Canadian Commercial Corporation
Corporation Commerciale Canadienne

Growing and Diversifying Canadian Exports

Annual Report 2019–2020

Canada

CANADA'S INTERNATIONAL GOVERNMENT-TO-GOVERNMENT CONTRACTING AGENCY

MANDATE

The Canadian Commercial Corporation (CCC) is a Crown corporation of the Government of Canada established for the purpose of **assisting in the development of trade** between Canada and other nations.

MISSION

CCC supports the development of trade by helping Canadian exporters access government procurement markets of other nations through **government-to-government** contracting.

COMMITMENT

CCC is committed to being a **trusted partner** for Canadian Exporters and their customers by helping to grow the global export market for Canadian Companies contracting with Foreign Governments.

Canadian Commercial Corporation
Corporation Commerciale Canadienne

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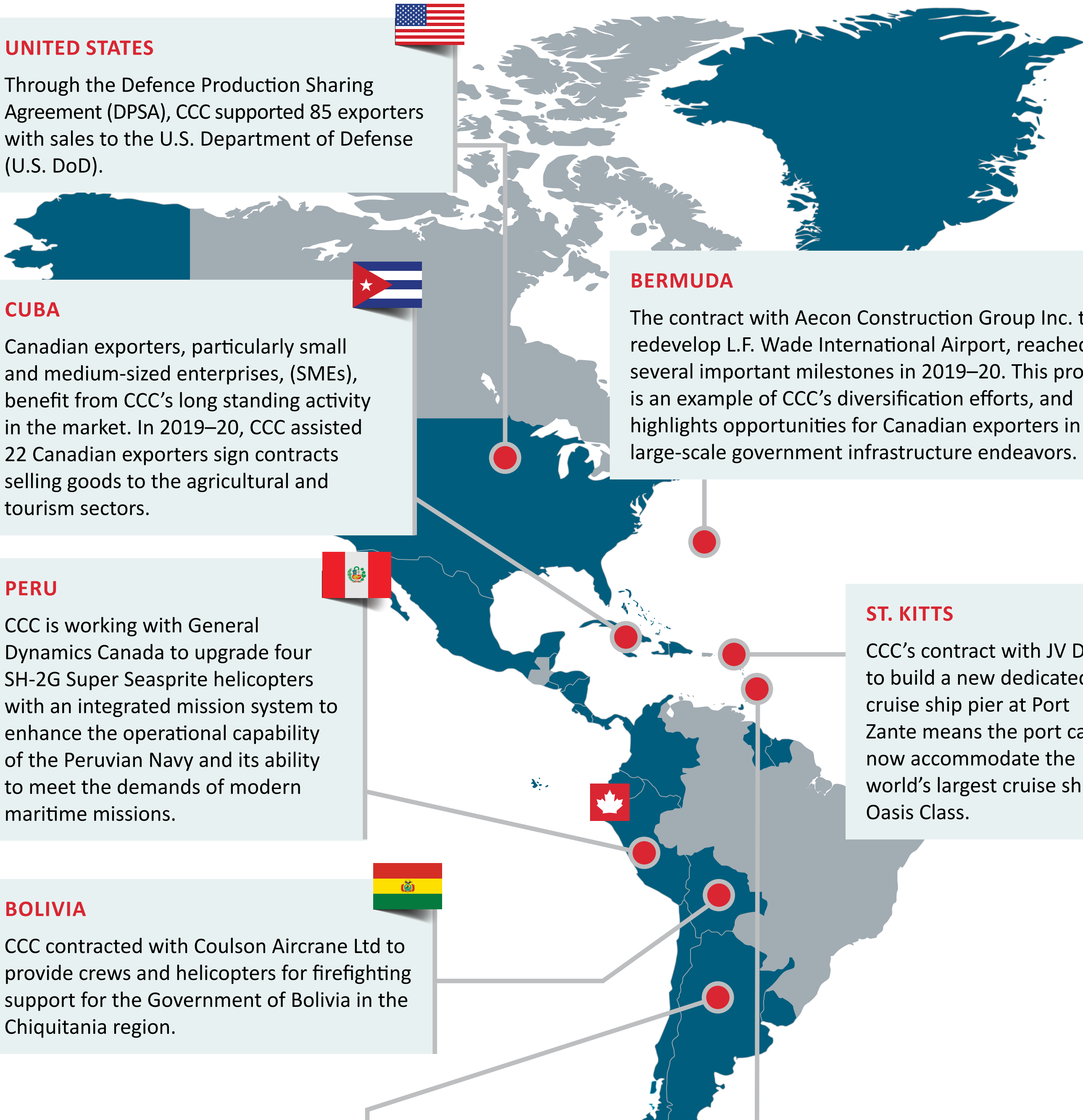
Please note:All figures are in Canadian dollars unless otherwise noted and all financial reporting is in accordance with International Financial Reporting Standards ("IFRS").

CCC Around the World

CCC enables exporters to do business in challenging global markets. In 2019–20, CCC was active in 81 countries helping exporters across a number of industrial sectors.



UNITED STATES

Through the Defence Production Sharing Agreement (DPSA), CCC supported 85 exporters with sales to the U.S. Department of Defense (U.S. DoD).

CUBA

Canadian exporters, particularly small and medium-sized enterprises, (SMEs), benefit from CCC's long standing activity in the market. In 2019–20, CCC assisted 22 Canadian exporters sign contracts selling goods to the agricultural and tourism sectors.

PERU

CCC is working with General Dynamics Canada to upgrade four SH-2G Super Seasprite helicopters with an integrated mission system to enhance the operational capability of the Peruvian Navy and its ability to meet the demands of modern maritime missions.

BOLIVIA

CCC contracted with Coulson Aircrane Ltd to provide crews and helicopters for firefighting support for the Government of Bolivia in the Chiquitania region.

ARGENTINA

CCC contracted with Viking Air Limited for the sale of DHC-6 Series 400 Twin Otter aircraft to the Government of Argentina.

BERMUDA

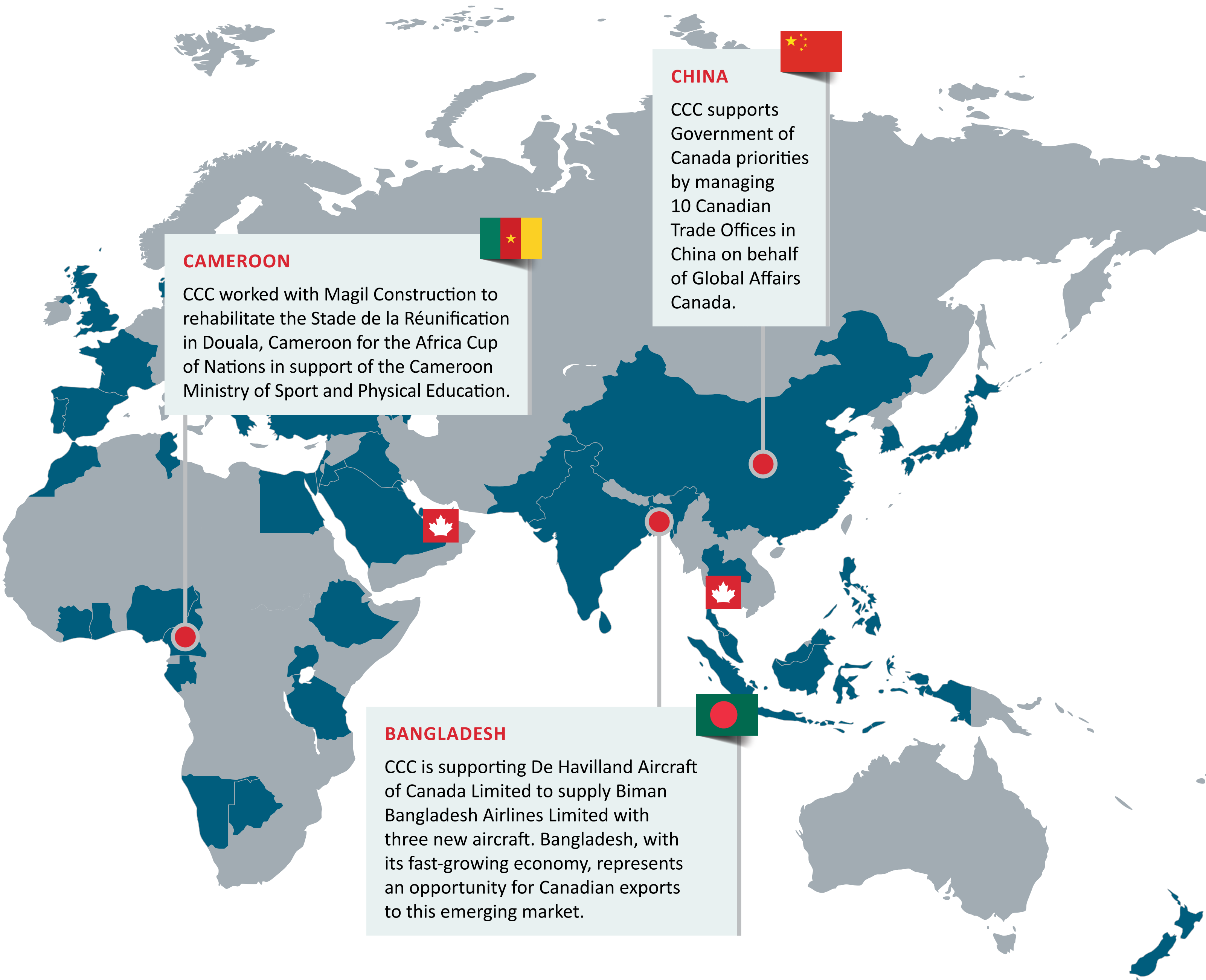
The contract with Aecon Construction Group Inc. to redevelop L.F. Wade International Airport, reached several important milestones in 2019–20. This project is an example of CCC's diversification efforts, and highlights opportunities for Canadian exporters in large-scale government infrastructure endeavors.

ST. KITTS

CCC's contract with JV Driver to build a new dedicated cruise ship pier at Port Zante means the port can now accommodate the world's largest cruise ships—Oasis Class.

BARBADOS

CCC worked with CowaterSogema and the Barbados Water Authority on a cleantech solution to deliver an integrated demand management solution to manage and bill for the supply of drinking water, improve customer service, and enable financial and operational efficiencies in support of a more sustainable water supply solution.



CAMEROON

CCC worked with Magil Construction to rehabilitate the Stade de la Réunification in Douala, Cameroon for the Africa Cup of Nations in support of the Cameroon Ministry of Sport and Physical Education.

CHINA

CCC supports Government of Canada priorities by managing 10 Canadian Trade Offices in China on behalf of Global Affairs Canada.

BANGLADESH

CCC is supporting De Havilland Aircraft of Canada Limited to supply Biman Bangladesh Airlines Limited with three new aircraft. Bangladesh, with its fast-growing economy, represents an opportunity for Canadian exports to this emerging market.

PROJECT HIGHLIGHTS

Bringing Canadian Know-How to the World

SUPPORTING FIREFIGHTING EFFORTS IN BOLIVIA

CCC and Coulson Aircrane Ltd. (Coulson) assisted the Government of Bolivia with its urgent firefighting efforts in Chiquitania, a region of tropical savannas close to the Bolivian Amazon rainforest.

Coulson supplied a crew and three helicopters, including two Sikorsky S-61 helicopters and a custom Chinook CH-47D, to Bolivia to provide aerial firefighting capabilities.

The facilitation of this transaction through CCC's government-to-government contracting mechanism enabled Coulson to mitigate business risks, respond to an urgent environmental and humanitarian need and build on their existing business relationship with Bolivia.

BRINGING INNOVATION AND CLEAN TECHNOLOGY TO MARKET

Through the DPSA, Terragon Environmental Technologies was able to deploy its prototype waste and water management technology in the field with the U.S. DoD as a single, integrated system—a technology milestone for Terragon.

This patented and innovative clean technology solution has broad industry applications and this contract provides the company with a unique opportunity to prove its technology and expand into other markets.

DELIVERING A WORLD CLASS AIRPORT IN BERMUDA

CCC is supporting Bermuda through a $274 million USD redevelopment of the L.F Wade International Airport. In 2019–20 the project achieved several important construction milestones with expected completion in 2020.

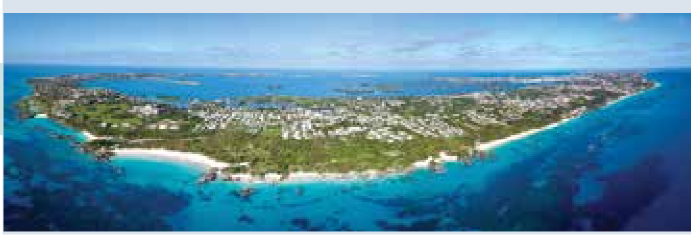
This world class facility will feature a new terminal incorporating the Bermuda "look and feel" along with state-of-the-art energy and water efficiency technologies.

SUPPORTING THE AEROSPACE INDUSTRY ACCESS NEW MARKETS

CCC supported the sale of a Viking Air Limited (Viking) DHC-6 Series 400 Twin Otter aircraft to the Government of Argentina. The contract includes pilot training in Canada, including flight simulation for Argentinian pilots.

The Twin Otter, manufactured at Viking's facilities in Sidney, British Columbia, and Calgary, Alberta, is a 19-passenger utility aircraft renowned for its reliably and versatility.

The aircraft will be fitted with firefighting capabilities and other enhanced systems for multiple roles (such as firefighting, transportation, search and rescue, medical evacuations and other capabilities) will make this Argentina's first truly multi-purpose aircraft.



2019–20 Performance Highlights

Number of value-added Canadian jobs supported by CCC's activities in all sectors

13,000

Value of Contracts signed

$1,250M

Percentage of CCC customers that are SMEs

40%

157

Number of Customers

Commercial Trading Transactions*

$3.17B

Number of countries in which CCC was active

81

Sales to the U.S. Department of Defence

$928M

*Commercial Trading Transactions refer to the value of goods and services delivered by Canadian exporters.

Message from the Chairperson

I am pleased to present CCC's 2019–20 Annual Report. This was a challenging year for CCC as it dealt with a slowdown in the global economy, increased trade headwinds around the globe and general uncertainty, along with the impact of COVID-19 in Q4. In 2019–20, CCC signed $1,250 million worth of contracts—contracts that supported over 13,000 jobs for Canadians. While these results are lower than our planned results, the Corporation continued to focus itself on growing revenues through implementing its new strategy to grow the number of Canadian Exporters accessing new markets as well as its focus on SME customers. We continued to deliver services and provide support that enables Canadian companies of all sizes to go global and seek out new opportunities. It is clear that CCC's position within Canada's trade portfolio and its ability to contract in times of urgent need remains more important than ever before. We will continue to help exporters, particularly SMEs, succeed during this difficult period, as we know that they will be critical to our future economic recovery.

Despite these challenges, it was still a year marked by many successes. During 2019–20, CCC worked with 157 companies, of which more than 62 were SMEs. We were active in 81 countries around the world including the United States, Bolivia, St. Kitts and Nevis, Cameroon, Panama and Bangladesh. I am particularly proud of the strategic investments CCC made in our people, processes and systems as well as our continued efforts to embed responsible business practices into our operations as well as our focus on Environmental, Social and Governance (ESG). Our strengthened Responsible Business Conduct Framework will also be critical in mitigating risks for a growing number of Canadian companies when contracting with foreign governments.

During the fiscal year, CCC moved forward with its renewed strategic plan to achieve future growth and optimize the support it provides Canadian exporters with a particular focus on SMEs. Through these efforts, Canadian SMEs are better able to capitalize on new opportunities and compete in the global marketplace. CCC also enhanced its processes to ensure they better align with exporter needs, changing business drivers, and Government of Canada priorities.

I want to take this opportunity to acknowledge CCC's outgoing President and CEO, Martin Zablocki. Martin joined the Corporation in November 2007 and held multiple key positions within the organization before being appointed President and CEO in April 2014. During his tenure at CCC, Martin contributed significantly to CCC's successes.

I would also like extend a warm welcome to CCC's new President and CEO, Carl Marcotte, who was appointed in 2019 after having joined the Organization in 2017. Carl brings with him extensive public and private sector experience and a clear focus on business growth while driving process and business improvements.

I would like to recognize the hard work and dedication of CCC's Board members who give their time, knowledge and talent in support of CCC and its work. Their leadership and guidance throughout the year played a key part in CCC's achievements and will continue to be crucial during the uncertain times ahead. I want to especially acknowledge Derrick Rowe and Stephen Sorocky who completed their terms in 2019. We are tremendously grateful for their contribution. I would also like to welcome our new Board members: Mora Johnson, Christa Wessel and Mike Johnson. Appointed to the Board in July 2019, all three individuals bring with them professional experience that will greatly benefit the Corporation and ultimately, Canadian exporters.

On behalf of the entire Board, I would also like to thank CCC's dedicated staff for their sustained efforts, commitment and professionalism throughout the year and during this challenging time in particular. Through their commitment and dedication, the organization was able to follow through on its commitment to help Canadian exporters enter into new and emerging markets.

CCC remains committed to supporting the priorities set out by the Government of Canada and working with our partners to better assist and serve Canadian businesses in every way possible, so they can grow and succeed in the years to come.

Sincerely,

Douglas J. Harrison
Chairperson, Board of Directors

"I would like to recognize the hard work and dedication of CCC's Board members who give their time, knowledge and talent in support of CCC and its work. Their leadership and guidance throughout the year played a key part in CCC's achievements and will continue to be crucial during the uncertain times ahead.

DURING 2019–20, CCC WORKED

WITH...

157

COMPANIES

of which

62+

WERE SMEs

IN...

81

COUNTRIES

including

- United States
- Bolivia
- St. Kitts and Nevis
- Cameroun
- Panama
- Bangladesh

Message from the President and CEO

It is an honour and a privilege to be appointed as the President of CCC. I am very proud of the Corporation's many accomplishments and look forward to building on these achievements as we move forward during this challenging time. As we look to the year ahead, there are many uncertainties, but this coming year also presents an opportunity to strengthen CCC's position within the trade portfolio. CCC's ability to provide Canadian exporters with a competitive advantage is increasingly apparent in times of uncertainty. Our business model is well designed to support the expansion of international trade and bilateral commercial relationships between Canada and other nations, providing foreign government buyers with a transparent, low-risk option to procure goods and services from innovative and world-class Canadian companies.

This past year was challenging for CCC and our ability to convert opportunities in our pipeline to contract signings was impacted by difficult market conditions resulting in lower than expected results in the value of contracts signed as well as customers served. Despite these results, the Corporation continued implementing its strategy to support a greater number of Canadian exporters during the year and signed several notable contracts. From delivering aircraft to Argentina to providing a South American government with access to Canadian expertise for emergency firefighting efforts, CCC's government-to-government contract mechanism quickly enabled Canadian exporters to mitigate business risks and respond to urgent environmental and humanitarian requirements. This ability to respond quickly is likely to be called upon again as the global community faces many challenges during this pandemic and in the months and years to follow.

As custodian of the Defence Production Sharing Arrangement (DPSA), CCC continued to successfully fulfill its public policy role on behalf of the Government of Canada. In fact, CCC exceeded its targets this past year by signing $928M worth of contracts. The DPSA remains a vital component of the Canada-U.S. bilateral trade relationship and supports a diverse portfolio of customers that span numerous Canadian industries.

I am equally proud of the support that CCC provided SMEs through our contracting services. Ensuring we reach and support a greater number of SMEs will be vital for our continued success. To support this, the Corporation developed a new corporate strategy in 2019–20 that emphasized helping Canadian exporters through an enhanced risk management framework. Moreover, CCC significantly improved its processes in order to streamline, enhance, and improve existing customer products and services. The efficiencies gained from this continuous process are being reinvested in the new corporate strategy to develop new products for small businesses.

Looking forward, CCC is well positioned to align with Government of Canada priorities to support and rebuild Canada's economy in the wake of COVID-19. Economic recovery efforts, supported with CCC's government-to-government contracting model, will facilitate urgent procurements and assist Canadian companies in providing medical equipment and supplies, agricultural products and food supplies, as well as other emergency response products and services.

As a final note, I would like to thank the Board of Directors for their guidance and commitment, and above all I would like to thank all of our employees. It is through their passion and commitment to providing high quality service to Canadian exporters that CCC is able to create and sustain jobs for Canadians.

Sincerely,

Carl Marcotte
President and CEO

> "From delivering aircraft to Argentina to providing a South American government with access to Canadian expertise for emergency firefighting efforts, CCC's government-to-government contract mechanism quickly enabled Canadian exporters to mitigate business risks and respond to urgent environmental and humanitarian requirements.

Organizational Overview

CCC, headquartered in Ottawa, Ontario, is a parent Crown corporation under Schedule III Part I of the *Financial Administration Act* (FAA). It reports to Parliament through the Minister of Small Business, Export Promotion and International Trade. As a Government of Canada entity authorized to execute commercial contracts with foreign government buyers, CCC is uniquely positioned to support Canadian exporters. It is focused on increasing Canada's trade across diverse sectors by helping Canadian companies capitalize on opportunities in new and challenging markets.

> "Ultra Electronics TCS supplies mission-critical communications and networking equipment for defence systems, security and public safety applications. Through the DPSA, CCC has helped us successfully sell our tactical communications systems to key US buyers—supporting the growth of our business and remaining a global leader in our field.
>
> – **Iwan Jemczyk, President**
> **Ultra Electronics TCS**

Mandate and Public Policy Objective

Established in 1946, CCC was created by articles of incorporation under the *Canadian Commercial Corporation Act* (CCC Act)[1] with a mandate to assist in fostering trade between Canada and other nations. The CCC Act defines this role and provides the Corporation with a range of powers, including the ability to assist in developing trade and exporting goods from Canada, either as a principal or as an agent. An increasing number of Canadian products and services are being exported to markets around the world as a direct result of CCC's trade mandate. In all cases, CCC is delivering a critical link that provides exporters with a government-to-government prime contract that enhances their value and appeal to foreign government buyers.

Mission and Statement of Commitment

CCC seeks to assist the Government of Canada in the development of trade through serving more exporters in different ways, with a view of expanding the number of Canadian companies who export and helping smaller companies scale-up faster. CCC does this primarily by enabling Canadian companies to access global government procurement markets through government-to-government contracting. The Corporation also provides these companies with transactional and contracting risk mitigation expertise and access to the CCC's wealth of experience in project management and responsible business practices. CCC is committed to serving even more SMEs looking to export overseas by facilitating access to international markets and more effectively leveraging its decades of international contracting experience.

1 *Canadian Commercial Corporation Act*. Accessed at: http://laws-lois.justice.gc.ca/eng/acts/C-14/page-1.html

CCC's Portfolio of Business

As Canada's government-to-government contracting organization, CCC's primary role is to reduce the risk for Canadian exporters and government organizations that provide goods and services to foreign government buyers. CCC enters into contracts with Canadian exporters to fulfill the requirements of these government-to-government contracts. This provides an added incentive for foreign buyers to procure from Canada by mitigating their risk.

By reducing procurement risk when contracting with foreign governments, CCC supports Canadian exporters, including many small and medium-sized enterprises (SMEs), enabling them to access new export opportunities that might not otherwise be open to them. For Canadian exporters in diverse sectors, the government-to-government contracting approach is an additional tool that they can use in increasingly competitive global markets.

CCC classifies its business activities by Product Lines that are structured to align with the Corporation's prime contracting focus on priority industrial sectors of the economy and its public policy activities. These priority sectors include; aerospace, clean technology, construction and infrastructure, defence and information and communications technology. The goal of CCC's activities is to increase the number of exporters that CCC serves while also supporting a wide range of Government of Canada priorities. CCC's portfolio of business includes the following:

> "Viking has worked with CCC on numerous sales. Their international contracting expertise is essential when it comes to helping Canadian exporters close deals with foreign governments.
>
> – **Robert Mauracher, Executive Vice President of Sales & Marketing, Viking Air Limited**

Priority Sector Product Lines

Aerospace – Canada's aerospace industry is internationally recognized as a global leader contributing over $25 billion to Gross Domestic Product (GDP) and over 213,000 jobs in the Canadian economy.[2] As a global leader, Canada's aerospace industry is well positioned to access this market as over 90% of manufacturing firms in the industry actively export, making this an important focus for CCC's services.[3] Opportunities exist across the sector in several primary segments, including: aircraft manufacturing, advanced manufacturing (flight simulators, landing gear, engines) and maintenance, repair and overhaul (MRO) work. Typical government buyers in this sector include; Ministry of Defence, Ministry of Transportation, National Police, Space Agencies and State-Owned Airlines.

2 Innovation, Science and Economic Development Canada (ISED)'s model estimates direct, indirect and induced employment and GDP impacts based on revised data from Statistics Canada, National Input-Output Multipliers (2015 adjusted to 2018 employment), Canada Revenue Agency, OECD and firm level observations, 2019.

3 Statistics Canada Survey of Innovation and Business Strategy (2017), 2019

Clean technology ("cleantech") – This global market is growing rapidly and is expected to surpass $2.5 trillion by 2022.[4] Cleantech is an export-oriented sector that has significant opportunities for Canada's innovative clean technologies in areas like renewable energy, water and waste water treatment, soil remediation as well as environmental engineering and consulting. Typical buyers for government-to-government Cleantech solutions include; Public Transit Authorities, Public Utilities, Ministry of Energy, Ministry of Transportation and Municipalities.

Construction and Infrastructure – A global market estimated at greater than $3 trillion, driven significantly by demand in emerging and developing markets, where government investments are connected to a large proportion of transportation and energy infrastructure development. Significant opportunities exist in this sector for projects that include: airport construction and redevelopment, power generation, roads and bridges, water and waste water treatment facilities and transit. Typical buyers for government-to-government infrastructure contracting include: Airport or Port Authorities, Water and Wastewater Authorities, Ministry of Energy and Ministry of Transportation.

Defence – Global defense spending is expected to grow by approximately 3 percent over 2019–2023 to reach $2.1 trillion.[5] As global security challenges persist, defence and security is expected to remain an important budget item for most allied and like-minded nations, particularly the U.S. Typical buyers for government-to-government defence contracting include: Army, Navy, Air Force, Coast Guard, Ministry of Defence, National Police and State-Owned Defence Procurement Agency.

Information and Communications Technology ("ICT") – A global market estimated at greater than $4.8 trillion that is forecasted to grow to $5.8 trillion by 2023.[6] Within ICT, CCC manages several international lottery contracts. CCC's involvement brings transparency and credibility to the operation of the two *good cause* national electronic lotteries in Central America. These lotteries help generate funds to relieve poverty and provide educational and social support to youth and senior citizen populations, including through the establishment of a nationwide network of centers providing community computer access. Typical buyers for government-to-government ICT contracting include: Chief Information Officers, Hospitals and Healthcare Authorities, Ministry of Public Safety, State-Owned Lottery Corporations and State-run Cyber Security Organizations.

CCC supports business activities from other industries outside of its priority sector product lines. This includes the export of products from the agriculture industry.

4 https://www.smartprosperity.ca/content/308

5 Deloitte, "Deloitte: technological developments and innovation continually shape the A&D industry", Accessed at: https://www2.deloitte.com/cn/en/pages/about-deloitte/articles/pr-er-2020-global-aerospace-and-defense-industry-outlook.html

6 IDC, Global ICT Spending Forecast 2020–2023, Accessed at: https://www.idc.com/promo/global-ict-spending/forecast

Public Policy Activities

SME

SME Program – CCC supports SMEs directly and indirectly through the contracts it manages. Currently, the SME product line supports the sale of goods and services across a broad range of industrial sectors. CCC plays a key role forging connections between SME exporters and foreign buyers in these sectors to lower transactional risks and assist and support these firms accessing new and emerging markets. By leveraging its contracting expertise, CCC is developing new offerings to reach more companies and help them access global export opportunities.

