding the settlement of liability through electronic payment systems. IFRS 7 and 9 have also been amended to address the classification and measurement of financial instruments, including lease liabilities by clarifying the requirements for derecognition of lease liabilities, especially in the context of lease modifications, and introduce new disclosure requirements for investments designated at fair value through other comprehensive income. The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier adoption permitted.

5) Joint Operations

The Corporation has entered into a joint operation with GLS for operation of toll bridges across the St. Lawrence River between Cornwall, Ontario, Canada and Rooseveltown, New York, U.S. through a wholly-owned subsidiary of the Corporation, SIBC. Although the Corporation owns 100% of the shares of SIBC there is a governing agreement that grants the Board of Directors of SIBC with the full power to manage the affairs of SIBC. Since the Corporation and GLS each appoint 50% of the Directors, the Corporation concluded it has joint control of SIBC with GLS. Although the joint arrangement is structured as a separate vehicle, the Corporation considered the purpose and design of the arrangement and concluded that each of the parties have rights to the assets and obligations for the liabilities of the joint arrangement and SIBC has been classified as a joint operation. The consolidated financial statements of the Corporation include its share of the assets, liabilities, revenues and expenses of SIBC. As per the Joint Venture agreement, SIBC's annual surplus is to be distributed equally between FBCL and GLS and consequently the Corporation's Consolidated Statement of Comprehensive Income typically includes 50% of SIBC revenues and expenses.

During the current year, the Corporation claimed parliamentary appropriations from the Government of Canada to fully fund SIBC revenue shortfalls (see Note 15). This funding was provided to fund the entirety of the SIBC crossing, both the Corporation's share of net expenses, and the partner's (GLS) share. Included in the Consolidated Statement of Comprehensive Income is the 50% FBCL share of the joint arrangement as well as \$480 (2024 - \$545) in expenses to cover the SIBC remaining deficit in accordance with the funding arrangement.

The Corporation's share of SIBC cash and cash equivalents is adjusted to account for the difference in equity distribution between the Corporation and the U.S partner, GLS. The undistributed equity, less the working capital, bears interest, and is payable on demand. FBCL's provides working capital of \$950 (2024 - \$250) to SIBC which is non-interest bearing.

The Corporation has entered into an arrangement with MDOT for the operation of the Sault Ste. Marie International Bridge through a separate legal entity, SSMBA, and for operational delivery by IBA, an entity of MDOT. The Corporation has the right to appoint 50% of the directors of the Board of SSMBA which directs the relevant activities of the bridge and its operations, and the Corporation has concluded it has joint control with IBA. Although the joint arrangement is structured as a separate vehicle, the Corporation

5) Joint Operations (continued)

considered the purpose and design of the arrangement and concluded that each of the parties have rights to the assets and obligations for the liabilities of the joint arrangement and SSMBA has been classified as a joint operation. The consolidated financial statements of the Corporation include its share of the assets, liabilities, revenues and expenses of the SSMBA. The Corporation's share of SSMBA cash and cash equivalents is adjusted to account for the difference in equity distribution between the Corporation and the U.S partner, MDOT. The undistributed equity bears no interest, and is payable on demand.

6) Thousand Islands Bridge Authority

The Thousand Islands International Bridge is managed by TIBA in accordance with a bi-national agreement with the Corporation. Due to the nature of the structure of this agreement, the Corporation is entitled to 50% of the gross revenues that are generated at the crossing, and is also responsible for 50% of the operating expenses for the crossing. The net of revenues less expenses are transferred to or from TIBA for the six-month periods ending February 28 and August 31.

For the fiscal year ending March 31, 2025, \$4,236 of revenues (2024 - \$7,905) are yet to be collected by the Corporation from TIBA and \$3,949 (2024- \$6,258) is owed by the Corporation to TIBA to cover operating costs. Furthermore, property and equipment acquisitions of \$62 (2024 - \$12) and prepaid expenses of \$40 (2024 - \$nil) is owed by the Corporation to TIBA. The net amount due to the Corporation from TIBA, for the fiscal year ended March 31, 2025, is \$185 (2024 - \$1,634). The total amount outstanding to Corporation, included in trade and other receivables, is \$185 (2024 - \$1,959).

7) Cash and Cash Equivalents

As at March 31	2025	2024
	\$	\$
Cash	11,490	7,353
Cash equivalents	139	4,044
Total cash and cash equivalents	11,629	11,397

8) Investments

As at March 31	2025	2024
	\$	\$
Investments carried at amortised cost		
Deposit certificates	4,373	2,171
Total investments carried at amortised cost	4,373	2,171
Investments carried at fair value through other comprehensive income		
Government of Canada bonds	2,330	61
Provincial bonds	2,207	88
Corporate bonds	13,662	7,437
Total investments carried at fair value through other comprehensive income	18,199	7,586
Total investments	22,572	9,757
Less: Current portion	19,572	9,757
Non-current portion	3,000	-

The average term to maturity for the Corporation's bonds is 2.7 years (2024 - 1.1 years), and they earn an average interest rate of 3.49% (2024 - 2.65%). The average term to maturity for the Corporation's deposit certificates was 2.1 years (2024 - 0.68 years), and earned interest at an average annual rate of 3.76% (2024 - 5.21%).

