Throughout the COVID-19 pandemic, the Port of Prince Rupert has demonstrated the critical role it plays not only in Canada’s economic prosperity, but also in the resiliency of its supply chains. Disruptions and congestion experienced during the past year in southern British Columbia and other North American west coast ports have accentuated the need for additional capacity in Prince Rupert.

The Port of Prince Rupert was not immune to the headwinds that the entire supply chain industry faced. Annual cargo volumes declined in 2021, with 25 million tonnes of cargo moving through the Gateway. While the container and dry bulk lines of business experienced declines in their tonnage, the propane terminals saw an increase in volume – AltaGas’ Ridley Island Propane Export Terminal had a 29% increase year-over-year, and the commissioning of Pembina’s Prince Rupert Liquid Bulk Export Terminal on Watson Island added new volume to the Gateway.

Through the ups and downs of the COVID-19 pandemic, the Port of Prince Rupert has demonstrated the critical role it plays.

The decrease in various lines of business only reinforces the need to sustainably grow and diversify the port complex in order to create stability during times of natural market fluctuations. And the Prince Rupert Port Authority (PRPA) did just that in 2021 – working diligently on plans to diversify and expand the Port’s capabilities to enable Canadian trade. Several projects are underway to enhance the intermodal ecosystem, including the expansion of DP World’s Fairview Container Terminal, the Fairview-Ridley Connector Corridor, and work to advance state-of-the-art import and export logistics facilities. The Vopak Pacific Canada project continued to work through its environmental assessment and required authorizations to support a Final Investment Decision in 2022.

Our partnerships with local Indigenous communities, northern BC stakeholders, and the Gateway workforce throughout the Highway 16 region is the foundation of our shared success. Over the past decade, the movement of goods through the Prince Rupert Gateway and employment in port-related industries that support it have more than doubled. This growth is a testament to the 3,700 people working directly in trucking and logistics, rail, marine and terminal operations, as well as the 2,400 others employed in businesses that service and support port-related operations. We thank them for their hard work and commitment. The Gateway workforce’s skills and dedication are contributing to the ever-growing reputation of the Port of Prince Rupert and northern BC as the most innovative and competitive trade gateway in North America.

With global trade in a critical time of transition, supply chains in flux, and pressure mounting to decarbonize, the Prince Rupert Gateway is poised to help Canada’s economy reap the benefits more than ever before. A world-class labour force, combined with investments in leading technologies, smart infrastructure, best practice environmental management and the lowest carbon emission intensity in North America, have all positioned the Gateway as Canada’s leading edge for international trade. By committing to investing in strategic infrastructure, diversifying cargoes and sustainably growing capacity, Prince Rupert is ready to handle the needs of today and the future.

More than ever, we would also like to thank PRPA’s team of dedicated staff, the people propelling our innovation and track record of success. We encourage you to visit our full Annual Report online at 2021.rupertport.com for a more detailed review of our 2021 activities.

Sincerely,

Shaun Stevenson,  
President & CEO

Frans Tjallingii,  
Board Chair
23% ▼ DECLINE IN PORT-WIDE VOLUME TO 25.04 MILLION TONNES

61% ▲ INCREASE IN TOTAL COMBINED LPG EXPORT

35% ▼ DECREASE IN TOTAL VOLUME HANDLED AT RIDLEY TERMINALS INC.

2% ▼ DECREASE IN WOOD PELLET EXPORT VOLUME

37% ▼ DECREASE IN BULK GRAIN EXPORT VOLUME

8% ▼ DECLINE IN CONTAINER VOLUME HANDLED AT FAIRVIEW TERMINAL

2021 TRADE RESULTS

2021 BOARD OF DIRECTORS
Frans Tjallingii
John Farrell
Kenneth Clayton
Jennifer Clarke
Peter Lantin
Rita Andreone
Beverley Clifton Percival
2021 GATEWAY GROWTH

Over the last year, the Prince Rupert Port Authority (PRPA) allotted significant efforts and investment into building capacity and capability for the Port of Prince Rupert, enabling efficient operations, and growing both cargo and passenger volumes.