DPSA

Defence Production Sharing Agreement (DPSA) – The DPSA is a bilateral defence trade agreement with the U.S. that has been administered by CCC on behalf of the Government of Canada since 1956. In accordance with the U.S. Defense Federal Acquisition Regulation Supplement (DFARS) 225.870, most contracts between the U.S. DoD and Canadian exporters that surpass the U.S. DoD's minimum acquisition threshold must be endorsed by and awarded to CCC. As a result of this agreement, Canadian companies are able to compete for contracts as part of the integrated North American Defence Industrial Base. This helps maintain Canada's privileged relationship as a trusted acquisition partner of the U.S. DoD in an era where the U.S. is increasingly looking to its allies as a source of technology and innovation. CCC's role as prime contractor helps maintain this bilateral framework, and ensure that Canadian exporters continue to enjoy a level playing field with U.S. based companies.[7]

The support CCC provides through the DPSA aligns with the Government of Canada's commitment to maintaining a constructive bilateral defence trade relationship with the U.S. technologies. In 2019–20, through CCC contracts, 85 Canadian exporters signed $928 million worth of new contracts with the U.S. DoD through the DPSA. These contracts directly supported more than 5,500 Canadian jobs in sectors such as health, infrastructure, ICT and defence. By successfully selling to U.S. DoD buyers under the DPSA, Canadian companies—particularly SMEs—gain valuable experience that enables them to compete on an international scale.

Sourcing – CCC assists Government of Canada departments and agencies in efficiently and effectively fulfilling complex sourcing needs. This involves sourcing goods and services to meet a variety of international commitments or programming needs. CCC charges a fee to cover the costs of managing the program. Through this work, CCC supports a wide range of contribution and capacity building programs such as:

- providing urgent and emergency disaster relief support;
- helping foreign governments in their efforts to fight cross-border crime (i.e. fraud, corruption, human trafficking);

7 Government of Canada. Canadian Access to the United States defence market. Accessed at: https://www.ic.gc.ca/eic/site/ad-ad.nsf/eng/ad00271.html

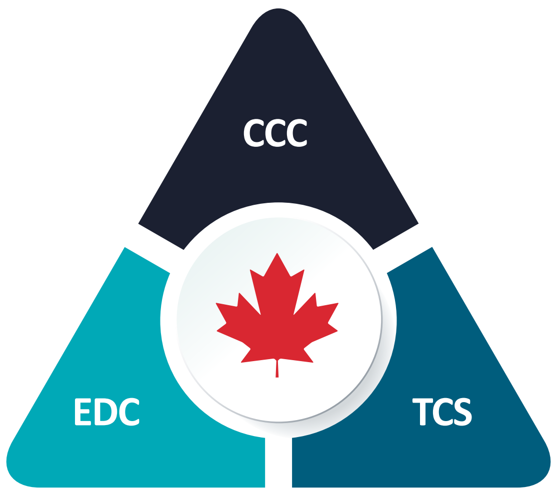
- supporting anti-terrorism efforts (both domestic and international); and
- facilitating Canada's contributions in other international endeavours (i.e. scientific or other collaborations).

Other Services

Canadian Trade Offices – On behalf of Global Affairs Canada (GAC), CCC manages all non-trade support services for 10 Canadian Trade Offices in China. These offices, located in China's rapidly developing second-tier cities, provide support to Canadian companies looking to enter the Chinese market, while also providing a cost-effective trade promotion platform for Canada's Trade Commissioner Service. CCC recovers all of its costs from this program and charges a fee to GAC for its services.

International Trade Portfolio

CCC is part of the Government of Canada's International Trade Portfolio. The Corporation's contracting and procurement expertise complements the advisory services and support programs of GAC's Trade Commissioner Service (TCS) and the financial services provided by Export Development Canada (EDC). Through the role CCC plays in Canada's trade portfolio, it is able to provide Canadian exporters access to foreign procurement opportunities that would otherwise have remained closed. CCC's involvement in government-to-government contracting also levels the playing field for Canadian companies, enabling them to compete in markets around the world. Through these contracting activities, CCC not only reduces the risk for both Canadian exporters and foreign government buyers, but also decreases the transaction costs for these Canadian companies. By acting as a contracting party to projects, CCC also advances Canada's trade agenda while simultaneously achieving policy objectives such as strengthening innovation, assisting SMEs, and promoting and entrenching Responsible Business Conduct.[8]



8 In this context, responsible business conduct refers to doing business abroad in a manner that embraces the principles of social corporate responsibility. More information can be found at https://www.international.gc.ca/trade-agreements-accords-commerciaux/topics-domaines/other-autre/csr-rse.aspx?lang=eng#RBC

Our Commitment

Environmental, Social and Governance (ESG)

CCC's approach to environmental, social, bribery, corruption risk management practices continue to evolve while reflecting our strong commitment to these values and operating in a responsible manner. Over the last year, CCC introduced its Responsible Business Conduct (RBC) Framework that aligns with the United Nations Guiding Principles on Business and Human Rights, and the Organization for Economic Co-operation and Development (OECD) Guidelines for Multilateral Organizations. Building upon its strengths in the area of integrity compliance, CCC's focus on RBC resulted in a revised Code of Conduct and Business Ethics, a newly updated Transparency and Accountability Policy, as well as the adoption of a Human Rights Policy and related instructions. The strengthening of these policies helps CCC to improve its responsible business conduct, transparency and human rights performance, in line with growing stakeholder expectations.

Customized, in-house training on the enhanced RBC Framework and CCC's human rights due diligence and risk assessments was delivered to all staff. Specialized training was provided to members of the CCC Human Rights Committee who perform risk assessments on the Corporation's export sale transactions in alignment with Canada's commitments under the Arms Trade Treaty.

We are working to embed these ESG principles throughout our operations and help us ensure that our business model will be sustainable well into the future. Throughout our operations, we are committed to working with our customers to ensure we have a positive impact on the communities in which we operate.

Transparency and Open Government

Transparency promotes accountability with our exporters. By proactively disclosing its public reports such as Annual and Quarterly reports, Summary Corporate Plans, Proactive Disclosure and Access to Information Act inquiries, CCC is building trust with its customers and stakeholders that is critical for the Corporation's long-term success.

Diversity

CCC is committed to building a diverse workforce and an inclusive environment. This commitment begins with recruitment and is embedded in our processes and practices through our leadership training. By focusing on fostering an inclusive environment in which everyone can express and develop their potential, from the moment they are hired, means ensuring that all CCC employees have the same opportunity to advance their careers, regardless of gender, age, disability or background. CCC hosted specialized events throughout the year to help educate employees and bring awareness to these issues. Through training, lunch and learns and guest speakers, CCC has made progress in advancing corporate awareness in this area.

CCC's Vision and Corporate Strategy

CCC strives to be a trusted partner for exporters, enabling them to do business in challenging global markets. The Corporation builds trust through excellence in contracting and risk management, and measures success by the economic value it creates for Canada.

The Corporation delivers the greatest value by enabling Canadian exporters to compete successfully in the increasingly complex and highly competitive global marketplace—where opportunities are at the crossroads of international relations and commerce.

CCC's current strategic priorities include the following:

- **Financial Sustainability:** To create the right platform for success, CCC is working to ensure its financial model fully supports its mandate and effectively delivers the support Canadian exporters need.
- **Partnerships:** CCC is working with its trade partners to support the government's inclusive trade agenda. By embedding and promoting sound Responsible Business Conduct practices in its own decision-making and through its work with exporters, CCC will help exporters manage risk and successfully enter new markets.
- **Growing the Number of Customers Served:** CCC can have a greater economic impact by growing the number of exporters it supports. By focusing on SMEs and broadening the kind of support it offers through knowledge products, CCC is connecting with more exporters to help them to expand into new and emerging markets.
- **Operational Transformation:** CCC is modernizing and enhancing its systems and processes to take advantage of technology and streamline its operations to more effectively serve Canadian exporters.
- **Sector Diversification:** CCC will help exporters capitalize on opportunities through its sector diversification strategy and by leveraging the Corporation's contracting expertise.
- **Enhanced Professional Capabilities:** CCC is calibrating its professional capabilities to ensure it is positioned to serve Canadian exporters in today's changing landscape, and in the years ahead.

Corporate Performance

CCC plays an important role in enabling trade and supporting Canada's trade agenda. The Corporation helps exporters mitigate the risks of doing business abroad and provides them with the tools they need to win and deliver on complex foreign procurement contracts. However, the current global trade environment is complex and dynamic. Against the backdrop of slowing global economic growth in 2019—and the sudden and dramatic economic shock created by the global pandemic—CCC's role was, and remains, key to fostering international government procurement opportunities for Canadian exporters.

Growing and Diversifying Canadian Exports

CCC is in its second year of executing on its new corporate strategy. This corporate strategy is focused on increasing the number of exporters that the Corporation supports across diverse industry sectors and geographic markets. This priority is also supported by CCC's business strategy and three corporate objectives that focus on strategic planning, resource allocation and measuring performance. CCC's current strategic objectives include: growth through diversification, creating new market opportunities and being a trusted partner in international trade.

Over the course of 2019–20, CCC delivered on these objectives by launching innovative strategies to capitalize on international business relationships and by improving the services it provides clients. To do this, CCC enhanced its internal skills, systems and processes to ensure its employees continued to deliver exceptional customer service. CCC also continued to support the Government of Canada's broader agenda on diversified trade, competitiveness and job creation, while examining ways to increase operational effectiveness and reduce costs. The Corporation also worked on anchoring its Responsible Business Conduct practices to reflect CCC's core values and renewed its commitment to promote these practices in all of its activities.

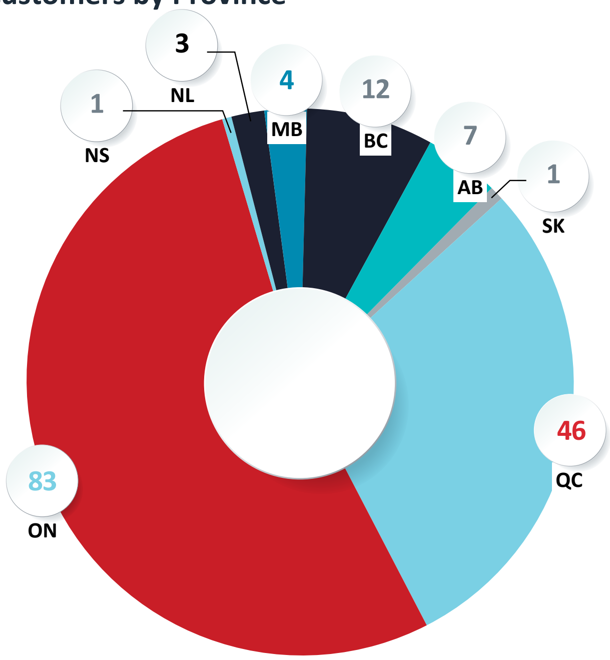
Delivering on these objectives was contingent upon CCC's continued investments in its people, processes, and systems. In a challenging global environment, marked by heightened risk, changing demographics, and continued economic and political uncertainty, these investments have allowed the Corporation to significantly improve its operations by digitizing key processes and identifying operational efficiencies to better support customers. These investments are based on best practices in risk management, contract management and performance management.

This was a challenging year for CCC. In 2019–20, CCC was faced with a slowdown in the global economy, increased trade headwinds around the globe and general uncertainty. While these results are lower than our planned results, the Corporation remained focused on growing revenues and supporting more Small and Medium Enterprise Customers.

Highlights by Objective

In 2019–20, CCC supported 13,000 Canadian jobs while securing $1.25 billion worth of contracts in diverse markets. Last year the Corporation signed several contracts in new foreign markets—specifically Bolivia and Argentina—in addition to growing its business volume in the U.S.. This was achieved by following through on CCC's renewed corporate strategy which focuses on diversification and supporting SMEs in new ways. This strategy is reinforced by the following three CCC objectives which align with the 2019 Statement of Priorities and Accountabilities (SPA) issued by the Minister of International Trade.

Customers by Province



OBJECTIVE 1:

Growth Through Diversification

CCC is committed to growing and diversifying its base of Canadian exporters. Innovative strategies anticipate and respond to the changing needs of Canadian companies, thereby securing new trade opportunities across diverse industry sectors and geographic markets.

OBJECTIVE 2:

Create New Market Opportunities

CCC's business development efforts in target markets will continue to embody a whole-of-government approach to facilitating export sales on a government-to-government basis while leveraging important contributions of other Government of Canada stakeholders.

OBJECTIVE 3:

Trusted Partner in International Trade

CCC strives to be a leader in Responsible Business Conduct by using inclusive trade as a vehicle to promote and entrench these values both at home and abroad. By fostering a uniquely skilled workforce and identifying ways to enhance capacity, efficiency and value, the Corporation has met the needs of a growing base of exporters across diverse markets. Underpinning these achievements, CCC continues to invest in building a culture of continuous improvement to ensure exceptional service for customers.

OBJECTIVE 1:

Growth Through Diversification

CCC's renewed corporate strategy and investments in business development activities supported the Corporation's focus on diversifying its portfolio to achieve growth and sector expansion. In 2019–20, CCC helped create opportunities for Canadian exporters in infrastructure and cleantech in addition to traditional focus areas such as aerospace, defence, and security. By investing in its regional and sector expertise, and risk mitigation and evaluation techniques, CCC positioned itself as a strategic partner to Canadian exporters in complex public procurement markets.

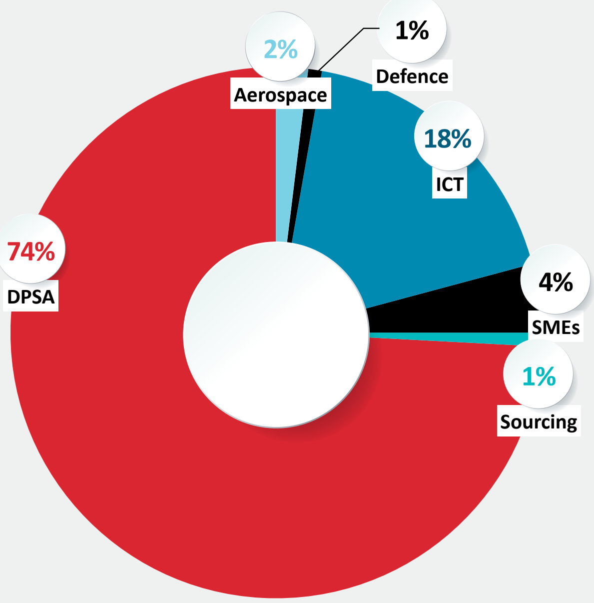
> "We are honored that the Bolivian Government has chosen to work with Coulson and appreciate the international contracting expertise and support of CCC in facilitating this urgent government-to-government transaction.
>
> – **Wayne Coulson, President and CEO, Coulson Group of Companies**

In 2019–20, CCC's leveraged the Corporation's core contract and risk management strengths to focus on sectors where the government-to-government model is most beneficial. This approach has helped to increase opportunities in priority sectors. For example, this more flexible model helped CCC support the Government of Bolivia with its firefighting efforts in Chiquitania. CCC worked with British Columbia-based Coulson Aircrane to provide aerial firefighting capabilities to Bolivia in order to combat wildfires in the region and safeguard important ecosystems. Coulson supplied the Bolivian government with air crew and three helicopters, including two Sikorsky S-61 helicopters and a custom Chinook CH-47D. CCC's unique experience and contracting expertise was critical in enabling Coulson to mitigate business risks and build on their existing business relationship with Bolivia—and ultimately, respond to an urgent environmental and humanitarian need.

In 2019–20, CCC signed $1.25 billion in contracts and was active in 81 markets around the world across its product lines:

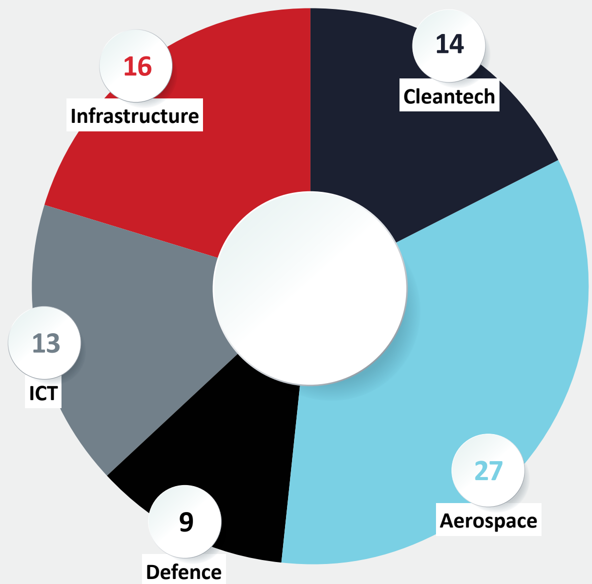
- Aerospace
- Cleantech
- Construction and infrastructure
- Defence
- ICT
- SMEs
- DPSA
- Sourcing services

Value of Contacts Signed by Product Line



In 2019–20, CCC helped exporters generate 79 new prospects across its priority sectors and engaged with 119 foreign government buying entities in 81 different countries. These international prospects provide direct value for Canadian exporters. High profile government-to-government contracts can translate into better access to foreign government buyers, reduce risk and cost, and improve outcomes for Canadian exporters in challenging markets.

New Sector Opportunities



Supporting Canada's Trade Diversification Agenda

CCC supported Canada's trade agenda by continuing to advance its diversification strategy in 2019–20, which enabled exporters to diversify into new markets. To do this, CCC focused on deepening trade ties with traditional partners while expanding trade in large, fast-growing markets and industry sectors. CCC's focus on target markets, sector expansion, and U.S. DoD procurement align well with these trade priorities. Investments in key resources to increase industry expertise was also an important component of this sectoral approach. These investments will further expand the list of Canadian exporters, industries and foreign buyers with whom CCC contracts, which in turn, will drive job creation and innovation.

In addition, CCC has been actively reinforcing partnerships with other members of Canada's trade portfolio and industry associations in target sectors. This is resulting in strong networks that are providing a competitive advantage for Canadian companies. CCC is working with partners to provide training, lead generation, co-sponsored key events and collaboration on international projects. These partnerships will help to grow and strengthen CCC's reach both to Canadian industry sectors and global export markets.

> "I have found CCC to be a professional, customer-focused organization that has added significant value to our pursuit of several major international programs. I look forward to continued collaboration with CCC.
>
> – **Marc-Olivier Sabourin, Vice-President, Global Defence and Security, CAE**

OBJECTIVE 2:

Create New Market Opportunities

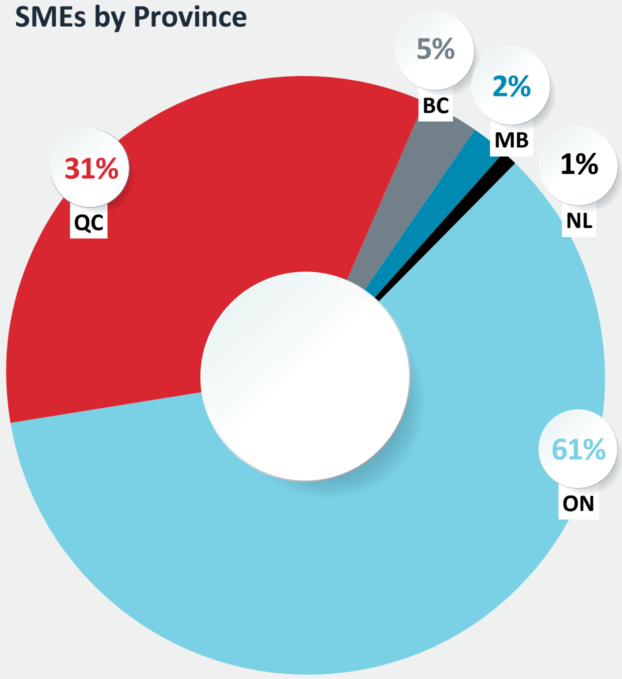
As Canada's export contracting agency, CCC's business development efforts continued to embody a whole-of-government approach. The Corporation is taking advantage of important contributions by other Government of Canada partners, such as the Trade Commissioner Service facilitate export sales on a government-to-government basis. CCC is also focused on developing new and diverse market opportunities for Canadian exporters, including SMEs.

Small and Medium-Sized Enterprises (SMEs)

Helping SMEs secure international procurement contracts is at the core of CCC's diversification strategy. In 2019–20, CCC directly contracted 62 SMEs across a broad range of industry sectors. In order to increase its overall support and focus on new product development, the Corporation also made important investments to boost its human resource capacity and skill. This will help CCC to reach more SMEs in new and innovative ways. CCC's SME Strategy lays out a plan to provide SMEs services along a spectrum that starts with establishing connections that will lead to new opportunities. This strategy looks at providing relevant product offerings, customized advisory services, and prime contracting services for those organizations with sufficient experience to satisfy CCC's due diligence requirements. To ensure complementary programming and exporter support tools across the portfolio, this strategy will be pursued with other federal partners.

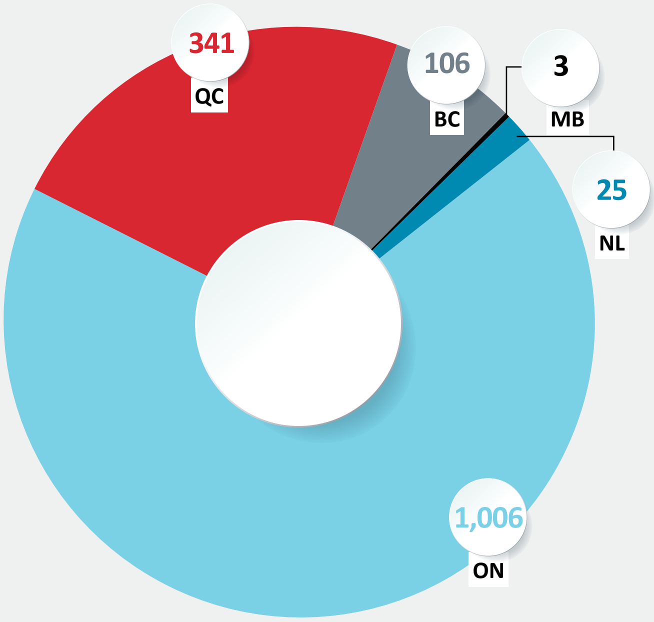
Small businesses are the key to CCC's corporate strategy and is leading to a larger number of Canadian exporters, including small and medium-sized enterprises (SMEs), using CCC's services. The impact of CCC's contracts are felt beyond the immediate benefits received by companies selling through CCC's government-to-government model. Through our international contracts, large Canadian multinational firms extend supply chains that source goods and services from companies (including SMEs) across all parts of Canada. In 2019–20, the Corporation directly contracted with 62 Canadian SMEs and another approximately 1,480 SMEs formed part of the supply chains of CCC's contracts.

SMEs by Province



CCC's international contracts provide significant benefits to SMEs by enabling their participation in the global value chains of the Corporation's larger international transactions in addition to contracting directly with other government departments. Canadian companies that have successfully integrated into these value chains are presented with new opportunities to expand and diversify their business globally. CCC is working with its customers, both large and small, to create awareness and education around

SMEs supported by Value Chains by Province



government-to-government contracting and to demonstrate how it can help SMEs overcome the challenges they face accessing supply chains and expanding into global markets.

Lead Generation Through Channel Partnering

CCC is actively working with partners from across government, including GAC, Innovation, Science and Economic Development Canada (ISED), Business Development Bank of Canada (BDC) and EDC, to collaborate on new initiatives targeted at SMEs. Exploratory work is under way to expand and enhance the advisory services of CCC's partners to include areas that would draw on CCC's experience selling into foreign government markets.

Promoting a Whole-of-Government Approach to International Trade

CCC works closely with its trade portfolio partners and believes that strong coordination and collaboration is essential to providing the support Canadian exporters need to compete globally. The Corporation's business strategy embodies a pro-active and whole-of-government approach. Throughout the year, CCC worked closely with EDC and GAC's TCS, as well as Canadian Ambassadors and High Commissioners abroad, Canadian Forces Defence Attachés and other Government of Canada stakeholders to promote Canadian capabilities and expertise in global markets.

As a member of Canada's International Trade Portfolio, CCC works to ensure that it complements the services provided by EDC and GAC's TCS. Each partner brings an important core competency that, when combined together, offers an effective package for supporting Canadian exporters and enabling them to win contracts with foreign government buyers. CCC's government-to-government contracting mechanism and contracting expertise with foreign governments is a key component of this package. EDC offers financing and financing partners who are critical to moving forward many government purchases. While the TCS's international footprint gives it the ability to gather reliable commercial and market intelligence to help identify and develop viable opportunities in partnership with Canadian exporters.

Over the course of 2019–20, CCC continued to provide specialized training on its government-to-government contracting model to key partners. The goal was to broaden the understanding of CCC's value proposition through a consistent, whole-of-government approach. It included training for Trade Commissioners and Defence Attachés in priority markets, embedded training in the TCS Advanced Core Training Program, and briefings to newly appointed Canadian Heads of Mission on how CCC collaborates with mission employees to support Canadian exporters.

Sector expansion is key to CCC's growth and diversification strategy. By extending its network of Canadian government partners and targeting specific sectors, CCC expects to serve a greater number of innovative and export-ready Canadian companies. In 2019–20, CCC collaborated with EDC, the Business Development Bank of Canada (BDC), Sustainable Development Technology Canada (SDTC) and GAC at both domestic and international events including the Canadian Council for Public Private Partnerships Annual Conference, the Africa Energy Forum, SDTC's Climate Leadership Summit, and the GLOBE Forum.

This year, CCC continued to operate 10 Canadian Trade Offices in China on behalf of and in partnership with GAC. These offices play a key role in facilitating the delivery of the Government of Canada's trade services for Canadian companies active in China. Last year, CCC managed these offices efficiently and economically, providing value to both Canadian companies and the Canadian government.

CCC also continued to provide sourcing services to GAC and other government departments. These services assist in the implementation of Canada's international assistance programs by providing efficient sourcing of goods and services destined to foreign recipients. Last year, the Corporation signed sourcing agreements with exporters from across Canada, facilitating deliveries of Canadian assistance to recipient countries in Africa, South America and the Caribbean.

> "CCC's backing was critical, because it provided a Government of Canada guarantee that the project would be delivered as scoped.
>
> – **President and CEO Peter Tsantrizos**
> **Terragon Environmental Technologies**

Leveraging the DPSA

CCC's role as Canada's custodian of the Canada-U.S. DPSA is an important one. The DPSA remains a vital component of the trade relationship between the two countries and supports a diverse portfolio of customers that span numerous Canadian industries. Canadian sales to the U.S. DoD through the DPSA also represent an important component of a strong defence cooperation relationship. Through the DPSA, Canada's defence industry provides the U.S. DoD with access to the world's leading innovative technologies and services. This helps sustain a strong Canadian defence industry beyond what could be supported through domestic procurement alone. The DPSA also fosters a strong North American Defence Industrial Base.

