



Canadian Forces Morale
and Welfare Services



2021-22
ANNUAL

REPORT

**Canadian Forces
Morale and Welfare
Services**

2021-22



ANNUAL REPORT
2021-22

TABLE OF CONTENTS

CEO Message	7
Committed to CAF Operational Readiness	8
Our Strategic Framework	9
COVID-19 Business Continuity during 2021-22	10



EXCEPTIONAL MEMBER AND EMPLOYEE EXPERIENCE 12

Exceptional Member Experience	14
Exceptional Employee Experience	22



BUSINESS MATURITY AND INNOVATION 26

Enterprise Data Management Program	28
Modernized Business Model and Delivery Approach	29



FINANCIAL SUSTAINABILITY**34**

CFCF Portfolio

37

SISIP Seg Fund

39

Fiscal 2021-22 By the Numbers

40



CONCLUSION**44**



A handwritten signature in black ink, appearing to read 'S. Cantelon', with a long horizontal stroke extending to the right.

Sean N. Cantelon

Managing Director, Non-Public Property
CEO, Staff of the Non-Public Funds
Canadian Forces

CEO MESSAGE

FY 2021-22 has demonstrated once again this year that Canadian Forces Morale and Welfare Services (CFMWS) is resilient and steadfast in its commitment to continue to contribute to the Canadian Armed Forces operational readiness and to provide real value for the broader Defence community.

Faced with another year of adapting to COVID-19 pandemic challenges, we have done more than survive – we have succeeded in serving our members effectively during challenging times. Our Strategy 2030, the Strategic Plan 2021-2024, and the respective Divisional Business Plans have created exceptional building blocks for our future.

CFMWS is on an important journey. We continue to advance our digital transformation agenda and evolve our member-centric approach - to serve you better. Over the past five years, we have invested over \$20 million in our networks and applications to ensure that we provide better services to our members, better financial tracking and better business management in the modern manner you expect.

This year, CANEX is a shining example of this renewed focus. While contending with a worldwide pandemic that has included shutdowns on most CAF Base/Wings, and challenging supply chain issues, their financials are very impressive. The leadership team has brought inventory management into the modern age, streamlined and expanded the online experience and been true enterprise collaborators through activities like “matching your donations” for Support Our Troops. They have worked closely with our HR team for wage relief and labour-cost control, to now reflect a business model that can thrive in the face of challenges like those resulting from the pandemic. Most importantly they have achieved planned revenue outcomes for the first time in years!

SISIP Financial has also demonstrated incredible resiliency and growth. They will exceed their planned revenue this year. The financial planning services forecast will be close to break-even for the first time in history. This is a significant accomplishment and inflection point. In 2022, SISIP conducted client research and saw a material increase of 26 points in their Net Promoter Score over their 2019 results, demonstrating the positive effects of continued investment in their services to

better meet your needs. This is an important validation that transformational changes underway at CFMWS are achieving desired results for the CAF community. Well done team!

The financial contribution from SISIP Financial to CFMWS this year was ~\$29 million, with an additional one-time contribution of \$10 million to fund the Staff of the Non-Public Funds, SNPF, CF pension solvency. This highlights how critical SISIP Financial is to the governance and operation of all Non-Public Property (NPP) entities and our Staff of the Non-Public Funds, Canadian Forces employees. Without SISIP, our ability to fund valued CFMWS programs and services would be limited. Without their revenue, the costs of services provided in the NPP Framework would impact the many local NPP entities that receive enterprise support from CFMWS at no charge. Both the senior management team and I continue to focus on creating a Business Model with a modern fiscal relationship with the Government of Canada and NPP in a timely manner. Until this occurs, the NPP social enterprise depends significantly on SISIP Financial.

In the past year, PSP has continued to work with local Base and Wing leadership to ensure positive outcomes and experience for CAF members while safely managing our services in a COVID-19 environment. Military Family Services, has also provided continued support for military families during these uncertain times and expanded its virtual offerings to ensure that any COVID-19 service gaps were filled. I have been particularly impressed with the Military Family Services team’s efforts in modernizing the Military and Veteran Family Services Program, as well as their work with our Military Family Resource Center partners over the past year.

I would note that this is my last annual report as MD NPP and CEO of the SNPF, CF. It has been a tremendous honour to steward this unique social enterprise, serving those who serve. The progress in internal governance, professionalized planning, risk management, enterprise operations, and the innovation of services to the community we serve has been exceptional during my tenure. This simply would not have been possible without the great team at CFMWS. I commend our employees for their hard work, diligence, integrity and for collectively reinventing our business in the face of these pandemic challenges. Their care and devotion to serving our members in innovative ways have been nothing short of outstanding! They are the keystone to how we achieve our mission of serving our members, creating healthier people, stronger communities and a better Canada.

Finally, the next few years will be critical as CFMWS continues to modernize its social enterprise business model. I thank our CAF community, many corporate business partners, stakeholders, donors, and generous sponsors who are on this journey with us. I know the team will continue to Serve those Who Serve with passion and creativity. Leading CFMWS for the past six years has been the highlight of my 41 years of service to Canada. May the future bring joy and success to all!

Committed to CAF OPERATIONAL READINESS

CFMWS. Invested in your life.

Canadian Forces Morale and Welfare Services is committed to making life better for the people we serve. Through a balanced approach to wellness, we deliver programs and services that include mental, social, physical and financial wellness to address those key areas that impact operational readiness.

MENTAL

930

Virtual MFRC counselling sessions

1,356

mental health crisis calls answered by the Virtual MFRC

2,871

members/families accessed an OSISS virtual workshop

959

ill/injured members supported through Soldier On

58

youth accessed the Kids Crisis Text Line

SOCIAL

2,392

Op Santa packages for deployed members

6,120

registrants for recreation day camps

142

children with special needs sent to summer camps

10,000

Canada Army Run participants

62,093

participants of national recreation programs

PHYSICAL

45.9%

CAF members completed their FORCE Evaluations

4,756

CAF Regular Force members referred to PSP's Reconditioning Program

63,701

participants attended 1,596 virtual health promotion workshops

3,890

online consultations with physicians through the Maple Telemedicine Program

FINANCIAL

5,141

new SISIP Financial group life insurance clients

3,868

SISIP Financial in-person and virtual counselling sessions

27,000

No-Interest CANEX Credit Plan purchases

2,626

CAF Members/families assisted financially with a loan or grant

174

Support Our Troops Emergency Grants totalling \$137K

Our Strategic FRAMEWORK

OUR MISSION

We make our members stronger.

Healthier People. Stronger Communities. Better Canada.

