CCC

Canadian Commercial Corporation
Corporation Commerciale Canadienne

Growing Canadian Export Business

Annual Report 2018–2019

Canada

The Canadian Commercial Corporation ("CCC") is Canada's International Government-To-Government Contracting Agency

MANDATE

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 acquisitions from Canada on a government-to-government basis. CCC offers its services where market access, risk mitigation and competitiveness benefit from a government-to-government arrangement.

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Corporation Commerciale Canadienne

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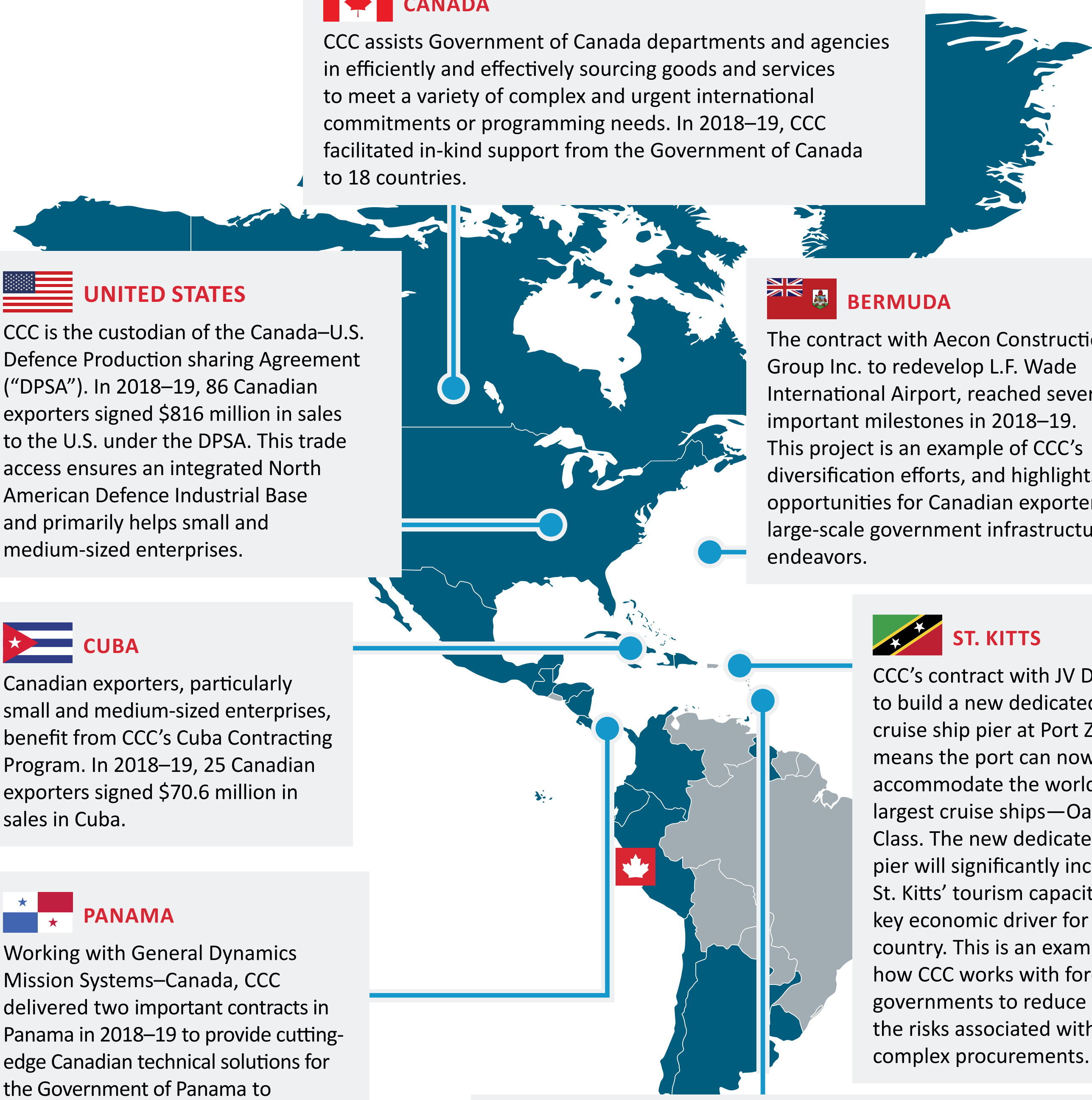
Please note: All figures are in Canadian dollars unless otherwise noted and all financial reporting is in accordance with International Financial Reporting Standards ("IFRS") 15.