The positive effects of the DPSA are felt beyond the immediate benefits received by companies selling through this platform. As previously noted, Canadian multinational firms with DPSA contracts have extended supply chains that source goods and services from companies (including SMEs) across Canada. This integrated supply chain strengthens Canada's overall economy and sustains the North American Defence Industrial Base. The DPSA, and the access it grants to the U.S. DoD market, provides added incentive for foreign multinationals to invest directly in Canada, bringing new jobs into the economy. The DPSA also gives SMEs a foot in the door of international markets, enabling them to build their capacity to compete globally.

Last year, 85 Canadian exporters signed $928 million worth of new contracts with the U.S. DoD through the DPSA. These contracts were in sectors such as health, infrastructure and ICT. While many of these suppliers are located in urban centres such as Montreal, Edmonton, Vancouver, Halifax and Toronto, a number are also located in smaller communities like Delta, British Columbia and Goose Bay, Newfoundland. The experience gained through working within the DPSA can often help Canadian companies, and Canadian SMEs in particular, to compete on an international scale.

CCC is working with key industry partners on collaborative programming options directed at SMEs. More specifically, CCC has advanced its market assessment and begun the development of product offerings aimed at supporting SMEs with their bids to sell into the U.S. DoD as well as other international markets. The development of these offerings is leveraging the Corporation's 65 years as Canada's custodian of the DPSA, and wealth of experience in the U.S. market.

OBJECTIVE 3:

Trusted Partner in International Trade

CCC is a customer-oriented organization that prides itself on being a trusted partner to exporters. By using its expertise in international contracting and risk management, as well as its knowledge and understanding of customers' needs, CCC is able to deploy its services globally in a responsible way. The Corporation is also committed to being a leader in Responsible Business Conduct, using its export transactions as a vehicle to promote and entrench respect for human rights and ethical business conduct.

By delivering the highest quality services, fostering a uniquely skilled workforce, and identifying ways to create capacity, efficiency and value, CCC was able to meet the evolving needs of Canadian exporters in diverse markets during the past year.

Enhanced Responsible Business Conduct Framework

In 2019–20, the Corporation implemented an enhanced Responsible Business Conduct Framework that was informed by consultations with civil society stakeholders. Additionally, the Corporation implemented a newly updated Code of Conduct and Business Ethics, and a new Human Rights Policy to ensure that Canada's international human rights obligations were considered and respected in its transactions. Employee training and stakeholder consultations were key pillars of the RBC implementation plan.

In order to assess human rights risks for potential projects, CCC consults regularly with GAC, including its Geographic and Export Controls Divisions and its network of diplomatic posts and missions abroad. In 2019–20, CCC worked collaboratively with GAC throughout the implementation of its RBC framework to strengthen its alignment with the government's priorities in the area of Responsible Business Conduct.

CCC also established a new Human Rights Committee to ensure human rights assessments were conducted as part of CCC's transactional due diligence. The implementation of the enhanced RBC Framework will ensure that human rights, transparency and accountability, and ethical business conduct are core guiding principles for CCC and its exporters. It will also help to ensure that all CCC transactions comply with Canada's international human rights obligations—including those introduced as part of Canada's ascension to the Arms Trade Treaty in 2019—and respect the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

Conducting business responsibly provides Canadian exporters a competitive advantage and is a key ingredient for successful trade deals abroad. CCC has strengthened and promoted Responsible Business Conduct as part of its decision-making on export transactions and continues to improve its RBC Framework with a view to entrenching responsible business values within CCC's culture.

> "CCC provides excellent value to the end user by guaranteeing the performance of the Canadian company and ensures a corruption-free process.
>
> – **Robert Baseggio**
> **Regional VP Sales, Asia Pacific**
> **De Havilland Aircraft of Canada Limited**

Optimized and Sustainable Organization

Continuous Improvement (CI)

As an organization, CCC is working to continuously improve so that it can help more Canadian exporters succeed. To do this, it is identifying process changes and efficiencies, allowing resources to be redistributed and increasing overall capacity. This is leading to optimized workflows, better organizational structures, and improved information and security systems. Ultimately, the goal is to ensure maximum efficiency to manage future business growth and provide CCC's clients with enhanced service. To this end, CCC has provided extensive training to employees and entrenched "lean" thinking in annual performance objectives. This fosters a culture of continuous improvement that provides more efficient processes and a better exporter experience for CCC's customers. Throughout the year CCC has implemented several CI initiatives and also begun new ones where the Corporation will accrue benefits in coming years. Notably, CCC implemented the following important initiatives in 2019–20:

SME Project team – CCC mobilized internal resources to create a cross-functional team with a clear product development mandate that would form a key component of our SME offering. The result was an accelerated product development cycle that the development of a new product within 17 business days. This approach was tremendously successful and will be applied to development of future SME products, as well as a means of tackling other initiatives requiring innovative thinking.

Contract Compliance Reviews – By changing its contract compliance reviews process, the Corporation reduced the cumulative transaction processing time by 100 days for its customers.

Contract Modifications – Workflow adjustments were implemented to provide greater autonomy for contract managers to execute low risk administrative contract modifications and improving customer response times. In 2019–20, over 100 days of equivalent processing time was eliminated.

Digitalization

To support the Government of Canada's digital transformation agenda, CCC is evolving its use of technology. This is allowing the organization to improve end-to-end customer experiences and revenue growth, increase cost effectiveness and efficiencies, and manage risk. CCC's customers' expectations are not static and efforts to innovate and improve the services it provides through the use of technology are continuously being evaluated.

In 2019–20, CCC made significant strides in implementing its digital strategy to ensure it has efficient and effective systems in place to better serve its customers. It has transitioned several of its systems to the Cloud and completed a key upgrade to its enterprise resource planning system. By investing in this digital strategy, CCC is creating a more customer-focused culture and building a stronger, more effective organization. The Corporation is also incorporating customer feedback into its process reviews to identify improvements that will allow for resources to be used more effectively, and ultimately, to provide better value to its customers. This feedback is driving CCC's efforts to transform the organization into a more client-centric, technology-enabled firm—one that continues to play a pivotal role in supporting Canada's trade ecosystem.

Enhanced Professional Capabilities

CCC is committed to being an employer of choice. To this end, the Corporation has implemented numerous new initiatives to increase employee engagement and augment its workforce through skills enhancement and strategic recruitment. CCC continues to focus on management, and employee training and development combined with hiring employees with specialized skills in risk management and business development. This will enable the organization to better support its activities by acquiring top talent in business development, risk management (including cyber security risk management) and legal contract structuring.

Additionally, CCC's internal environment was shaped by improvements to its processes and systems. In particular, digitalization has allowed for more web-enabled systems to permit flexible work arrangements. These initiatives are ensuring the Corporation's employees have the right tools and support to better serve the changing needs of Canadian exporters.

Refreshed Marketing Strategy

CCC refreshed its marketing strategy this past year to create a greater awareness of its value proposition and foster engagement with its customers. CCC worked with industry experts to assess stakeholder awareness and attitudes regarding CCC, its brand and the value it delivers through its services. This research is informing CCC’s work to improve both the services it offers and how it communicates about them. Several key activities undertaken throughout the year included: enhancing blog content on CCC’s website, soliciting customer feedback and investing in partnerships.

- **Enhancing Blog Content:** CCC took steps to develop blog content about the challenges of doing business with foreign governments as well as CCC's experience in helping Canadian exporters win contracts. This content was promoted through both social media and through an e-newsletter distributed to CCC's subscribers.
- **Focused Customer Feedback:** CCC implemented a rolling survey of its customer contacts for its Net Promoter Survey in order to benefit from ongoing customer feedback. In addition, this year CCC concluded a Customer Experience Pilot Project and prepared to roll out a customer satisfaction survey that will help feed the Corporation's continuous improvement efforts.
- **Investing in Partnerships:** In order to support Canadian exporters in challenging government procurement markets, CCC worked to strengthen partnerships and build new channels of communication to share its plans. CCC values these partnerships and sees the whole-of-government approach as critical to leveling the playing field for Canadian exporters in many markets around the globe.

Performance Against Objectives

CCC'S SCORECARD

CCC's Corporate Performance Scorecard is a tool that measures the Corporation's progress against its corporate strategy. It contains a set of high-level indicators that strike a balance between financial and non-financial measures, which align with broader Government of Canada priorities.

Corporate Performance Scorecard for fiscal 2019–20

PERFORMANCE MEASUREMENT	2019–20 ACTUAL	2019–20 PLAN
VALUE OF CONTRACTS SIGNED (VCS)	$1.25B	$1.50B
VCS – DIVERSIFICATION AND GROWTH $M	$30.66M	$550M
VCS – DPSA $M	$928M	$675M
OPERATING RESULT	$2.58M	($11.0)K*
NET PROMOTER SCORE	45	42
EMPLOYEE ENGAGEMENT SCORE	63	70
EXPORTERS SERVED:		
CUSTOMERS	157	175
EXPORTERS WITH LEADS	79	65
SMES SERVED:		
DIRECT	63	80
INDIRECT	1,481	1,400

* Operating result was adjusted to IFRS 15 standards. The original unadjusted target was ($5.45M).

VALUE OF CONTRACTS SIGNED

This measure provides the amount of international business CCC has signed with foreign buyers and Canadian exporters. The Corporation tracks the value of contracts signed by product line, region, country and exporter. This data provides an indication of the Corporation's effectiveness and allows for trend analysis of its portfolio.

RESULT – Overall, VCS of $1.25 billion was below target by $250 million. A shortfall of $500 million related to international business in CCC priority sectors was offset by higher orders received related to the DPSA program that exceeded targets by $250 million. Variance explanation follows in the subsequent sections.

VCS – DIVERSIFICATION AND GROWTH

This measures the impact of the Diversification Strategy on growth related to CCC's fee generating VCS (excluding Cuba and Lottery Programs).

RESULT – VCS related to international business contributing to diversification and growth of $31 million was below target.

VCS – DPSA

This measures the value of CCC contracts signed with the U.S. DoD through the DPSA program.

RESULT – CCC exceeded its DPSA target of $675 million, achieving VCS of $928 million, demonstrating the value of the opportunities created by the DPSA program. Several large sales orders were placed through the latter part of the year which contributed to the result. The sales cross many industrial sectors but primarily aerospace, defence and ITC & security.

OPERATING RESULT

This measures CCC's profitability in 2019–20 and reflects the overall health and sustainability of CCC's business.

RESULT – CCC's reported operating surplus of $2.58 million compared to the target deficit of $11 thousand. The favourable result benefitted from the receipt of $4.5 million from the Government of Canada. CCC's operating result before receiving funds from the Government of Canada would have resulted in a net loss of ($1.92 million).

NET PROMOTER SCORE

This is a measure of CCC's reputation and the likelihood that a Canadian exporter would recommend CCC's services to another company.

RESULT – The overall NPS results across all product and service lines improved this year. Although the sample size is small, the NPS results across all product lines moved steadily upward reflecting process improvements and a greater emphasis on customer responsiveness. Most notably, DPSA customers have signalled a marked improvement with a 30+ point improvement as the full benefit of a reorganization and other continuous improvement efforts gained traction in this year.

EMPLOYEE ENGAGEMENT SCORE

This measure assesses the level of employee engagement within the organization and its objectives based on the result of an annual survey.

RESULT – Engaged and effective employees are important to CCC's success. In 2019–20, CCC prioritized employee engagement, while at the same time advancing its new corporate strategy and sectoral focus. The impact of changes related to our strategy implementation and financial challenges have negatively impacted overall engagement scores.

CUSTOMERS SERVED

This measure represents the total number of exporters with CCC contracts in a reporting period; and new exporters with leads under development. This tracks CCC's efforts to build a growing list of customers and buyers.

RESULT – Customers served was well below target. CCC directly contracted with 157 customers, 18 below target.

SMES SERVED

This measure represents the number of SMEs with CCC contracts in a reporting period. This SME-specific measure helps CCC better understand its impact on SMEs that sell to foreign governments. Management has begun to measure SMEs who form part of the supply chain of CCC's larger supplier base through the incorporation of reporting requirements regarding SMEs in its standard domestic contracts with exporters. Information reported to date reveals that CCC contracts involve more than 1,400 SMEs.

RESULT – Although the targeted number of SMEs directly contracting through CCC was not achieved, it is important to note that the SME component of customers increased to 40 per cent in 2019–20 compared to 33 per cent in the previous year. In addition, it is also important to note the more than 1,400 SMEs that benefit through supply chain work from CCC contracts in 2019–20. CCC continues to explore additional ways of complementing existing Government programming to support and add value to Canadian SMEs looking to export.

Financial Performance

MANAGEMENT'S DISCUSSION AND ANALYSIS

Basis of Preparation and Disclosure

The following management's discussion and analysis ("MD&A") should be read in conjunction with the Corporation's audited annual financial statements and accompanying notes for the year ended March 31, 2020. All amounts presented are in Canadian dollars unless otherwise specified.

This document contains projections and other forward-looking statements regarding future events. Such statements require management to make assumptions that are subject to risk and uncertainty. Consequently, actual results may differ materially from expectations expressed in forward-looking statements. These risks and uncertainties are discussed in the risk section following the financial analysis.

The financial statements have been prepared in accordance with International Financial Reporting standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as reference for Generally Accepted Accounting Principles ("GAAP"). In the following discussion, the Corporation also uses certain non-GAAP financial measures to evaluate its performance. These measures are defined and qualified when presented.

Historically, large contracts have materially affected the Corporation's financial statements, causing significant variations in certain year-over-year amounts on the Statement of Financial Position and the Statement of Comprehensive Income. The most significant of these contracts is the multi-billion-dollar multi-year Armoured Brigades Program ("ABP") contract which was amended as of March 31, 2020 to improve the terms of the contract. Due to the magnitude of this contract, the ABP has been presented separately in certain sections of the MD&A.

For presentation purposes, fiscal years ended March 31, 2019 and March 31, 2020 are referred to as 2019 and 2020 respectively.

Accounting Disclosures and Impacts

International Financial Reporting Standard 16 – Leases ("IFRS 16"), became effective on April 1, 2019 and was reflected in the Corporation's audited financial statements for the year ended March 31, 2020. While the Corporation's operations and contractual responsibilities have not changed, the adoption of *IFRS 16* has significantly impacted the accounting and the presentation of the Corporation's leasing activities.

Transitional details of the adoption of *IFRS 16* and the quantitative impact on the current set of financial statements are disclosed in Note 4 of the Corporation's audited financial statements.

Non-GAAP measures and relevant information, such as the value of contracts signed ("VCS") and Commercial Trading Transactions ("CTT"), are presented in the Financial Performance section of the MD&A, including a description of how these items are measured.

Other new accounting updates taking effect during the period covered by the financial statements include the amendment to *IAS 19 – Employee Future Benefits* which had no impact on the Corporation's financial statements.

The points below summarize the major impacts of the implementation of *IFRS 16* on the Statement of Financial Position:

- The Corporation recognizes a lease liability and a right-of-use asset at the lease commencement date for a contract that the Corporation has assessed as containing a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

- The lease liability is initially measured as the present value of the lease payments to be paid, discounted using the Corporation's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest rate method.
- The right-of-use asset is initially measured as the sum of:
  - the amount of the initial measurement of the lease liability;
  - any lease payments made at or before the lease commencement date, less any lease incentives received.

  The right-of-use asset is subsequently depreciated over the lesser of the estimated useful life of the underlying asset or the lease term on a straight-line basis.
- The remaining deferred lease incentive liability balances under the previous lease standards *(IAS 17, SIC 15 and IFRIC 4)* have been reduced against right-of-use assets at the Corporation's initial date of application of *IFRS 16*.

The points below summarize the major impacts of the implementation of *IFRS 16* on the Statement of Comprehensive Income:

- Rent payments related to a lease liability are no longer accounted for as expenses and are accounted for as a reduction of the lease liability.
- Lease expenses are now comprised of the following amounts:
  - lease expenses that are variable and not included in the measurement of lease liabilities
  - depreciation of right-of-use assets;
  - interest expense on lease liabilities;
  - and lease expenses related to low-value assets and short-term leases for which the recognition exemption has been applied.

Business Reporting Structure

CCC's international contracting business supports Canadian exporters in pursuing sales to foreign government buyers in markets around the world. CCC's Canadian exporter base includes a substantial proportion of Canadian small and medium enterprises ("SMEs").

CCC has business activities that are focused on core product lines which include priority sector product lines. The goal of these business activities is to increase the number of exporters that CCC serves while also supporting a wide range of Government of Canada priorities. The priority sector product lines include Aerospace, Clean Technology ("Cleantech"), Construction & Infrastructure, Defence and Information and Communications Technology ("ICT").

Canadian exporters are internationally recognized as leaders in Aerospace and have specialized Cleantech expertise in areas of public utilities, transportation and water management systems. Construction and Infrastructure is focused on international projects in emerging and developing markets and Defence relates to the export of goods and services for global defence and security. ICT includes Lotteries established by a Canadian exporter on behalf of foreign governments which generate revenues used to relieve poverty and support social programs abroad. The business activities from all other industries are classified as Other which includes the export of products from the agriculture industry.

In addition to the priority sector product lines described above, CCC supports business activities of small and medium-sized enterprises ("SMEs") and provides Sourcing services to Other Government Departments for delivery of goods and services and managing the Canadian Trade Offices in China. CCC also supports Canadian exporter's significant business activities under the Defence Production Sharing Agreement ("DPSA").

The DPSA program is an important Public Policy program for Canada, which provides equal access for Canadian exporters and other competitors in the U.S. Department of Defence ("DoD") market and generates hundreds of millions in exports annually from Canada. The accompanying jobs and economic benefits that flow from these exports are significant. CCC signed over $927 million of export contracts under the DPSA in 2020. CCC is not compensated for its costs to provide services under the DPSA.

Value of Contracts Signed

VCS is a non-GAAP measure used by the Corporation that represents the value of contracts and amendments signed in a given period. It measures the total value of goods or services to be delivered over the entire duration of a contract and hence, represents the full contract value when the contract is signed.

The sales cycle for international government contracting is often measured in years, and can be directly impacted by foreign political, economic and geo-political events beyond the control of CCC. This results in a business cycle that is difficult to predict accurately and repeat consistently.

The table and graph below present the VCS by product line for 2020 and 2019.

	FOR THE YEAR ENDED MARCH 31,					
					% OF TOTAL	
VCS BY PRODUCT LINE ($000'S)	2020	2019	$ CHANGE	% CHANGE	2020	2019
Aerospace	**$ 25,094**	$ 98,987	$ (73,893)	(75%)	**2%**	8%
Cleantech	**(1,129)**	419	(1,548)	(370%)	**<1%**	<1%
Construction / Infrastructure	**–**	(13)	13	(100%)	**0%**	<1%
Defence	**4,736**	1,698	3,038	179%	**<1%**	<1%
ICT	**226,210**	240,165	(13,955)	(6%)	**18%**	19%
Other	**404**	56,746	(56,342)	(99%)	**<1%**	4%
DPSA	**927,874**	816,154	111,720	14%	**74%**	63%
SMEs	**51,286**	70,718	(19,432)	(27%)	**4%**	5%
Sourcing	**15,160**	11,868	3,292	28%	**1%**	<1%
Total	**$ 1,249,635**	$ 1,296,742	$ (47,107)	(4%)	**100%**	100%

VCS decreased by $47.1 million or 4% compared to the prior year. The decrease was the net result of $165.2 million in lower contracts signed across all product lines except for Defence, DPSA and Sourcing which had a combined increase of $118.1 million.

VCS results were $73.9 million or 75% lower in Aerospace and there was a combined decrease in the Cleantech, ICT, Other and SMEs of $91.3 million compared to the prior year. These results were partially offset by VCS increases in DPSA of $111.7 million or 14% and increases in Defence and Sourcing of $6.3 million.

The table below presents the VCS by region and product line for 2020.

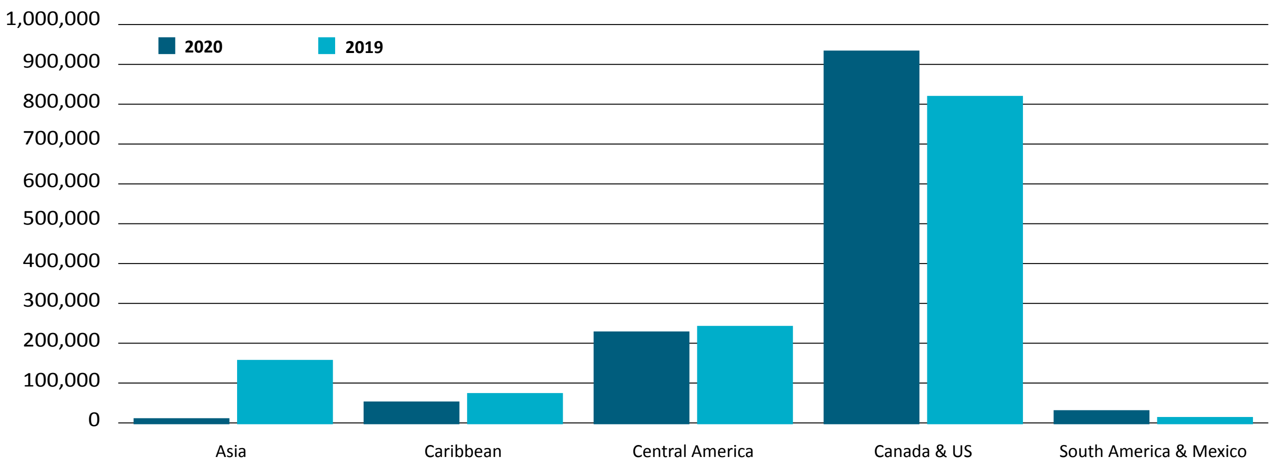
VCS BY REGION/ PRODUCT LINE ($000'S)	AEROSPACE	CLEANTECH	CONSTRUC-TION/ INFRASTRUC-TURE	DEFENCE	ICT	OTHER	DPSA	SMEs	SOURCING	TOTAL	% OF TOTAL
Africa	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 56	**$ 56**	**<1%**
Asia[1]	577	–	–	–	–	404	–	–	7,417	**8,398**	**<1%**
Caribbean	–	(1,129)	–	–	–	–	–	51,286	226	**50,383**	**4%**
Central America	–	–	–	–	226,210	–	–	–	–	**226,210**	**18%**
Europe	–	–	–	4,736	–	–	–	–	–	**4,736**	**<1%**
Canada & US	–	–	–	–	–	–	927,874	–	3,448	**931,322**	**75%**
South America & Mexico	24,517	–	–	–	–	–	–	–	4,013	**28,530**	**2%**
Total	**$ 25,094**	**$ (1,129)**	**$ –**	**$ 4,736**	**$226,210**	**$ 404**	**$927,874**	**$51,286**	**$15,160**	**$1,249,635**	**100%**
% of Total	**2%**	**0%**	**0%**	**<1%**	**18%**	**<1%**	**74%**	**4%**	**1%**	**100%**	

[1] Asia includes the Middle East

Of the total VCS of $1.25 billion, there was $25.1 million from Aerospace primarily in South America & Mexico, $4.7 million from Defence in Europe and $226.2 million from ICT in Central America. Additionally, there was $404 thousand from Other in Asia, $927.9 million from DPSA in the U.S., $51.3 million from SMEs in the Caribbean and $15.2 million from Sourcing across various regions. Partially offsetting these results was a reduction in VCS in Cleantech related to a contract amendment.

The graph below presents a comparison of changes in VCS by region for 2020 and 2019.

VCS by Region ($000's)



For 2020, the most significant VCS increase compared to prior year was from the Canada & U.S. region related to DPSA contracts of $111.7 million with additional increases in South America & Mexico of $17.1 million. These increases were offset by a reduction in contracts signed in Asia of $146.4 million, in the Caribbean of $21.2 million and in Central America of $14.0 million.

Contract obligations remaining as at March 31, 2020

As prime contractor, the Corporation is contractually obligated to complete contracts with foreign buyers ensuring that the terms of the contracts are fulfilled regardless of performance by the Canadian exporter. The value of the Corporation's total contract portfolio remaining to be fulfilled as at March 31, 2020 is $12.4 billion (March 31, 2019 – $14.3 billion), of which approximately 88% (March 31, 2019 – 89%) relates to the ABP contract.

Commercial Trading Transactions

Commercial Trading Transactions ("CTT") is a non-GAAP measure used by the Corporation that represents the value of contract deliveries during the reporting period (i.e. an economic activity measure). Given the Corporation's agent status for reporting under International Financial Reporting Standards, CTT is not recognized as revenue. The Corporation continues to capture CTT data since this is a measure of the Corporation's impact on the Canadian economy.

The table and graph below reflect CTT by product line for 2020 and 2019.

CTT BY PRODUCT LINE ($000'S)	FOR THE YEAR ENDED MARCH 31,					
					% OF TOTAL	
	2020	2019	$ CHANGE	% CHANGE	2020	2019
Aerospace	**$ 93,697**	$ 63,406	$ 30,291	48%	**3%**	2%
Cleantech	**(437)**	3,600	(4,037)	(>100%)	**<1%**	<1%
Construction/ Infrastructure	**170,479**	338,835	(168,356)	(50%)	**5%**	10%
Defence	**3**	1,333	(1,330)	(100%)	**<1%**	<1%
ICT	**238,178**	221,057	17,121	8%	**8%**	6%
Other	**12,496**	62,267	(49,771)	(80%)	**<1%**	2%
DPSA	**738,942**	711,371	27,571	4%	**23%**	21%
SMEs	**60,860**	60,187	673	1%	**2%**	2%
Sourcing	**19,114**	14,759	4,355	30%	**<1%**	<1%
Total excluding ABP	**$ 1,333,332**	$ 1,476,815	$ (143,483)	(10%)	**42%**	43%
ABP	**1,837,498**	1,938,848	(101,350)	(5%)	**58%**	57%
Total including ABP	**$ 3,170,830**	$ 3,415,663	$ (244,833)	(7%)	**100%**	100%

CTT decreased by $244.8 million or 7% in 2020 compared to the prior year. The decrease was the net result of lower CTT of $101.3 million from the ABP program, $168.4 million from Construction/Infrastructure and $55.1 million from Cleantech, Defence and Other. The decreases were partially offset by a combined increase of $80.0 million in other product lines.

CTT trends in a similar direction to VCS for contracts related to the DPSA, ICT and SMEs. This is due to the more regular and consistent year-over-year VCS results for these contracts. In contrast, given the irregular nature of international contracts, CTT in the other product lines will often trend in different directions than VCS signed in the same year.

The table below presents the CTT by region and product line for 2020, excluding ABP.