OUR PRIORITIES

Exceptional Member & Employee Experience

Caring for our employees so that they are equipped to increase value to our members.

Business Maturity and Innovation

Improving our ability to operate within a constantly changing and complex business environment.

Financial Sustainability

Ensuring we can generate profits for reinvestment into our member offerings.

OUR APPROACH

Member-Centric Digital Transformation

Improved Employee Experience & Culture

Enterprise Data Management Program

Modernized Business Model & Delivery

Business Development & Growth Strategy

Infrastructure & Real Property Strategy

OUR VISION

Improving lives at home and around the world:

Mentally, Socially, Physically and Financially.

COVID-19 Business Continuity during 2021-22

FY 2021-22 saw many highs and lows as everyone struggled through continued COVID-19 lockdowns and restrictions. While we transitioned from a pandemic to an endemic environment, we recognized the need to remain fluid, flexible, and empathetic. We need to continue to be fluid in navigating our changing business environment, flexible in rethinking our short-term plans as needed and empathetic to the needs of the members we serve during these challenging times. Therefore, it is imperative that we continue to reassess our programs and services, committed to changing and adapting in order to remain relevant and sustainable.

COVID-19 Vaccination Policy

The development and implementation of a COVID-19 Vaccination Policy, which came into effect on November 1, 2021, required a significant level of effort in 2021-22, as we continued to respond to the evolution of the pandemic.

The policy addresses the need for mandatory vaccination in the workplace to enhance our employees' and members' safety while supporting public health vaccination efforts.

Several information sessions were held for managers and employees alike, and supporting resources were developed and shared with all employees.

Virtualization of Services and Digitization

Recognizing the need to remain flexible and empathetic to the needs of our employees and member community, we continued our digital transformation initiatives. CFMWS continued to evolve the delivery of virtual services and programs.

In April 2021, we launched MYTALENT, an employee digital platform that fully supports key elements of our employees' career journey. Easily accessible anytime via computer, tablet, or mobile phone, this application encompasses employee learning, performance & recruitment.

In May 2021, we launched CORE (Centre of Official Resources for Employees), our organizational intranet and four other extranets to keep our stakeholders informed and engaged. While different from industry to industry, the benchmark adoption rate for intranet sites is approximately 37 percent. CFMWS' CORE currently has an 80 percent adoption rate. During FY 2020-21, the total number of sessions was 137,379 accessed from 24 countries around the world, including Canada.

CANEX stores safely served our members during the many provincial and federal pandemic lockdowns and restrictions with just over 1.7 million in-store transactions, a 9 percent increase over the previous year.

While most of our messes were inaccessible to members because of COVID-19 restrictions, many messes were creative and looked for ways to continue engagement with our members. This included online activities like ordering food online for pick-up and multiple prize giveaways.



1

**EXCEPTIONAL
MEMBER AND
EMPLOYEE
EXPERIENCE**



Strategic Aim

To take care of our employees so they will take care of our CAF community and increase value to our members.

As outlined in our 2021-2024 Strategic Plan, we continued to advance our strategic priorities.

Exceptional Member Experience

Our number one priority is to take care of our CAF community and increase the value of our services to all our members. Here are some

projects that demonstrate how our members' experience is at the fore of what we are doing.

Member Engagement Survey

CFMWS engaged Janet LeBlanc+ Associates to conduct a member experience research study with the following objectives in mind:

- To understand key habits and practices
- To measure member experience and its key value drivers
- To identify areas for improvement to better serve the members
- To baseline Member Experience across all division offerings

Information was gathered in 2021 and early 2022 through a series of online surveys specific to divisions and areas of service. As the survey was designed to measure member experience with the services and programs, only members who indicated they had used the services within a certain timeframe were eligible to complete the survey. The key findings and takeaways pertaining to overall Experience Score and Net Promoter Score (NPS) are as follows:

Business Unit	Member Experience Score	Net Promoter Score
PSP	41%	39
MFS	42%	42
CANEX	29%	41
SISIP	55%	58
CFOne/CFAppreciation	43%	53
CFMWS Enterprise Results	42%	47

The Member Experience Score is measured in the following categories: Product Offering, Price (where applicable), Service Culture, Brand Image, Channel Experience, and Service Experience. The score is measured based on Overall Quality of the Experience, Overall Value and Likelihood to recommend. With an industry best practice target of 45 percent, most of CFMWS business lines are near or above target. Net Promoter Scores measure customer loyalty. An NPS between 0-49 is considered a Good Score, 50-74 is considered Excellent and 75 and above is World Class.



Seamless Online Clear In/Out in Valcartier

Valcartier NPP Accounting and PSP staff responded to the pandemic challenges and made it easier for CAF members to clear in and out by putting an online process in place. Once members fill in the required forms, all necessary parties are alerted, and the necessary follow-up occurs seamlessly. The Pilot project was extremely successful and the team is currently exploring possibilities for a similar process on the public side, and moving this out across all bases and wings in the future.

Membership Experience Management System

Member Experience Management System (MEMS) will be the foundation system for managing member experiences and touchpoints across the organization. Its goal is to improve member, stakeholders and business relationships and experiences, while creating efficiencies for employees thereby improving profitability and benefiting our members' wellbeing. The project is progressing very well. To provide members with a standardized and improved digital experience, all of the current Membership Management processes were mapped with new standardized processes developed and finalized. In addition, Microsoft Dynamics Licenses were procured and the team is currently working on setting up the required technological infrastructure. Definition of reference data elements, high-level business requirements documentation, data cleansing plan and data migration plan are other key milestones achieved so far.

CAF Fitness Program

As of January 2022, almost half of all CAF members have been FORCE Fitness evaluated despite the ongoing COVID-19 challenges. The level of compliance with the FORCE Evaluation almost doubled in FY 2021-22.

- All CAF **45.9%**
- Regular Forces **47.4%**
- Primary Reserve **42.6%**

CAF Community Recreation

Community Recreation plays an important role and provides quality leisure programs, services and facilities to military members and their families. Our services are tailored to help families with the challenges they may face due to military life and make the most of everyday activities such as going to the playground or day camp. We believe that when members of the Canadian Armed Forces are able to take good care of themselves and their families, they can do better both at home and at work. This year, there were:

- **62,093** participants in national recreation programs
- **35** new Support Workers to facilitate the inclusion of **142** children with special needs in the PSP Summer Camp Program
- **6,120** registrants in recreation day camps
- **198** recreation clubs with **11,228** members
- **10,073** in-person recreation classes and instructional courses offered
- **87,475** participants enrolled in recreation classes and instructional courses held in person

CAF Sports Program

Sports has a long history as a key military enabler and has always played a significant role in the lives of our soldiers. It is also a key enabler in operational effectiveness, recruitment and retention efforts and in global engagement. This year, we marked the 50th anniversary of the Sports Hall of Fame in November with the unveiling of the new digital display at NDHQ Carling Campus. Local sports programming, like hockey, soccer, basketball and curling leagues, also resumed during fall of 2021. The ninth edition of CAF Sports Day was held on October 21, 2021 with over 6,000 participants.