9) Trade and Other Receivables

As at March 31	2025	2024
	\$	\$
Federal departments and agencies	910	507
Trade receivables	834	2,365
Total trade and other receivables	1,744	2,872

10) Property and Equipment

Cost	Land	Bridges and roads	Vehicles and equipment	Buildings	Right-of-Use Assets	Property Improvements	Projects in progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance, April 1, 2023	14,908	273,900	36,781	144,703	1,537	36,042	1,765	509,636
Additions	59	53	627	-	-	-	5,788	6,527
Disposals	-	(2,659)	(93)	-	(16)	-	-	(2,768)
Transfers	-	6,024	224	3	-	-	(6,251)	-
Balance, March 31, 2024	14,967	277,318	37,539	144,706	1,521	36,042	1,302	513,395
Additions	115	1,071	2,537	255	5	249	14,283	18,515
Disposals	-	(3,718)	(328)	(210)	-	-	-	(4,256)
Transfers	24	14,297	-	(24)	-	146	(14,443)	-
Balance, March 31, 2025	15,106	288,968	39,748	144,727	1,526	36,437	1,142	527,654
Accumulated depreciation	Land	Bridges and Roads	Vehicles and Equipment	Buildings	Right-of-Use Assets	Property Improvements	Projects in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance, April 1, 2023	-	102,114	15,850	40,018	821	16,069	-	174,872
Elimination on disposal of assets	-	(2,659)	(93)	-	-	-	-	(2,752)
Depreciation	-	8,900	2,532	3,984	187	1,491	-	17,094
Balance, March 31, 2024	-	108,355	18,289	44,002	1,008	17,560	-	189,214
Eliminated on disposal of assets	-	(3,334)	(328)	(210)	-	-	-	(3,872)
Depreciation	-	8,915	2,612	3,895	189	1,499	-	17,110
Balance, March 31, 2025	-	113,936	20,573	47,687	1,197	19,059	-	202,452
Net book value, March 31, 2025	15,106	175,032	19,175	97,040	329	17,378	1,142	325,202
Net book value, March 31, 2024	14,967	168,963	19,250	100,704	513	18,482	1,302	324,181

10) Property and Equipment (continued)

At year-end, the Corporation reviews the estimated useful lives of its capital assets and updates the useful lives as at April 1 of the current fiscal year.

As at March 31, 2025, the Corporation revised the estimated useful lives of bridge and roads rehabilitations and other smaller modifications to a variety of assets (2024 – estimated useful lives of bridge painting and other smaller modifications to a variety of assets). These changes in useful lives are changes in accounting estimates and have been applied on a prospective basis starting on April 1, 2024. These changes in useful lives result in an increase in annual depreciation expense as high as \$28 (March 31, 2029) and a decrease in annual depreciation expense as low as \$136 (March 31, 2025). This impacts the fiscal years ending March 31, 2025, to March 31, 2089 (2024 – as high of an increase as \$516 and as low of a decrease as \$614, impacting fiscal years ending March 31, 2024, to March 31, 2044, with fiscal 2029 having the highest increase).

During the fiscal year there was a chemical spill by a customer on the first span of the Blue Water Bridge. This resulted in a portion of the 2023-24 bridge rehabilitation needing to be replaced. The replacement cost of \$827 has been included under bridges and roads acquisitions, and the 2023-24 bridge rehabilitation with a net book value of \$378 has been removed (cost \$413 and accumulated depreciation \$35). The write-off of \$378 is offset by the associated deferred capital funding of \$342 (note 15), resulting in a loss of \$36 recognised in other income.

11) Investment Properties

Cost	\$
Balance, April 1, 2023	25,891
Additions	-
Disposals	(23)
Balance, March 31, 2024	25,868
Additions	45
Disposals	(8)
Balance, March 31, 2025	25,905
Accumulated depreciation	
Balance, April 1, 2023	8,618
Disposals	(23)
Depreciation expense	678
Balance, March 31, 2024	9,273
Disposals	(8)
Depreciation expense	678
Balance, March 31, 2025	9,943
Net book value, March 31, 2025	15,962
Net book value, March 31, 2024	16,595

Investment properties comprise commercial properties that are leased to third parties.

Rental income for the year ended March 31, 2025, amounts to \$3,831 (2024 - \$3,785) and is included within 'leases and permits'. Contingent rent of \$2,496 (2024 - \$2,440) is included in rental income. There were no significant investment properties that were vacant at March 31, 2025 (2024 - one significant investment properties that was vacant, which was leased starting in June 2024).