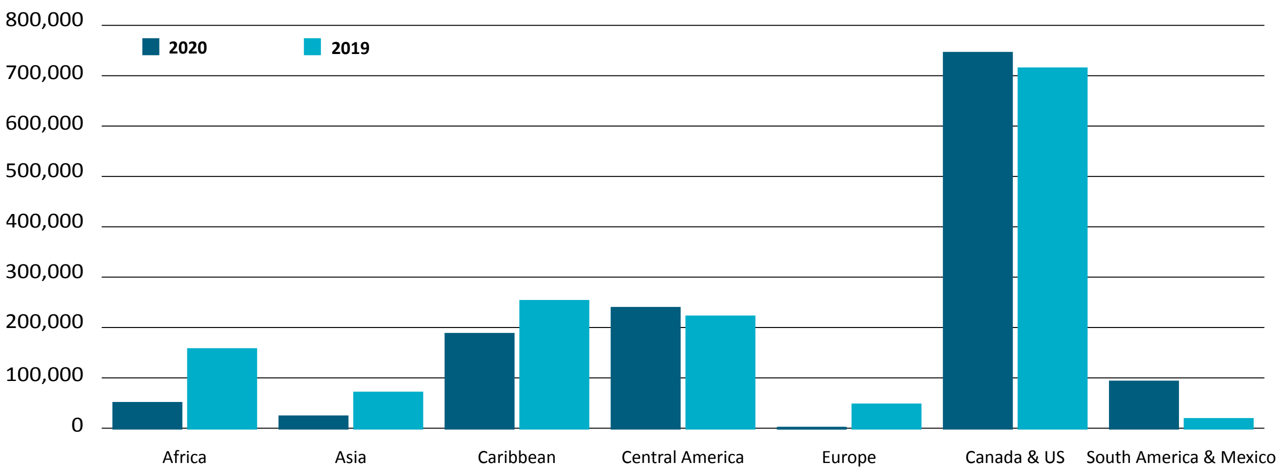
CTT BY REGION/ PRODUCT LINE ($000'S)	AEROSPACE	CLEAN-TECH	CONSTRUCTION/ INFRASTRUCTURE	DEFENCE	ICT	OTHER	DPSA	SMEs	SOURCING	TOTAL	% OF TOTAL
Africa	$ –	$ –	$44,866	$ –	$ –	$ –	$ –	$ –	$ 4,596	**$ 49,462**	**4%**
Asia[1]	8,609	–	–	–	–	12,496	–	–	1,610	**22,715**	**2%**
Caribbean	–	(437)	125,613	–	–	–	–	60,860	517	**186,553**	**14%**
Central America	–	–	–	–	238,178	–	–	–	–	**238,178**	**18%**
Europe	–	–	–	3	–	–	–	–	–	**3**	**<1%**
Canada & US	–	–	–	–	–	–	738,942	–	5,658	**744,600**	**56%**
South America & Mexico	85,088	–	–	–	–	–	–	–	6,733	**91,821**	**7%**
Total	**$93,697**	**$ (437)**	**$170,479**	**$ 3**	**$238,178**	**$12,496**	**$738,942**	**$60,860**	**$19,114**	**$1,333,332**	**100%**
% of Total	**7%**	**0%**	**13%**	**<1%**	**18%**	**<1%**	**55%**	**5%**	**1%**	**100%**	

[1] Asia includes the Middle East

Of the total CTT of $1.33 billion (excluding ABP), CTT from DPSA was $738.9 million or 55%. Aerospace contributed $93.7 million primarily related to the upgrade and supply of aircraft in South America. Construction/ Infrastructure had $125.6 million in the Caribbean related to progress on the expansion and rehabilitation of the L.F. Wade International Airport in Bermuda and construction of an Oasis Class cruise ship pier in St-Kitts and Nevis and $44.9 million in Africa related to the development of a parking complex in the Port of Tema, Ghana. ICT had $238.2 million related to Lottery and Security contracts in Nicaragua, Honduras and Panama and Other had $12.5 million related to the supply of potash to Asia. SMEs contributed $60.9 million from business activities in the Caribbean and Sourcing had $19.1 million in various regions.

The graph below presents a comparison of the significant changes in CTT by region for 2020 and 2019, excluding ABP.

CTT by Region ($000's)



There was a total decrease in CTT of $143.5 million in 2020 compared to prior year, excluding the decrease of $101.3 million from the ABP. The net result was due to a decrease of $265.7 million in Africa, Asia, the Caribbean and Europe regions offset partially by an increase of $122.3 million in Central America, Canada & US and South America & Mexico regions.

CTT by product line and region have variations when comparing year-over-year results, which is reflective of the timing of specific contract requirements and associated delivery schedules.

Summary of Financial Results

A discussion of CCC's financial highlights for the year ended March 31, 2020 follows.

Statement of Comprehensive Income discussion

NET PROFIT ($000'S)	FOR THE YEAR ENDED MARCH 31,			
	2020	2019	$ CHANGE	% CHANGE
Revenues	**$ 25,652**	$ 30,954	$ (5,302)	(17%)
Government funding	**4,500**	–	4,500	0%
Expenses	**27,622**	27,005	617	2%
Gain on foreign exchange	**47**	167	(120)	(72%)
Net profit	**$ 2,577**	$ 4,116	$ (1,539)	(37%)

For 2020, the Corporation recorded a net profit of $2.6 million, a decrease of $1.5 million or 37% from the prior year net profit of $4.1 million. This result was due to $5.3 million of lower revenues and the effect of changes in foreign exchange of $120 thousand and higher expenses of $617 thousand compared to prior year levels offset partially by funding from the Government of Canada of $4.5 million.

CCC has a natural hedge against foreign exchange gains or losses that would otherwise impact the net results of operations and comprehensive income. Unhedged foreign exchange balances are monitored and managed to negligible levels.

Revenues

REVENUES ($000'S)	FOR THE YEAR ENDED MARCH 31,					
					% OF TOTAL	
	2020	2019	$ CHANGE	% CHANGE	2020	2019
Fees for service	**$ 24,068**	$ 28,391	$ (4,323)	(15%)	**93%**	92%
Other income	**655**	1,741	(1,086)	(62%)	**3%**	5%
Finance income	**929**	822	107	13%	**4%**	3%
Total	**$ 25,652**	$ 30,954	$ (5,302)	(17%)	**100%**	100%

For 2020, total revenues of $25.7 million were $5.3 million or 17% lower compared to prior year. The decrease is due to lower Fees for service of $4.3 million and other income of $1.1 million. These reductions were partially offset by an increase in finance income of $107 thousand.

Fees for Service by Product Line

FEES FOR SERVICE BY PRODUCT LINE ($000'S)	FOR THE YEAR ENDED MARCH 31,								
		2020		2019		$ CHANGE	% CHANGE	% OF TOTAL 2020	% OF TOTAL 2019
Aerospace	**$**	**1,415**	$	1,401	$	14	1%	**6%**	5%
Cleantech		**(21)**		171		(192)	(>100%)	**<1%**	<1%
Construction/ Infrastructure		**4,825**		8,804		(3,979)	(45%)	**20%**	31%
Defence		**87**		170		(83)	(49%)	**<1%**	<1%
ICT		**1,214**		1,272		(58)	(5%)	**5%**	4%
Other		**218**		1,098		(880)	(80%)	**<1%**	4%
SMEs		**1,674**		1,655		19	1%	**7%**	6%
Sourcing		**2,319**		2,229		90	4%	**10%**	8%
Total excluding ABP	**$**	**11,731**	$	16,800	$	(5,069)	(30%)	**49%**	59%
ABP		**12,337**		11,591		746	6%	**51%**	41%
Total including ABP	**$**	**24,068**	$	28,391	$	(4,323)	(15%)	**100%**	100%

The Corporation charges Fees for service on all contracts, except the DPSA. Fees are generally calculated as a percentage of the contract value. Fees are negotiated on a contract-by-contract basis, and, within an acceptable range, are generally reflective of a project's risk profile and competitive market conditions. Fees are recognized as revenue when the Corporation has completed its performance obligation pursuant to each contract, and are generally commensurate with CTT.

For 2020, total Fees for service of $24.1 million were $4.3 million or 15% lower compared to the same period last year. The period-over-period decrease was due to primarily to lower Fees for service of $4.0 million from Construction/Infrastructure as projects were completed in the prior year and combined decreases of $1.1 million in all other product lines except Aerospace which was comparable to the prior year partially offset by an increase of $746 thousand from ABP.

The table below presents the Fees for service by region and product line for 2020, excluding ABP.

FEES FOR SERVICE BY REGION/ PRODUCT LINE ($000'S)	AEROSPACE	CLEAN-TECH	CONSTRUCTION/ INFRASTRUCTURE	DEFENCE	ICT	OTHER	DPSA	SMEs	SOURCING	TOTAL	% OF TOTAL
Africa	$ (10)	$ –	$ 1,626	$ –	$ –	$ –	$ –	$ –	$ 15	**$ 1,631**	**14%**
Asia[1]	167	–	–	–	–	218	–	–	896	**1,281**	**11%**
Caribbean	–	(21)	3,199	–	–	–	–	1,674	5	**4,857**	**41%**
Central America	–	–	–	–	1,214	–	–	–	–	**1,214**	**10%**
Europe	–	–	–	17	–	–	–	–	–	**17**	**<1%**
Canada & US	–	–	–	70	–	–	–	–	1,279	**1,349**	**11%**
South America & Mexico	1,258	–	–	–	–	–	–	–	124	**1,382**	**12%**
Total	**$ 1,415**	**$ (21)**	**$ 4,825**	**$ 87**	**$ 1,214**	**$ 218**	**$ –**	**$ 1,674**	**$ 2,319**	**$ 11,731**	**100%**
% of Total	**12%**	**0%**	**41%**	**<1%**	**10%**	**2%**	**0%**	**14%**	**20%**	**100%**	

1 Asia includes the Middle East

Of the total Fees for service from contracts under management of $11.7 million (excluding ABP), $4.8 million or 41% was from Construction & Infrastructure in Africa and the Caribbean. Aerospace contributed $1.4 million or 12% primarily in South America & Mexico, ICT had $1.2 million in Central America, SMEs had $1.7 million in the Caribbean and Sourcing had $2.3 million in various regions.

Expenses

Administrative expenses

ADMINISTRATIVE EXPENSES ($000'S)	FOR THE YEAR ENDED MARCH 31,					
					% OF TOTAL	
	2020	2019	$ CHANGE	% CHANGE	2020	2019
Workforce compensation and related expenses	**$ 18,681**	$ 18,204	$ 477	3%	**68%**	67%
Contract management services	**2,348**	2,365	(17)	(1%)	**9%**	9%
Travel and hospitality	**1,402**	1,489	(87)	(6%)	**5%**	6%
Consultants	**1,315**	1,583	(268)	(17%)	**5%**	6%
Rent and related expenses	**1,295**	1,417	(122)	(9%)	**5%**	5%
Depreciation	**728**	451	277	61%	**3%**	2%
Software, hardware and support	**715**	542	173	32%	**3%**	2%
Communications	**351**	389	(38)	(10%)	**1%**	1%
Other expenses	**444**	565	(121)	(21%)	**2%**	2%
Total	**$ 27,279**	$ 27,005	$ 274	1%	**100%**	100%

For 2020, administrative expenses of $27.3 million were $274 thousand or 1% higher than prior year levels. Workforce compensation and related expenses increased by $477 thousand or 3% and depreciation and software, hardware and support expenses increased by $450 thousand partially offset by decreases in the other line items of $653 thousand.

Administrative expenses may vary compared to prior years as CCC continuously assesses staff levels to achieve cost efficiencies where possible. This is accomplished by reviewing and improving the alignment between the Corporation's resources and operational activities. Budgets are set with assumptions regarding capacity required to deliver the Corporation's forecasted contract activities. Budgets are managed with a view to controlling expenditures relative to revenues earned throughout the year. CCC continues to strengthen its culture of continuous improvement, implementing process changes to improve efficiencies and allow resources to be redistributed, resulting in an increase of overall capacity.

Contract remediation expenses

Contract remediation expenses are recorded as actual amounts are incurred or can be reasonably estimated. For 2020 and 2019, no contract remediation expenses were incurred. This result is a reflection of the Corporation's due diligence processes, robust contract management and Enterprise Risk Management ("ERM") practices.

Statement of Financial Position discussion

Assets and liabilities include amounts received from a foreign buyer that have not yet been transferred to the Canadian exporter, or where the Corporation has made payments to Canadian exporters before collecting from foreign buyers.

Statement of Financial Position items such as Cash and cash equivalents, Accounts receivable and Accounts payable and accrued liabilities represent amounts at a specific point in time. These balances can fluctuate widely on a daily basis and at times, tens of millions of dollars can be received one day and paid the next or vice versa.

It is notable that although the financial results are presented on an agent basis, CCC remains the primary obligor on its contracts with foreign buyers, and remains liable for contractual performance in accordance with contractual terms. As the prime contractor, the Corporation is contractually obligated to complete contracts with foreign buyers ensuring that the terms of the contract are fulfilled regardless of performance by the Canadian exporter.

Assets

ASSETS ($000'S) AS AT	MARCH 31, 2020	MARCH 31, 2019	$ CHANGE	% CHANGE	% OF TOTAL	
					MARCH 31, 2020	March 31, 2019
Cash and cash equivalents	**$ 65,818**	$ 58,481	$ 7,337	13%	**67%**	66%
Accounts receivable	**26,333**	27,603	(1,270)	(5%)	**27%**	31%
Other assets	**781**	403	378	94%	**<1%**	<1%
Property and equipment	**2,404**	2,645	(241)	(9%)	**2%**	3%
Right-of-use assets	**3,570**	–	3,570	0%	**4%**	0%
Total assets	**$ 98,906**	$ 89,132	$ 9,774	11%	**100%**	100%

As at March 31, 2020, total assets of $98.9 million increased by $9.8 million or 11% from the prior year end. This is primarily driven by increases in cash and cash equivalents of $7.3 million and right-of-use assets of $3.6 million, partially offset by a reduction in accounts receivable of $1.3 million.

Accounts receivable include uncollected Fees for service and amounts due from foreign buyers that have already been paid to Canadian exporters.

Liabilities

LIABILITIES ($000'S) AS AT	MARCH 31, 2020	MARCH 31, 2019	$ CHANGE	% CHANGE	% OF TOTAL MARCH 31, 2020	% OF TOTAL March 31, 2019
Accounts payable and accrued liabilities	**$ 40,568**	$ 35,456	$ 5,112	14%	**54%**	52%
Holdbacks and deferred revenue	**5,550**	7,228	(1,678)	(23%)	**7%**	11%
Advances	**20,754**	20,076	678	3%	**28%**	30%
Employee benefits	**1,284**	1,667	(383)	(23%)	**2%**	2%
Lease liabilities	**6,836**	–	6,836	0%	**9%**	0%
Deferred lease incentives	**–**	3,356	(3,356)	(100%)	**0%**	5%
Total liabilities	**$ 74,992**	$ 67,783	$ 7,209	11%	**100%**	100%

As at March 31, 2020, total liabilities of $75.0 million increased by $7.2 million or 11% from the prior year end. This is primarily driven by increases in accounts payable and accrued liabilities of $5.1 million and lease liabilities of $6.8 million partially offset by decreases in holdbacks of $1.7 million and deferred lease incentives of $3.4 million.

The similar increases in both total assets and liabilities reflects the nature of the contracts under management and the effect on balances due to the timing of receipts and payments.

Statement of Cash Flows discussion

	FOR THE YEAR ENDED MARCH 31,					
					% OF TOTAL	
CASH FLOWS ($000'S)	2020	2019	$ CHANGE	% CHANGE	2020	2019
Operating activities	**$ 6,437**	$ 15,188	$ (8,751)	(58%)	**88%**	100%
Investing activities	**(173)**	–	(173)	–	**(2%)**	–
Financing activities	**(404)**	–	(404)	–	**(6%)**	–
Effect of exchange rate changes on cash and cash equivalents	**1,477**	(62)	1,539	>100%	**20%**	–
Changes in cash and cash equivalents	**$ 7,337**	$ 15,126	$ (7,789)	(51%)	**100%**	100%

During the year ended March 31, 2020, the net increase in cash and cash equivalents of $7.3 million was lower by $7.8 million or 51% compared to the prior year increase of $15.1 million. The $7.8 million lower net increase was due to lower levels of cash flows from operating, investing and financing activities of $9.3 million, partially offset by the effect of fluctuations in exchange rates of $1.5 million.

Cash and cash equivalents represent a momentary view at a specific point in time. The Corporation's cash balances fluctuate widely on a daily basis as, at times, tens of millions of dollars can be received one day and paid the next or vice versa. It is notable that although cash flows reported reflect reporting as an agent, CCC also receives significant amounts from foreign buyers for payment to Canadian exporters as contractual performance obligations are fulfilled.

On contracts outside of the DPSA program, the Corporation generally pays its Canadian exporters within five business days after CCC receives payment from the foreign buyer (i.e. pay when paid). Under the DPSA program, the Corporation generally pays its Canadian exporters within thirty days of receipt of an invoice. The Corporation may use its own funds to pay Canadian exporters on or before the 30th day in instances where payment has not yet been received from the DPSA buyer. Depending on the timing differences between receipt and payment, these transactions can span across reporting periods and can cause variations in cash flows from one period to the next, with receivables being paid to the Corporation at the end of one period and payments being made to the Canadian exporter early in the next.

Comparison of financial results to budget in the Corporate Plan

The 2019–20 to 2023–24 Corporate Plan has been approved by the Corporation's Board of Directors but has not yet been approved by the Government of Canada.

The financial results for 2020 are compared to the budget contained in the CCC 2019–20 to 2023–24 Corporate Plan.

NET PROFIT (LOSS) ($000'S) FOR THE YEAR ENDED MARCH 31, 2020	ACTUAL	BUDGET	$ CHANGE	% CHANGE
Revenues				
Fees for Service	**$ 24,068**	$ 29,056	$ (4,988)	(17%)
Other Income	**655**	500	155	31%
Finance Income	**929**	618	311	50%
	25,652	30,174	(4,522)	(15%)
Government funding	**4,500**	–	4,500	0%
Expenses	**27,622**	30,185	(2,563)	(8%)
Gain on foreign exchange	**47**	–	47	0%
Net profit (loss)	**$ 2,577**	$ (11)	$ 2,588	> 100%

The Corporation recorded a net profit of $2.6 million in 2020, which was an increase of $2.6 million over the Corporate Plan budget loss of $11 thousand. The net result was due to the receipt of Government funding of $4.5 million, a favourable variance in Finance and Other income of $466 thousand and a favourable variance in Administrative and Other expenses of $2.6 million, partially offset by an unfavourable variance related to Fees for Service of $5.0 million.

The unfavourable variance related to Fees for service of $5.0 million compared to budget is primarily due to less fee-generating delivery transactions than planned. During the last two years, several fee-generating contract pursuits were delayed, postponed or cancelled, a consistent challenge to predicting government-to-government contracting business.

The favourable variance related to Finance income of $311 thousand compared to budget was due to higher investment rates and an increase in amounts available for investment. The favourable variance related to Other income of $155 thousand compared to budget was due to the recovery of balances related to legacy contract close-outs.

The favourable variance of $2.6 million in Administrative and Other expenses is due to: (1) lower workforce compensation expenses ($1.8 million), stemming from vacancies related to retirements and attrition; (2) lower than planned level of travel and hospitality ($452 thousand); and (3) several other expenditures being lower than planned ($336 thousand). Expense budgets are set based on capacity requirement assumptions related to the Corporation's forecasted contract activity. Expenditures are managed in a prudent manner and are controlled to the extent possible relative to revenues earned throughout the year.

2020–21 Corporate Plan Outlook

CCC's 2020–21 to 2024–25 Corporate Plan was approved by the Corporation's Board of Directors and submitted as required to the Minister, Small Business, Export Promotion and International Trade in January 2020.

For 2021, net revenues are forecasted to be lower than 2020. When the Corporate Plan was developed, revenues were forecasted to be lower due to fewer fee generating contracts signed in 2020, combined with lower Fees for service earned on delivery obligations as several contracts currently under management wind down to completion. Since then, with the emergence of the COVID-19 pandemic, revenues are expected to be significantly reduced as delays on fee generating contracts signed will persist into 2021 and beyond.

To offset the anticipated revenue shortfalls, Management is proactively reducing and controlling expenditures relative to forecasted revenues. This will be actively managed and continually evaluated during 2020–21.

CCC's Commitment to Risk Management

RISK MANAGEMENT

Consistent with the Treasury Board Secretariat's Framework for the Management of Risk and the Financial Risk Management Guidelines for Crown Corporations as determined by the Minister of Finance, CCC's Enterprise Risk Management (ERM) Framework manages a wide variety of risks while assisting the Corporation in fulfilling its mandate to facilitate international trade on behalf of Canadian exporters. The Framework segments key risks facing CCC within three risk categories: Entity-wide, Corporate and Transactional. Areas including risk governance and culture, strategy and objective setting, performance, communications and reporting are covered within the ERM Framework.

Balancing risk and opportunities is a key tenet of the ERM Framework. CCC's capital allocation model is combined with strong governance oversight from the Risk and Opportunities Committee (ROC) to ensure that risks are appropriately managed. This helps with the achievement of the Corporation's strategic objectives and long-term financial viability.

RISK GOVERNANCE

Risk management is a shared process within the Corporation. Ensuring that the Corporation's risk management program is current and effective is a key role of the Board of Directors. The structures, policies and procedures related to risk management are developed by Senior Management and reviewed by the ROC. Subsequent to the review, Senior Management makes recommendations to the President for approval. On an annual basis, the Audit Committee reviews the ERM program and recommends proposed changes to the Board of Directors for approval.

CCC's risk management culture encourages a collaborative effort. Each employee plays an important role in the management of enterprise risks and is part of the extended risk management team.

CATEGORIES OF RISKS

Enterprise-Wide Risks

Enterprise-wide risks are those that may impede the Corporation's ability to meet its overall objectives. These include:

Mandate Risk:

This risk relates to ensuring the Corporation a) engages only in activities that are consistent with its mandate, and b) fulfils its mandate through the services provided.

To mitigate this risk, the Corporation's Corporate Plan identifies all proposed business lines and major activities to be undertaken in the upcoming planning period. Further, the ROC reviews proposed transactions within the contract pipeline to ensure that CCC's mandate is respected. During the year, GAC commenced a comprehensive review of the Corporation with results expected in 2020-21 that could lead to changes in CCC's mandate / business operations.

Business Environment Risk:

This risk relates to changing economic, social, legal or environmental conditions that could result in decreased demand for CCC's services. The Corporation monitors environmental changes to manage this risk and adapts processes as necessary. Corporate Plan targets are set within the context of the expected business environment. The major environmental change over the year was the emergence of the COVID-19 virus. Its impacts were immediate as potential foreign buyers adjusted their procurement plans to focus on their domestic response to COVID-19.

Financial Risk:

This risk relates to the Corporation's financial capacity (as measured through its capital) to undertake its mandate and manage its financial obligations. The Corporation's Capital Allocation Model tracks exposures across Corporate, Performance and Credit risks and ensures there is an appropriate level of available capital to backstop these exposures. Results are reported to the Board of Directors on a quarterly basis. During the year, the Corporation identified a risk that projected future deficits could erode CCC's capital base below the Corporation's self-imposed minimum required threshold. This in no way impacts the Corporation's liquidity or ability to continue as a going concern given that CCC is an agent Crown Corporation, supported by the Government.

Reputational Risk:

This risk relates to ensuring that the Corporation's fulfillment of its corporate activities does not tarnish its brand image with its shareholder and stakeholders. This risk is mitigated through strong transactional due diligence and focusing on business integrity issues. During the year, the Corporation provided regular and open communication with all of its stakeholders, which is essential to managing reputational risk.

Responsible Business Conduct Risk:

This risk relates to the possibility of undertaking activities in such a way that does not respect CCC's policies and commitments in regards to Responsible Business Conduct. Areas of concern relate to CCC participating in export transactions where there exists a connection between the proposed export and the negative consequences in the areas of human rights and humanitarian law, as well as where bribery and corruption is alleged to have occurred. Over the course of the year, the Corporation implemented an enhanced Responsible Business Conduct Framework that was informed by consultations by civil society stakeholders as well as a newly updated Code of Conduct and Business Ethics, and a new Human Rights Policy. This was augmented by providing in-house specialized training to all employees about its RBC Framework, and in particular to the members of the Integrity Compliance Committee and the Human Rights Committee. CCC's focus on exemplary due diligence and risk assessments is viewed as an effective approach to managing RBC risks.

Corporate Risks

This is the second major risk category managed by CCC. It refers to those risks directly related to the Corporation's information management, information systems, people, policies/procedures and business continuity planning. Corporate risks are managed at the business and functional unit level and are the responsibility of the Vice-Presidents. These include:

Information Management Risk:

This risk encompasses the Corporation's necessity to acquire timely and appropriate information for the purposes of business decision-making. Information that is gathered to inform the decision-making process is carefully maintained. During the year, training on information management was provided through the on-boarding of staff. The Information Management Instruction was updated.

Information System Risk:

This risk relates to the Corporation's information system being unable to generate relevant data in an efficient and effective manner. The Corporation continued to focus on cyber risk throughout the year. Insider threat is the highest cyber risk facing CCC. Corporate-wide cyber risk training is in place to provide staff with the knowledge to avoid phishing and other cyber threats. The IT team has also progressed work related to reducing recovery time in the event of an information systems failure.

Security Risk:

This risk relates to the possibility of a negative event affecting CCC's employees, valued assets and capacity to delivery essential services. During the year, the Security sub-committee of the ROC successfully tested its business continuity plan (BCP), updated the Pandemic Preparedness Plan with Human Resources and prepared to activate the BCP in response to the COVID-19 virus. Transitioning to working from home did not require the BCP activation as all IT systems remained accessible.

Policies and Processes Risk:

This risk relates to the possibility of financial losses or inefficient use of resources that may develop because of not having appropriate policies, systems and processes in place. The Internal Audit function reviews key areas of the Corporation to ensure that controls and practices are being followed as per approved policies and procedures. During the year, focus on updating CCC's policy suite led to a Policy Renewal team being established and a formal project charter being finalized and approved. CCC's response to COVID-19 and ensuring the capacity for staff to work from home led to many process improvements which supports CCC's continuous improvement program.

Human Resources and Organizational Risk:

This risk reflects the possibility of not having the right corporate structure along with sufficient human resources and skill sets in place to meet client expectations, manage operational and transactional risks and to achieve overall corporate objectives. The staffing plan for 2019–20 provided for appropriate staffing levels across the Corporation and into the future while succession plans are in place for key roles within the organization.

CCC monitors its employee satisfaction level through annual employee surveys. These assist in the development of human resource strategies to ensure employee needs are met and that turnover remains low.

Contracting Risk:

This risk relates to improperly structured or managed contracts that could lead to financial losses, low client satisfaction ratings and fewer repeat clients. Each foreign customer and domestic supplier contract must be carefully negotiated and drafted to establish appropriate terms and conditions to mitigate the Corporation's risk. CCC has an experienced workforce comprised of contract professionals and legal counsellors who adeptly manage pre-and-post contract risks. As the portfolio develops around larger more complex transactions, these areas will become increasingly important as well as the need for tailored skill sets to support these complex transactions.

Fraud Risk:

This risk relates to the possibility that the Corporation is the subject of internal or external fraud. Policies and procedures have been established along with internal controls to ensure that this risk is minimized. CCC's Internal Audit function reviews these practices and recommends improvements where warranted. During the year, Management updated its annual Fraud Self Risk Assessment and presented findings to the ROC which did not identify any new fraud risk concerns related to CCC's processes and internal controls.

Transactional Risks

This is the third major category of risk managed by CCC and reflects those risks that deal with export transactions. The Corporation is sensitive to the need for protecting its shareholder by effectively and prudently managing these risks. Prior to entering into export contracts, the following transactional risks are evaluated:

Supplier Performance Risk:

This risk relates to the timely delivery of contracted goods and services and to ensure an exporter's failure to perform is mitigated. The Corporation's due diligence process reviews all companies to ensure that their financial, managerial, and technical capabilities are strong and that no integrity issues are present. Once under contract, CCC undertakes quarterly reviews of key exporters to monitor the financial condition of its supplier portfolio. The results are communicated to the Board of Directors. The emergence of the COVID-19 virus may impact CCC's suppliers' ability to meet their contractual obligations. Supply chain issues or their own plant / facility closures could lead to delays. Ultimately, some companies may fail during this COVID-19 pandemic. Management is monitoring the portfolio closely.