Support to CAF Deployed Operations

The PSP integrated planning team within Canadian Joint Operations Command (CJOC) continued to provide support to CAF deployed operations throughout the year. Since April 1, 2021, PSP has deployed over 60 personnel in support of OP IMPACT, Op REASSURANCE-LTF, and OP PROJECTION. Services provided include barber services, retail operations, fitness, sports

and recreation programs, administration of the Home Leave Travel Assistance Program (HLTA) and morale and welfare excursions. Embraced as a critical enabler of the CAF on deployed operations, PSP remains flexible and agile to support in whatever manner is required. For example, as members of OP IMPACT, the PSP team were responsive in support of OP AEGIS and quickly adapted programming posture to re-focus assistance where needed during the evacuation of Afghan refugees. In addition to our regular support, PSP deployed four staff in support of OP IMPACT's Third Location Decompression (TLD) held during the month of November 2021 in Cologne, Germany. This TLD was in support of an estimated 400 members transitioning home after a six-month mission in the Middle East.

In a particularly challenging year when international travel paused in response to COVID-19 restrictions, PSP Deployment Support continued to administer a modified HLTA program to support deployed operations. Those members authorized leave travel were restricted to return travel from mission location to Canada and, although the number of travelers were fewer, the dynamics of managing international travel during a pandemic made each individual file significantly more complex. Despite the restrictions, HLTA Staff at CFMWS HQ and SNPF, CF staff deployed overseas arranged over \$2.2 million in airfare to facilitate leave travel from designated mission areas for over 1,600 CAF members deployed to 12 operational missions around the globe, supporting our Defence families and serving those who serve.

Op Santa Packages

All 2,392 CAF members deployed away from Canada over the Christmas holidays received an Op Santa package. Thanks to generous corporate sponsors in Canada, including SISIP Financial and CANEX, this year's Op Santa Claus packages of daily-use items, valued at \$200 each, were prepared by the PSP deployed support team and the PSP Sponsorship team. Near or far, our CAF members' morale is always top of mind.

Support Our Troops

In addition to the loans and grants provided to members, Veterans and families, Support Our Troops also enables families to access programs

and services that would not have otherwise been possible. This past year, funding was provided to support: the OSISS mental health workshops, spousal employment, telemedicine, transition to civilian life and additional programming at MFRCs.

Soldier On Program

Working with the CAF Transition Group, the Soldier On team conducted 137 local/regional/national events in FY 2021-22, and 959 ill and injured were supported throughout the year. These events ranged from alpine skiing and hockey during the winter, and cycling, fishing and golf during warmer temperatures.

Wainwright Community Centre

CFMWS, through a Canadian Forces Central Fund (CFCF) grant, provided \$4.5 million for NPP's share of the construction of a new and much-needed community centre at CFB Wainwright. This cost-sharing legacy project brings together several dispersed services across the base into a single facility for military members and their families. The new facility includes the Military Family Resource Centre (MFRC), a Children's Daycare Centre, the Personnel Support Program's (PSP) Community Recreation Association and the Canadian Forces Housing Agency. Consolidating all military family support services under one roof is already creating better coordination and improved access to services at the Garrison.



- The new Wainwright Community Centre



National Junior Ranks Call of Duty Warzone Gaming Tournament

A successful activity promoted throughout CAF Messes in April 2021 was the National Junior Ranks Call of Duty Warzone Gaming Tournament. The Quadpocalypse Tournament CAF Junior Ranks had over 340 Junior Ranks members participate virtually for an afternoon of video gaming fun. The tournament had representatives from most Regular, Reserve Force, and members from Latvia and Kuwait. In addition, a contest was added to the match for participants to submit team photos during the event. The tournament was a great success that brought together our junior ranks during the pandemic, and was another way to maintain engagement with our members.

Military Spousal Employment Network

This is a self-directed online job network that allows military spouses to access employment opportunities compatible with the military lifestyle. Spouses also have access to tailored, in person and virtual hiring events. The following figures highlight key achievements during FY 2021-22:

- 723 new spouse registrations this year
- 4,900 spouses registered
- 754 participants attended 3 Virtual Career Fairs with national employers, resulting in 276 job placements
- 301 participants attended nine national training events focused on employment and entrepreneurship
- 110 spouses registered for online career counselling

Family and Veteran Health Care Support

CFMWS continued to contract a virtual care provider, to deliver on-demand telemedicine services to military families in Canada. This service was delivered as a response to the COVID-19 pandemic and works to ensure all military families in Canada are provided access to timely and safe virtual care from the comfort of their homes.

- Over 3,890 military family patients were able to connect with a physician through the convenience of a mobile application for smartphones, tablets or desktop computers in 2021-22.
- 104 Veterans or their family members received a virtual physician consultation through the Veteran Family Telemedicine Service since January 3, 2022,
- 485 military family members were referred to a family physician through the Military Family Doctor Network, delivered in collaboration with Calian Ltd.

Crisis Texting Services

CFMWS, in partnership with Kids Help Phone and Lockheed Martin Canada, continued to deliver crisis texting service for kids from military families living in Canada. Fifty-eight children, youth and young adults from military families accessed this free mental health and crisis support. Available day or night, this service provided a platform to confidentially broach topics and issues such as anxiety, depression, relationship issues, self-harm, and suicide ideation.

Family Information Line (FIL)

This is a component of the Virtual MFRC. FIL, a free, confidential, bilingual service, offers information, support, referrals, reassurance, appointment-based virtual counselling, and crisis management for CAF members, Veterans and their families - immediate and extended.

“ This is my second OUTCAN posting. The first one was from 2008-11. What a contrast when comparing support provided, not only to military members, but especially to the families.