In 2021, the cascading impacts of unprecedented worldwide supply chain congestion, coupled with industry-specific strains, caused cargo volumes at the Port of Prince Rupert to fall 23 percent year-over-year. The container and dry bulk lines of business faced setbacks due to declines in cargo supply. Westview Wood Pellet Terminal, now owned and operated by Drax Group, had a strong year, while liquified petroleum gas (LPG) volumes out of Prince Rupert had a record year with a combined 1,864,401 tonnes of exports. The decline in intermodal volumes was attributed to severe port congestion on the west coast of North America, however, expansion projects designed to provide additional Gateway capacity and logistics capabilities will be critical to improving supply chain challenges and Prince Rupert’s resiliency to future surges in trade volumes.

Despite the ongoing effects of the COVID-19 pandemic, the Port of Prince Rupert made significant strides in 2021 towards building new capacity and greater efficiencies. The next phase of DP World’s Prince Rupert Fairview Container Terminal expansion began in late Q1 2021 with early site work. Marine dredging and in-fill work continued throughout the year and saw the addition of an eighth gantry crane, repositioning of the truck gates, and reconfiguring of the container yard to increase efficiency and expand the terminal’s capacity to 1.6 million TEUs. This project is on track for completion in July 2022. A subsequent expansion phase is being planned that will extend the terminal on the northern end, increasing overall capacity to 1.8 million TEUs, and making it the second largest container terminal in Canada.

The Fairview Terminal expansion links directly to the newly constructed Fairview-Ridley Connector Corridor, a five-kilometre PRPA-owned haul road, which also includes two additional rail sidings. Crews from the Coast Tsimshian Northern Contractors Alliance, a First Nations joint venture, have worked tirelessly through the pandemic to complete this massive piece of infrastructure that is a critical component of the Port’s growing intermodal ecosystem. The Connector Corridor is designed to re-route container truck traffic away from urban areas, reducing the distance travelled for each trip by 75 percent, significantly cutting truck emissions.

In October 2021, Wolverine Terminals ULC formally announced its Final Investment Decision on its Marine Fuel Terminal at the Port of Prince Rupert and work began to prepare the new site. The rail-serviced facility and marine operations are scheduled to be operational by Q1 2023 and will be the first-ever marine fuel distribution service at the Port. The addition of Wolverine’s terminal supports the diversification of the services and types of cargo handled at the Port of Prince Rupert.

Commissioning of Pembina’s Prince Rupert Terminal was completed in March 2021, with the first shipment of LPG destined for international markets loaded in April 2021. Located on Watson Island, the small-scale terminal has the potential to move 25,000 barrels per day. PRPA has undertaken steps to ensure the highest levels of navigational safety for ships calling on the terminal.

Further to these investments in infrastructure, many initiatives were undertaken to further enable operational efficiency in current processes through monitoring, measuring and collaborative planning activities to create improved visibility on cargo and inter-agency information flows. When combined, all of these actions are positioning the Port of Prince Rupert to attract additional cargo and passengers today and well into the future.
2021 SUSTAINABLE OPERATIONS

PRPA prioritizes sustainability of the Port of Prince Rupert, above all else – 2021’s operations were no exception. Numerous activities were undertaken to expand the economic benefits of trade, to minimize the Port’s environmental footprint, and to ensure a safe and secure gateway.

Throughout 2021, the Prince Rupert Gateway played a vital role in ensuring the movement of essential goods on North America’s west coast and provided important economic stability and employment for the region through a tumultuous year. In the summer of 2021, Port of Prince Rupert employers, industries and labour organizations announced the launch of the Port of Prince Rupert Gateway Council. An economic impact study released by the Council revealed that in 2020 alone, Gateway operations handled approximately $60 billion in trade value and supported an estimated 3,700 direct supply-chain jobs in northern BC, $360 million in annual wages, and $147 million in annual government revenue. Part of PRPA’s sustainability goals include maximizing the economic benefits of the port’s operations for the entire community, including the enablement of First Nations economic participation through collaboration and partnerships.