Foreign Environment Risk:

This risk relates to the possibility of a foreign customer defaulting on its contractual obligations with the Corporation and the intricacies of operating in a foreign environment.

The major subset of this risk relates to buyer credit. The Corporation accepts unsecured credit from AAA rated foreign governments and commercial parties, thereby minimizing buyer credit risk. CCC may accept securities to back up payment obligations of customers where the credit rating is below that of AAA. In all other cases, the Corporation passes the credit risk to the exporter. This is achieved through a back-to-back payment mechanism that only allows the supplier to be paid once CCC has received the relevant payment from the foreign customer. Often, the exporter will use the services of EDC to mitigate foreign customer credit risk.

Integrity and Human Rights Risk:

This risk refers to the possibility of bribery and corruption or of a connection between the exported product and negative consequences in the areas of human rights or humanitarian law. CCC has in place both an Integrity Compliance and a Human Rights Committee to perform due diligence and risk assessments that informs CCC's decision-making when considering an export transaction. During the year, CCC worked to implement an enhanced Responsible Business Conduct Framework, which delivers on CCC's commitment to conducting its activities in an environmentally, socially and ethically responsible manner consistent with Canada's international commitments, including respect for human rights.

Project and Contractual Risk:

This risk refers to the unique risks related to export transactions being considered or that are underway. At year-end, CCC had four contracts with contractual issues that were being managed to resolution with no expected financial impact on the Corporation.

MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements of the Canadian Commercial Corporation and all information presented in this annual report are the responsibility of management. The financial statements have been prepared in accordance with International Financial Reporting Standards, using management's best estimates and judgments, where appropriate. Financial information presented elsewhere in the annual report is consistent with the financial statements.

In support of its responsibility, management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the integrity and reliability of financial information, that assets are safeguarded and controlled, and that transactions of the Corporation are in accordance with the Financial Administration Act ("FAA") and regulations and, as appropriate, the Canadian Commercial Corporation Act, the by-laws of the Corporation, and the directives issued pursuant to Section 89 of the FAA.

The Audit Committee oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting. The Audit Committee meets with management and the internal and external auditors 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 has reviewed the financial statements with the external auditor and has submitted its report to the Board of Directors. The Board of Directors has reviewed and, on recommendation by the Audit Committee, has approved the financial statements. The Corporation's external auditor, the Auditor General of Canada, audits the financial statements in accordance with Canadian generally accepted auditing standards, and expresses an opinion on the financial statements.

CARL MARCOTTE
President and
Chief Executive Officer

ERNIE BRIARD
Chief Financial Officer

Ottawa, Canada
June 23, 2020

Office of the Auditor General of Canada
Bureau du vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister of Small Business, Export Promotion and International Trade

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Canadian Commercial Corporation (the Corporation), which comprise the statement of financial position as at 31 March 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the 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 financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Corporation'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 Corporation’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 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 Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 financial statements, we have audited transactions of the Canadian Commercial Corporation 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 *Canadian Commercial Corporation Act,* the by-laws of the Canadian Commercial Corporation and the directives issued pursuant to Section 89 of the *Financial Administration Act.*

In our opinion, the transactions of the Canadian Commercial Corporation that came to our notice during the audit of the 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 IFRSs have been applied, except for the change in the method of accounting for leases as explained in Note 4(a) to the financial statements, on a basis consistent with that of the preceding year.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Canadian Commercial Corporation's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Canadian Commercial Corporation 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 financial statements are in compliance with the specified authorities referred to above.

Dennis Fantinic

Dennis Fantinic, CPA, CGA
Principal
for the Auditor General of Canada

Ottawa, Canada
23 June 2020

(in thousands of Canadian dollars, unless otherwise indicated)

FINANCIAL STATEMENTS

Statement of Financial Position

AS AT	NOTES	MARCH 31, 2020	MARCH 31, 2019
ASSETS			
Current assets			
Cash and cash equivalents	5	**$ 65,818**	$ 58,481
Accounts receivable	6 , 15	**18,912**	27,603
Other assets	7	**781**	403
		85,511	86,487
Non-current assets			
Accounts receivable	6 , 15	**7,421**	–
Property and equipment	8	**2,404**	2,645
Right-of-use assets	9	**3,570**	–
		13,395	2,645
Total assets		**$ 98,906**	$ 89,132
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	10 , 15	**$ 40,568**	$ 35,456
Holdbacks	21	**5,003**	6,147
Advances		**20,754**	20,076
Deferred revenue	11	**547**	1,081
Lease liabilities	12	**417**	–
Deferred lease incentives		**–**	265
Employee benefits	13	**1,083**	1,454
		68,372	64,479
Non-current liabilities			
Lease liabilities	12	**6,419**	–
Deferred lease incentives		**–**	3,091
Employee benefits	13	**201**	213
		6,620	3,304
Total liabilities		**74,992**	67,783
EQUITY			
Contributed capital		**10,000**	10,000
Retained earnings		**13,914**	11,349
Total equity		**23,914**	21,349
Total liabilities and equity		**$ 98,906**	$ 89,132
Contingencies	21		

The accompanying notes are an integral part of the financial statements.

Authorized for issue by the Board of Directors on June 23, 2020

Douglas J. Harrison
Chair, Board of Directors

Claude Robillard
Chair, Audit Committee

(in thousands of Canadian dollars, unless otherwise indicated)

Statement of Comprehensive Income

FOR THE YEAR ENDED MARCH 31	NOTES	2020	2019
REVENUES			
Fees for service	16	**$ 24,068**	$ 28,391
Other income	17	**655**	1,741
Finance income		**929**	822
		25,652	30,954
GOVERNMENT FUNDING			
Transfers from Government of Canada	18	**4,500**	–
		4,500	–
EXPENSES			
Administrative expenses	19	**27,279**	27,005
Finance costs		**343**	–
		27,622	27,005
Net profit before gain on foreign exchange		**2,530**	3,949
Gain on foreign exchange		**47**	167
NET PROFIT		**$ 2,577**	$ 4,116
OTHER COMPREHENSIVE INCOME ITEMS THAT WILL NOT BE RECLASSIFIED TO NET PROFIT (LOSS)			
Actuarial gain (loss) on employee benefits obligation	13	**(12)**	1
TOTAL COMPREHENSIVE INCOME		**$ 2,565**	$ 4,117

The accompanying notes are an integral part of the financial statements.

(in thousands of Canadian dollars, unless otherwise indicated)

Statement of Changes in Equity

FOR THE YEAR ENDED MARCH 31, 2020	NOTES	CONTRIBUTED CAPITAL	RETAINED EARNINGS	TOTAL
BALANCE MARCH 31, 2019		**$ 10,000**	**$ 11,349**	**$ 21,349**
Net profit			**2,577**	**2,577**
Actuarial loss on employee benefits obligation			**(12)**	**(12)**
Total comprehensive income			**2,565**	**2,565**
BALANCE MARCH 31, 2020		**$ 10,000**	**$ 13,914**	**$ 23,914**

FOR THE YEAR ENDED MARCH 31, 2019	NOTES	CONTRIBUTED CAPITAL	RETAINED EARNINGS	TOTAL
BALANCE MARCH 31, 2018		$ 10,000	$ 7,232	$ 17,232
Net profit			4,116	4,116
Actuarial gain on employee benefits obligation			1	1
Total comprehensive income			4,117	4,117
BALANCE MARCH 31, 2019		$ 10,000	$ 11,349	$ 21,349

The accompanying notes are an integral part of the financial statements.

(in thousands of Canadian dollars, unless otherwise indicated)

Statement of Cash Flows

FOR THE YEAR ENDED MARCH 31	NOTES	2020	2019
OPERATING ACTIVITIES			
Net profit		**$ 2,577**	$ 4,116
Adjustments to determine net cash from (used in) operating activities:			
Depreciation property and equipment	8	**414**	451
Depreciation right-of-use-assets	9	**314**	–
Deferred lease incentives		**–**	(265)
Employee benefit expense (recovery)	13	**(212)**	213
Employee benefit payments	13	**(183)**	(87)
(Gain) loss on foreign exchange		**(1,477)**	62
Change in working capital from:			
Accounts receivable	6 , 15	**1,270**	21,711
Other assets	7	**(378)**	(219)
Accounts payable and accrued liabilities	10 , 15	**5,112**	7,782
Holdbacks	21	**(1,144)**	220
Advances		**678**	(18,892)
Deferred revenue	11	**(534)**	96
Cash provided by operating activities		**6,437**	15,188
INVESTING ACTIVITIES			
Acquisitions of property and equipment	8	**(173)**	–
Cash used in investing activities		**(173)**	–
FINANCING ACTIVITIES			
Principal repayment of lease liabilities	12	**(404)**	–
Cash used in financing activities		**(404)**	–
Effect of exchange rate changes on cash and cash equivalents		**1,477**	(62)
Net increase in cash and cash equivalents		**7,337**	15,126
Cash and cash equivalents at the beginning of the year		**58,481**	43,355
Cash and cash equivalents at the end of the year		**$ 65,818**	$ 58,481
Supplementary disclosure of cash flows from operating activities			
Amount of interest received		**$ 929**	$ 822
Amount of interest paid	12	**$ 218**	$ –

The accompanying notes are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Nature, Organization and Funding

The Canadian Commercial Corporation (the "Corporation") was established in 1946 by the *Canadian Commercial Corporation Act* ("CCC Act"). The Corporation is wholly owned by the Government of Canada and is an agent Crown corporation listed in Part I of Schedule III of the *Financial Administration Act* ("FAA"). The Corporation is domiciled in Canada with a head office located at 350 Albert Street, Ottawa, Ontario. The Corporation operates primarily in Canada with representation in Asia and South America.

The Corporation acts as the prime contracting agency for Canadian exporters when foreign governments, international organizations, or foreign private sector buyers wish to purchase products and services from Canada through the Government of Canada. The Corporation enters into prime contracts with these foreign buyers and into corresponding domestic contracts with Canadian exporters. Additionally, the Corporation enters into certain sourcing services agreements to procure goods and services for international end users on behalf of the Government of Canada and foreign governments.

The Corporation's operations are funded primarily by Fees for service, supplemented by transfers from the Government of Canada.

In September 2008, the Corporation, together with a number of other Crown corporations, was issued a directive (P.C. 2008-1598) pursuant to Section 89 of the FAA, entitled *Order giving a direction to parent Crown corporations involved in commercial lending to give due consideration to the personal integrity of those they lend to or provide benefits to in accordance with Government's policy to improve the accountability and integrity of federal institutions.* The Corporation implemented the directive effective January 1, 2010 and has remained compliant with the directive since then.

In July 2015, the Corporation was issued a directive (P.C. 2015-1110) pursuant to section 89 of the FAA 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 to report on the implementation of this directive in the Corporation's next corporate plan. The Corporation implemented the directive in August 2016 and has remained compliant with the directive since then.

The Corporation is not subject to the provisions of the *Income Tax Act*.

2. Basis of Preparation

(a) Compliance with International Financial Reporting Standards (IFRS)

These financial statements have been prepared in accordance with IFRS as issued in the Chartered Professional Accountant ("CPA") Canada Handbook - Accounting as at and for the year ended March 31, 2020.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for as permitted by IFRS and to the extent material, the following items:

- Derivative financial instruments are measured at fair value through profit or loss.
- Accrued employee benefit liabilities for post-employment and other long term employee benefit plans are recognized at the present value of the defined benefit obligations.

(c) Use of estimates and judgments

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ significantly from estimates resulting in significant differences in the related financial statement balances.

Estimates and underlying assumptions are reviewed on an ongoing basis and in detail as at the date of the financial statements. Any changes in estimates are reflected in the financial statements in the period in which they become known and in any future periods affected.

Key sources of estimation uncertainty

The key sources of estimation uncertainty during the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year, are discussed below:

i) Impairment of accounts receivable and unbilled revenue

When measuring expected credit loss for its accounts receivable and unbilled revenue, the Corporation uses historical credit loss experience as well as assesses whether there are any changes in the foreign buyers' credit risk by incorporating forward-looking information that is available without undue cost or effort. Changes such as a significant deterioration in the foreign buyers' external credit rating or adverse changes in the foreign buyers' financial or economic conditions would affect the amount of expected credit loss and the carrying value of accounts receivable and unbilled revenue. Further information on the Corporation's determination of expected credit loss is provided in note 3(h).

ii) Property and equipment

Property and equipment with finite useful lives, are depreciated over their useful lives. Useful lives are based on management's estimates of the periods of service provided by the assets. The useful lives of these assets are reviewed annually for continued appropriateness. Changes to the useful life estimates would affect the timing of future depreciation expense and the future carrying value of assets. The carrying amounts of the property and equipment as at the end of the reporting periods are included in note 8.

iii) Assumptions used to determine the carrying value of employee benefits

The determination of the Corporation's employee benefit obligation depends on certain assumptions, which include selection of the discount rate, seniority and promotional salary increases, withdrawal rates, rates of retirement, pensionable disability, mortality and longevity improvement factors, taken from the actuarial report on the pension plan for the Public Service of Canada. The underlying assumptions adopted in measuring the employee benefit obligation are reviewed annually by management. Changes in these assumptions can have a significant impact on the carrying value of the Corporation's employee benefits liability. Further information on the Corporation's employee benefits is provided in note 13.

iv) Unsatisfied (or partially unsatisfied) performance obligations

Unsatisfied, or partially unsatisfied, contractual performance obligations are mostly due to services which are yet to be provided by the Corporation over the remaining duration of the contract. The actual amounts may differ from the estimated transaction prices allocated to unsatisfied, or partially unsatisfied contracted performance obligation due to a variety of factors, including the unpredictable nature of customer behaviour; industry regulation and the economic and political environments in which the Corporation operates. Further information on the Corporation's unsatisfied or partially satisfied performance obligations is provided in note 16(b).

v) Provision and contingent liabilities

The need for a provision for contract remediation expenses or other contract related liabilities is analyzed as at the date of the Statement of Financial Position. A provision is recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation. The Corporation may also need to disclose a contingent liability, which is a possible legal or constructive obligation that arises from a past event, or a present legal, or constructive obligation that arises from past event but is not recognized because it is either not probable that an outflow of resources will be required to settle the obligation, or a reliable estimate of the obligation cannot be made. In determining a reliable estimate of the obligation, management must make assumptions about the amount and likelihood of outflows, the timing of outflows and the discount rate to use. Should the actual amount or timing of the outflows deviate from the assumptions made by management, there could be a significant impact on the Corporation's liabilities. Further information on the Corporation's provision and contingent liabilities is provided in note 3(k).

vi) Impact of COVID-19

Management has assessed the impact of the Coronavirus 2019 (COVID-19) pandemic on the Corporation in the preparation of the financial statements based on available information without undue cost or effort and has concluded that there is no material impact as at March 31, 2020. However, the increase in both the magnitude and duration of the pandemic may result in future changes in estimates that may affect the timing of future revenue recognition, the accounting and disclosure for provisions, contingent liabilities and allowance for expected credit losses. Further information on the impact of COVID-19 on the Corporation is disclosed in note 15(d).

Judgments

The following are critical judgments that management has made in applying the Corporation's accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

i) Determination of the accounting, amount and timing of revenue recognition and related expenses

Management used judgment in determining that revenues from all contracts with customers should be reported as an agent since the Corporation does not control goods or services which are transferred directly from Canadian exporters to the foreign buyers. Reporting as an agent results in the most faithful representation of the economic benefit to the Corporation from these transactions.

The Corporation has also determined that it has one performance obligation in its contracts with customers and that revenue is recognized over time as performance obligations are satisfied to earn Fees for service. Management has also determined that its performance obligations recognized over time are measured using an output method based on contract milestone events or time elapsed depending on the terms and conditions of contracts. For additional information on the accounting policies impacted by these judgments, refer to note 3(a).

ii) Cost recovery transactions

Management used judgment in determining the most appropriate method of accounting for cost recovery components of certain contracts. Reporting as an agent, in situations whereby the Corporation receives funds for reimbursement of expenses on a cost recovery basis, the funds received are accounted for as an offset to expenses.

iii) Impairment of accounts receivable and unbilled revenue

As explained in note 3(h), the Corporation measures a loss allowance on accounts receivable and unbilled revenue equal to the lifetime expected credit loss. The amount of expected credit loss is updated at each reporting date to reflect changes in credit risk and judgement is required in assessing whether the credit risk on a financial asset has increased or decreased significantly. In its assessment, management considers the risk of a default occurring on the accounts receivable and unbilled revenue at the reporting date by considering the Corporation's history of credit losses with the foreign buyer, the ageing of the accounts receivables as well as determining the potential impact of an improvement or deterioration of a foreign buyer's credit rating or changes in the foreign buyer's financial or economic condition on the Corporation's expected credit loss. The Corporation has not recognized any allowance for expected credit loss as at March 31, 2020 (March 31, 2019 — nil). Further information on the Corporation's determination of expected credit loss is provided in note 3(h).

iv) Right-of-use assets and lease liabilities
Management has used judgment when determining the following for right-of-use assets and lease liabilities:

- Whether a contract contains a lease or a service, and whether it conveys the right to control the use of an identifiable asset for a period of time in exchange for consideration. Factors used by management to determine whether a contract meets the definition of a lease include, but are not limited to:
  - whether an identified asset exists—the asset may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset cannot be identified;
  - whether a right exists to obtain substantially all the economic benefits and;
  - whether the Corporation has the right to direct the use of the asset. The Corporation has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.
- The appropriate lease term, in consideration of early termination or extension options, to be considered in measurement of the lease liability. In making this assessment, management considers a number of factors, including past practice, market conditions, recent leasehold improvements, the economic benefits of exercising the options and contract specific termination clauses. The Corporation reassesses whether or not an option would be reasonably certain to be exercised when a significant event or significant change in circumstances occur.
- The appropriate incremental borrowing rate ("IBR") to discount the lease payments, when the interest rate implicit in the lease is not readily determinable. The IBR is the rate of interest that the Corporation would have to pay to borrow funds over similar terms and with similar security to obtain an asset of similar value to the underlying asset of the lease. The Corporation's IBR is based on the yields of zero-coupon Government of Canada bonds with durations approximating the lease term adjusted for the Corporation's financing spread.
- The appropriate term over which the right-of-use asset should be depreciated; and whether existing right-of-use assets are subject to impairment. Some indicators of impairment that management may consider include changes in the current and expected future use of the right-of-use asset and obsolescence or physical damage to the right-of-use asset. Further information on the Corporation's lease liabilities and right-of-use assets are provided in note 3(j).

v) Provisions and contingent liabilities
In determining whether an item is recognized in the financial statements as a provision or disclosed as a contingent liability in the notes, management must exercise judgment. Such judgments include whether or not the obligation is a present obligation or a possible obligation, whether it is probable that an outflow of resources will be required to settle the obligation and whether a reliable estimate of the obligation can be made. In making this determination, management may use past experience, prior external precedents and the opinion and views of legal counsel. Further information on the Corporation's provision and contingent liabilities are provided in note 3(k).

(d) Functional and presentation currency

The Corporation's functional and presentation currency is the Canadian dollar.

3. Significant Accounting Policies

The significant accounting policies of the Corporation are summarized below. These policies have been consistently applied to all periods presented, unless otherwise stated.

The Corporation operates under a unique business model. On contracts with foreign government buyers, in order to provide buyers with the Government of Canada guarantee on performance, the Corporation is the prime obligor on all contracts. Canadian exporters through a domestic contract, which includes all specifications of the prime contracts, perform the execution of the work specified in those prime contracts. The funds received from the foreign buyer, except the Fees for service portion, are remitted by the Corporation to the Canadian exporters. Since goods and services are delivered directly from the Canadian exporter to the foreign buyer, without the Corporation controlling them prior to transfer to the foreign buyer, management has concluded that the Corporation is an agent for the purposes of financial reporting under the *IFRS 15 – Revenue from contracts with customers* (*IFRS 15*) accounting standard. Although reporting as an agent, the Corporation maintains its performance guarantee towards foreign buyers. For Government of Canada initiatives, the Corporation also reports as an agent when entering into sourcing services contracts on behalf of other government organizations.

(a) Contracts

The following section discusses revenue recognition policies for contracts generating Fees for service for the Corporation. The Corporation does not receive Fees for service on the contracts covered by the Canada-U.S. Defence Production Sharing Agreement ("DPSA") with the United States of America, however still reports the flow of funds between the foreign buyer and Canadian exporters under these contracts as an agent. Expenses incurred by the Corporation in administering the DPSA are included in administrative expenses.

Fees for service revenue

Performance Obligations

The Corporation has performance obligations to earn Fees for service revenue. These performance obligations, as well as other revenue recognition related items and balances, by type of contract are described as follows:

International Business

International Business performance obligations are established via the domestic contracts with Canadian exporters. For these contracts the Corporation has identified one performance obligation, which is the promise to perform all activities required for the Canadian exporter to obtain payment under the terms and conditions of the prime contact. Since the Corporation has concluded that it has one performance obligation on these contracts, there is no requirement for allocation of the transaction price to multiple performance obligations.

The transaction price for the Fees for service revenue is generally established as a percentage of the value of the prime contract. Fees for service are negotiated with Canadian exporters and represent the transaction price to satisfy the performance obligation the Corporation has towards the Canadian exporter.

Fees for service are recognized over time as the Corporation performs activities required to satisfy its performance obligation to the Canadian exporter. This occurs throughout the life of the contracts as the Canadian exporters receive the benefits from the Corporation's services. Fees for service are measured as a percentage of amounts billed to the foreign buyer once the Corporation has completed its performance obligation of obtaining, for the Canadian exporter, its right to receive payment. Once a payment is received from the foreign buyer, the Corporation flows the funds to the Canadian exporter, net of Fees for service, based on the payment terms stipulated within the domestic contract. Any amounts received from a foreign government buyer which are due to the Canadian exporter at the end of the reporting period are included in Accounts payable as a liability.

Accounts receivable primarily represent amounts due to the Corporation from foreign buyers. These amounts can include fees earned for services provided to Canadian exporters which are collected from the payments made by foreign buyers. Accounts receivable also includes amounts not related to fees, but rather amounts that the Corporation has paid to Canadian exporters prior to receiving the corresponding amount from foreign buyers.

- As part of International Business, the Corporation has contracts for the provision of electronic lotteries by a Canadian exporter in various countries. Under this program, the Corporation has one performance obligation to the Canadian exporter, which is to leverage its capacity as a Government of Canada organization to manage prime contracts for electronic lotteries with foreign governments over the term of the contract, allowing the Canadian exporter to benefit from these operations abroad and earn revenues.

  The transaction price for the lottery programs contains a fixed and variable consideration portion. The fixed portion is included in the transaction price at contract inception and recognized as revenue over time and measured on a straight-line basis. Since the variable consideration portions depend on future ticket sales performance and cannot be reliably estimated at contract inception, the revenues are assessed at the end of each reporting period and recognized as changes in the transaction price. Since there is only one performance obligation, there is no allocation of the transaction price to multiple performance obligations.

Government of Canada Initiatives

- The Corporation acts as an agent on behalf of Government of Canada departments or agencies to provide sourcing services in support of international assistance programs and for procurement contracts with other Government of Canada entities.

  The Corporation has identified one performance obligation to Government of Canada departments or agencies to earn Fees for service, which is to provide ongoing assistance and maintain resources available over the term of Supply Arrangement Agreements (“SAAs”).

  The transaction price for these agreements contains a fixed portion and, in some cases, a variable portion. The fixed portion and the variable portion, for which the likelihood of a revenue reversal arising from uncertain future events is low, are included in the transaction price at contract inception. Other variable considerations, for which the likelihood of a revenue reversal is uncertain, are assessed at the end of each reporting period with revenue recognized as changes in the transaction price. Since the Corporation has one performance obligation under SAAs, there is no requirement for allocation of the transaction price to multiple performance obligations.

  Due to the nature of these contracts, Fees for service revenue is recognized over time and measured on a straight-line basis, in the year they are earned as the Corporation’s performance obligation is satisfied. For the variable consideration portion of the Fees for service that is unknown at contract inception, Fees for service revenue is recognized as a change in the transaction price in the period when the amount becomes certain.

- Additionally, the Corporation provides services in support of a Government of Canada program to maintain Canadian representative offices abroad. The Corporation earns Fees for service revenue which is fixed at a negotiated rate for services provided for this program. Also, as a result of this initiative, the Corporation incurs administrative expenses related to the foreign offices that are fully reimbursed by the Government of Canada department. In these situations, the funds received for reimbursement are accounted for as a reduction of administrative expenses.

Unbilled revenue assets and Deferred revenue liabilities

Unbilled revenue are financial assets representing the Corporation's right to receive Fees for service for the completion of performance obligations that are not yet billed as at the reporting date. Management considers past and current events in assessing the collectability of unbilled revenue and if there is any impairment. Unbilled revenue is included in Other Assets on the Statement of Financial Position.

Deferred revenue liabilities represent consideration received from customers for which Fees for service revenue has not yet been earned and are accounted for as non-monetary balances.

When the same contract has both Unbilled revenue assets and Deferred revenue liabilities they are presented on a net basis.

Holdbacks

In order to mitigate its overall liquidity risk exposure in the unlikely event of non-performance of Canadian exporters, the Corporation may holdback funds to supplement its recourse.

Holdbacks are financial liabilities and represent funds received from foreign buyers and held by the Corporation prior to final disbursement to Canadian exporters.

Advances

Advances are financial liabilities and represent funds received from foreign buyers and others being held by the Corporation prior to disbursement to Canadian exporters and others. The Corporation recognizes the advances received from foreign buyers and others as advance liabilities which are reduced as disbursements to Canadian exporters and others are made.

(b) Transfers from the Government of Canada

A transfer from the Government of Canada that is not in the nature of contributed capital is recognized as revenue in the period when the Government has authorized the transfer and the related expenses are incurred.

A transfer related to expenses of future periods is deferred and recognized as revenue in the period when the related expenses are incurred.

(c) Other income and early payments made to exporters

Other income is comprised mainly of income from early payments made by the Corporation to Canadian exporters for work performed but not yet due for payment by the foreign buyer. Early payments are made primarily to DPSA related exporters but can also be made to non-DPSA exporters as well. The early payments are paid to Canadian exporters at discounted amounts and recorded as an accounts receivable in the Statement of Financial Position, at which time the discounting income is also recognized by the Corporation as earned. The accounts receivable is reduced as amounts are collected from the foreign buyer or recovered from the Canadian exporter. The amount that early payments are discounted is determined by applying a set percentage ranging from 0.03%, for one day of early payment, to 0.96%, for 29 days of early payment. Additionally, other income also includes miscellaneous amounts mostly related to contract related adjustments.

(d) Finance income

Finance income represents interest earned on cash and cash equivalent balances held during the year, and interest charged to foreign buyers related to late payments. Finance income is presented net of interest paid on cash and cash equivalent balances held on behalf of foreign buyers or Canadian exporters as per terms and conditions of the underlying contract with the Corporation.

(e) Finance costs

Finance costs include interest charges incurred related to the Corporation's revolving credit facility, interest on lease liabilities and other interest charged to the Corporation related to late payments.