Fair value of the investment properties have been determined based on a valuation performed by an independent valuator who is a current member of the Appraisal Institute of Canada with the exception of the fair value of land, which was evaluated internally. The value is \$27,024 and was determined as March 31, 2025 based on the March 31, 2024 valuation extrapolated to March 31, 2025, using the Consumer Price Index and adjusted for obsolescence (2024 - the fair value of \$27,047 was determined on a valuation conducted at that date). The fair value of the properties have not been determined on

11) Investment Properties (continued)

transactions observable in the market because of the nature of the properties and the lack of comparable data. The fair value was determined by estimating the replacement cost of the building and also reduced by obsolescence, considering inputs such as the type of building, age, condition and region that the building is in as well as the mechanical systems attached.

12) Deferred Revenue

As at March 31	2025	2024
	\$	\$
Contracts with customers		
Debit cards and passenger vehicles tickets	88	76
Prepaid commercial/commuter vehicles	1,542	1,619
Total contracts with customers	1,630	1,695
Leases		
Current prepaid facility rentals	234	210
Non-current prepaid facility rentals	609	760
Total leases	843	970
Total deferred revenue	2,473	2,665
Less: Current portion	1,864	1,905
Non-current portion	609	760

Contracts with customers include debit cards, passenger vehicle tickets and prepaid commercial/passenger vehicles. The majority of the deferred revenues from contracts with customers are recognised as revenues in the following fiscal year. The following are the tolls received during the year that have not been recognised in revenue and tolls received in the previous years that are recognised in revenues in the current fiscal year.

As at March 31	2025	2024
	\$	\$
Balance, start of year	1,695	1,989
Tolls received during year that have not been recognised in revenue	1,270	1,246
Tolls received in previous years that are recognised in revenue	(1,335)	(1,540)
Balance, end of year	1,630	1,695

13) Loans Payable

As at March 31	2025	2024
	Amortised cost	
	\$	\$
\$10,000 term facility payable monthly		
\$10,000 @ 2.811% locked until February 11, 2027	8,767	9,167
Total loans payable	8,767	9,167
Less: Current portion	400	400
Non-current portion	8,367	8,767

Principal and interest payments for the term facility and credit facility for the remaining years are as follows:

	Principal	Interest	2025 Total
	\$	\$	\$
2026	400	241	641
2027	8,367	212	8,579
	8,767	453	9,220

The Corporation maintains one (2024 - one) credit facility with a Canadian chartered bank in the total amount of \$10,000 (2024 - \$10,000). The facility has been approved by the Minister of Finance as part of the Corporation's borrowing plan. The credit facility is a reducing term facility, which originally was drawn for \$10,000 (2024 - \$10,000) on a fixed rate, non-current basis with periodic payments of interest and principal not to exceed a maturity of 25 years. This facility carries the same security as the full bond issuance (Note 14). At March 31, 2025, \$8,767 remained drawn (2024 - \$ 9,167).

14) Bonds Payable

As at March 31	2025	2024
	Amortised cost	
Series 2002-1 bonds maturing July 9, 2027 payable semi-annually on January 9 and July 9	20,166	27,357
Total bonds payable	20,166	27,357
Less: current portion	7,675	7,191
Non-current portion	12,491	20,166

14) Bonds Payable (continued)

Principal and interest payments for the bonds for the remaining years are as follows:

	Principal	Interest	2025 Total
	\$	\$	\$
2026	7,675	1,211	8,886
2027	8,192	694	8,886
2028	4,299	144	4,443
	20,166	2,049	22,215

The Corporation has issued at a face value of \$110,000, 6.41% Revenue Bonds payable semi-annually, Series 2002-1, due July 9, 2027.

The Bonds constitute direct, unsecured, and unconditional obligations of the Corporation, and of the Crown in right of Canada who is its principal. Payment of principal of and interest on the Bonds by the Crown in right of Canada in an event of default are subject to government funding.

Below is the requirement for any Bonds outstanding or any obligations under the indenture:

- i) The principal and interest will be duly paid on the due dates.
- ii) Insurance will be maintained in such types and amounts in accordance with sound business practices and standards in the industry.
- iii) The Corporation shall maintain its corporate existence pursuant to the *CBCA* and maintain its existence as an agent Crown corporation or an agent parent Crown corporation under the *Financial Administration Act* (Canada). In addition, The Corporation shall at all times comply in all material respects with the requirements of the *CBCA*, the *Financial Administration Act* (Canada), the *Economic Action Plan 2013 Act, No. 2* and all other applicable laws and governmental orders or regulations.
- iv) The Bonds shall constitute direct, unsecured, and unconditional obligations of the Corporation, and as such constitute direct, unsecured, and unconditional obligations of the Crown in right of Canada.