CCC Around the World



CANADA

CCC assists Government of Canada departments and agencies in efficiently and effectively sourcing goods and services to meet a variety of complex and urgent international commitments or programming needs. In 2018–19, CCC facilitated in-kind support from the Government of Canada to 18 countries.

UNITED STATES

CCC is the custodian of the Canada–U.S. Defence Production sharing Agreement (“DPSA”). In 2018–19, 86 Canadian exporters signed $816 million in sales to the U.S. under the DPSA. This trade access ensures an integrated North American Defence Industrial Base and primarily helps small and medium-sized enterprises.

BERMUDA

The contract with Aecon Construction Group Inc. to redevelop L.F. Wade International Airport, reached several important milestones in 2018–19. This project is an example of CCC’s diversification efforts, and highlights opportunities for Canadian exporters in large-scale government infrastructure endeavors.

CUBA

Canadian exporters, particularly small and medium-sized enterprises, benefit from CCC’s Cuba Contracting Program. In 2018–19, 25 Canadian exporters signed $70.6 million in sales in Cuba.

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. The new dedicated pier will significantly increase St. Kitts’ tourism capacity, a key economic driver for the country. This is an example of how CCC works with foreign governments to reduce the risks associated with complex procurements.

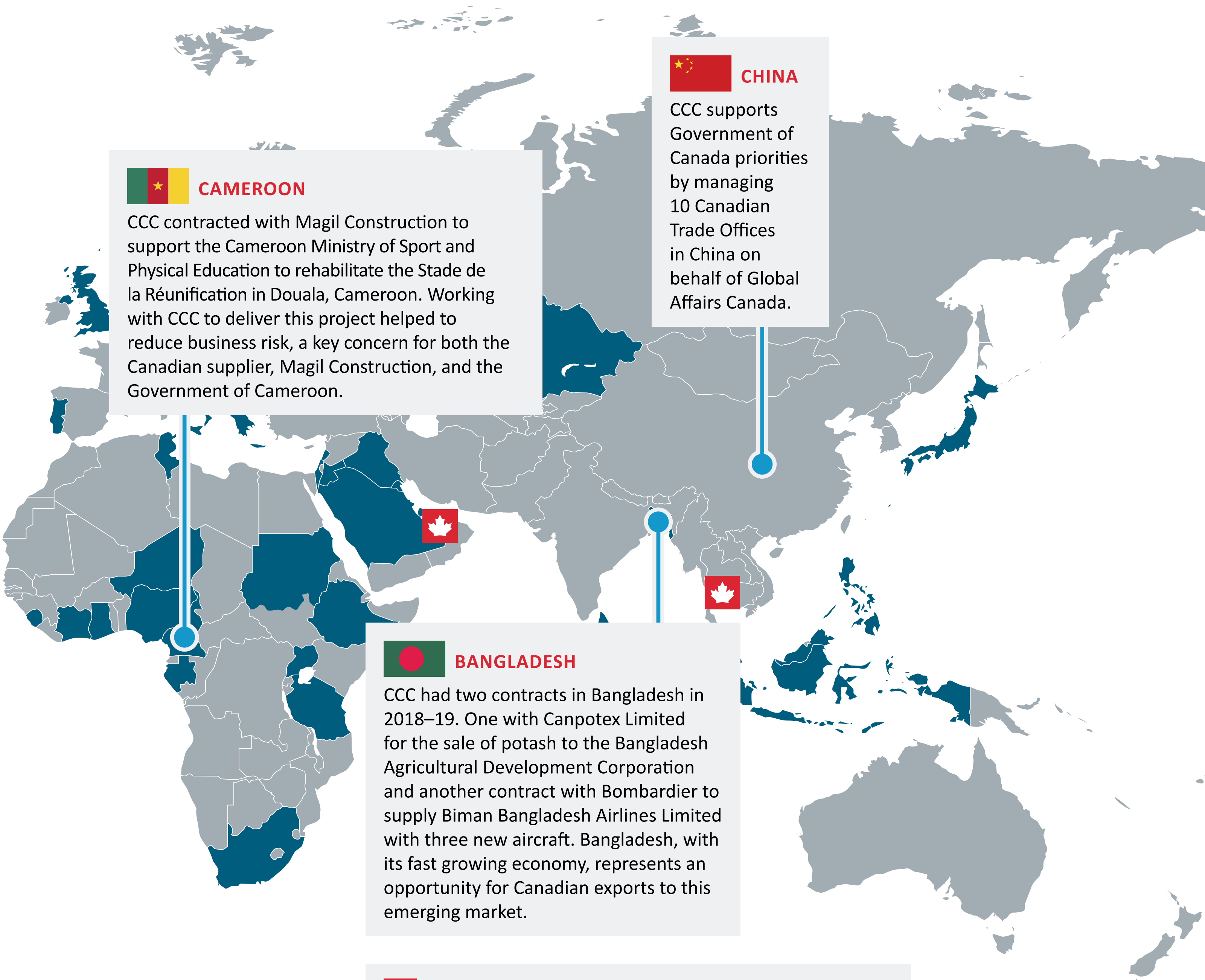
PANAMA

Working with General Dynamics Mission Systems–Canada, CCC delivered two important contracts in Panama in 2018–19 to provide cutting-edge Canadian technical solutions for the Government of Panama to significantly enhance public safety and security. These projects showcase Canada’s innovative offerings in the information and communications technology sector and demonstrate the effectiveness of CCC’s government-to-government contracting vehicle to help foreign governments mitigate risks in procurement.

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. These projects not only showcase CCC’s diversification efforts into new sectors and markets but also support efforts in Canadian priority areas like the clean technology sector.

CCC was active in 74 countries in 2018–19. When CCC helps Canadian exporters succeed, the Corporation brings more of Canada to the world.



CAMEROON

CCC contracted with Magil Construction to support the Cameroon Ministry of Sport and Physical Education to rehabilitate the Stade de la Réunification in Douala, Cameroon. Working with CCC to deliver this project helped to reduce business risk, a key concern for both the Canadian supplier, Magil Construction, and the Government of Cameroon.

CHINA

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

BANGLADESH

CCC had two contracts in Bangladesh in 2018–19. One with Canpotex Limited for the sale of potash to the Bangladesh Agricultural Development Corporation and another contract with Bombardier 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.

REGIONAL OFFICES

CCC has three Regional Directors colocated within Canadian Embassies in Lima (Peru) for South America and Mexico, Abu Dhabi (United Arab Emirates) for the Middle East, and Bangkok (Thailand) for Asia. This presence allows CCC to better support Canadian exporters in accessing and facilitating government procurement opportunities by leveraging the support of other Government of Canada stakeholders.