(f) Foreign currency translation

Monetary assets, liabilities and period-end accruals denominated in foreign currencies are translated into Canadian dollars at the period-end exchange rates. Revenues and expenses are translated at the average monthly exchange rate. Non-monetary liabilities denominated in foreign currencies that are measured at historical cost using the exchange rate at the date of the transaction are not retranslated. Revenues recognized from the derecognition of non-monetary liabilities are translated using exchange rate in effect at the time the related non-monetary liabilities were recognized. Any gains or losses on foreign currencies are recorded as a gain or loss on foreign exchange within profit and loss in the Statement of Comprehensive Income.

(g) Fair value measurement

All financial assets and liabilities are initially recognized on the Statement of Financial Position at fair value. The fair value of a financial asset or liability is the price that would be received to sell an asset or paid to transfer a liability between market participants at the measurement date. Subsequent to initial recognition, fair value is determined by using observable market data based on a three-level hierarchy as follows:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Corporation has the ability to access at the measurement date.

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 Inputs that are unobservable as a result of little if any market activity. Inputs into the determination of fair value that require significant management judgment or estimation.

The fair value of accounts receivable, unbilled revenue, advances, holdbacks and accounts payable and accrued liabilities approximates their carrying value due to their relative short-term nature. Although the accounts receivable related to the Armoured Brigades Program (ABP) is expected to be received over a longer period, the Corporation has also determined that their fair value approximates the carrying value (refer to notes 6 and 15).

(h) Financial instruments

The term "financial instrument" is defined as any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party.

All financial assets and liabilities (including assets and liabilities designated at amortized cost or fair value through profit or loss) are recognized initially on the date at which the Corporation becomes a party to the contractual provisions of the instrument.

The Corporation derecognizes a financial asset when the contractual rights to receive the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Corporation is recognized as a separate asset or liability.

The Corporation derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount is presented in the Statement of Financial Position only when the Corporation has a legal right to offset the amounts and intends to settle on a net basis or to realize the asset and settle the liability simultaneously.

Non-derivative financial instruments

i) Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits and temporary investments, maturing in less than three months from acquisition date and are recorded at fair value net of any bank overdrafts. Cash equivalents are considered to be highly liquid, readily convertible to cash and are subject to an insignificant risk of changes in value. All interest income, gains and losses are recognized in finance income in the period in which they arise. The fair value of cash and cash equivalents approximates their carrying value, due to their short-term maturity, and are held to manage cash flow requirements. The Corporation earns income on cash balances not required for immediate operational needs. The Corporation has designated its cash and cash equivalents as financial assets at fair value through profit or loss. The changes in fair value of cash and cash equivalents denominated in foreign currencies are recognized in the period incurred as a gain or loss on foreign exchange within profit and loss in the Statement of Comprehensive Income.

ii) Accounts receivable

Accounts receivable are classified at amortized cost, which are initially recognized at fair value. Subsequent to initial recognition the carrying value of accounts receivable are measured at amortized cost using the effective interest method, less any impairment losses. The Corporation has contractual recourse, in all material respects, whereby the Canadian exporter assumes the risk of non-payment from the foreign buyer for goods and services on contracts.

In the unlikely event a foreign buyer would default on contractual payments, the Corporation would not collect Fees for service from Canadian exporters until a favourable settlement has been received from the foreign buyer. As a Crown corporation created to support Canadian exporters, the Corporation shares the risk of non-payment from foreign buyers with the Canadian exporters that directly impacts the Corporation's collectability of Fees for service. The Corporation monitors ageing of accounts receivable and should a provision become necessary, it would be recognized in the Corporation's financial statements.

iii) Accounts payable, accrued liabilities, holdbacks and advances

Accounts payable and accrued liabilities, holdbacks and advances are classified at amortized cost and are initially recognized at fair value. Subsequent to initial recognition the carrying value of these financial liabilities are measured at amortized cost using the effective interest method.

Derivative financial instruments

The Corporation may enter into forward contracts to reduce its exposure to fluctuations in foreign exchange rates. The Corporation does not use derivative financial instruments for speculative purposes. The Corporation does not account for these forward contracts using hedge accounting. Therefore, these instruments are classified as financial assets or financial liabilities at fair value through profit or loss upon initial recognition, and measured at fair value using quoted forward prices. The changes in fair value are recognized within profit and loss in the Statement of Comprehensive Income in the period in which they occur as a gain or loss on foreign exchange. Derivatives are recognized on the Statement of Financial Position as an asset in accounts receivable, or as a liability in accounts payable and accrued liabilities.

Impairment of accounts receivable and unbilled revenue

The Corporation measures a loss allowance on accounts receivable and unbilled revenue equal to the lifetime expected credit loss. Lifetime expected credit loss represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. The amount of expected credit loss is updated at each reporting date to reflect changes in credit risk of the respective financial asset. The expected credit losses on accounts receivable and unbilled revenue are estimated based on the Corporation's historical credit loss experience adjusted for factors specific to the foreign buyer including credit risk rating, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

i) Changes in credit risk

In assessing whether the credit risk on a financial instrument has increased or decreased significantly, the Corporation considers the risk of a default occurring on the financial instrument at the reporting date. In making this assessment, the Corporation considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes actual and forecast economic information from various external sources regarding the foreign buyer. In particular, the following information is taken into account when assessing whether credit risk has increased or decreased significantly:

- an actual or expected significant improvement or deterioration in the foreign buyer's external credit rating; and
- existing or forecast changes in financial or economic conditions that are expected to cause a significant increase or decrease in the foreign buyer's ability to meet its contractual obligations.

In relation to the foreign environment in which it operates, it is normal for the Corporation to encounter delays in collecting certain accounts receivable, therefore, the Corporation has rebutted the presumption that there have been significant increases in credit risk when its accounts receivable are more than 30 days past due.

ii) Write-off policy

The Corporation writes off a financial asset when there is information indicating that there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Corporation's recovery procedures. Any recoveries made are recognized within profit and loss in the Statement of Comprehensive Income.

(i) Property and equipment

Property and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. When components of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

Property and equipment include costs associated with information systems hardware and operating systems, leasehold improvements and furniture and equipment. These amounts include any costs directly attributable to bringing the asset to the Corporation and in the condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated based on the cost of an asset less its residual value over the useful life of the asset. Information systems hardware and operating systems as well as furniture and equipment are depreciated, once available for use, on a straight-line basis over their estimated useful life of four years and five years respectively. Leasehold improvements are depreciated on a straight-line basis over the lesser of the useful life and the remaining term of the lease agreement.

Gains and losses on the disposal of an item of property and equipment are determined by comparing the proceeds with the carrying amount and are recognized within profit and loss in the Statement of Comprehensive Income for the period.

The useful life and depreciation method of an asset is reviewed at each fiscal year-end and, if expectations differ from previous estimates, the change(s) will be accounted for as a change in an accounting estimate.

Impairment of property and equipment

Property and equipment with finite useful lives are reviewed for impairment at each reporting date to determine if there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognized to the extent the carrying amount of the asset exceeds the estimated recoverable amount. The recoverable amount is calculated as the higher of an asset's fair value less costs to sell and its value in use.

Impairment losses recognized in prior periods are assessed at the end of each reporting period to determine if there is any indication that the impairment no longer exists or has decreased. If there is indication that it decreased or is eliminated then the Corporation will estimate the new recoverable amount and an impairment reversal will be recognized. The increased carrying amount attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset(s) in prior years. This reversal amount will be recognized within profit or loss in the Statement of Comprehensive Income.

(j) Right-of-use assets and lease liabilities

Right-of-use assets

At the inception of a contract, the Corporation assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period in time in exchange for consideration. If a lease is identified, the Corporation recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured as the sum of:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the lease commencement date, less any lease incentives received;
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset, or to restore the underlying asset of the site on which it is located to the condition required by the terms and conditions of the lease.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for certain remeasurement of the lease liability, if any.

The right-of-use asset is depreciated over the lesser of the estimated useful life of the underlying asset or the lease term on a straight-line basis. The lease term includes periods covered by an option to extend the lease if the Corporation is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Corporation is reasonably certain not to exercise that option.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate (IBR).

The lease payments included in the measurement of the lease liability are comprised of the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- fixed payments (including in-substance fixed payments, if any), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under residual value guarantees;
- the exercise price of a purchase option if it is reasonably certain that the Corporation will exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Corporation exercising an option to terminate the lease.

Variable lease payments that do not depend on an index or rate, and are not in-substance fixed, are not included in the measurement of the lease liability and, subsequently, the right-of-use asset. These payments are recognized as an expense in the period in which they occur.

The IBR is the rate of interest that the Corporation would have to pay to borrow funds over similar terms and with similar security to obtain an asset of similar value to the underlying asset of the lease. The Corporation's IBR is based on the yields of zero-coupon Government of Canada bonds with durations approximating the lease term adjusted for the Corporation's financing spread.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. It is remeasured whenever:

- there is a change in the lease term, including a change in the assessment of whether an extension option will be exercised, in which case the lease liability is remeasured by discounting the revised lease payments on the basis of the revised lease term using a revised discount rate;
- the payments change due to changes in an index or rate, or a change in expected payments under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; and
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The Corporation has elected to apply the following practical expedients:

- Not reassess whether a contract is, or contains, a lease. Accordingly, the definition of a lease, in accordance with IAS 17 and *IFRIC 4 Determining whether an arrangement contains a lease*, continues to be applied to leases entered into or modified prior to April 1, 2019. The Corporation applies the definition of a lease under *IFRS 16* to all lease contracts entered into or modified on or after April 1, 2019.
- Apply a single discount rate to a portfolio of leases with similar characteristics.
- not recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.
- Account for lease components and non-lease components as a single lease component.

For the year ended March 31, 2019, prior to the adoption of *IFRS 16*, the Corporation classified all of its leases as operating since the risks and rewards incidental to ownership remained with the lessor. The expenses incurred under its operating leases were recognized within profit and loss in the Statement of Comprehensive Income for the reporting period on a straight-line basis over the term of the lease, net of the reduction of deferred lease incentives. Lease incentives representing a rent-free period and allowances for leasehold improvements were deferred as a liability and recognized on a straight-line basis over the term of the lease as a reduction of rent expenses.

(k) Provision and contingent liabilities

The need for a provision for contract remediation expenses or other contract related liabilities is analyzed as at the date of the Statement of Financial Position. Contract remediation expenses may be incurred by the Corporation if the Canadian exporter fails to fulfill its domestic contract obligations to the Corporation. The Corporation is responsible for ensuring that the terms of the prime contract with the foreign buyer are fulfilled regardless of the performance by the Canadian exporter. Contract remediation expenses and the associated provision are determined on a contract-by-contract basis, and may include completion, re-procurement, associated legal and other costs that are based on quotes or reliable estimates.

A provision is recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate can be made of the amount of the obligation.

To the extent material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. If it is determined that an outflow of resources is no longer probable to settle the obligation, then the provision will be reversed.

(l) Pension and employee benefits

Pension benefits

Substantially all of the employees of the Corporation are covered by the public service pension plan (the "Plan"), a contributory 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 recognized as an administrative expense within profit and loss in the Statement of Comprehensive Income in the year when employees have rendered service.

Employee Severance Benefits

As of 2013, the Corporation no longer provides its employee severance benefits upon resignation or retirement and consequently, employees and executives no longer accumulate these severance benefits. The collective agreement entitled employees who had less than ten years of continuous service as of the date of cessation of severance benefits to an immediate lump-sum payment of the previously accumulated total severance benefits. For employees with more than ten years of continuous service and for the executive group, employees were provided the option of receiving a single payment of all or part of the previously accumulated severance benefits, or leaving the balance to be paid upon retirement or resignation. Employees are still entitled to benefits if terminated for incapacity or upon death and consequently continue to accrue for these severance benefits.

The cost of the obligation for the benefits earned and not yet paid to employees is actuarially determined using the projected unit credit method prorated on services. The valuation of the liability is based on a discount rate determined by reference to market yields at the end of the reporting period on high-quality corporate bonds. Actuarial gains (losses) on employee severance benefits are recognized through other comprehensive income and immediately transferred to retained earnings.

A full actuarial valuation of the outstanding severance benefits obligation is performed annually.

Employee sick leave benefits

As provided under labour contracts and conditions of employment, employees are permitted to accumulate unused sick leave. However, such leave entitlements are non-vesting and can only be used in the event of illness. The cost of this other long-term employee benefit is accrued as employees render the services necessary to earn them. The valuation of the liability is based on a discount rate determined by reference to market yields at the end of the reporting period on high-quality corporate bonds. Actuarial gains or losses are considered workforce compensation and related expenses and are recognized as incurred in administrative expenses within profit and loss in the Statement of Comprehensive Income.

A full actuarial valuation of the outstanding sick leave benefits obligation is performed annually.

Other employee benefits

The federal government sponsors a variety of other future benefit plans from which employees and former employees may benefit during employment or upon retirement. The Public Service Health Care Plan and the Corporation's Dental Plan are the two principal plans available to employees and retirees of the Corporation. The Corporation's responsibility with regard to these two plans is limited to its contributions, which are considered workforce compensation and related expenses and are recorded as administrative expenses within profit and loss in the Statement of Comprehensive Income.

(m) Application of new and revised International Financial Reporting Standards

Standards adopted effective April 1, 2019

IFRS 16 — Leases and *amendment to IAS 19 — Employee Future Benefits* were adopted by the Corporation on April 1, 2019. The impact on the Corporation's financial statements of the application of these new pronouncements is disclosed in note 4.

Standards and amendments not yet in effect

The following new standards, amendments and annual improvements issued by the IASB have been assessed as having a potential effect on the Corporation in the future.

In January 2020, the IASB issued *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)* providing a more general approach to the classification of liabilities under *IAS 1* based on the contractual arrangements in place at the reporting date. The amendments affect only the presentation of liabilities in the statement of financial position — not the amount or timing of recognition of any asset, liability, income or expenses, or the information that entities disclose about those items. The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and are not expected to have a significant impact on the Corporation's financial statements.

In October 2018, the IASB issued *Definition of Material (Amendments to IAS 1 — Presentation of Financial Statements* and *IAS 8 — Accounting Policies, Changes in Accounting Estimates and Errors).* The amendments clarify the definition of 'material' and how it should be applied. In addition, the explanations accompanying the definition have been improved. The amendments ensure that the definition is consistent across all IFRS Standards. The amendments are effective for annual periods beginning on or after January 1, 2020 and are not expected to have a significant impact on the Corporation's financial statements.

4. Changes In Accounting Policies

(a) Leases

IFRS 16 — Leases — In January 2016, the IASB issued *IFRS 16 — Leases (IFRS 16)* that provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It supersedes *IAS 17 — Leases* and its associated interpretive guidance. Significant changes were made to lessee accounting with the distinction between operating and finance leases removed and assets and liabilities recognized in respect of all leases (subject to limited exceptions for short-term leases and leases of low-value assets). In contrast, *IFRS 16* does not include significant changes to the requirements for lessors.

Effective April 1, 2019, the Corporation adopted *IFRS 16* and elected to apply the modified retrospective approach and not restate comparative figures as permitted by the transitional provisions of *IFRS 16*. The Corporation's leasing activities mainly relate to office space and office equipment.

At transition, the lease liabilities for existing operating leases, other than short-term or low-value leases, were measured at the present value of the remaining lease payments, discounted at the Corporation's incremental borrowing rate as at April 1, 2019. The weighted-average incremental borrowing rate applied was 3.05%. Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments, any lease incentives and any estimated costs to be incurred in restoring the site or dismantling and removing the underlying asset.

The Corporation used the following practical expedients when applying *IFRS 16* to leases previously classified as operating lease under *IAS 17*:

- Not reassess whether a contract is, or contains, a lease. Accordingly, the definition of a lease, in accordance with *IAS 17* and *IFRIC 4 Determining whether an arrangement contains a lease*, will continue to be applied to leases entered into or modified prior to April 1, 2019. The Corporation will apply the definition of a lease under *IFRS 16* to all lease contracts entered into or modified on or after April 1, 2019.

(in thousands of Canadian dollars, unless otherwise indicated)

- Apply a single discount rate to a portfolio of leases with similar characteristics;
- Apply the exception not to recognize right-of-use assets and liabilities for leases with terms ending within 12 months;
- Apply the exception not to recognize right-of-use assets and liabilities for low value leases. The Corporation's threshold for low value are leases with individual asset value under $5,000;
- Exclude the initial direct costs from the measurement of right-of-use assets at the date of initial application;
- And use hindsight in the determination of right-of-use assets and lease liabilities.

The following table summarizes the impact of adopting *IFRS 16* on the Corporation's Statement of Financial Position:

AS AT	MARCH 31, 2019	IFRS 16 ADJUSTMENTS	APRIL 1, 2019
	(As previously reported)		(Upon adoption of IFRS 16 – Note 4 (a))
ASSETS			
Non-current assets			
Right-of-use assets	$ –	$ 3,884	**$ 3,884**
Total non-current assets	$ 2,645	$ 3,884	**$ 6,529**
Total assets	**$ 89,132**	**$ 3,884**	**$ 93,016**
LIABILITIES			
Current liabilities			
Lease liabilities	$ –	$ 404	**$ 404**
Deferred lease incentives	$ 265	$ (265)	**$ –**
Total current liabilities	$ 64,479	$ 139	**$ 64,618**
Non-current liabilities			
Lease liabilities	$ –	$ 6,836	**$ 6,836**
Deferred lease incentives	$ 3,091	$ (3,091)	**$ –**
Total non-current liabilities	$ 3,304	$ 3,745	**$ 7,049**
Total liabilities	$ 67,783	$ 3,884	**$ 71,667**
Total liabilities and equity	**$ 89,132**	**$ 3,884**	**$ 93,016**

The following table reconciles the Corporation's operating lease commitments as at March 31, 2019, as previously disclosed in the audited financial statements, to the lease liabilities recognized on initial application of *IFRS 16* as at April 1, 2019:

(in thousands of Canadian dollars, unless otherwise indicated)

Operating lease commitments as at March 31, 2019	$	**20,635**
Variable lease payments not included in the measurement of lease liabilities		**(11,838)**
Discounting using the incremental borrowing rate at April 1, 2019		**(1,576)**
Other		**19**
Lease liabilities recognized as at April 1, 2019	$	**7,240**
Current	$	**404**
Non-current		**6,836**
	$	**7,240**

(b) Employee Future Benefits

In February 2018, the IASB issued an amendment to *IAS 19 — Employee Future Benefits (IAS 19)*, effective the first annual reporting period that begins on or after 1 January 2019. The amendment relates to accounting for plan amendments, curtailments and settlements on defined benefit plans. The amendment requires the use of updated actuarial assumptions to determine current service cost and net interest for the period after a plan amendment, curtailment or settlement. The adoption of the amendment had no impact on the Corporation's financial statements.

5. Cash and Cash Equivalents

Cash and cash equivalents had the following balances by currency as at March 31:

	2020			2019		
	ORIGINAL CURRENCY		CANADIAN DOLLARS	ORIGINAL CURRENCY		CANADIAN DOLLARS
Canadian dollars	**33,435**	**$**	**33,435**	29,985	$	29,985
U.S. dollars	**22,172**		**31,067**	18,802		25,123
Chinese renminbi	**4,052**		**811**	4,901		975
Euros	**327**		**505**	1,600		2,398
		$	**65,818**		$	58,481

The Corporation has demand deposits and invests in short-term deposits at a Canadian bank. At March 31, 2020, the average term to maturity of short-term deposits were one day (2019 — one day) and the portfolio yield to maturity was 1.26% as at March 31, 2020 (2019 — 1.98%).

(in thousands of Canadian dollars, unless otherwise indicated)

The components of cash and cash equivalents were as follows as at March 31:

	2020	2019
Cash	**$ 32,694**	$ 29,421
Short term investments	**22,652**	18,819
Notice deposits	**10,472**	10,241
Cash and cash equivalents	**$ 65,818**	$ 58,481

Cash and cash equivalents balances include advances received from foreign buyers and others not yet paid to Canadian exporters and amounts held back from Canadian exporters to be remitted at later dates in accordance with the terms and conditions of contracts. Also, see note 15 for a description of the Corporation's revolving line of credit that is included in the balance of Cash.

6. Accounts Receivable

Accounts receivable include amounts that are due to the Corporation for Fees for service invoiced and yet to be collected, amounts due from foreign buyers related to amounts already paid to Canadian exporters and other amounts primarily from Canadian government organizations. These amounts are based on normal international trade terms and are generally non-interest bearing.

The Corporation's accounts receivable consisted of the following as at March 31:

	2020	2019
Accounts receivable	**$ 25,507**	$ 27,563
Accrued receivables	**826**	40
	$ 26,333	$ 27,603

The accounts receivable are presented on the Statement of Financial Position as follows as at March 31:

	2020	2019
Current	**$ 18,912**	$ 27,603
Non-current	**7,421**	–
	$ 26,333	$ 27,603

The currency profile of the Corporation's accounts receivable was as follows as at March 31:

	2020		2019	
	ORIGINAL CURRENCY	CANADIAN DOLLARS	ORIGINAL CURRENCY	CANADIAN DOLLARS
U.S. dollars	**18,065**	**$ 25,313**	19,095	$ 25,515
Canadian dollars	**1,020**	**1,020**	2,088	2,088
		$ 26,333		$ 27,603

(in thousands of Canadian dollars, unless otherwise indicated)

7. Other Assets

The Corporation's other assets included the following as at March 31:

	2020	2019
Prepaid expenses	**$ 677**	$ 304
Unbilled revenues	**104**	99
	$ 781	$ 403

8. Property and Equipment

FOR THE YEAR ENDED MARCH 31, 2020	FURNITURE AND EQUIPMENT	LEASEHOLD IMPROVEMENTS	INFORMATION SYSTEMS-HARDWARE	TOTAL
Cost				
Balance March 31, 2019	$ 1,001	$ 2,802	$ 305	$ 4,108
Additions	–	–	173	173
Balance March 31, 2020	**$ 1,001**	**$ 2,802**	**$ 478**	**$ 4,281**
Accumulated depreciation				
Balance March 31, 2019	$ 611	$ 591	$ 261	$ 1,463
Depreciation	200	175	39	414
Balance March 31, 2020	**$ 811**	**$ 766**	**$ 300**	**$ 1,877**
Carrying amounts				
Balance March 31, 2019	$ 390	$ 2,211	$ 44	$ 2,645
Balance March 31, 2020	**$ 190**	**$ 2,036**	**$ 178**	**$ 2,404**

FOR THE YEAR ENDED MARCH 31, 2019	FURNITURE AND EQUIPMENT	LEASEHOLD IMPROVEMENTS	INFORMATION SYSTEMS-HARDWARE	TOTAL
Cost				
Balance March 31, 2018	$ 1,001	$ 2,802	$ 305	$ 4,108
Additions	–	–	–	–
Balance March 31, 2019	$ 1,001	$ 2,802	$ 305	$ 4,108
Accumulated depreciation				
Balance March 31, 2018	$ 411	$ 416	$ 185	$ 1,012
Depreciation	200	175	76	451
Balance March 31, 2019	$ 611	$ 591	$ 261	$ 1,463
Carrying amounts				
Balance March 31, 2018	$ 590	$ 2,386	$ 120	$ 3,096
Balance March 31, 2019	$ 390	$ 2,211	$ 44	$ 2,645

(in thousands of Canadian dollars, unless otherwise indicated)

9. Right-Of-Use Assets

A reconciliation of the Corporation's right-of-use assets is as follows:

	OFFICE SPACE	EQUIPMENT	TOTAL
Balance, April 1, 2019 (Note 4 (a))	$ 3,865	$ 19	$ 3,884
Depreciation	(306)	(8)	(314)
Balance, March 31, 2020	**$ 3,559**	**$ 11**	**$ 3,570**

10. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities represent amounts due related to the Corporation's administrative and operating expenses, amounts due to Canadian exporters from amounts received from foreign buyers and other miscellaneous amounts due. These amounts are due on normal trade terms.

The Corporation's accounts payable and accrued liabilities consisted of the following as at March 31:

	2020	2019
Accounts payable	**$ 37,415**	$ 32,819
Accrued liabilities	**3,153**	2,637
	$ 40,568	$ 35,456

The currency profile of the Corporation's accounts payable and accrued liabilities was as follows as at March 31:

	2020		2019	
	ORIGINAL CURRENCY	CANADIAN DOLLARS	ORIGINAL CURRENCY	CANADIAN DOLLARS
U.S. dollars	**25,526**	**$ 35,766**	21,629	$ 28,900
Canadian dollars	**4,249**	**4,249**	4,041	4,041
Euros	**315**	**487**	1,600	2,398
Chinese renminbi	**329**	**66**	587	117
		$ 40,568		$ 35,456

Credit, market and liquidity risks related to accounts receivable and accounts payable and accrued liabilities are disclosed in note 15.

(in thousands of Canadian dollars, unless otherwise indicated)

11. Deferred Revenue

The change in the Corporation's deferred revenue was as follows during the year ended March 31:

	2020	2019
Balance at the beginning of the year	**$ 1,081**	$ 985
Plus: additional deferred revenue, net of refunds	**374**	594
Less: amounts recognized as Fees for service	**(924)**	(523)
Impact of netting unbilled and deferred revenue from same contract	**16**	25
Balance at the end of the year	**$ 547**	$ 1,081

12. Lease Liabilities

The Corporation's leasing activities relate to office space and office equipment.

In November 2014, the Corporation entered into a fifteen-year lease agreement for office space at the Corporation's current location. The lease payments commenced on December 1, 2016, and the lease expires at the end of November 2031 with an option to extend the term of the lease for an additional five years.

A reconciliation of the Corporation's lease liabilities is as follows:

	OFFICE SPACE	EQUIPMENT	TOTAL
Balance, April 1, 2019 (Note 4 (a))	$ 7,221	$ 19	$ 7,240
Interest expense	218	–	218
Lease payments	(613)	(9)	(622)
Balance, March 31, 2020	**$ 6,826**	**$ 10**	**$ 6,836**

The lease liabilities are presented on the Statement of Financial Position as follows as at March 31, 2020:

	OFFICE SPACE	EQUIPMENT	TOTAL
Current	**$ 409**	**$ 8**	**$ 417**
Non-current	**6,417**	**2**	**6,419**
	$ 6,826	**$ 10**	**$ 6,836**

Interest expense related to lease liabilities are included in finance cost. The Corporation's administrative expenses include $3 related to leases of low-value assets and short-term leases for which the recognition exemption has been applied and $826 related to variable lease payments not included in the measurement of lease liabilities.

The maturity profile of the Corporation's lease liabilities was as follows as at March 31, 2020:

	OFFICE SPACE	EQUIPMENT	TOTAL
Less than 5 years	**$ –**	**$ 10**	**$ 10**
5 to 12 years	**6,826**	**–**	**6,826**
	$ 6,826	**$ 10**	**$ 6,836**

(in thousands of Canadian dollars, unless otherwise indicated)

The Corporation is exposed to estimated future cash outflows (undiscounted) of $9,683 related to variable lease payments and potential lease payments amounting to $8,225 in the event that it exercises the extension option on its head office lease. These amounts are not included in the measurement of the Corporation's lease liabilities.

13. Pension and Employee Benefits

(a) Pension benefits

Substantially all of the employees of the Corporation are covered by the public service pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employee required contributions. The Corporation's current contribution rates effective at year end were 1.01 times the employees' contribution to the Plan for plan members who were participating in the plan prior to January 1, 2013 (2019 — 1.01 times) and 1.0 times for plan members who were participating in the plan on or after January 1, 2013 (2019 — 1.0 times). The Corporation's total contributions for 2020 of $1,581 (2019 — $1,617) were recognized as workforce compensation and related expenses under administrative expenses within profit and loss in the Statement of Comprehensive Income in the year when employees have rendered service.