Transaction costs including bond restructuring costs of \$1,660 have been added to the \$110,000 principal bond amount, resulting from the bond restructuring due to the amalgamation of legacy BWBA and the legacy FBCL.

15) Government Funding

As part of the *Appropriation Act No. 2, 2024-25* (2024 - *Appropriation Act No. 2, 2023-24*), FBCL was authorised to receive up to \$17,923 (2024 - \$7,381) in Government funding to support the continued safe operation and certain capital acquisitions across the portfolio of bridges. This Government funding is required given the reduction of the Corporation's revenues as a result of the significant reduction in traffic (and associated toll collection). Of the \$17,923 in Canadian government funding that was available, \$959 (2024 - \$1,091) has been recognised in the Consolidated Statement of Income to cover SIBC's shortfall and \$16,904 (2024 - \$5,954) has been recognised in the deferred capital funding and amortised, if applicable.

Her Excellency the Governor General in Council, on the recommendation of the Minister of Transport and the Treasury Board, under paragraph 16(1)(g) of the *Federal Real Property and Federal Immovables Act*, transferred the administration of certain federal real property from the Minister of Transport to The Federal Bridge Corporation Limited, without consideration. Transport Canada has identified surplus parcels of lands for disposal located north and south of the Cornwall Canal. FBCL requested that only the land in which there is currently FBCL bridge infrastructure be transferred. The land's fair value of \$90 is included in Property & Equipment and the associated government funding of \$90 is included in Government funding in respect to operating expenses and land transfer on the Consolidated Statement of Comprehensive Income.

Total funding with respect to operating expenses and land transfer recognised in the Consolidated Statement of Comprehensive Income is \$1,049 (2024 - \$1,091), being \$959 for operating expenses and \$90 for land transfer (2024 - \$1,091 for operating expenses).

Funds for capital assets purchased for SIBC are to be transferred to SIBC in future years to compensate for the revenue shortfalls caused by the amortisation of the related tangible capital assets purchased.

15) Government Funding (continued)

As at March 31	2025	2024
	\$	\$
Canadian Government funding available	17,923	7,381
Government funding used for operating expenses - SIBC	959	1,091
Government funding used for purchase of capital assets - SIBC	457	137
Government funding used for purchase of capital assets - FBCL	16,447	5,817
Total Canadian Government funding claimed	17,863	7,045
Unclaimed Government funding	60	336

As at March 31	2025	2024
	\$	\$
Deferred capital funding		
Balance, start of year	100,214	98,227
Government funding for capital expenditures received	16,904	5,954
Amortisation of deferred capital funding	(4,530)	(3,967)
Applied against the write-off of property and equipment (note 10)	(342)	-
Balance, end of year	112,246	100,214
Deferred government funding	112,246	100,214
Less: Current portion	4,988	4,110
Non-current portion	107,258	96,104

16) Employee Benefits

Pension Benefits

The Corporation has contracted an outside firm to operate and administer an employee pension plan. Employees of the Corporation must join the pension plan, subject to eligibility requirements. The pension plan, which is a defined-contribution pension plan, is funded on a money-purchase basis with members contributing up to 11% of their annual earnings. In accordance with the plan, the Corporation is required to fund matching contributions up to 9.0% (2024 - up to 9.0%). During the year, the Corporation's pension contributions amounted to \$449 (2024 - \$414).

16) Employee Benefits (continued)

Additionally, employees of SIBC are enrolled in the *Public Service Pension Plan* (the Plan). Under the Plan, the President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The general contribution rate effective at year-end was a multiple of 1.00 for all employees (2024 - 1.00). The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2% of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation. The Corporation's portion of pension contributions amounted to \$57 (2024 - \$55) during the year.

The employees of SSMBA participate in the State of Michigan's defined benefit and defined contribution plans. SSMBA is required to make contributions to the defined benefit plan based on an actuarially determined rate. For the defined contribution plan, SSMBA is required to contribute 4.0% of payroll plus up to an additional match of 3.0%. The contribution requirements of the plan members and SSMBA are established and may be amended by state legislation. During the year, the Corporation's portion of pension contributions amounted to \$137 (2024 - \$130).

Contributions, for the fiscal year ending March 31, 2026, to the Public Service Pension Plan and the State of Michigan's defined benefit and defined contribution plans are anticipated to be consistent with the contributions made during the year.

Other Benefits

Other than the pension plan, the Corporation provides post-employment benefits to its eligible employees through health, dental, life insurance and an employee assistance program as well as other long-term benefits, which consist of service awards. Benefit costs related to current service are charged to income as services are rendered. The risks associated with these benefits include changes in discount rates, mortality rates, per capita claim costs and general inflation that can cause volatility in the Corporation's financial results. The actuarial valuation was performed as at March 31, 2025.