CCC's Government-to-Government Contracting Approach

CCC helps Canadian exporters, including small and medium-sized enterprises ("SMEs"), reduce international contracting risk when selling to foreign governments enabling them to access new export opportunities. This is done through the provision of CCC exporter support, sharing of CCC transaction and contract expertise, and leveraging of the government-to-government contracting model. For Canadian exporters in diverse sectors, the government-to-government contracting approach can be a significant differentiator in an increasingly competitive global market.

PRIORITY SECTORS		TARGET GOVERNMENT BUYERS
1	Aerospace	• Ministry of Defence • Ministry of Interior • Ministry of Transportation • National Police • Space Agencies • State-Owned Airline
2	Cleantech	• Public Transit Authority • Public Utility • Ministry of Energy • Ministry of Finance • Ministry of Transportation • Municipality
3	Construction and Infrastructure	• Airport or Port Authority • Board of Education • Housing and Social Welfare • Ministry of Health • Municipality • Water and Wastewater Authority
4	Defence	• Army, Navy, Air Force • Coast Guard • Ministry of Defence • National Police • Security Bureau • State-Owned Defence Procurement Agency
5	Information and Communications Technology	• Chief Information Officers • E-government buyers • Hospitals & Healthcare Authority • Ministry of Public Safety • State-Owned Lottery Corporation • State-Run Cyber Security Organizations

Project Highlights

IMPROVING WATER DELIVERY IN BARBADOS

In 2018–19, CCC worked with CowaterSogema and the Barbados Water Authority on an integrated hardware and software solution to track freshwater usage.

The CowaterSogema system helps capture and maintain data on water consumption, improves the customer service environment, while introducing new customer information, billing, work order management, financial and enhanced operational reporting systems. This will enable the Barbados Water Authority and the Government of Barbados to more accurately recover costs associated with freshwater delivery while pro-actively managing the demand for fresh water. This will enable the government to expand and improve utility delivery and service on the island.

The successful execution of this project has laid the foundation for the Canadian exporter to deliver similar projects in other markets. CCC and CowaterSogema are currently in discussion within the region to develop similar projects, addressing both Water Conservation priorities as well as the integration of Renewable Energy and Energy Efficiency solutions for Water Utilities. The combined effect will enable these Utilities to provide customers with reliable, low cost access to fresh water, improved customer service, and increased transparency in reporting to the National Regulators.

REHABILITATING SPORTS INFRASTRUCTURE IN CAMEROON

In 2018–19, CCC worked with Magil Construction on the rehabilitation of the Stade de la Réunification in Douala, Cameroon.

This contract is to rehabilitate the stadium and its related infrastructure to meet the standards of the Fédération Internationale de Football Association ("FIFA").