– Military spouse ”

Virtual MFRC

Over 7,683 contacts (85 percent calls, 15 percent emails) were made to provide support to more than 7,000 CAF families globally as follows:

- 930 virtual counselling sessions and 1,356 incoming mental health related crisis calls to Canadian military families posted throughout Canada, the United States, Europe, and 37 other countries worldwide;
 - supported 812 family members experiencing issues with access to health care (versus 480 in the same period in FY 2020-21);
 - supported 110 family members experiencing issues with spousal employment (versus 33 in the same period in FY 20-21);
 - supported 370 family members experiencing issues with relocations and postings (versus 121 in the same period in FY 20-21);
- 340 warm calls to CAF families posted outside of Canada and the United States
- 518 outreach calls to MFRCs and Padres to share info about Virtual MFRC services and to collaborate in serving families
- 13 “WebXchanges” (informal networking collaboration chats to share great ideas help serve families, fostering a consistent and high baseline of service delivery between locations) hosted by Military Family Services, and attended by 336 MFRC staff from 31 MFRCs

I really appreciate that I can talk to someone who will listen, understanding the difficulties I face without judgement. Thank you for being there.

– Virtual MFRC client

Canada Army Run and Navy Bike Ride

In 2021, Canada Army Run completed its second virtual event. More than 10,000 people participated nationally across Canadian Forces Bases (CFB). Four hundred thousand dollars (\$400K) was raised to empower members and their families improve their well-being. Thanks to the efforts of Canada Army Run participants, donors and sponsors, the event has raised over \$4 million since its inception.

The 2021 virtual Navy Bike Ride celebrated the Harry DeWolf Challenge. Together, Canadians cycled over 556,000 kilometers in over 20,000 rides. Over \$102K was raised for Support Our Troops and the Royal Canadian Naval Benevolent Fund, with over \$60K disbursed to Support Our Troops and Soldier On combined.

CFOne Membership

CFOne membership grew by 14.12 percent during the fiscal year. This represents a gain of 41,531 new members with active cards. By the end of FY 2021-22, we had 335,767 active members with a CFOne card.

Member Benefits through CANEX

27,000 CFOne members used the CANEX No-Interest Credit Plan program in 2021-22 providing our members with \$43 million in no interest credit. Seventy-two thousand (72,000) CFOne members engaged with the CANEX Rewards program while shopping at CANEX, earning more than \$1.1 million worth of points and redeeming \$725K in points towards their purchases. CFOne members saved \$128K on their purchases by using the CANEX Price Match Policy.

SISIP Financial Planning & Investments

While known for its insurance products and advice, SISIP has delivered financial planning services to members since 1998 and has over \$700 million assets under administration in client accounts. In 2021, we renegotiated our strategic partnership with Investia Financial Services to expand our investment and portfolio solutions with competitive fees and discounts on

managed portfolios for SISIP clients. With deep expertise on CAF pension and release planning and enhanced advisor development, we have increased the number of advisory and support professionals by over 30 percent.

The Personal Insurance

In 2021, our CANEX Affinity team successfully renegotiated the automobile and property insurance contract between CFMWS and The Personal Insurance, ensuring more value for our members. This included:

- CFOne members continued access to exclusive automobile and property insurance rates
- A 40 percent increase in defined annual sponsorship spend by The Personal, for local and national events like Canada Army Run, Navy Bike Ride and RCAF Run.
- A CAF-exclusive policy exception for all OUTCAN members returning to Canada, whereby any interruption of continuous insurance/ principal operator experience due to deployment will not result in increased personal auto insurance rates.

CANEX SECOND Harvest Food Rescue

By accepting food donations at our store locations Canada-wide, CANEX supported local organizations in need. Thanks to the generosity of our customers, over \$43K in donated food was provided, serving 14,496 meals through 25 different non-profit organizations.

CANEX Goes Plastic Shopping Bag Free

In January 2022, CANEX eliminated single-use plastic shopping bags at all locations. In doing so, CANEX is preventing over 3 million single-use plastic shopping bags from entering landfills.

Communicating with Our Members

We continue to build engagement with members through various interaction points with members, including the Member Customer Service Centre, CAFconnection website, social media channels and member emails.

Member Customer Service Centre

This continues to be an important touchpoint for our members. This year, we assisted 21,358 customers through 102,892 interactions and engagements throughout the year. This is 16 percent more customers served over last year.

- The Member Customer Service Centre closed 49 percent more tickets and assisted 49 percent more customers than during the previous fiscal year.
- The Member Customer Service Centre handled 64 percent of issues on the first reply to members. This is 8 percent faster than the previous year.
- The overall member Happiness Score of 94 is 3 points higher than the previous year. It is derived from ratings provided by 24 percent of members using the Service Centre. 97 percent of members gave staff a “great” rating, which represents a 2 percent gain over the previous year.

The fastest client service ever, during my whole life in Canada and it's about 14 years. Keep up the excellent work. Thank you for your help.

– CFOne member

CFMWS customer service always goes out of their way to accommodate my requests. They provide top notch customer service.

– CFOne member

CAFconnection Website

We continued to drive traffic to our website through social media and email campaigns.

Overall, sessions are up, on average, 36.7 percent from the previous year, with 30.3 percent more users than the previous year.

Member Emails

Our email communications approach highlights specific themes related to the military lifestyle throughout the year, and we have increased our audience segmentation. In doing so we continue to create excellent engagement with our members. Across the board our open rates are exceeding industry benchmarks (average 35.8 percent versus industry at 21.9 percent open rates). The content presented to our members is resonating and appreciated, as demonstrated in our strong click-to-open rates (average 5.1 percent versus industry at 2.9 percent click-to-open rates).

Social Media

Continued consistency and one voice across all platforms has resulted in growth in followers, reach and, most importantly, engagement. In addition, we have shifted to a Member Relevance Model that aligns with Content Pillars (Financial Health, Physical Health, Mental Health and Social Health) and Content Themes (Education, Entertainment, Engagement and Experimentation).

We continue to grow and evolve our social media platforms, increasing content and frequency. Despite solely focusing on organic posts, followers have increased steadily year-over-year, and engagement rates have remained solid - average 3.7 percent versus 0.31 percent industry average.

Exceptional Employee Experience

As a member-centric organization, we are committed to supporting a culture where our employees understand our members' needs and deeply care about their mental, social, physical and financial well-being.

Wage Relief

Thanks to funding provided by the Department of National Defence, CFMWS was able to provide a wage subsidy to 542 employees throughout FY2021-22. This wage subsidy was geared more specifically to those whose revenue, from the services they provide to the CAF community, ceased due to COVID-19 restrictions. This critical financial assistance helped reduce the financial burden across the organization, which resulted in far fewer layoffs during periods of provincial lockdowns. As of April 1, 2022, no employee was on layoff because of the pandemic.