The following table sets forth the status of the post-employment non-pension related benefit plan:

16) Employee Benefits (continued)

Defined benefit obligation	Post-employment
	\$
Balance, April 1, 2023	7,359
Current service cost	411
Past service credit	(132)
Interest cost	375
Actuarial (gain)/loss - other	(250)
Actuarial (gain)/loss - financial assumptions	(945)
Benefits paid	(263)
Balance, March 31, 2024	6,555
Current service cost	375
Interest cost	333
Actuarial (gain)/loss - other	29
Actuarial (gain)/loss - financial assumptions	220
Benefits paid	(287)
Balance, March 31, 2025	7,225

Total long-term employee benefits include post-employment of \$7,225 (2024 - \$6,555) and service awards of \$59 (2024 - \$66), totaling \$7,284 (2024 - \$6,621).

Changes in other comprehensive income during the year:

As at March 31	2025	2024
	\$	\$
Actuarial (loss) gain arising during the year	(249)	1,195

16) Employee Benefits (continued)

Post-employment expense recognised in net income during the year is as follows:

As at March 31	2025 Post- employment	2024
	\$	\$
Current service costs	375	411
Past service credits	-	(132)
Interest cost	333	375
Net post-employment expense recognised in year	708	654

The significant actuarial assumptions adopted in measuring the Corporation's accrued benefit obligations and net benefit plan expense are as follows:

As at March 31	2025	2024
Discount Rate, accrued benefit obligation	4.70%	4.90%
Discount Rate, benefit cost	4.90%	4.90%
Weighted average assumptions		
Initial weighted average health care trend	5.34%	5.47%
Ultimate weighted average health care trend	3.93%	3.93%
Year ultimate health care trend rate is reached	2041	2041
Mortality rates		

CPM Public table generational improvement using MI - 2017
(2024 - CPM Public table generational improvement using MI - 2017)

The assumed drug trend rate as of March 31, 2025, is 5.50% (2024 - 5.50%) per annum decreasing linearly to 4.0% (2024 - 4.0%) per annum in 2041 (2024 - 2041) fiscal year.

The assumed other health care trend rate as of March 31, 2025, is 6.0% (2024 - 6.0%) per annum decreasing linearly to 4.0% per annum in 2032 (2024 - decreasing linearly per to 4.0% in 2032).

16) Employee Benefits (continued)

The assumed vision and dental trend rates as of March 31, 2025, are 0.0% and 6.00%, respectively (2024 – 0.0% and 6.0%) with dental trend rates decreasing linearly to 4.0% per annum in 2032 (2024 – with dental trend rates decreasing linearly to 4.0% per annum in 2032).

The average expected maturity of the plan obligation is 15 years (2024 – 15 years).

Sensitivity Analysis

The Corporation has reviewed the assumptions used in the actuarial calculations and has identified the following assumptions as those that could result in a significant impact on the defined benefit obligation:

As at March 31	2025	2024
	\$	\$
Discount rate - increase of 1 %	(1,000)	(885)
Discount rate - decrease of 1 %	1,277	1,124
Future mortality - increase of 1 year age	(216)	(185)
Future mortality - decrease of 1 year age	214	183
Trend rates - increase of 1 %	1,234	1,018
Trend rates - decrease of 1 %	(982)	(817)

The sensitivity analysis above may not be representative of the actual change in the defined benefit obligation as it is unlikely that a change in assumptions would occur in isolation of one another, as some of the assumptions may be correlated.

17) Issued Capital

The Corporation's articles of incorporation authorise an unlimited number of shares without par value. The Corporation has two issued and fully paid shares.

18) Supplementary Expense Information

The following table shows the breakdown of expenses by nature for each function on the Consolidated Statement of Comprehensive Income.

As at March 31	2025	2024
	\$	\$
Salaries and employee benefits	17,399	16,318
Depreciation of property and equipment	17,110	17,094
Goods and services	7,789	6,998
Repairs and maintenance	4,297	4,050
Professional services	1,155	1,182
Depreciation of investment property	678	678
Foreign exchange loss	181	67
Depreciation of intangible assets	7	22
Additional funding of SIBC operations	480	545
Total Expenses	49,096	46,954

19) Related Party Transactions

Balances and transactions between the Corporation and its share of its joint operations have been eliminated on consolidation and are not disclosed in this note. Related party transactions relating to employee benefits are disclosed in note 16, and government bonds and deposit certificate investments are disclosed in note 8. These transactions have been recorded at the exchange amount, meaning the amount agreed to between parties.

Details of transactions between the Corporation and other related parties are disclosed below.

Transactions with Government Related Entities

The Corporation is related in terms of common ownership to all Government of Canada departments, agencies and Crown Corporations. The Corporation enters into transactions with these entities in the normal course of business. These operations are measured at fair value.