In addition to PRPA’s ongoing community engagement programs, the organization’s Community Investment Fund marked a milestone in 2021 with 10 completed projects, the most ever in a single year since the Fund was launched in 2010. A total of $728,050 was invested into projects that have helped support food security, access to medical treatment, and enhanced cultural, educational and recreational amenities, to enhance healthy lifestyles and make activities more accessible to communities on BC’s North Coast. 2021 project partners included: the Prince Rupert Performing Arts Society, Prince Rupert Ground Search and Rescue, the Museum of Northern British Columbia, the Rainmakers Interact Club, the Dr. REM Lee Foundation, the Prince Rupert Garden Club, the Friendship House of Prince Rupert, the Lax Kxeen School Parent Advisory Committee, the North Coast Health Improvement Society, and the Terrace Off Road Cycling Association.

The Port of Prince Rupert made significant investments to mitigate and manage the impacts of Gateway operations on the environment and work towards the Port’s carbon reduction goals. For example, PRPA began installing new shore power infrastructure at Fairview Container Terminal. This will allow container vessels to use hydroelectric power while at berth and shut down their main engines, significantly cutting the ship’s emissions. This project is a key part of PRPA’s Carbon Reduction Strategy, which aims to shrink emission intensity by 30 percent by 2030 and reach net-zero by 2050.

Furthermore, four shipping companies were recognized for their outstanding 2021 performance in PRPA’s Green Wave environmental incentive program. The program rewards shippers by offering discounted harbour fees to vessel owners who voluntarily invest in sustainable practices. In 2021, there were 163 vessel calls that met the strict criteria to qualify for the program, including ten different vessels that qualified for the top tier.

PRPA is looking towards the future and is committed to minimizing the environmental impacts of port activity and sharing the benefits of the trade gateway with the communities that enable it. For instance, to compensate for fish habitat impacted by the development of the Fairview-Ridley Connector Corridor, PRPA worked through the year with the City of Prince Rupert to overhaul a waterfront site in an area of Prince Rupert that has suffered decades of degradation from industrial activity.

PRPA has built a reputation for world-class safety and security as one of the fastest growing ports in North America – efforts through 2021 have only served to augment that standing. A coordinated effort between PRPA and its many partners ensures management over every vessel, train, and truck, ensuring round-the-clock safeguards. And as the number of vessels projected to call on the Port continues to grow, additional state-of-the-art technologies and best practices are enabling continuous operational improvements. Between the implementation of recommendations of a comprehensive Navigational Risk Assessment and a restructuring of the human capital that optimizes our Port Security team and our Emergency Operations Centre, PRPA facilitated safe passage for increased LPG exports and operated the year without a recorded vessel incident. None of this would be possible without the close, cohesive partnerships that exist among the multiple agencies with Port-related jurisdiction.
## 2021 FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF NET INCOME

Year-Ended December 31, 2021 (expressed in $000’s)

<table>
<thead>
<tr>
<th>YEARS</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>REVENUE</td>
<td>$63,617</td>
<td>$67,169</td>
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<tr>
<td>EXPENSES</td>
<td></td>
<td></td>
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<tr>
<td>Amortization</td>
<td>4,948</td>
<td>4,967</td>
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<tr>
<td>Federal stipend</td>
<td>3,169</td>
<td>3,343</td>
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<tr>
<td>Operating and administrative</td>
<td>5,907</td>
<td>8,137</td>
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<tr>
<td>Payments in lieu of municipal taxes</td>
<td>4,273</td>
<td>2,157</td>
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<tr>
<td>Professional and consulting fees</td>
<td>4,249</td>
<td>3,857</td>
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<tr>
<td>Repairs and maintenance</td>
<td>1,815</td>
<td>1,591</td>
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<tr>
<td>Salaries and benefits</td>
<td>13,793</td>
<td>13,623</td>
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<tr>
<td>INCOME FROM OPERATIONS</td>
<td>25,464</td>
<td>29,494</td>
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<tr>
<td>OTHER INCOME AND EXPENSES</td>
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<td></td>
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<tr>
<td>Interest income</td>
<td>605</td>
<td>1,393</td>
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<tr>
<td>Loss on sale of property and equipment</td>
<td>(61)</td>
<td>(8)</td>
</tr>
<tr>
<td>Loss on foreign exchange</td>
<td>(4)</td>
<td>(5)</td>
</tr>
<tr>
<td>OTHER INCOME AND EXPENSES</td>
<td>540</td>
<td>1,380</td>
</tr>
<tr>
<td>NET INCOME</td>
<td>$26,004</td>
<td>$30,874</td>
</tr>
</tbody>
</table>