Canada's option was preferred because it was able to meet the compressed schedule and budget requirements. In addition, given the complexity of doing business in the region, CCC's enhanced due diligence measures were a key consideration for both Magil Construction and the Government of Cameroon.

CCC support enabled this Canadian exporter to enter into a new market and to gain a reputation for being able to responsibly deliver a significant infrastructure project in a complex market.

IMPROVING EMERGENCY RESPONSE IN PANAMA

In 2018–19, CCC worked closely with Government of Canada partners and with the Ministry of Security in Panama for the delivery of the General Dynamics Mission Systems–Canada's CitySHIELD solution.

For Panama, CitySHIELD provides a secure hybrid public safety system network that combines 4G/LTE technology with satellite and fiber optics networking to seamlessly and securely connect users with voice, data and other security applications. This innovative technology allows the Panamanian police and emergency services to respond faster and more effectively.

Given the success of this project, General Dynamics Mission Systems—Canada, Panama and CCC are working together to further promote regional security by engaging key decision makers in Latin America to explore how CitySHIELD could be used to meet their evolving public security needs.

This highly successful project enabled General Dynamics Mission Systems—Canada to export its innovative service offering successfully through a government-to-government contract and enabled Panama to demonstrate leadership in regional safety and security.

CONNECTING CANADIAN SMES WITH THE CUBAN MARKET

With extensive experience in the Cuban market, CCC identified a demand for access to a reliable supplier of paint to meet unique local standards for heat and saltwater resistance. CCC connected Cuban buyers with Canadian manufacturers who could meet their procurement requirements.

Micca Paints is a small family owned company of approximately 30 employees from Laval, Quebec that specializes in the development of interior and exterior paints for industrial, commercial and residential markets.

In October 2018, Micca Paints finished delivery of their first contract in Cuba valued at over $2 million. This contract has allowed this small and medium-sized enterprise to expand its operations to access more opportunities in the future.

2018–19 Performance Highlights

162
Number of Canadian exporters who contracted with CCC

$1.3B
Value of Contracts Signed

$3.4B
Commercial Trading Transactions*

$4.1M
Earnings

74
Number of countries in which CCC was active

18
Number of countries that received in-kind support from the Government of Canada through CCC's services

86
Number of Canadian exporters that provided goods and services to the U.S. Department of Defense (U.S. DoD)

5,335
Number of Canadian jobs directly supported through contracts with the U.S. DoD

14,250
Number of value-added Canadian jobs supported by CCC's activities in all sectors

34%
Percentage of small and medium-sized exporters (SMEs) within CCC's exporter base

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

Message from the Chairperson

I was honoured to be appointed by the Minister of International Trade Diversification to this important role, as Chair of the Canadian Commercial Corporation ("CCC") in February 2018. Since then, I have come to appreciate the unique value that CCC has to offer Canadian companies as they seek to expand into new markets.

This Annual Report highlights the critical role CCC plays in helping Canada deliver on its trade diversification agenda through government-to-government export contracts. CCC works hard to mitigate risks for a growing number of Canadian companies when they contract with foreign governments, and this value proposition is evidenced in the Corporation's achievements last year. In 2018–19, CCC contracted with 162 Canadian exporters, delivered $3.4 billion in Canadian goods and services abroad, and supported 14,250 value-added jobs for Canadians.

To achieve future growth and optimize the support it provides Canadian exporters, CCC has shifted its strategic direction and enhanced its processes to better align with exporter needs, changing business drivers, and Government of Canada priorities. Last year's achievements are marked by this pivotal change, which was designed to capitalize on significant opportunities across a broader set of industry sectors and better reflect CCC's business activities. CCC's portfolio of business includes the following priority sectors and programs[1]:

1. Aerospace
2. Clean technology ("cleantech")
3. Construction and Infrastructure
4. Defence
5. Information and Communications Technology ("ICT")
6. Other Business (Includes the Cuba Contracting Program and Services Provided to Other Government Departments, including Sourcing Services, Shared Services and Canadian Trade Offices in China)

CCC's Board of Directors is responsible for the stewardship of the Corporation. The Board provides oversight and strategic guidance to CCC's senior management team and ensures that the long-term strategic focus is aligned with the broader government agenda. In this context, the Board is excited by the potential to do even more for Canada through the new corporate strategy established last year, and the increased scope and impact CCC will have for Canadian companies, particularly SMEs.

Last year marked a period of renewal for CCC's Board of Directors, defined by the addition of new Directors and a refreshed approach to governance oversight at the Board and Committee levels. In this context, the Board has increased its focus on risk management and implemented a new Contract Risk Management Framework to focus on early stage risk management and mitigation. CCC also launched a new Responsible Business Conduct Framework, which includes a new Code of Conduct and Business Ethics and a new Human Rights Policy. This strengthened focus on responsible business conduct has been incorporated into the governance and oversight responsibilities within the Board Committees, as well as the governance oversight provided by the full Board of Directors.