During the year, the Corporation recorded \$959 of operating funding, \$16,904 of capital funding, and \$90 for a land transfer (2024 – \$1,091 for operating funding, \$5,954 for capital funding and nil for land transfer). At March 31, 2025, the Corporation recorded \$892 (2024 – \$468) in accounts

19) Related Party Transactions (continued)

receivable with related parties and no material related party accounts payable (2024 - no material related party accounts payable).

The Corporation also receives services, such as financial statement audits, at no charge, which have not been reflected in these consolidated financial statements.

Compensation of Key Management Personnel

Key management personnel are defined as the Board of Directors and members of the senior executive team who have the authorities and responsibilities for planning, controlling and directing the activities of the Corporation.

Compensation of key management personnel was as follows:

As at March 31	2025	2024
	\$	\$
Short-term employee benefits	1,284	1,227
Retirement and other post-employment benefits	76	72
Total	1,360	1,299

20) Facility Rentals

The Corporation has entered into contracts with companies who rent space in its buildings at various crossings. Contingent rent, based on sales at the Duty Free Shops and Currency Exchange, are the largest components of the rent received by the Corporation from these lessees. Two of these Duty Free stores and the Currency Exchange have a fixed component of their rent. Contingent revenue recognised during the current year for these leases was \$2,496 (2024 - \$2,440). The lessee of the Duty Free Shop at the Point Edward crossing has also paid for the expansion of the building. This payment was recorded as deferred revenue and is recognised as revenue on a straight-line basis, amortised over the non-cancellable lease term.

20) Facility Rentals (continued)

The future minimum rental receivable under non-cancellable operating leases are as follows:

As at March 31	2025	2024
	\$	\$
Within one year	1,039	895
After one year but not more than five	2,736	2,198
More than five years	-	397
Total	3,775	3,490

21) Contingent Liabilities

The Corporation is named as a defendant jointly and severally with its wholly-owned subsidiary corporation, SIBC, and The Crown in regards to its mandate for the collection of tolls at the Seaway International Crossing. The amount of the claim is \$50,000, subject to accounting for bridge tolls and revenues. Transport Canada has assumed responsibility to defend against the claim. The Corporation and its subsidiary corporation, SIBC, are agent Crown Corporations in their own rights and, with respect to this claim, they are being sued for taking actions that they are mandated to take as agents of The Crown. The outcome, timing and amount of any settlement of this claim cannot be determined at this time due to uncertainties primarily related to the resolution of a separate land claim by the same party against The Crown that must first be considered. Also, the long-term legal proceedings on this matter, which have spanned decades, and the basis of inclusion of elements of bridge tolls and revenues must also be deliberated.

In the normal course of its activities, the Corporation may become a claimant or defendant or may be involved in certain pending claims or lawsuits. At March 31, 2025 there is one claim against FBCL. The result of this claim is not determinable at this time. There exists a potential claim relating to an incident causing death. The outcome of this potential claim is not determinable at this time as the investigations are still on-going.

22) Commitments for Expenditure

- a) The Corporation has commitments totaling \$6,630 (2024 - \$20,133) including:
- i) Administrative contracts of \$1,497 (2024 - \$1,232) for internal audit, internet services and other contracts;
 - ii) Capital project contracts of \$2,009 (2024 - \$14,794) for the purchase of property and equipment;
 - iii) Maintenance contracts of \$2,943 (2024 - \$3,834) have been awarded; and
 - iv) Rental agreement of \$181 (2024 - \$273) for the Ottawa office lease.
- b) In the normal course of business, the Corporation enters into contractual agreements for goods and services over periods beyond one year. Disbursements largely depend on future volume-related requirements and are subject to the Corporation's contractual rights of termination.

Total commitments for administrative, maintenance and capital projects contracts, in years, are as follows:

As at March 31	2025	2024
	\$	\$
Within one year	4,375	17,301
After one year but not more than five	2,074	2,338
More than five years	-	221
Total	6,449	19,860

Total commitments for office space, in years, are as follows:

As at March 31	2025	2024
	\$	\$
Within one year	95	91
After one year but not more than five	86	182
Total	181	273

The Corporation leases its head office at 55 Metcalfe, in Ottawa, ON. The rental contract is for a fixed term ending December 31, 2026, with no renewal options and no variable lease payments. The commitment for office space, above, represents the operating costs associated with the right of use asset recognised in Property and Equipment (see Note 10).

23) Replacement of Property and Equipment

During the fiscal year there was a chemical spill by a customer on the first span of the Blue Water Bridge. The replacement cost of \$827 has been included under bridges and roads acquisitions in note 10 and is expected to be reimbursed to FBCL. At this time, the manner of reimbursement has not been established and therefore a revenue (and corresponding receivable) is not yet recorded.

24) Financial Instruments

The fair values of trade and other receivables, trade and other payables, holdbacks, and the current portion of the loans payable and bonds payable approximate their carrying value due to the short-term nature of these instruments.