Our new CORE intranet informs employees, fosters national associations, and supports a learning and engaged team. Above all, CFMWS is now more closely connected in a way that we have never experienced. We enjoy communicating and accessing information while celebrating team successes together in 'Cheers for Peers'. Though separated by distance, division, or COVID-19, we are one team through CORE!

***– Tracy Broeze,
SISIP Financial Area Manager***



Modern Online Resource for Employee Engagement and Information

We launched CORE, our intranet site for employees in May 2021. This new modern capability offers our employees a much better experience in finding the documents, applications and tools they need to work more effectively. They can easily connect and collaborate with one another through its social capability, as well as offer each other kudos and badges for a job well done. The implementation team engaged with over 200 employees, ensuring that our employees' voices – and their various needs – were firmly embedded in the final design of CORE.

CANEX Employee Training

In collaboration with the CFMWS IS Division, CANEX deployed an Employee Training Kiosk at every store location. This new kiosk will help improve accessibility for all store employees to access learning and development activities, as well as CORE, without requiring them to use a personal device. CANEX also signed a partnership with the Toronto Metropolitan University and their Ted Rogers School of Management, to facilitate retail-focused workshops for field and headquarters management teams.

Diversity, Equity and Inclusion

Despite the pandemic, we continued our efforts towards achieving our annual targets set out to ensure diversity in our employee demographics.

Groups (excluding casual staff)	Number and percentage of CFMWS employees		
	2020-2021	2021-2022	Target
Visible Minority	266 (9.2%)	324 (8.2%)	15%
Persons with Disabilities	312 (10.8%)	330 (8.4%)	9.4%
Indigenous People	107 (3.7%)	135 (3.4%)	4.6%
Women	1,872 (64.6%)	2,478 (62.8%)	56.6%

We have also renewed our partnership with the Canadian Centre for Diversity and Inclusion (CCDI) to further our commitment to develop a diverse, safe, respectful and inclusive workplace. This partnership gives our employees access to free resources and webinars. A number of training courses were delivered to CFMWS executives and employees in the third quarter of FY 2021-22.



2 BUSINESS MATURITY AND INNOVATION



Strategic Aim

To mature our business model and processes in light of constantly changing and complex business environment.

In FY 2021-22, while we continued realigning our strategy, we refined our management process and our process for setting performance measurement standards across the entire enterprise. We have now embarked on our journey to measure our success and plan our actions for the future accordingly. Despite the existing challenges posed by the COVID-19 pandemic, the organization continued its evolution as an integrated social enterprise and made progress toward achieving its goals.

Enterprise Data Management Program

Data is crucial to maintaining growth and creating value for CFMWS members. Data management is a requirement for all Government of Canada departments and agencies as outlined in the Privy Council Office Data Strategy Roadmap. Data management and the alignment and establishment of standards are critical for transparent oversight of CFMWS' data assets and how they are acquired, stored, integrated, and used across the enterprise. Without this governance and oversight, CFMWS is exposed to several risks across all four risk-category quadrants (hazard, operational, strategic and financial).

As a result, CFMWS is developing an enterprise-wide approach to creating, protecting, using, managing and sharing data as a strategic asset, enabling informed decisions that lead to better outcomes and services for those we serve and their families.

The following were the successful enterprise data management initiatives in 2021-22:

- Developed the Risk Acceptance Letter (RAL) process, which included quick reviewing various systems, applications, platforms and making recommendations from a data privacy perspective. This reduced the privacy risk of data breaches associated with new projects.
- Developed SISIP Financial's business line analytics considering segmentation and capacity models.
- Continued to develop business intelligence standards to improve management reporting to build business competencies.
- Established the first three phases of Enterprise Data Strategy (gap analysis and systems review, data governance and data stewardship).
- Developed a data strategy for the family data aligned with the enterprise data-management framework and operational model.
- Began developing data capabilities and competencies framework for Staff of NPF, CF.
- Stood up the Enterprise Document and Record Management Project with an accelerated execution of the interim document management solution for MEMS.
- Contracted a Records Management domain expert to conduct a readiness assessment and implementation plan and provide records management guidance for membership data in SharePoint.
- Stood up a Master Data Management (MDM) working group to define reference and Master data standards for the enterprise, starting with MEMS.
- Achieved Payment Card Industry Data Security Standard (PCI DSS) Compliance.

Modernized Business Model and Delivery Approach

Modernized Social Enterprise Business Model

The current Business Model in place is summarized by VCDS Instruction 3/96 Concerning the Provision of Personnel Support Programs (PSP) Across the CF. The A-PS-110-001/AG-002 Morale and Welfare Programs in the Canadian Forces (Volume 1 Public Support for Morale and Welfare Programs and Non Public Property) (A-PS-110) is the policy that governs the expenditure of public resources for morale and welfare, including those delivered directly by the Public using the Public framework. This manual provides: a. policies for the organization, control and administration of morale and welfare (MW) programs within the Canadian Forces (CF) that are administered by the Canadian Forces Personnel Support Agency (CFPSA); b. authority for Public funding of MW programs; and c. policies for the governance and use of Non-Public Property (NPP) in support of MW programs. It is also the authority for Public support to NPP. It governs the support from DND/CAF and the provision of services to DND/CAF through the NPP framework.

With the significant changes in delivery mechanisms for Morale and Welfare programs and expansions into new areas, it has been determined that the replacement of the APS-110 is necessary. CFMWS leadership conducted a review and evaluation of the existing business model and an exercise to begin the process of developing a modernized business model for the path forward. To facilitate and oversee this work, an “APS-110 Replacement Strategic Oversight Committee” (APS-110 SOC) was formally stood up in September 2021. The APS 110 SOC has identified the tasks necessary to thoroughly address all issues and ensure a comprehensive arrangement with DND based on a modern business model. The APS-110 SOC has created two Working Groups – Services and Functions, and Finance. The Services and Functions Working Groups has identified the programs and services delivered to the CAF and those provided internally. The two working groups will work together to properly assign the costs associated to all of the programs and services. The final intent is to replace the APS-110 with a series of

Memorandums of Understanding/Service Level Agreements (MOUs & SLAs) that are responsive to current realities.

Infrastructure Strategy

CFMWS has completed a draft infrastructure strategy framework and is establishing an Infrastructure Working Group to collaborate on completing the Infrastructure strategy. The first phase to support the current CFMWS Strategic Plan, will entail the Infrastructure Working Group fleshing out and accounting for services and functions performed by CFMWS for all its stakeholders, documenting the infrastructure assets baseline and understanding/documenting the operating framework. The emphasis will be placed on those services and functions delivered by CFMWS and funded with Non-Public Funds. The second phase will be influencing the infrastructure management framework of split-funded infrastructure to ensure coordination with the Real Property management framework of DND. This will in turn assist us in developing the requisite external service standards, performance measurement framework and performance indicators, reporting mechanisms and amendment frameworks.