Another highlight for CCC in 2018–19 was the positive result of the Office of the Auditor General of Canada Special Examination. This Examination signaled that CCC did not have any significant

1 In the 2018–19 Corporate Plan, these priority sectors and programs were captured under International Commercial Business, Global Defence and Security, and Other Business Activities.

deficiencies and that its risk and operational practices were in good form. In all, this demonstrated to CCC that its efforts in enhancing risk management were well placed.

I would like to recognize the hard work and dedication of CCC's Board members who have given their time and talent in support of CCC and its important work. My particular thanks goes to Andrew Saxton, Dwayne Lucas, and Scott Player, all of whom completed their terms on the Board in 2018–19. Their contributions have been significant to CCC's past and future successes. I would also like to welcome our new Board members, Dyanne Carenza and Robert Kwon. Appointed to the Board in June 2018, both individuals bring with them professional experience that will greatly benefit the Corporation. The leadership and guidance provided by all CCC Board members throughout the year has positioned CCC for pivotal changes going forward.

On behalf of the entire Board, I would like to thank all of the staff for their sustained efforts, commitment and professionalism throughout the year. Your work is making a positive difference for Canada, bringing greater amounts of world-class Canadian products and services to the world.

As a final thought, I would like to underscore how proud the entire Board of Directors is of the important work CCC does on behalf of Canadian companies who export or who may be looking to export. We are excited about the breadth of opportunities CCC's new strategy will facilitate, and the results it will bring for Canada.

Sincerely,

Douglas J. Harrison
Chairperson, Board of Directors

"CCC's portfolio of business includes the following priority sectors and product lines:

1. **Aerospace**
2. **Clean technology ("cleantech")**
3. **Construction and Infrastructure**
4. **Defence**
5. **Information and Communications Technology ("ICT")**
6. **Other Business (Includes the Cuba Contracting Program and Services Provided to Other Government Departments, including Sourcing Services, Shared Services and Canadian Trade Offices in China)"**

Message from the President and CEO

Last year was a pivotal year for CCC, highlighted by the development and implementation of a new corporate strategy that was focused on diversifying CCC's business, doing more for SMEs and enhancing the Corporation's risk management and responsible business conduct regimes. The new strategy has reinvigorated the Corporation, making clearer the important and increasing contribution CCC will make to benefit Canadian exporters and Canada going forward.

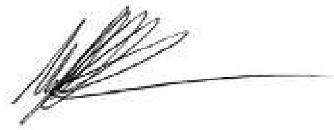
Last year also proved to underscore the important role CCC plays in assisting Canadian exporters to succeed in winning and managing business abroad. Perhaps more than in any prior year, 2018–19 witnessed a highly volatile global marketplace fraught with risk and uncertainty. Yet, CCC forged ahead, leveraging its new strategy, in lock-step with Canadian companies, to win and deliver important contracts in the Caribbean, Central America, Southeast Asia, Africa and the United States.

CCC signed $1.3 billion in contracts in 2018–19, and was active in 74 countries. Not only did CCC demonstrate its value to win new business for Canadian companies, it also demonstrated its adept ability to manage and deliver complex contracts in challenging scenarios. It is a true sense of pride for me that with every contract management success, Canadian exporters are extolling their appreciation for the Corporation's services and consistently noting that they would not venture into any contracts abroad without CCC by their side. Through CCC's successes and business development plans the Corporation hopes to attract more companies to leverage CCC's business model and grow Canada's exporter base.

An important aspect of CCC's success is the investments the Corporation makes in people, processes and systems. During 2018–19, in implementing the new corporate strategy, CCC embarked on significant continuous improvement initiatives; improvements that brought new skillsets and training programs, reduced processing times, eliminated redundant activities and improved customer service. These ongoing initiatives are generating efficiencies which are being reinvested in assisting SMEs.

As a final note, I would like to thank the Board of Directors for their guidance and commitment to achieving the important objectives underlying CCC's mandate and strategy. I also thank CCC's Management Team for their dedication and wisdom in leading the Corporation through an important change agenda and positioning the Corporation for greater success. Above all, I would like to thank the staff at CCC. It is through their commitment to high quality service and their passion to do more for Canadian exporters that CCC is able to create and sustain over 14,250 jobs for Canadians.