The carrying values and fair values of the Corporation's remaining financial assets and liabilities are listed in the following table:

As at March 31	Fair value	Carry-ing cost	2025 Level
Financial instruments measured at fair value on a recurring basis			
Investments - fair value through other comprehensive income	18,199	18,199	Level 2
Financial instruments measured at amortised cost			
Investments - amortised cost	4,373	4,373	Level 2
Loans payable	8,767	8,767	Level 2
Bonds payable	21,392	20,166	Level 2

24) Financial Instruments (continued)

As at March 31		2024	
	Fair value	Carry-ing cost	Level
	\$	\$	\$
Financial instruments measured at fair value on a recurring basis			
Investments - fair value through other comprehensive income	7,586	7,586	Level 2
Financial instruments measured at amortised cost			
Investments - amortised cost	2,171	2,171	Level 2
Loans payable	9,167	9,167	Level 2
Bonds payable	28,627	27,357	Level 2

The credit rating of the investments measured at fair value through other comprehensive income remains in compliance with the Corporation's investment policy, which requires all investments be no lower than a grade A, based on external credit ratings.

The fair value of investments measured at fair value through other comprehensive income are priced daily by the FTSE TSX Debt Market Indices service.

A discounted cash flow method, using a factored rate equal to the prevailing market rate of interest for loans and debt bonds having similar terms and conditions, was used to determine the fair value of the loans payable and bonds payable.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Corporation. The Corporation is subject to credit risk on cash, cash equivalents, investments measured at fair value through other comprehensive income, and trade and other receivables.

The Corporation manages this risk by dealing only with members of the Payments Canada or the Government of Canada and by closely monitoring the issuance and collection of credit to commercial clients. The carrying amount reported on the Corporation's Consolidated Statement of Financial Position for its financial assets exposed to credit risk, net of any applicable

24) Financial Instruments (continued)

provisions for losses, represents the maximum amount exposed to credit risk. At March 31, 2025 there were no provisions recorded. The credit risk is not significant for the Corporation (2024 – not significant).

The credit risk associated with cash, cash equivalents, and investments measured at fair value through other comprehensive income is reduced substantially by ensuring that cash surpluses are invested in highly liquid investments. The Corporation's policy is to invest cash surpluses in low-risk instruments at an investment grade "A" or equivalent. Management believes the risk of loss is not significant. The credit risk associated with accounts receivable is minimised since a large portion of the amount is owed from federal government departments generally within 90 days, interest on investments with a grade of "A" or equivalent, receivables from long-term international partners and a long-term commercial lease tenant which also have a past history of paying their accounts on time.

Liquidity Risk

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. The Corporation manages the risk by establishing budgets, maintaining cash reserves, obtaining government funding when required and credit facilities, establishing cash forecasts and monitoring cash flows as well as matching terms of investments to the timing of planned disbursements. The Corporation invests surplus cash in high credit quality government and corporate securities in accordance with the policies approved by the Board of Directors and in line with guidance from the Minister of Finance.

The following table presents a maturity analysis of the Corporation's financial liabilities based on the expected cash flows from the date of the Consolidated Statement of Financial Position to the contractual maturity date. The amounts are the contractual undiscounted cash flows.

24) Financial Instruments (continued)

As at March 31				2025
	Car- rying amount	Less than 3 months	3 months to 1 year	Over 1 year
	\$	\$	\$	\$
Trade and other payables	2,424	2,125	299	-
Holdbacks	188	12	176	-
Long-term debt payable	31,435	162	9,366	21,907
Lease liability	414	44	175	195
Total	34,461	2,343	10,016	22,102

As at March 31				2024
	Car- rying amount	Less than 3 months	3 months to 1 year	Over 1 year
Trade and other payables	1,726	1,318	408	-
Long-term debt payable	40,974	164	9,374	31,436
Lease liability	652	49	173	430
Total	43,352	1,531	9,955	31,866

Market Risk

Market risk is the risk of an impact on results from changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and price risk. The Corporation is exposed to all of these risks.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Corporation is subject to interest rate risk on its cash and cash equivalents. A 1% variation in interest rates at March 31, 2025, would not be material.

Certain fair value through other comprehensive income investments bear interest at a fixed rate. Fair value through other comprehensive income investments also include bonds of the Government of Canada, provincial governments, and corporate banks with fixed rates of interest and an average term to maturity of 2.7 years (2024 - 1.1 years). The fair market value of these

24) Financial Instruments (continued)

instruments is indirectly affected by fluctuations of the market interest rate. The impact of a hypothetical 1% variation in interest rates at March 31, 2025 would not be material.

Credit facility, loans payable and bonds payable also bear interest at fixed rates. However, a change in the fair value would not impact the net income of the Corporation as the Corporation holds the liabilities until maturity.