In FY 2020-21, we completed modernization projects at CANEX malls at CFB Greenwood and CFB Kingston. The refreshed malls are more inviting for customers. It also made the space a safer work environment and more productive for the team. CFB Cold Lake also saw improvements with a new BMO branch brought into the mall, renovated hairdresser concession and an interior make-over. The CAF community now has a brighter, more inviting space and now benefits from a BMO branch on-site, saving time and effort as the closest branch was 100 kilometers away.

CANEX Home Heating Program

The CANEX Home Heating Program underwent a thorough review to eliminate the discount variance across customer accounts and reduce the heavy administrative burden experienced by CANEX and Finance staff. The result is the launch of a simplified program with a normalized discount for all Home Heating Program customers in 2022, an increased revenue share to CANEX, and the introduction of an off-invoice customer discount, eliminating the annual administrative burden for CANEX and Finance employees.



CF Appreciation

The program performance continues to meet or exceed benchmarks. This year saw a continued growth in traffic, garnering a 9.6 percent increase in new users with a total number of 193,525 visitors to cfappreciation.ca. Continuous refinements in email marketing to eligible CFOne members resulted in above industry averages with average email open rates of 34 percent and click-to-open rates of 6.98 percent.

CANEX Online Success

CANEX.ca new platform offers a robust, secure and modern cloud-based e-Commerce platform. During FY 2020-21, CANEX.ca served over 716,000 visitors viewing over 8 million pages. Additionally, members reviewed over 2,000 products, which helped other members make informed shopping decisions. The in-store experience for both staff and customers saw a huge improvement with the introduction of internet-enabled iPads. This created the ability for customers to purchase over 1,000 online-only products while in a CANEX store.

Data Integrity Team

A new Data Integrity Team within the Merchandising Department was stood-up as CANEX looked to improve data integrity and operational consistency, and efficiencies in product ordering and replenishment across all product departments. The team has created over 3,980 styles and placed over 4,100 purchase orders to date.

Contract with Proctor & Gamble (P&G)

CANEX negotiated a new vendor contract with Proctor & Gamble (P&G), which will save thousands of dollars in shipping costs and further expand our Health and Beauty Aids (HABA) assortment to our members in the next fiscal year.

Operation Canned Goods

CANEX eliminated over 6,000 non-performing consumable products and improved profitability for our stores with the launch of Operation Canned Goods. Customers and staff benefited - by removing non-performing products, there is more room for products that are proven sales drivers and in line with what our customers want.

Annual Inventory

CANEX fiscal year-end inventory audit results, conducted by external auditors WIS, showed a total loss of \$156K of non-perpetual and perpetual merchandise, a 56 percent improvement over the previous year. Total shrinkage to total CANEX sales of 0.98 percent versus the previous year of 2.1 percent. The industry standard is 2 percent.

Cycle Counts

CANEX performed weekly cycle counts across all stores this fiscal year, which significantly improved store inventory visibility, accuracy and data integrity resulting in an annual shrink average of 0.24 percent, well under the 2 percent market average.

Vendor-Owned Inventory

The number of curated partnerships in the CANEX Vendor Owned Inventory program grew by 400 percent over the previous year. Because of marketing efforts and increased awareness, CFOne members purchased 9 percent more than the previous year (\$5.4 million versus \$4.9 million) using their CANEX No Interest Credit Plan at these partners' shops and service locations.

Centralize Supply Order Process

By centralizing our store supply purchases through Grand & Toy, CANEX lowered expenses by \$100K versus budget.

Gas Stations

CANEX renegotiated two Quebec gas stations from a fuel purchase to a fuel consignment agreement, thus ensuring an improved and guaranteed Gross Profit (GP) percentage.

Service Protection Plans

CANEX store staff attended workshops and received specialized training support in the sale of service protection plans for electronics. As a direct result, CANEX profits increased by \$140,000 over previous year.

Information Services

Our Information Services Division provides a complete range of information management and information technology (IM/IT) services to support the delivery of CFMWS services to the Canadian Armed Forces community.

The technology heart of CFMWS, it supports all business lines, products, services and offerings at headquarters and at Bases/Wings across Canada and Europe. They are the orchestrators of our digital innovation.

Among the most important accomplishments in FY 2021-22, were:

- The stand-up of IM/IT Enterprise Architecture function that coordinates divisional Technology Roadmaps across the enterprise
- 45 projects under the Digital Enterprise Portfolio (DEP), whereby 14 have been completed, and 21 are in progress, seven cancelled and three to be started
- 34 projects under the Technology Investment Portfolio (TIP), whereby 10 have been completed, 18 are in progress and one to be started
- Continuous investment in Cybersecurity
- Achieving PCI Compliance

Cybersecurity

Despite the increasing number of cybersecurity attacks worldwide during the COVID-19 pandemic, CFMWS has made significant strides in ensuring the safety and security of our data and applications. This year, there were:

- Over 13,000 unique attackers at our Firewall (FW) Border
- Over 350 different types of attacks were seen at our FW Border
- 1,667 cyber alerts generated were assessed by ISA (our security partner managing the Security Incident Event Management System – SIEM)
- 131 cyber alerts were escalated to CFMWS for assessment
- Over 124,000 Phishing emails were blocked at the email gateway
- Simulated Phishing Campaign 22 percent Phish Prone* percentage for CFMWS, compared to 26.8 percent industry average

*(Phish Prone Average is calculated based on the number of failures – clicks, open attachments, data entry, and so on)

NPP Special Interest Activities

PSP has initiated standardized business planning for golf operations, combined with management reports and performance dashboards. This, combined with a surge in play across the country, has resulted in our courses having experienced record usage, with an excess of 300,000 rounds played at golf courses operated by PSP for the 2021 playing season.

PSP Program and Equipment Support to Deployed CAF Members

Over \$150K in fitness, sports and recreation equipment was delivered in response to 21 mission requests, enhancing morale and welfare programs for CAF members deployed on CJOC, SOFCOM and RCN operations to date this FY.

In addition to equipment support, PSP Deployment Support has been able to make significant improvements to the morale and welfare programs for CAF members deployed to small domestic/continental operations and international and UN missions that do not generate NPF. The Corporate Rebate Program was introduced in June 2020 to generate NPF revenue from the 100 percent publicly-funded “Home Leave Travel Program”. By booking travel for more than 40 missions since the start of the Program, more than \$129K in credit card rewards were earned through CFMWS. This much needed funding was then provided to CAF Task Force leadership to enhance morale and welfare program events and recreation-based activities for all troops deployed.