Sincerely,



Martin Zablocki
President and CEO

Organizational Overview

MANDATE AND PUBLIC POLICY PURPOSE

Established in 1946, CCC was created by articles of incorporation under the *Canadian Commercial Corporation Act* ("CCC Act") for the purpose of assisting in the development of trade between Canada and other nations. The CCC Act[2] provides the Corporation with a range of powers, particularly the ability to export goods from Canada either as a principal or as agent.

In addition to CCC's role with respect to assisting in the development of trade, CCC administers the Canada-U.S. Defence Production Sharing Agreement ("DPSA") on behalf of the Government of Canada. In fulfilling this public policy role, CCC assists Canadian companies from a variety of sectors to compete for contracts with the U.S. Department of Defense ("U.S. DoD") in accordance with the terms and conditions of the DPSA and U.S. defence procurement regulations. Canadian exporters are also able to leverage the U.S. Foreign Military Sales program through access to the DPSA, which enables them to sell into the U.S. DoD. Activities related to the DPSA are diverse and are captured within the Corporation's priority industry sectors. While CCC incurs costs to operate this public policy program on behalf of the Government of Canada, the Corporation is pleased to be its administrator given the benefits it provides to the Canadian economy.

MISSION AND STATEMENT OF COMMITMENT

CCC is committed to being a trusted partner for acquisitions from Canada, particularly on a government-to-government basis. CCC seeks to assist the Government of Canada in the development of trade by expanding the number of Canadian companies who export. CCC does this principally by helping Canadian companies access government procurement markets of other nations through government-to-government contracting, and by providing these companies with transactional and contracting expertise. The Corporation offers its services where market access, risk mitigation requirements and Canadian global competitiveness benefit from a government-to-government arrangement.

SERVICES

As Canada's government-to-government contracting organization, CCC's primary service involves reducing risk in complex international transactions. The Corporation does this through the execution of prime contracts with foreign government buyers to provide goods and services available for export from Canada. CCC guarantees the terms and conditions of the contracts with the foreign government buyers, mitigating the buyers' risk and providing an added incentive to procure from Canada. CCC then enters into contracts with Canadian exporters to fulfill the requirements of these government-to-government contracts.[3]

Prior to entering into a transaction, CCC assesses the transaction's overall risk profile. This includes an in-depth analysis of the exporter's technical, managerial and financial capabilities to ensure it can fulfill all contractual obligations. CCC also reviews the exporter's ethical business practices. With respect to other key risk drivers related to the transaction, CCC reviews human rights issues, environmental impacts and the buyer's risk profile, as applicable. This holistic approach ensures that the transaction fits within CCC's risk tolerance, is aligned with Government of Canada policies, and does not expose Canada to undue risk.

This risk analysis also sets the foundation for CCC's ongoing risk monitoring and contract management. In this regard, CCC is able to leverage its capacity as a Government of Canada organization to monitor progress and endeavor to bring resolution to issues that may arise during the contract's lifecycle. CCC's involvement in contracts reduces payment collection risks and business development costs, aids in gaining more advantageous contract and payment terms for Canadian exporters, and promotes responsible business practices within Canadian industry and the buying nation thereby fostering new commercial relations outside of traditional markets.

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

3 CCC's main funding source consists of fees for service generated by its portfolio of business, except activities related to the DPSA. CCC's public policy obligations under the DPSA are fulfilled without charging fees and at no cost to the Government of Canada.

CCC's Portfolio of Business

CCC classifies its business activities by priority sectors and other business programs. 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. CCC's portfolio of business includes the following:

Priority Sectors and Programs:

1. **Aerospace** – A global market estimated at greater than $800 billion, in which Canada is internationally recognized as a leader; 75% of Canada's $29 billion aerospace products and services market is exported annually.[4]
2. **Clean technology ("cleantech")** – A global market estimated at greater than $1 trillion and growing rapidly; public utilities and transportation authorities are driving much of the market internationally; water and wastewater expertise and carbon capture/storage are two exportable Canadian specialty areas.[5]
3. **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.[6]
4. **Defence** – A global market estimated at $1.7 trillion; defence/security remains an important budget item for most allied and like-minded nations, particularly the U.S.; Canadian expertise is renowned to the point where 60% of Canada's $10 billion market is exported.[7]
5. **Information and Communications Technology ("ICT")** – A global market estimated at greater than $4 trillion; smart city and cybersecurity programs are key target areas.[8]

   Electronic Lotteries Product Line– CCC's Electronic Lotteries Product Line is captured under activities in this priority sector. 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.
6. **Other Business** – This includes the Cuba Contracting Program and services provided to Other Government Departments, including Sourcing Services, Shared Services and Canadian Trade Offices in China.