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.

(b) Employee benefits

The Corporation provides accumulating, non-vested sick leave benefits to its employees, as provided for under labour contracts and conditions of employment.

The Corporation eliminated the accrual for employee severance benefits upon resignation or retirement and consequently, employees no longer accrue these severance benefits. For employees who opted to defer their total severance benefits payments, this portion of the obligation is based on years of service at time of curtailment and final salary. Employees are, however, still entitled to severance benefits if terminated for incapacity or upon death. If terminated for incapacity or upon death, severance benefits are based on years of service since curtailment date and final salary.

These benefit plans are unfunded and thus have no assets, resulting in plan deficits equal to the accrued benefit obligations. The sick leave and severance employee benefits are presented on the Statement of Financial Position as follows as at March 31:

	2020			2019		
	SICK LEAVE	SEVERANCE	TOTAL BENEFITS	SICK LEAVE	SEVERANCE	TOTAL BENEFITS
Current	**$ 1,044**	**$ 39**	**$ 1,083**	$ 1,319	$ 135	$ 1,454
Non-current	**–**	**201**	**201**	–	213	213
	$ 1,044	**$ 240**	**$ 1,284**	$ 1,319	$ 348	$ 1,667

The reduction in the employee sick leave benefits liability over the next twelve months is expected to be $93 (2019 — $108).

(in thousands of Canadian dollars, unless otherwise indicated)

Information about the sick leave long-term benefit plan and severance post-employment defined benefit plan, is as follows as at March 31:

	SICK LEAVE BENEFITS		SEVERANCE BENEFITS	
	2020	**2019**	**2020**	**2019**
Accrued benefit obligations				
Balance at beginning of year	**$ 1,319**	$ 1,189	**$ 348**	$ 353
Current service cost	**142**	133	**14**	13
Interest cost	**43**	42	**9**	11
Benefits paid	**(40)**	(59)	**(143)**	(28)
Actuarial losses (gains)	**(420)**	14	**12**	(1)
Total accrued benefits obligations at end of year	**$ 1,044**	$ 1,319	**$ 240**	$ 348
Economic assumptions				
Accrued benefit obligations as of March 31				
Discount rate	**3.73%**	3.19%	**3.44%**	2.98%
Rate of economic salary increase	**2.50%**	1.50%	**2.50%**	1.50%
Benefit costs for year ended March 31				
Discount rate	**3.19%**	3.41%	**2.98%**	3.13%
Rate of economic salary increase	**1.50%**	1.25%	**1.50%**	1.25%

Demographic assumptions including seniority and promotional salary increases, withdrawal rates, rates of retirement, pensionable disability, mortality and longevity improvement factors, taken from the actuarial report on the pension plan for the Public Service of Canada, are also considered in the actuarial valuations of accrued employee sick leave benefits and of the severance benefits. The underlying assumptions adopted in measuring the Corporation's sick leave and severance benefits are reviewed annually by management and have been consistently applied. Changes in these assumptions can have a significant impact on the related financial statement balances.

Included in administrative expenses as workforce compensation and related expenses was a recovery of $235 (2019 — expense $189) for sick leave benefits and an expense of $23 (2019 — $24) for severance benefits related to the change in liability of these benefits in the reporting period and changes in management estimates.

At March 31, 2020, the net cumulative actuarial losses on employee severance benefits obligation recognized in other comprehensive income were immediately transferred to retained earnings, which totalled $694 (2019 — $682).

(in thousands of Canadian dollars, unless otherwise indicated)

14. Capital Management

The Corporation's objective with respect to capital is to preserve and strengthen its capital base through prudent risk management. This objective and the implementation of strategies to optimize operating surpluses ensures that capital is available to facilitate investments in people and processes and to mitigate any potential losses related to operational, performance and credit risk.

The Corporation defines capital as its contributed capital and retained earnings. The Corporation's contributed capital consists of the capital contributed by the Government of Canada. The capital allocation model used by the Corporation determines the capital required across three risk areas: operational risk, performance risk, and credit risk.

The Corporation is not subject to externally imposed capital requirements.

Key strategies used by the Corporation to manage its capital base include: minimizing contract remediation expenses, balancing smart growth with operating expenses, minimizing foreign exchange exposure and optimizing interest income. The Corporation may be required to return to the Government of Canada any part of capital deemed to be in excess of the amount required for the purposes for which the Corporation was constituted.

The Corporation's breakdown of supply of capital was as follows as at March 31:

	2020	2019
Contributed capital	**$ 10,000**	$ 10,000
Retained earnings	**13,914**	11,349
	$ 23,914	$ 21,349

15. Risk Management and Financial Instruments

The Corporation is exposed to credit risk, market risk and liquidity risk as a result of holding financial instruments. The Board of Directors has responsibility for the oversight of the Corporation's risk management framework and the review, approval and monitoring of the Corporation's risk management policies. This includes the development of an Enterprise Risk Management program, which involves establishing corporate risk tolerance, identifying and measuring the impact of various risks and developing risk management action plans to mitigate risks that exceed corporate risk tolerance.

The Audit Committee of the Board of Directors provides oversight of management's compliance with the Corporation's risk management policies and procedures, and periodically reviews the adequacy of the risk management framework in relation to the risk exposure of the Corporation. The Audit Committee is assisted in its oversight role by the Internal Audit function of the Corporation. Internal audits of the Corporation are performed as both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The following section is a description of the most significant risks associated with financial instruments and how the Corporation manages its risk exposure.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The credit risk arises principally from the Corporation's cash and cash equivalents, unbilled revenue and accounts receivable which includes Fees for service due to the Corporation. The carrying amount of financial assets recorded in the financial statements represents the maximum exposure to credit risk.

Cash and cash equivalents

The Corporation invests surplus funds to earn investment income with the objective of maintaining safety of principal and providing adequate liquidity to meet cash flow requirements. The Corporation's exposure to credit risk from investing cash and cash equivalents is minimized through compliance with the Corporation's Board of Directors approved investment policy, which specifies approved investment instruments and portfolio limits. The Corporation invests cash and cash equivalents in highly liquid demand deposits and temporary investments with a Canadian chartered bank. Investments must maintain credit ratings at or above thresholds identified from at least two of the agencies listed below:

- Moody's rating of P1
- Standard and Poor's ("S&P") rating of A1
- Dominion Bond Rating Service ("DBRS") rating of R1 (low)

Accounts receivable

The Corporation has credit risk related to accounts receivable which includes Fees for service revenue and other amounts owed to the Corporation. Other amounts include situations where the Corporation may agree to pay DPSA and non-DPSA invoices at the request of Canadian exporters prior to receiving funds from the US Department of Defence or other foreign buyers.

Since the DPSA foreign buyer is rated AAA by recognized rating agencies, the credit exposure is minimized to acceptable levels. For non-DPSA foreign buyers, the Corporation assesses the credit risk to ensure it is also minimized to acceptable levels.

As at March 31, 2020, 17% (March 31, 2019 — 48%) of the Corporation's accounts receivable were from AAA credit rated counterparties.

The Corporation measures a loss allowance on accounts receivable equal to the lifetime expected credit loss. The lifetime expected credit loss is estimated based on the Corporation's historical credit loss experience adjusted for factors specific to the foreign buyer including credit risk rating, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

As at March 31, 2020, the Corporation has not recognized any allowance on accounts receivables based on the lifetime expected credit loss.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

(in thousands of Canadian dollars, unless otherwise indicated)

The maximum exposure to credit risk for accounts receivable by geographic region was as follows as at March 31:

	2020	2019
Asia*	**$ 20,521**	$ 12,872
United States	**2,912**	12,680
Canada	**1,592**	542
Central America and Caribbean	**777**	894
South America	**531**	66
Africa	**–**	327
Europe	**–**	222
	$ 26,333	$ 27,603

* Includes Middle East

Accounts receivable are considered past due when the payer has failed to make the payment by the contractual due date. The ageing profile of the Corporation's past due accounts receivable was as follows as at March 31:

	2020	2019
< 30 days	**$ 644**	$ 4,247
> 30 days and < 180 days	**2,655**	8,790
> 180 days	**1,068**	8,136
	$ 4,367	$ 21,173

All overdue accounts receivable are considered fully collectable and no allowance for credit losses has been recorded by the Corporation as at March 31, 2020.

During the year, the ABP contract was amended and restructured which has resulted in all related accounts receivables to no longer be past due. Accounts receivable covered by payments expected to be received beyond 12 months after the reporting period are presented as long term. These receivables are categorized as level 2 in the fair value hierarchy and the Corporation has determined that their fair value approximates their carrying value using the income approach.

During the year ended March 31, 2020, the Corporation received payments related to ABP accounts receivable. Additional receivable amounts have also been received in April 2020.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Corporation is not exposed to significant currency risk, interest rate risk or other price risk. The Corporation has no significant derivatives or embedded derivatives that require recognition as an asset or liability on the Statement of Financial Position.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. To address foreign exchange risks, contracts with foreign buyers and corresponding contracts with Canadian exporters are generally transacted in the same currency. In some cases where payment between parties is made in a different currency, the Corporation may enter into forward contracts. The Corporation uses these strategies to effectively transfer the currency risk to the Canadian exporter resulting in minimal net exposure.

(in thousands of Canadian dollars, unless otherwise indicated)

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation's exposure to fair-value interest rate risk arises from investing in cash and cash equivalents. The risks associated with fluctuations in interest rates are minimized by investing in highly liquid demand deposits and temporary investments with a reputable chartered bank. The Corporation is not exposed to any significant interest rate risk.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is minimized through compliance with the Corporation's investment policy whereby cash and cash equivalents are invested in highly liquid demand deposits and temporary investments with a Canadian financial institution in order to meet financial obligations on a timely basis.

A potential claim for damages for non-performance of outstanding contracts could create liquidity risk for the Corporation. To mitigate this risk, the Corporation has contractual recourse that consists of, in all material respects, back-to-back contractual obligations from Canadian exporters in an amount equal to the value of the contract. In addition, the Corporation receives an indemnity from the exporter against any additional costs incurred by entering into the back-to-back contractual relationship. In order to further mitigate its overall liquidity risk exposure from non-performance on contracts, the Corporation may supplement this recourse by requiring the Canadian exporter to provide commercial securities including holdbacks, bank guarantees, surety bonds, parent guarantees, insurance assignments, property liens, personal guarantees and shareholder cash to be held in trust with the Corporation.

Under contract terms, other than DPSA related contracts, payments to Canadian exporters are usually not made in advance of receipt of payment from foreign buyers, and therefore do not expose the Corporation to liquidity risk.

The CCC Act permits the Corporation to borrow from the Consolidated Revenue Fund or enter into other credit arrangements or indemnities from other sources for an amount not to exceed $90.0 million.

The Corporation has a revolving credit facility providing access to funds in the amount of $40.0 million (March 31, 2019 — $40.0 million) Canadian or its U.S. dollar equivalent.

As per contractual terms in the DPSA business line, the Corporation commits to payments to Canadian exporters within thirty days on most contracts. For the International contracts, the Corporation commits to payments within two to five business days from receipt of payments from the foreign buyer. At times, collection of amounts from the foreign buyer on DPSA contracts can take more than thirty days. This can occasionally result in the Corporation using the credit facility in the normal course of operations. Indebtedness under this agreement is unsecured and this credit facility has no expiry date. As at March 31, 2020, the draw on this line of credit was nil (March 31, 2019 — nil).

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are due on normal trade terms. The maturity profile of the Corporation's accounts payable and accrued liabilities was as follows as at March 31:

	2020	2019
< 1 year	**$ 40,568**	$ 35,302
> 1 and < 3 years	**–**	154
	$ 40,568	$ 35,456

(in thousands of Canadian dollars, unless otherwise indicated)

(d) Risk associated to the emergence of COVID-19

The emergence of COVID-19 has impacted the following risks for the Corporation:

Business environment risk:

Potential foreign buyers may adjust their procurement plans to focus on their domestic response to COVID-19 which could result in decreased demand for the Corporation's services and therefore, impacting its revenue generating potential. The Corporation monitors environmental changes resulting from COVID-19 to manage this risk and adapts processes as necessary.

Supplier performance risk:

COVID-19 may impact exporters' capacity to meet their contractual obligations either through supply chain issues or their own plant / facility closures. Ultimately, some companies may fail during the pandemic. To manage this risk, the Corporation monitors the financial condition of its exporter portfolio and assesses whether any provision for contract remediation should be recognized or a contingent liability disclosed. As at March 31, 2020, the Corporation has not recognized any provisions nor identified any contingent liabilities to disclose as a result of COVID-19.

16. Revenue from Contracts with Customers

(a) Disaggregation of Fees for service revenue

For the year ended March 31, the sources of the Corporation's Fees for service revenue were as follows:

	2020	2019
International business	**$ 20,923**	$ 25,390
Lottery programs	**826**	772
	$ 21,749	$ 26,162
Government of Canada initiatives	**2,319**	2,229
	$ 24,068	$ 28,391

In 2020, subsequent to the ABP contract amendment, the Corporation recognized additional Fees for service revenue of $577 as a cumulative catch-up adjustment.

(b) Unsatisfied (or partially unsatisfied) performance obligations

Unsatisfied, or partially unsatisfied, contractual performance obligations are mostly due to services which are yet to be provided by the Corporation over the remaining duration of the contract. The following table sets out the estimated transaction prices allocated to unsatisfied, or partially unsatisfied contracted performance obligations of the Corporation to be met in the future and the estimated timing of revenue recognition as at March 31, 2020. Actual amounts may differ from these estimates due to a variety of factors, including the unpredictable nature of customer behaviour, industry regulation and the economic and political environments in which the Corporation operates.

	2020
< 1 year	**$ 16,997**
> 1 year	**35,292**
	$ 52,289

The above amounts do not include the variable consideration portions of the lottery programs as they cannot be reliably estimated.

(in thousands of Canadian dollars, unless otherwise indicated)

As a result of the amendment to the ABP contract, the Corporation's unsatisfied (or partially unsatisfied) performance obligations as at March 31, 2020 was reduced by $186.

17. Other Income

The Corporation earns other income from various sources which are typically not from international business activities. The table below illustrates the sources of other income for the year ended March 31:

	2020	2019
Miscellaneous income	**$ 418**	$ 209
Discounting income	**237**	1,532
	$ 655	$ 1,741

18. Transfers from the Government of Canada

During the year ended March 31, 2020, the Corporation recognized revenue of $4.5 million received from the Government of Canada for operational expenditures. The amount received is unrestricted and is not repayable. There were no Government of Canada transfers in the previous year.

19. Administrative Expenses

Administrative expenses for year ended March 31 are as follows:

	2020	2019
Workforce compensation and related expenses	**$ 18,681**	$ 18,204
Contract management services	**2,348**	2,365
Travel and hospitality	**1,402**	1,489
Consultants	**1,315**	1,583
Rent and related expenses	**1,295**	1,417
Depreciation	**728**	451
Software, hardware and support	**715**	542
Communications	**351**	389
Other expenses	**444**	565
	$ 27,279	$ 27,005

(in thousands of Canadian dollars, unless otherwise indicated)

20. Related Party Transactions

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, under the same terms and conditions that apply to unrelated parties, and as such the transactions approximate fair value.

The table below presents amounts included in Accounts receivable, Other assets, Accounts payable and accrued liabilities, Deferred revenue and amounts provided to the Corporation in advance to fund projects as at March 31:

	2020	2019
Accounts receivable	**$ 863**	$ 1,540
Accounts payable and accrued liabilities	**$ 922**	$ 824
Other assets	**$ 340**	$ –
Deferred revenue	**$ 113**	$ 533
Advances from Government of Canada departments and agencies	**$ 15,718**	$ 18,404

Individually significant transactions and transactions that are collectively significant are listed below:

(a) Public Services and Procurement Canada (“PSPC”)

PSPC provides contract management and other administrative services to the Corporation at negotiated rates. The cost of these services included in administrative expenses was as follows for the year ended March 31:

	2020	2019
PSPC	**$ 2,348**	$ 2,365
	$ 2,348	$ 2,365

(b) Invest in Canada

The Corporation has a shared services agreement with Invest in Canada for the provision of payroll services. The revenue related to the provision of these services included in Fees for service was as follows for the year ended March 31:

	2020	2019
Invest in Canada	**$ 137**	$ 102
	$ 137	$ 102

(in thousands of Canadian dollars, unless otherwise indicated)

(c) Other Government of Canada departments and agencies

Fees for service, arising from the Corporation's facilitation of sales of Canadian goods to foreign buyers, and other international activities include the following transactions with related party entities for the year ended March 31:

	2020	2019
Global Affairs Canada	**$ 2,108**	$ 1,783
National Research Council Canada	**74**	284
	$ 2,182	$ 2,067

In addition to the Fees for service mentioned above, the Corporation received a transfer for funding of $4.5 million (2019 — nil) from the Department of Finance Canada (see note 18).

Global Affairs Canada (GAC) provides support services to the Corporation in relation to the Corporation's regional offices within Canadian Embassies in South America, the Middle East and Asia. The cost of these services included in administrative expenses was as follows for the year ended March 31:

	2020	2019
Global Affairs Canada	**$ 1,023**	$ 899
	$ 1,023	$ 899

During the year, the Corporation incurred administrative expenses and finance costs in the amount of $192 (2019 — nil) with Canada Revenue Agency.

Advances received from related parties are provided for future projects where the Corporation, acting as agent, will use these funds to compensate suppliers delivering goods or services to other government entities. The Corporation held funds from the following entities as at March 31:

	2020	2019
Global Affairs Canada	**$ 15,101**	$ 15,263
Department of National Defence	**617**	1,574
National Research Council Canada	**–**	1,567
	$ 15,718	$ 18,404

The Corporation also participated in employee interchange programs with GAC. The Corporation ceased participation during the year.

(in thousands of Canadian dollars, unless otherwise indicated)

(d) Transactions with Canadian exporters solely or jointly governed by key management personnel

The Corporation may enter into supply contracts with Canadian exporters whose financial and operating policies are solely or jointly governed by key management personnel of the Corporation. The Corporation enters into transactions with these Canadian exporters in the normal course of business, under the same terms and conditions that apply to unrelated parties, and as such the transactions approximate fair value.

There were no transactions outstanding with Canadian exporters solely or jointly governed by key management personnel as of March 31, 2020 or March 31, 2019.

(e) Key management personnel compensation

IFRS requires disclosure of key management personnel compensation in total and by component. Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly. The key management personnel of the Corporation are members of the Board of Directors and the Corporate Officers (President and Vice-Presidents).

Components of compensation are defined as short-term benefits, post-employment benefits, other long-term benefits and termination benefits. Short-term benefits include retainers, per diems, salaries, social security contributions, paid annual leave and bonuses (if payable within twelve months of the end of the reporting period). Post-employment benefits include employer contributions relating to pensions, and premiums paid for post-employment life insurance and medical care. Other long-term benefits include sick leave benefits, long-service leave or sabbatical leave, long-term disability benefits and any bonuses or deferred compensation that are not payable within twelve months after the end of the reporting period. No termination benefits were incurred for key management personnel.

Key management personnel remuneration for the year ended March 31 was as follows:

	2020	2019
Board of Directors		
Short-term benefits	**$ 181**	$ 198
	$ 181	$ 198
Corporate Officers		
Short-term benefits	**$ 1,418**	$ 1,539
Post-employment benefits	**287**	240
	$ 1,705	$ 1,779
	$ 1,886	$ 1,977

(in thousands of Canadian dollars, unless otherwise indicated)

21. Contingencies

The value of outstanding deliverables to be performed by Canadian exporters for which the Corporation, on behalf of the Government of Canada, has guaranteed performance to foreign government buyers as at March 31, 2020 was $12,399,996 (March 31, 2019 — $14,340,651).

To manage performance risk of outstanding deliverables, the Corporation has contractual recourse that consists, in all material respects, of corresponding deliverables from Canadian exporters in the same amount. The collateral pledged by Canadian exporters is to mitigate counterparty risk to the deliverables guaranteed by the Corporation in the event of non-performance claims against the Corporation for reasons related to the Canadian exporter failing to perform per the terms and conditions of contracts. In addition, to further mitigate the overall exposure to potential damage claims for non-performance, and depending upon the results of its due diligence, the Corporation may supplement this recourse by requiring the Canadian exporter to provide commercial securities including holdbacks, bank guarantees, surety bonds, parent guarantees, insurance assignments, property liens, personal guarantees and shareholder cash held in trust with the Corporation.

Commercial securities that have been pledged to the Corporation as collateral by Canadian exporters in the unlikely event of their contractual non-performance were as follows as at March 31:

	2020	2019
Holdbacks	**$ 5,003**	$ 6,147
Bank guarantees	**$ 8,852**	$ –
Surety bonds	**$ 11,560**	$ –
Parent guarantees	**$ 11,646,028**	$ 13,460,218

The above amounts approximate the fair values of collateral held.

Corporate Governance

Established in 1946, CCC was created by articles of incorporation under the CCC Act[1] with a mandate to assist in the development of trade between Canada and other nations. The CCC Act defines this role and provides the Corporation with a range of powers, particularly the ability to assist in the development of trade and export goods from Canada either as a principal or as agent.

The Corporation is established for the following purposes:

- *a. to assist in the development of trade between Canada and other nations;*
- *b. to assist persons in Canada*
  - *i. to obtain goods and commodities from outside Canada, and*
  - *ii. to dispose of goods and commodities that are available for export from Canada;*
- *c. to exercise or perform, on behalf and under the direction of the Minister, any powers or functions vested in the Minister by any other Act that authorizes the Minister to employ the Corporation to exercise or perform them; and*
- *d. to exercise or perform any other powers or functions conferred on it by any other Act or for the exercise or performance of which it may be employed under any other Act.*

In addition to CCC's role with respect to assisting in the development of trade, CCC is the Government of Canada's custodian of the DPSA. The DPSA is a bilateral trade agreement supported by CCC on behalf of the Government of Canada as part of its public policy purpose. In accordance with the U.S. Defense Federal Acquisition Regulation Supplement ("DFARS") 225.870, most contracts between the U.S. DoD and Canadian exporters are endorsed by and awarded to CCC. Through the DPSA, Canadian companies are able to compete for prime and subcontracts on the same basis as U.S. companies as part of the U.S. defence industrial base. While Canadian exporters have broad access to the U.S. Government procurement markets under other international trade agreements, the DPSA ensures that Canadian exporters are treated on the same basis by U.S. DoD buyers as they would U.S. based companies.[2]

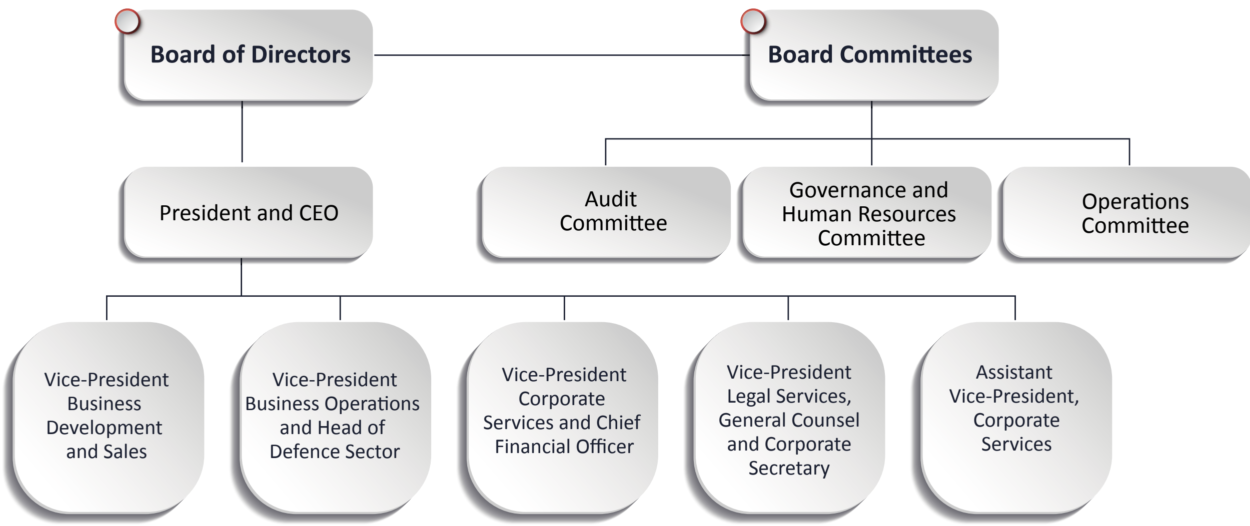
1 *Canadian Commercial Corporation Act*. Accessed at: http://laws-lois.justice.gc.ca/eng/acts/C-14/page-1.html

2 Government of Canada. Canadian Access to the United States defence market. Accessed at: https://www.ic.gc.ca/eic/site/ad-ad.nsf/eng/ad00271.html

Corporate Governance Structure

CCC maintains a high standard of corporate governance in order to ensure prudent management of resources entrusted to it by the Government of Canada. As a Crown corporation, CCC is governed by a Board of Directors and is accountable to Parliament through the Minister of Small Business, Export Promotion and International Trade.

The CCC Act defines the Corporation's role and its by-laws define the governance structure of the Board as set out below:



Board of directors

The Board is responsible for the stewardship of the Corporation and ensures the proper delivery of public policy on behalf of the Government of Canada. It provides leadership and guidance to the Corporation's management team, and ensures that the Corporation's long-term strategic direction is in alignment with the Minister of Small Business, Export Promotion and International Trade's annual Statement of Priorities and Accountabilities. The Board reviews the Corporate Plan and the Annual Report and both are submitted to the Minister for review. The Corporate Plan is recommended for approval and once approved by the Treasury Board, the summary of the Corporate Plan and budgets are tabled in Parliament.

The Board also meets quarterly to review the Corporation's overall performance, receive Committee reports and discuss CCC's results, and regularly undertakes self-assessments of its own effectiveness.

The Board is composed of a Chair, the President and Chief Executive Officer (CEO), and not more than nine or less than five other Directors. The Chair and the President and CEO are appointed by the Governor in Council. The remaining Board Directors are appointed by the Minister of Small Business, Export Promotion and International Trade, with the approval of the Governor in Council. These appointments are renewable and there are no maximum number of terms or age limits.

Board of Directors Membership

POSITION	LOCATION	OIC APPOINTMENT DATE	TERM
Daniela Bassan Director	Halifax, Nova Scotia	December 17, 2013*	3 years
Dyanne Carenza Director	Montreal, Québec	June 25, 2018	4 years
Martin Gagné Director	Laval, Québec	February 7, 2013 *Reappointed: June 25, 2018*	3 years
Douglas J. Harrison Chair	Burlington, Ontario	February 7, 2018	4 years
Michael Johnson Director	Whitehorse, Yukon	July 1, 2019	4 years
Mora Johnson Director	Ottawa, Ontario	July 1, 2019	3 years
Robert Kwon Director	Toronto, Ontario	June 25, 2018	4 years
Carl Marcotte Director, President and CEO	Ottawa, Ontario	September 16, 2019	**1 year
Claude Robillard Director	Toronto, Ontario	June 13, 2014 *Reappointed: June 25, 2018*	5 years
Nicole Verkindt Director	Toronto, Ontario	December 17, 2013 *Reappointed: June 25, 2018*	3 years
Christa Wessel Director	Toronto, Ontario	July 1, 2019	1 year

(*) Although the terms have expired, Directors continue to hold office until his or her successor is appointed or until renewed.[3]

(**) Carl Marcotte was appointed by the Board as President effective September 16, 2019 pursuant to section 3.2 (4) of the CCC Act, and was appointed by the Governor in Council effective December 16, 2019.[4]

Board Committees

The Board conducts its oversight function through the following committees: the Operations Committee; the Governance and Human Resources Committee and the Audit Committee.