A material variation in exchange rates during the year would significantly affect toll revenue as there is a direct correlation between the volume of traffic and the exchange rates. Assuming that volumes would not be impacted by the exchange rate, a hypothetical 1% weakening of the Canadian dollar during the course of the fiscal year would have had a \$150 (2024 - \$144) increase in recorded toll revenue. The Corporation's U.S. cash is held in different banks, due to the Corporation's U.S. bridge operating partners utilising locally available banks. At March 31, 2025, the Corporation's U.S. dollar bank balance was \$437 (2024 - \$623). A hypothetical 1% variance in the exchange rate at March 31, 2025 would not be material. The Corporation manages this risk by periodically adjusting the toll rates for parity with the foreign exchange rate, and by converting currencies where applicable.

Capital Management

The Corporation defines its capital as its retained earnings, share capital and accumulated other comprehensive income. As per legislative authorities, the maximum amount that the Corporation can borrow is \$130,000 with Minister of Finance approval (2024 - \$130,000).

The Corporation's objectives in managing capital are to safeguard its ability to continue as a going concern, to fund its asset base and to fulfil its mission and objectives.

25) Consolidated Statement of Comprehensive Income Comparative Figures

To provide more relevant information about the Corporation's functional expenses, the 2023-24 comparative figures relating to operations, maintenance, CBSA/CFIA, and administration as presented in the Consolidated Statement of Comprehensive Income have been updated. Operations has increased by \$310 to \$9,838 (previously \$9,528), maintenance has increased by \$415 to \$14,529 (previously \$14,114), CBSA/CFIA has increased by \$38 to \$8,161 (previously \$8,123) and administration has decreased by \$763 to \$6,991 (previously \$7,754). There is no impact on total expenses. The change in classification reflects a more accurate and useful representation of how staff participate in the various functions of the organisation. This change had no net impact on the overall Consolidated Statement of Comprehensive Income and did not impact any other statements or note disclosure.

Directors and Officers

The Federal Bridge Corporation Limited

Board Of Directors (as of March 31, 2025)

Pascale Daigneault	Chairperson
Marie-Jacqueline Saint-Fleur	Vice-Chairperson
Natalie Kinloch	Director
John Lopinski	Director
Andrew Travis Seymour	Director
Rakesh Shreewastav	Director
Richard Talvitie	Director
Jacques E. Pigeon	Corporate Secretary

Committees of the Board of Directors

Finance and Audit Committee

John Lopinski	Chairperson
Marie-Jacqueline Saint-Fleur	Member
Andrew Travis Seymour	Member

Governance, Policy and Human Resources Committee

Rakesh Shreewastav	Chairperson
John Lopinski	Member
Marie-Jacqueline Saint-Fleur	Member

Officers and Senior Managers

Natalie Kinloch	Chief Executive Officer
Richard Iglinski	Chief Financial Officer
Thye Lee	Vice-President, Engineering and Construction
Rémi Paquette	Chief Information, Risk and Technology Officer
Karen Richards	Chief Operating Officer

The Seaway International Bridge Corporation, Ltd.

Board of Directors (as of March 31, 2025)

Natalie Kinloch	President
vacant*	Director
Anthony Fisher	Director
Richard Iglinski	Director
Thye Lee	Director
Kevin O'Malley	Director
Karen Richards	Director
Jeffrey Scharf	Director

Committees of the Board of Directors

Management Committee

Natalie Kinloch	Chair
vacant*	Member

Audit Committee

Kevin O'Malley	Chair
Richard Iglinski	Member
vacant	Member

Officers and Senior Managers

Natalie Kinloch	President
vacant*	Vice-President
Richard Iglinski	Treasurer
vacant	Assistant-Treasurer
Marc Chénier	Bridge Director

* The vacant Vice-President and management committee role will be elected in June 2025

Corporate Offices

Directly Operated

Ottawa Head Office

200-55 Metcalfe Street
Ottawa, Ontario K1P 6L5
Toll-free telephone: 1-866-422-6346
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Fax: (613) 366-5174
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Blue Water Bridge Location

1555 Venetian Boulevard
Point Edward, Ontario N7T 0A9
Toll-free telephone: 1-866-422-6346
Telephone: (519) 336-2720
Fax: (519) 336-7622
Joe Dedecker, Bridge Director

Subsidiary

The Seaway International Bridge Corporation, Ltd.

200 Akwesasne International Road
Akwesasne, Ontario K6H 5R7
Telephone: (613) 932-6601
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www.sibc.ca
Marc Chénier, Bridge Director

Partners

Sault Ste. Marie International Bridge Authority

934 Bridge Plaza
Sault Ste. Marie, Michigan 49783
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Fax: (906) 635-0540
www.saultbridge.com
Peter Petäinen, Bridge Director

Thousand Islands Bridge Authority

P.O. Box 10
Lansdowne, Ontario K0E 1L0
Telephone: (315) 482-2501
Fax: (315) 482-5925
www.tibridge.com
Timothy Sturick, Executive Director