   Cuba Contracting Program – This program supports Canadian exporters providing goods and services to Cuba's sugar and tourism sectors, which are critical revenue-generating industries for the Cuban economy. CCC's contracts are structured as revolving contracts with Cuban buyers to support annual purchasing requirements, a model which differs from CCC's traditional contracts which are negotiated on a project-specific basis. The program also streamlines the procurement process by matching Cuban procurement needs with Canadian sources of supply, transferring Cuban payment risk to

4 ISED, "State of Canada's Aerospace Industry," 2018 Report. Accessed at: https://aiac.ca/wp-content/uploads/2018/06/State-of-Canadas-Aerospace-Industry-2018-Report.pdf

5 EDC, "Cleantech: A sector of unlimited promise", December 5, 2018. Accessed at: https://www.edc.ca/en/blog/canada-cleantech-advantage.html

6 Goncalves, Vania. World Construction Network. "Global infrastructure market to grow by 6.0%," April 7, 2017. Accessed at: https://www.worldconstructionnetwork.com/news/global-infrastructure-market-to-grow-by-60

7 IBID

8 Statista, "Canadian ICT industry – Statistics & Facts," Accessed at: https://www.statista.com/topics/4125/ict-industry-in-canada/

Canadian financial institutions, and helping to resolve contractual issues that may arise.[9] The majority of the program's customers are SMEs, for whom CCC plays a very active role in connecting with Cuban buyers.

Sourcing Services – CCC assists Government of Canada departments and agencies in efficiently and effectively fulfilling urgent and complex procurement needs. Completing this work involves sourcing goods and services to meet a variety of international commitments or programming needs. In this regard, CCC has supported a wide range of contribution and capacity building programs: providing urgent disaster relief support; helping foreign governments in their efforts to fight cross-border crime (i.e. fraud, corruption, human trafficking); supporting anti-terrorism efforts (both domestic and international); and facilitating Canada's contributions in other international endeavours (i.e. scientific or other collaborations). The expertise and support CCC provides varies by program and includes contracting services, contract structuring, contract management, project coordination, and project management. In this context, CCC's services can assist in the expeditious and cost-effective sourcing of goods and services for the benefit of Canada's international emergency response efforts.

Shared Services – CCC had a shared services agreement with Public-Private Partnerships ("PPP") Canada Inc. for services related to information technology, human resource management, governance, research and communications and internal audit, and currently has a shared services agreement with Invest in Canada for the provision of payroll services. These types of agreements generate savings through economies of scale for both organizations.

Canadian Trade Offices – On behalf of Global Affairs Canada, CCC manages ten Canadian Trade Offices in China. These offices, located in China's rapidly developing second-tier cities, provide support to Canadian companies as they seek to enter the Chinese market, while also providing a cost-effective solution for Global Affairs Canada.

INTERNATIONAL TRADE PORTFOLIO

CCC continues to work hand-in-hand with its International Trade Portfolio partners, Global Affairs Canada and Export Development Canada ("EDC"), and with other key stakeholders to ensure its efforts to assist Canadian suppliers and international buyers are aligned with the priorities of the Government of Canada. The Corporation's contracting and procurement expertise complements the advisory services of Global Affairs Canada's Trade Commissioner Service ("TCS") and the financial services provided by EDC. In this context, CCC's niche focus brings value by allowing it to be strategic in its scope and to deliver direct contracting support to Canadian exporters. CCC's status as a contracting party to projects also provides a tangible opportunity to advance Canadian trade while concurrently achieving policy objectives such as strengthening innovative sectors, assisting SMEs, and promoting and entrenching responsible business conduct.[10]

9 Since 1991, CCC's cumulative value of contracts with the Cuban sugar and tourism industries has reached more than $1 billion. Canadian exporters using CCC's Cuba Contracting Program benefit greatly from CCC's government-to-government contracting mechanism.

10 In this context, responsible business conduct refers to doing business abroad in an economic, social and environmentally responsible manner. 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

OPERATING ENVIRONMENT

The global environment changed at a fast pace in 2018–19, driven by a number of forces including: the global rise of protectionism; changing political landscapes; new free trade agreements and changes to existing agreements; the surge of emerging markets like China and India; climate change; sustainability and technology. There were significant opportunities for Canadian exporters, but also considerable challenges.

The Government of Canada's Fall Economic Statement for 2018 recognized these challenges and announced the Government's intention to significantly bolster export opportunities for Canadian businesses, and diversify Canada's overseas trade.[11] To that end, the Government launched a Trade Diversification Strategy that will focus on three key components: investing in infrastructure to support trade, providing Canadian businesses with resources to execute their export plans, and enhancing trade services for Canadian exporters. In this context, CCC's mandate and the targeted support it provides to Canadian exporters has heightened relevance.

CCC was influenced by the following key strategic issues in 2018–19: (1) global economic conditions, (2) the geopolitical environment, and (3) technological advances and climate change.