The Deployment Support Amenities Program continues to provide support to all CAF operations globally through the distribution of entertainment materials, special event items, streaming services and satellite programming to the Royal Canadian Navy fleet. One hundred and sixty active satellite receivers support 12 Frigates, 12 Maritime Coastal Defence Vessels (MCDVs) and two AOPS (Arctic Offshore Patrol Vessels). Since April 2021, the amenities program has provided \$144K in direct funding to deployed operations for the procurement of amenities and recreation equipment.



3 FINANCIAL SUSTAINABILITY





FISCAL YEAR 2021-22



\$208,223,457

CFCF PORTFOLIO

RETURN IN THE

Fiscal Year

6.41%



VALUE ADDED

Fiscal Year

\$12.5M



VALUE REDUCED

In Q4

-\$11 M



AUG & DEC / 21

Best Monthly Performance
+\$6 million reach

SEP, JAN & FEB

Months with negative results
account for -\$20 million

CANADIAN BONDS

Assets Class with high positive variance
in the Fiscal Year because the TAA

SEP / 21

Worst Monthly
Performance -\$8 million

AVERAGE MONTHLY

2020-21 Fiscal Year was \$3 million

\$1 M





FISCAL YEAR 2021-22



VARIANCE IN THE

Fiscal Year

7.14%



VALUE ADDED

Fiscal Year

\$34.7 M



VALUE REDUCED

In Q4

-\$11.8 M



DEC/21

Best Monthly Performance
+\$12 million

SEP, JAN & FEB

Months with negative results
account for -\$25.6 million

FIXED INCOME

Main driver of a negative
performance in Q4

SEP/21 & JAN/22

Worst Monthly Performance
-\$10 million each

AVERAGE MONTHLY

Last year was \$6 million

\$2.9 M



Strategic Aim

To ensure our ability to generate profits and reinvest them into our member offerings.

CFMWS has multiple sources of revenue, such as financial market investment appreciation, PSP, CANEX and SISIP Financial customers, and cost recovery payments from the Government of Canada.

FISCAL 2021-22 BY THE NUMBERS

- CFMWS expenses (both NPP and Public) totaled \$194 million, which is higher than budget. In large part the variance over budget is in relation to NPP contributions to the pension. In January, a supplemental pension solvency payment of \$10 million was approved, and this was in addition to the resumption of pension solvency payments following a nine-month regulator-imposed moratorium in the prior fiscal year. Furthermore, the annual solvency contributions increased in the 2021-22 fiscal year. This fiscal year also saw the reinstatement of the CANEX/SISIP Financial dividend to Bases and Wings, resulting in a distribution of \$4.5 million compared to \$2 million in the prior year. CFMWS closed FY 2021-22 with a \$4 million surplus (\$88K in the previous year (PY)).
- NPP Investments The market value at March 31, 2022 of the CFCF portfolio was \$208.2 million versus \$195.7 million at year-end 2021 and the SISIP Segregated Fund was \$520.9 million versus \$486.2 million at year-end 2021. The prudent and active engagement by the Investment Committee with our investment managers has generated returns in line with the Investment Policy targets (CPI+3.5 percent).

The overall annual performance of the CFCF portfolio in FY 2021-22 is positive, with investment returns of 6.41 percent or \$12.3 million (22.5 percent or \$36.0M in FY 2020-21).

In FY 2021-22, the SISIP Segregated Fund returned 7.14 percent or \$36.9 million (18.1 percent prior year, or \$76.5 million). The fund must maintain sufficient capital to meet a contractual liability of \$360 million for reinsurance on \$3 billion of term life insurance. The SISIP segregated fund is more than sufficient to provide this surety on the contract.

- SISIP Financial's revenues for the fiscal year amounted to \$128.4 million (\$178.1 million in PY), inclusive of investment returns noted above. SISIP Financial's net income before distributions was \$49.9 million (\$82.3 million prior year). Year over year investment returns had the most significant impact on revenue and net income. Revenue from insurance premiums increased to \$88.4 million from \$85.6 million in the prior year. SISIP Financial contributed \$38.5 million this fiscal year (\$16.8 million PY) in support of NPP services. This increase in contributions was approved for a one-time, additional pension solvency funding of \$10 million.

SISIP Financial

Overall operations statistics are as follows:

Financial Counselling:

- Case Management: 4,651
- Families served: 3,073
- Financial Education: 162

Insurance:

- New Insurance clients: 5,141
- Critical Insurance Campaign: 9.2% increase
- New Face Value: \$768 million
- Internal Referrals: 1,065

Financial Planning:

- New Clients: 2,304
- New Assets: \$112.46 million
- Internal Referrals: 1,078

Corporate Revenue:

- Insurance Premium Revenue: \$88.4 million
- Financial Planning Revenue: \$6.6 million

I've found SISIP advisors to be very professional and knowledgeable, especially in dealing with the military community, which most others have very little knowledge. When I had a question while travelling, I've been able to meet with an advisor outside of my region. SISIP advisors work in the garrison/base/wing. We see them in the coffee shop and common areas where you can speak to them like a friend.

– SISIP Financial client

CANEX

Despite the pandemic restrictions throughout the fiscal year, CANEX and NATEX surpassed \$3.2 million Consolidated Net Income and Earnings Before Interest, Depreciation and Amortization (EBIDA) budget in 2021-22, and are on track as they look to return to Net Income positive by fiscal year end 2023-24. CANEX ended the year by reducing its losses from \$8.7 million to \$3.3 million. Top-line gross sales amounted to \$114.4 million (ahead of prior year \$108.3 million). Gross Margins improved year over year, from 18.3 percent to 19.9 percent. Further highlights include:

- EBIDA showed an improvement of \$4,952,000 versus budget of \$2,634,000 and versus LY loss of (\$1,975,000)
- **Canadian Defence Community Banking**
Delivering this program in partnership with BMO Bank of Montreal, CANEX Affinity achieved its annual target and a milestone revenue of \$1 million for CFMWS. The

growth in the CDCB customer base resulted in CFOne member savings of \$15 million in monthly banking fees in 2021.

- **CANEX Marketing Initiatives**
Successfully executed over 100 marketing initiatives throughout the fiscal year, generating \$12 million of incremental sales through broad and targeted campaigns and promotions versus last year of \$9.4 million.
- **CANEX Endless Aisle (EA) Program**
Our Endless Aisle (EA) product assortment offered online by third-party vendors resulted in a sales increase of 245 percent over the previous year totaling approximately \$1.7 million in sales across 80 brands.
- **The Personal Insurance**
Revenues received from The Personal Insurance grew 4.78 percent in 2021 over the previous year, achieving 115 percent against target.