In 2019–20, the Board of Directors increased its focus on risk management and strengthening the Corporation's focus on ESG and RBC. In this context, the Board has incorporated human rights into its governance and oversight responsibilities within all committees, as well as the governance oversight provided by the full Board of Directors.

Operations Committee

This Committee oversees management's development of new commercial business

3 As per section 105 (4) of the FAA: "despite subsection (1), if a director of a parent Crown corporation is not appointed to take office on the expiration of the term of an incumbent director, other than an officer-director, the incumbent director continues in office until his or her successor is appointed.

4 Pursuant to section 3.2 (4) of the CCC Act: "If the President is absent or unable to act or the office of President is vacant, the Board may appoint a director or an officer of the Corporation to act as President and shall fix the remuneration and terms and conditions of the appointment.

initiatives, particularly all capital projects and those potential contracts valued in excess of $100 million. It reviews all projects in excess of $100 million, as well as any other projects that are referred by management to the Committee for consideration. Further to CCC's Significant Project Instruction, approval by the Minister of Small Business, Export Promotion and International Trade with concurrence of the Minister of Finance is required for all infrastructure projects in excess of $100 million and for all projects of any nature in excess of $300 million. The Committee also makes recommendations to the Board of Directors for project approval, reviews ongoing risk profiles of projects, approves proposed new product lines and services and, in conjunction with the Audit Committee, monitors operating processes.

Governance and Human Resources Committee

This Committee develops and implements practices and procedures that ensure the Board of Directors and the Corporation operate effectively and in accordance with a high standard of corporate governance. It oversees the governance strategy and focuses on corporate priorities including communications, corporate performance management, human resources, and RBC. On an annual basis, the Committee ensures that Directors are made aware of their responsibilities pursuant to the *Ethical Guidelines for Public Office Holders* and *Guidelines for Political Activities of Public Office Holders*, including signing an annual Conflict of Interest Certificate. In addition, the Committee ensures that all employees are aware of, and sign, an annual certificate attesting to their compliance with the Corporation's *Code of Conduct and Business Ethics*.

The Committee conducts an annual Board self-assessment, which helps to strengthen the Board of Director's governance and effectiveness, and to seek further efficiency opportunities for the benefit of the organisation. The Committee reviews and makes recommendations on corporate officer appointments and compensation. Compensation for the CEO is set by Order in Council and involves an annual review by the Minister of Small Business, Export Promotion and International Trade. Finally, the Committee examines and makes recommendations on human resource policies to ensure the Corporation has an inclusive culture with an engaged and diverse workforce that promotes and ensures the health and wellness of its employees.

The Governance and Human Resources Committee believes that the Board should be comprised of directors with a broad set of experience and expertise, and utilizes a skills matrix to identify those areas that are necessary for the Board to carry out its mandate effectively. The Board's skills matrix is a key input for the identification of future Directors and forms the basis of the Notice of Opportunity.

Audit Committee

The Audit Committee's primary function is to ensure the Corporation is adhering to sound financial and risk management practices, that appropriate audit functions and accurate reporting processes are in place, and to oversee financial conduct of the Corporation. Ensuring that CCC's risk management program is current and effective is a key role of the Board of Directors. In its risk oversight function, the Audit Committee reviews the ERM program and recommends proposed changes to the Board of Directors for approval. The Committee also oversees the annual financial audit, the internal audit function and annual Internal Audit Plan, and the requirements of the OAG. The Director of Internal Audit and representatives from the OAG attend all Audit Committee meetings. Internal Audit reviews all Board member expenses and Corporate Officer expenses, which are posted on CCC's website.

The Board received regular reports from the Audit Committee in 2019–20. During the year, the Board oversaw the implementation of the recommendations identified at the conclusions of the 2019 Special Examination of CCC. The OAG's Special Examination concluded that CCC did not have any significant deficiencies and that the Corporation is operating within its mandate[5], CCC worked during the year to implement the five recommendations made in the report. These recommendations related to particular aspects of CCC's strategic planning, risk management, business development and contracting functions. Principal amongst these was a recommendation to strengthen CCC's business development and contracting functions through the establishment of a formal process to identify and mitigate the risks related to human rights when doing business with foreign governments. The Corporation has implemented the OAG's recommendations.[6] In addition, CCC's Internal Audit Group reports to the Audit Committee of the Board of Directors.

Committee Membership and Attendance

CCC's Board of Directors has undergone a period of renewal, marked by new appointments, term completions and the restructuring of Committee membership and oversight, as noted in the table below.

As of March 31, 2020

BOARD MEMBER	AUDIT COMMITTEE MEETING	OPERATIONS COMMITTEE MEETING	GOVERNANCE AND HUMAN RESOURCES COMMITTEE MEETING	BOARD OF DIRECTORS MEETING
Daniela Bassan	3/3		6/6	13/13
Dyanne Carenza		5/7		7/13
Martin Gagné		6/7		9/13
Douglas J. Harrison (Chair)[1]	5/6	5/7	5/6	13/13
Michael Johnson[2]		3/3	2/2	9/9
Mora Johnson[2]		3/3	2/2	8/9
Robert Kwon	5/6			11/13
Carl Marcotte[3] (President and CEO)		3/4	3/3	6/6
Claude Robillard	6/6			12/13
Derrick Rowe[4]	2/2			3/4
Stephen J. Sorocky[4]			5/5	4/4
Nicole Verkindt		6/7		12/13
Christa Wessel[2]	3/3		3/3	9/9
Martin Zablocki[5]		2/3	2/3	5/7

Note: The denominator in each of the boxes above represents the maximum number of meetings each respective member could have attended in accordance with the dates on which they joined or left the Board.

1 The Chair is a member of all committees, as several committees run concurrently decisions of which committee meeting to attend is made based on agenda topics, it is not an expectation that the Chair attend all Committee meetings given scheduling.

2 Mora Johnson, Christa Wessel and Michael Johnson were appointed on July 1, 2019.

3 Carl Marcotte was appointed by the Board as President effective September 16, 2019, and was appointed by the Governor in Council effective December 16, 2019.

4 Stephen J. Sorocky and Derrick Rowe were members for only part of the fiscal year having left the Board after successful completion of their terms of appointment.

5 Martin Zablocki retired effective September 16, 2019.

5 The results of audits and Special Examinations are available on CCC's website at: https://www.ccc.ca/en/about-ccc/management-and-governance/

6 This report was transmitted to CCC on March 19, 2019 and accepted by the Board of Directors during its meeting on March 27, 2019. However, the recommendations were implemented during 2019–2020 and a copy of the report was published on CCC's website by May 18, 2019 as required by the FAA.

Senior Management Committee

The President and CEO is accountable for the direction and management of the Corporation's business. The Senior Management Committee is comprised of the President and CEO, and four Vice-Presidents, and one assistant Vice-President. With the approval of the Board of Directors, the Senior Management Committee sets the corporate strategy and related strategic objectives in support of the corporate mandate. Bound by CCC's *Code of Conduct and Business Ethics*, the Senior Management Committee adheres to the highest ethical standards of professional conduct. All senior executives, with the exception of the President, are aligned with the Public Service of Canada Executive salary bands and are paid within the following range: $178,915 to $210,396. Executive compensation policies are approved by the Board. The President and CEO's compensation is in the range of $226,000 to $265,800. It is governed by the Performance Management Program for Order in Council appointees, and is approved by the Governor in Council on recommendation of the Board.

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

NAME	TITLE
Carl Marcotte	President and CEO
Ernie Briard	Vice-President, Corporate Services and CFO
Angie Tinor	Assistant Vice-President, Corporate Services
Jason Hann	Vice-President, Operations and Head of Defence Sector (Acting)
Ian McLeod	Vice-President, Business Development and Sales
Michelle Taylor	Vice-President, Legal Services, General Counsel and Corporate Secretary

Risk and Opportunities Committee (ROC)

The ROC was established as an advisory body to the President and CEO to ensure that prudent risk management practices are in place and reflective of the operational needs of the Corporation. It balances business opportunities against the risks they present and provides a forum for discussion. The ROC reviews issues at the entity-wide, corporate and transactional risk levels, as defined by the Corporation's ERM Framework. The Committee has the following key roles and responsibilities:

- Ensures the Corporation's ERM Framework remains relevant and reflects leading industry practices;
- Reviews and assesses export transactions at various stages to ensure risk and opportunities are balanced and the Corporation's risk tolerance is respected, including as it pertains to integrity and human rights risks; and
- Reviews all fee generating export transactions to ensure that proposed fees cover expected resource requirements and risks.

The Committee is chaired by Ernie Briard, Chief Financial Officer and meetings are held weekly.

Integrity Compliance Committee (ICC)

CCC continues to enhance its approach to RBC, including the conduct of integrity and compliance due diligence, in its efforts to combat bribery and unethical business practices. The ICC's work helps ensure the identification of ethical issues at the earliest stage of business engagement between a foreign buyer and a potential Canadian exporter. The ICC's roles and responsibilities are as follows:

- Ensures alignment of the Corporation's integrity framework with corporate best practices;
- Maintains the Corporation's integrity compliance due diligence processes against bribery and corruption of foreign public officials; and
- Reviews the integrity profiles of Canadian exporters and foreign buyers in the context of specific export opportunities and makes recommendations to the ROC.

In addition, and in keeping with the OECD Guidelines for Multinational Enterprises as adopted by the Government of Canada, the ICC encourages Canadian exporters to develop and adopt adequate measures for preventing and detecting bribery and corruption, and to promote employee awareness of and compliance with policies through training programs.

Human Rights Committee (HRC)

As part of CCC's RBC Framework, the HRC makes recommendations to enhance CCC's policies and processes to directly incorporate human rights into the ERM framework and risk culture. The HRC identifies, assesses and makes recommendations to mitigate the risks of human rights impacts at the various stages of a contract in line with the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

The HRC is a cross-functional committee that completes due diligence assessments for human rights issues and reports its findings to the ROC. The members of the HRC are from the risk, business development, legal and contract management teams. The HRC reviews transactions and provides recommendations on projects, acting as an expert function within the Corporation for these issues.

Board of Directors

DOUGLAS J. HARRISON

Douglas Harrison is an experienced Corporate Director within a broad range of business sectors. In addition to his Director roles he provides various business advisory services. Doug currently serves on the Boards of Superior Plus Corp (TSX:SPB), Metro Supply Chain Group Inc. and is Chair of the Board of Directors of the Canadian Commercial Corporation. He also serves on the Advisory Boards of Ardenton Capital, and Carlson Construction Group Inc. In the past, he served on the Boards of; the (Ontario) Technical Standards and Safety Authority (TSSA), The Conference Board of Canada, Hamilton Utilities Corporation, Horizon Utilities (now Alectra), Mohawk College and was Chair of the Board of Directors of Livingston International.

Doug was previously President and CEO of a number of companies most recently, VersaCold Logistics Services, Canada's largest supplier of temperature sensitive supply chain and logistics services. Previously he served as Chief Operating Officer of Day & Ross Transportation Group; President of Acklands-Grainger, Canada's leading industrial and safety supply company; and Vice President and Managing Director for Ryder Integrated Logistics, where he oversaw Ryder's business units in Canada and Europe.

Doug has been recognized as one of Canada's Top 40 Under 40 leaders and was honoured by the Canadian Institute of Traffic and Transportation with its Award of Excellence. He is also a recipient of the National Transportation Award of Achievement and has been recognized with a Fellowship of the Supply Chain Management Association, one of Canadas top supply chain Fellowships. Doug is well recognized as one of Canada's leaders in supply chain. With an MBA from Heriot-Watt University (Scotland), Doug is also a graduate of the Canadian Institute of Traffic and Transportation (CCLP) and holds a number of other transportation and logistics designations. He has been awarded the ICD.D designation from the Institute of Corporate Directors and is a graduate of the Chartered Professional Accountant Program and holds his CPA Designation as a Professional Accountant.

DANIELA BASSAN

Partner, Stewart McKelvey
Halifax, Nova Scotia

Daniela Bassan, Q.C. (B.A., LL.B., LL.M) is a Partner at Stewart McKelvey, a full-service law firm with offices throughout Atlantic Canada. A Harvard graduate fluent in four languages, she is Chair of the firm's Intellectual Property practice group and certified as a legal project manager. Ms. Bassan works with a diverse range of clients in complex commercial litigation including cross-border / international disputes. She has experience as a member of independent boards and advisory committees in private, public, and charitable sectors. This includes memberships in law reform initiatives in Canada and Europe, as well as organizations focused on international trade and commerce. She has spoken at national and international events on a variety of topics including legal innovation and technology. Ms. Bassan was appointed to CCC's Board of Directors on December 17, 2013.

DYANNE CARENZA

Vice President, Trade Finance
Scotiabank

Ms. Dyanne Carenza is Vice-President, Trade Finance at Scotiabank, where she is responsible for building and promoting global traditional trade and supply chain finance businesses. She is a multi-lingual, high energy, enterprise solutions leader with a proven record of accomplishment for building relationships and leading high performance teams. Ms. Carenza's experience in the banking sector includes transaction banking, lending, product management, and strategy creation. She is passionate about trade and in helping businesses realize their success in international markets. Ms. Carenza is sought after as a speaker for conferences and industry meetings sponsored by organizations such as: Association of Financial Professionals of Canada, BAFT, Manufacturers & Exporters Association and the Montreal Chamber of Commerce. Born and raised in Montreal, Ms. Carenza graduated from McGill University with a major in Economics and successfully completed programs at Queen's University and the Richard Ivey School of Business. Ms. Carenza was appointed to CCC's Board of Directors on June 25, 2018.

MARTIN GAGNÉ

President, Martin Gagné Consulting Inc.
Laval, Quebec

Mr. Martin Gagné is a senior consultant for Strategy and Business Development in the field of Defence. Mr. Gagné spent 17 years at CAE, a global leader in modelling, simulation and training for civil aviation and defence. At CAE, he has occupied various roles such as: Vice-President of Visual Systems, where he led the development of a new visual system based on Commercial "Off the Shelf" technology; Vice-President of Military Marketing and Sales, where he led a comprehensive strategic plan for growth which included a new business pursuit model; and Executive Vice-President of Civil Simulation and Training, where he was responsible for the business development, strategic planning, sales and marketing functions for the civil business segment of CAE. In 2009, Mr. Gagné was promoted to Group President for Military Simulation and Training, with full responsibility for profit and loss of CAE's worldwide military division, retiring from that role in 2012. Mr. Gagné served on the Board of Directors for the Canadian Association of Defence and Security Industries (CADSI) and is a member of the Independent Review Panel for Defence Acquisition to the Minister of National Defence. Mr. Gagné was appointed to CCC's Board of Directors on February 7, 2013 and reappointed on June 25, 2018.

MICHAEL JOHNSON

Michael Johnson is a Professional Engineer. As a Queen's University Civil Engineering graduate, he has 30 years of private sector experience delivering heavy civil, commercial and institutional infrastructure across Northern Canada. As Deputy Minister of the Department of Highways & Public Work, Yukon, he was responsible for buildings, airports, roads and bridges throughout the Territory. He has served on the Water Board, Public Utilities Board, and the Tax Review Board. He co-founded and chaired the Yukon Construction Safety Association. He also served as the chair of the Council of Deputy Ministers for Transportation of Canada. His northern experience has also included working on joint ventures with First Nations in Northern Canada. Mr. Johnson was appointed to CCC's Board of Directors on July 1, 2019.

MORA JOHNSON

Mora Johnson is a lawyer, consultant and leading expert in responsible business conduct (RBC). She is experienced in global RBC standards, including the UN Guiding Principles on Business and Human Rights, the Voluntary Principles on Security and Human Rights Initiative, where she currently serves as head of Secretariat, and the Extractive Industries Transparency Initiative. Prior to starting her law practice, Ms. Johnson served for over 10 years at Global Affairs Canada and then Natural Resources Canada in negotiating and implementing regulatory and voluntary standards relating to transparency and business practices in the extractive sector. She served as head of the Canadian delegation to the OECD Working Group on the negotiation process of a Conflict Gold Standard at the OECD, and from 2012 to 2015 was elected to Chair of the OECD Forum on Responsible Supply Chain. Ms. Johnson was appointed to CCC's Board of Directors on July 1, 2019.

ROBERT KWON

Chief Financial Officer
Medipharm Labs Corp.

Mr. Robert Kwon is currently the Chief Financial Officer of Medipharm Labs Corp., a global leader in specialized, research driven pharmaceutical-quality cannabis extraction, distillation and derivative products. Prior to this role, Robert was Senior Vice President at George Weston Ltd. overseeing the Executive Chairman's Office. Prior to that, Robert worked at Unilever in Canada, U.S., Netherlands, and U.K. in a number of senior finance and corporate positions, including CFO for the Canadian business and Chief of Staff to Group CEO in London. He serves on the Board of CPA Ontario and CFO Advisory Board of Rotman School of Management and, in the past, on the Boards of Unilever Canada Inc. and GS1 (Retail Sector). He is an alumni of the Governor General's Canadian Leadership Conference, volunteers at the Regent Park Community Centre, and supports several Korean-Canadian community organizations.

CLAUDE ROBILLARD

Principal - 43 North Group
Registered Dealing Representative
Toronto, Ontario

Mr. Claude Robillard is currently Principal of 43 North Group and is a Registered Dealing Representative with Belco PC. Formerly he was the Managing Director of Investor Relations at West Face Capital, a leading Canadian-based alternative asset manager, where he engaged with sovereign wealth funds, pension funds, endowments, funds of funds, and family offices in domestic and international markets. Prior to joining West Face Capital, Mr. Robillard was with CIBC World Markets where he oversaw CIBC's Capital Introduction Group, and contributed to the bank's cross-asset capabilities while managing key relationships. Prior to joining CIBC, he was a Managing Director of Artemis Investment Management, a multi-strategy alternative asset manager. In 2007, he co-founded a European-based real estate investment group focused on development and infrastructure projects in Eastern Europe. Formerly, Mr. Robillard was a founding partner of an asset management company launched in New York that subsequently expanded to Hong Kong and Toronto, and previously held senior roles within HSBC Securities, BC Royal Bank, and CIBC World Markets, with a focus on alternative asset classes, equity structured products, equity finance and commodity products. He is a frequent guest speaker and lecturer on alternative asset classes and a member of McGill University's Expert Panel in Investment Management. Mr. Robillard was appointed to CCC's Board of Directors on June 13, 2014 and reappointed on June 25, 2018.

NICOLE VERKINDT

Chief Executive Officer
OMX
Toronto, Ontario

Ms. Nicole Verkindt is the Founder of OMX (theomx.com), a software platform for government contractors to manage local sourcing and socio-economic impacts, including ESGs and other sustainability metrics in regulated industries such as defence, aerospace, mining and infrastructure. Prior to OMX, Ms. Verkindt was VP Business Development and then CEO of GMA Corp., a manufacturing business with over 500 employees selling to Governments around the world. She has also worked as a project manager for Big Media Group of Overpelt, Belgium, where she met with public and private sector leaders to produce economic reports for numerous international media agencies, and advised on attracting foreign direct investment through PR campaigns. Ms. Verkindt is on the board of the Canadian Chamber of Commerce and is a Next Gen member of the Business Council of Canada. In 2019, she co-Chaired the Business Council's Task Force on Canada's Economic Future. She was named Canada's 2017 Women Entrepreneur of the year and Canada's Top 40 under 40 in 2019. She is a regular commentator on CBC. Ms. Verkindt was appointed to CCC's Board of Directors on December 17, 2013 and reappointed on June 25, 2018.

CHRISTA WESSEL
Chief Operating Officer
ClearView Strategic Partners Inc.

Christa Wessel is the Chief Operating Officer and General Counsel at ClearView Strategic Partners Inc., a firm providing software and expertise in ethics reporting, whistleblowing systems and ethics programs. Ms. Wessel leverages her experience as a C-suite executive for global giants McCain and Siemens, where she held chief accountability for the governance and compliance, legal, human resources and stakeholder engagement portfolios. With a successful track record of spearheading transformative projects and initiatives in highly competitive international businesses, her extensive hands-on experience spans both developed and developing markets including the United States, Latin America, Europe and Asia.

Ms. Wessel is also a Corporate Director, and is currently a member of the Board of Directors of Lallemand Inc., Hamilton Enterprises Holding Corporation and Hamilton Utilities Corporation and a member of the CSR Advisory Council, Export Development Corporation. She is also a Faculty Member at The Directors College.Ms. Wessel was called to the Bar in the Province of Ontario, holds an LL.B., University of Ottawa, B.A. Econ., York University, C. Dir., Directors College at McMaster University and is a Certified In House Counsel, Canadian Bar Association.

Ms. Wessel's former board commitments include: Waypoint Centre for Mental Healthcare, Halton Healthcare Services Corporation (including serving as Board Chair); Siemens Canada Limited (and a number of its Canadian affiliates); and Oakville Hydroelectricity Distribution Inc. She is a frequent speaker at conferences pertaining to leadership, governance, and ethics. Ms. Wessel was appointed to CCC's Board of Directors on July 1, 2019.

Senior Management

CARL MARCOTTE

President and CEO
Canadian Commercial Corporation

Mr. Marcotte was appointed President and CEO in September 2019. Prior to his appointment, and since 2017, Mr. Marcotte was CCC's Vice-President, Operations & Head of Defence Sector where he led CCC's business diversification initiative to assist a growing number of Canadian exporters from new and developing sectors.

Before joining CCC, Mr. Marcotte held various other senior-level executive positions within the nuclear industry, including Senior Vice-President Marketing & Business Development at SNC Lavalin Nuclear and Vice-President, Commercial Ventures & Business Development at AECL and Canadian Nuclear Labs. There Mr. Marcotte provided strategic and operational leadership on all aspects of SNC's nuclear business growth and AECL/CNL's transformation from Crown corporation to private enterprise. In addition, Mr. Marcotte has previously held the positions of Vice-President and Sector Head for numerous industry sectors as well as Vice-President, Small Business Development at Export Development Canada over a career that spanned twenty-five years in international trade, risk management and structured finance. Mr. Marcotte also led the North American Customer

Finance and global credit teams at Nortel Networks in the 1990s. Mr. Marcotte obtained his MBA from McGill University in 1990. He proudly served as Canadian Armed Forces Reserve Intelligence Officer and currently serves as a volunteer and Director on a number of charitable boards and committees.

ERNIE BRIARD

Vice-President, Corporate Services and CFO

Mr. Ernie Briard joined CCC in January 2016 as Vice-President of Corporate Services and CFO where he is responsible for developing and implementing corporate policies, strategies, initiatives, and new technologies. Mr. Briard brings with him a wealth of management experience and achievements, having led financial teams in both the private and public sectors. Most recently, Mr. Briard led the Standards Council of Canada as the Vice-President, Corporate Services and CFO, where he was responsible for financial management, human resources, investment planning and business analytics, information management and information technology, corporate administration and contracting. Prior to that, Mr. Briard had a successful career with Nortel and as an independent consultant.

IAN MCLEOD

Vice-President, Business Development and Sales

Mr. Ian McLeod joined CCC in 2018, bringing over 22 years of private sector business experience, focused on business development and delivery of large system engineering projects for government and commercial customers worldwide. During his career, he has worked in engineering, program management, pursuit management, and executive roles of increasing responsibility. Most recently, he was the Vice President, Business Development for MDA Satellite Systems. He has worked in Vancouver, San Diego, Ottawa, and Montreal, on projects for customers in Europe, Asia, the Middle East, North America and South America.

JASON HANN

Vice-President, Operations and Head of Defence Sector

Jason Hann was appointed Vice-President, Operations & Head of Defence Sector in an acting capacity on September 9, 2019. With more than 22 years of public service experience, he has held several positions of increasing responsibility with the Canadian Commercial Corporation and other government departments. Most recently, he held the position of Senior Director, Risk and Performance Management where he was responsible for strengthening approaches to planning, reporting, risk and performance management. Further, he was the lead on the Corporation's two largest international infrastructure projects and a former Chief of Staff to the President and CEO. Mr. Hann is a Chartered Professional Accountant.

MICHELLE TAYLOR

Vice-President Legal Services, General Counsel
and Corporate Secretary

Ms. Michelle Taylor joined CCC in January 2018 as Vice-President, Legal Services, General Counsel and Corporate Secretary. Ms. Taylor brings over 15 years of legal experience from private and industry practice. She spent 12 years with Rio Tinto as Senior In-House Counsel where she working on numerous complex projects and supporting operations in the extractive and mining sector. Ms. Taylor has significant experience working on international commercial transactions, including Engineering, Procurement, Construction Management ("EPCM") contracts, IP and licensing agreements, major procurement contracts, as well as in the area of corporate social responsibility and risk management. Prior to her work at Rio Tinto, Ms. Taylor worked in private practice with a major international firm in the area of international and construction arbitration, and for a national law firm in litigation. Ms. Taylor has worked in Toronto, Paris (France), Montreal, Brisbane (Australia) and Ottawa, on projects across the globe. She is a member of the Law Society of Ontario and non-practicing the Law Society of British Columbia.

ANGIE TINOR, SHRBP

Assistant Vice-President, Corporate Services

Ms. Angie Tinor joined CCC in October 2016 as the Senior Director, Human Resources bringing with her over 20 years of extensive experience in human resources and change management. Prior to joining CCC, she was the Vice-President, Human Resources, with the Brookfield Renewable Energy Group. In January 2019, Ms. Tinor was appointed Assistant Vice-President, Corporate Services, where she is responsible for leading the HR, IT and Communications teams to deliver strategies and programs that promote employee engagement, continuous improvement, digitalization and branding. Under her leadership, Ms. Tinor successfully negotiated a four-year collective agreement, spearheaded initiatives in organizational design resulting in significant process improvements, and oversaw projects regarding remote work solutions and migration to Cloud. She holds a Bachelor in Labor and Industrial Relations, Masters in Project Management, an undergrad in Accounting, and a designation as a Strategic HR Business Partner (sHRBP).

Glossary

ABP	Armoured Brigades Program
BDC	Business Development Bank of Canada
CCC	Canadian Commercial Corporation
CEO	Chief Executive Officer
CRM	Customer Relationship Management
CTTs	Commercial Trading Transactions
DPSA	Defence Production Sharing Agreement
EDC	Export Development Canada
ERM	Enterprise Risk Management
ESG	Environment, Social and Governance
FAA	Financial Administration Act
GAC	Global Affairs Canada
HRC	Human Rights Committee
ICB	International Commercial Business
ICT	Information and Communications Technology
ICC	Integrity Compliance Committee
IFRS	International Financial Reporting Standards
ISED	Innovation, Science and Economic Development Canada
MOU	Memorandum of Understanding
OAG	Office of the Auditor General
OECD	Organization for Economic Co-operation and Development
RBC	Responsible Business Conduct
ROC	Risk and Opportunities Committee
SMEs	Small and Medium-sized Enterprises
TCS	Trade Commissioner Service
USD	United States Dollar
U.S.	DoD United States Department of Defense
VCS	Value of Contracts Signed

CCC

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