### CONSOLIDATED STATEMENT OF NET INCOME

Year-Ended December 31, 2021 (expressed in $000’s)

<table>
<thead>
<tr>
<th>YEARS</th>
<th>2021</th>
<th>2020</th>
</tr>
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<tbody>
<tr>
<td>NET INCOME</td>
<td>$26,004</td>
<td>$30,874</td>
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<tr>
<td>OTHER COMPREHENSIVE INCOME</td>
<td></td>
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<tr>
<td>Defined benefit plan actuarial gain (loss)</td>
<td>1,998</td>
<td>(1,155)</td>
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<tr>
<td>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</td>
<td>$28,002</td>
<td>$29,719</td>
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CONSOLIDATED STATEMENT OF CASH FLOWS

Year-Ended December 31, 2021 (expressed in $000’s)

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the year
Adjustments for:
- Amortization of deferred contributions
- Amortization expense
- Loss on sale of property and equipment
- Net finance income

Net cash flows from operating activities

Change in working capital items:
- Accounts receivable
- Prepaid expenses
- Employee benefits
- Accounts payable and accrued liabilities
- Deferred revenue
- Deferred contributions

Total change in working capital

NET CASH FROM OPERATING ACTIVITIES

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received
Proceeds from sale of property and equipment
Acquisition of property and equipment
Government contributions
Sale of term deposits
Purchase of term deposits
Promissory note repayments

Net cash used in investing activities

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

Interest received
Proceeds from sale of property and equipment
Acquisition of property and equipment
Government contributions
Sale of term deposits
Purchase of term deposits
Promissory note repayments

Net cash used in investing activities

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year Ended December 31, 2021 (expressed in $000’s)

CONTRIBUTED CAPITAL SURPLUS TOTAL

BALANCE – DECEMBER 31, 2019 36,213 222,303 258,516

Net income for the year 30,874 30,874
Other comprehensive income
Defined benefit plan actuarial loss
Defined benefit plan actuarial gain

BALANCE – DECEMBER 31, 2020 36,213 252,022 288,235

Net income for the year 26,004 26,004
Other comprehensive income
Defined benefit plan actuarial gain

BALANCE – DECEMBER 31, 2021 36,213 280,024 316,237

OTHER INCOME AND EXPENSES

CONSOLIDATED STATEMENT OF CASH FLOWS

Year-Ended December 31, 2021 (expressed in $000’s)

CASH FLOWS FROM OPERATING ACTIVITIES

Net income for the year $26,004 $30,874
Adjustments for:
- Amortization of deferred contributions 2 2
- Amortization expense 4,948 4,969
- Loss on sale of property and equipment 61 8
- Net finance income (605) (1,388)

Net cash flows from operating activities 30,406 34,461

Change in working capital items:
- Accounts receivable 18,187 (27,470)
- Prepaid expenses (36) (94)
- Employee benefits (909) (1,341)
- Accounts payable and accrued liabilities (8,879) 17,177
- Deferred revenue (49) 144
- Deferred contributions 28,338 19,147

Total change in working capital 36,652 7,563

NET CASH FROM OPERATING ACTIVITIES 67,058 42,024

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received 175 1,798
Proceeds from sale of property and equipment 10 12
Acquisition of property and equipment (42,160) (85,317)
Government contributions 4,628 12,988
Sale of term deposits 55,355 222,003
Purchase of term deposits (5,004) (195,620)
Promissory note repayments 254 330

Net cash used in investing activities 13,258 (43,806)

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 80,316 (1,782)

CASH AND CASH EQUIVALENTS BEGINNING OF YEAR 12,740 14,522
CASH AND CASH EQUIVALENTS END OF YEAR $93,055 $12,740

* To see our full audited financial statements please visit www.rupertport.com/port-authority/financial-statements
TAKING CARE
OF BUSINESS AND COMMUNITY

THANK YOU

Prince Rupert Port Authority
200-215 Cow Bay Rd.
Prince Rupert, BC, V8J 1A2

2021.rupertport.com
Please visit our expanded Annual Report online to learn more.