Support Our Troops

Funds ended the FY 2021-22 with revenue of \$3.9 million (\$4.4 million prior year), including \$2.7 million of philanthropic gifts (\$3.3 million prior year).

COVID-19 Wage Subsidy Program

The SNPF, CF employees of CFMWS received Government of Canada funding support of \$3.9 million for CANEX (\$278K) and local NPP entities (\$3.6 million) to cover lost revenue that would have normally paid their wages (prior year, \$10.8 million distributed as \$1.7 million to CANEX and \$9.1 million to local NPP entities).

Cost Value of NPP Properties

During the year, CFMWS engaged a property appraisal firm to assess NPP assets to ensure accurate insurance placement. The focus of the appraisal was Replacement Cost (cost to rebuild the structures to a modern equivalent) which is applicable for insurance. Infrastructure information was collected on 17 Bases/ Wings, and valuations were completed for 67 NPP properties. These appraisals significantly improved our understanding of the NPP infrastructure inventory and will help to inform insurance requirements under the Consolidated Insurance Program.

Queensway Corporate Campus

Despite the pandemic, which negatively affected commercial leases in the Ottawa region, Corporate Services worked diligently with Inside Edge Properties to bring our portfolio vacancy rate from 12.9 percent in September 2021 down to 5.22 percent in February 2022. This has significantly increased the Queensway Corporate Campus portfolio revenue.

Deployed NPP Retail Operations

Retail operations continued to see record distribution last FY 2021-22. OP REASSURANCE-LTF received approximately \$ 581K CDN (\$3.2 million in sales YTD) directed to support morale and welfare programming and, OP IMPACT received over \$87K CDN (\$253.500 in sales YTD). This remarkable contribution was achieved with the expansion of our physical retail spaces in Latvia and Kuwait, despite the pandemic ongoing challenges. Of the funding distributed, over \$95K was provided to NATO allies in Latvia, strengthening our bonds and showcasing the benefits of having an organization such as ours embedded in support of military operations.





Conclusion

This Annual Report describes our many outcomes, activities, programs and services over the past year. As for most organizations, it has been challenging to re-imagine our business in the face of a global pandemic. But, with every challenge comes opportunity and the space to be creative and innovative and to look at things completely differently. We have adapted and innovated where our people, services and processes are concerned.

We continue to deliver programs and services that move beyond just physical fitness to holistically provide a cohesive package that includes mental, social, physical and financial wellness to address those critical domains of wellness that directly impact the Canadian Armed Forces operational readiness.

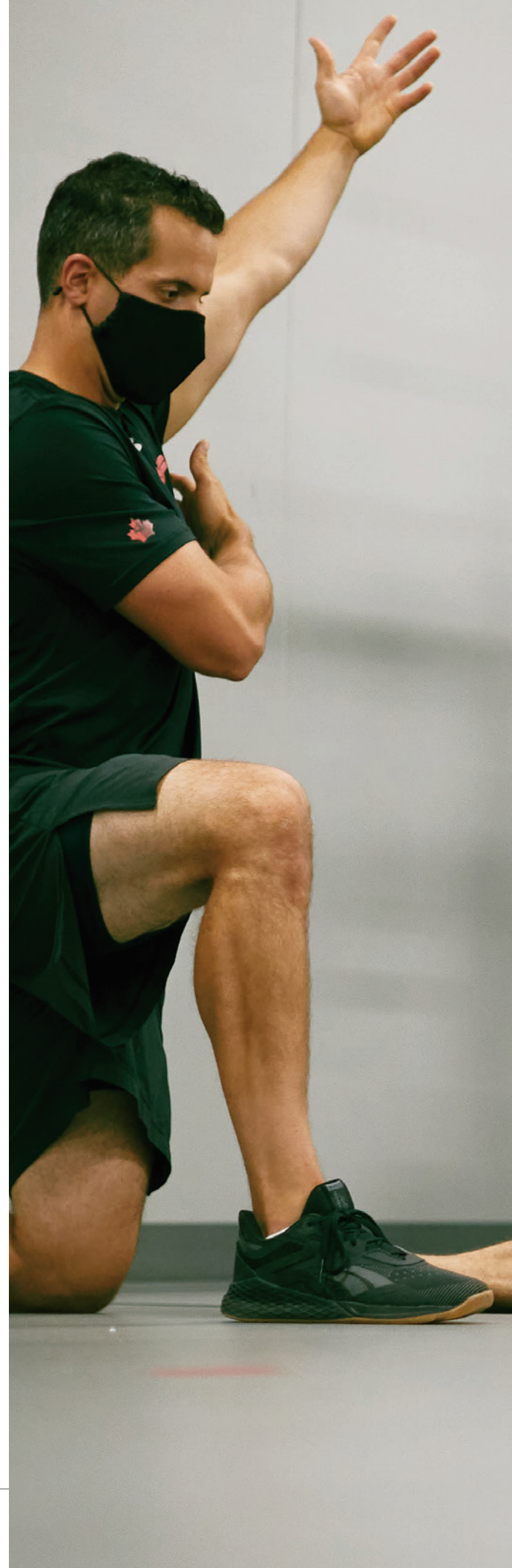
Our employees understand the Canadian Armed Forces lifestyle and everything that entails. They are passionate, driven, invested and proud to deliver programs and services designed to create vibrancy and a sense of belonging regardless of the location. CFMWS' focused commitment to our members' health and well-being provides a unique value proposition for the Government of Canada through a Non-Public Property social enterprise model that reinvests profits back into programs and services, enhancing the Defence and Security community's resilience.

Every improvement, new program or service, and increased digitization brings us closer to our promise.

Today, more than ever, all of our energy remains focused on keeping this pledge to each and every one of you. Wherever you are, whenever you need it.

We proudly serve those who serve Canada.

** Note: All financial figures included in this report are unaudited. Where differences occur, the audited financial statements will be considered the definitive authority. When completed, Audited Financial Statements will be posted at <https://www.cafconnection.ca/National/About-Us/Public-Reporting/Financials.aspx>





Contact Us

communications@cfmws.com

MEMBER CUSTOMER
SERVICE CENTRE

1-855-245-0330
CAFconnection.ca



CFMWS.
Invested in your life.



**Canadian Forces Morale
and Welfare Services**

4210 Labelle Street
Ottawa, Ontario
K1A 0K2