1. **Global Economic Conditions:** While global economic growth continues to face uncertainty, Canadian exports are forecast to increase in the near-term.[12] Governments are placing renewed attention on bilateral agreements and multilateral agreements to ensure continued market access. As a Government of Canada entity authorized to execute commercial contracts with foreign government buyers, CCC is uniquely positioned to support Canadian exporters and to increase Canada's trade footprint in new and priority markets. Trade diversification is now seen as critical for Canadian exporters to mitigate long-term market concentration risk; however, a broadening of trade partners away from traditional partners, such as the U.S., introduces new risks. As a result, Canadian exporters require support from Government agencies, including CCC, to prosper in international markets.

2. **Geopolitical Environment:** The emergence of populist and protectionist government policies in some nations have resulted in the imposition of increased barriers to world trade. This creates new risks and uncertainties including: rising military tensions, economic and commercial disruptions, fast changing international relations, and impacts to domestic political conditions in some countries. Implications for CCC include reduced demand in key regions of the world, and greater tariffs or other restrictions in certain export markets. In addition, there may be a greater need for CCC's expertise and involvement to bring to resolution complex issues that arise during a contract's lifecycle.

   The emergence of political risks linked to responsible business practices and human rights remains a focus within the international community. Businesses have an increasing responsibility to ensure that exports are used in a responsible manner which safeguards human rights. CCC developed and implemented a new Responsible Business Conduct Framework this fiscal year, and aims to continuously improve this Framework in the spirit of continuous improvement. Accordingly, CCC is working with Canadian agencies to be a leader in responsible business conduct, including respect for human rights, and is using trade as a vehicle to promote and entrench these values.

11 Government of Canada. "Fall Economic Statement 2018." Accessed at: https://budget.gc.ca/fes-eea/2018/docs/nrc/2018-11-21_2-en.html

12 EDC. "Global Export Forecast," Fall 2018. Accessed at: https://edc.trade/global-export-forecast/

3. **Technological Advances and Climate Change:** A precipitous decrease in the cost of renewable energy technologies, innovative climate policies, and strong electricity demand have thrust developing countries to the forefront of the global transition to low carbon energy. Canada's Trade Diversification Strategy will help Canadian exporters seize these market opportunities in emerging markets. CCC, along with its Government of Canada partners, have enhanced the support provided to the cleantech sector through increased collaboration to improve alignment and advocacy.

Canadian Exporters

CCC's services aim to assist in the development of trade by supporting new and existing Canadian exporters who have products and services that match the demand of foreign government buyers. While CCC's support is extended to all Canadian exporters, both large and small, traditionally, CCC's portfolio of customers has gravitated towards larger and medium-sized customers, better able to meet CCC's risk management requirements.

It is important to note that while CCC directly supports many SMEs, particularly through the DPSA and the Cuba Contracting Program, many more SMEs indirectly benefit from contracts with larger firms as the SME community fills the supply chains of these larger customers. Going forward, CCC is looking to broaden its impact on the SME community by doing more direct business with SMEs. CCC is working with EDC and the Business Development Bank of Canada ("BDC") to leverage their knowledge in working with SMEs to facilitate this new strategic objective. Broadening CCC's assistance to SMEs, whether indirectly or directly, will serve to strengthen Canada's overall economy, contributing to jobs and growth.

Increasing global competition continues to challenge Canadian exporters. Protectionism often serves to exclude Canadian companies from winning business abroad. This challenge is heightened by the types of support other governments provide to their domestic companies, designed to increase the competitiveness of their domestic exporters, vying to win the same business as Canadian exporters. While CCC is not aware of any equivalent government agencies, foreign governments have established specific entities to help their domestic companies sell abroad. In addition, foreign governments use support mechanisms that range from advantageous financing arrangements to the provision of extensive political advocacy to support their respective export trade goals. CCC tries to balance the playing field by reducing the risk for foreign governments to buy from Canadian companies, thereby providing incentive for sales from Canada.

Government Buyers

CCC targets foreign government buyers at the national, sub-national and government-owned enterprise level. CCC's model works best where foreign government procurement rules allow for government-to-government contracts and CCC's risk mitigation advantage is most valuable, namely in complex emerging markets particularly in Latin America, Africa and Asia-Pacific.

The decision to purchase Canadian products rests with the foreign government buyer who is required to balance priorities with budgetary spending. Given that these acquisitions are highly complex, politically sensitive, and require significant budget dollars, the timing and certainty of contract signing is difficult to forecast. The gestation period for contracts in the government marketplace from the initial pursuit stage to contract signature can extend multiple years. Pursuits nearing finalization can be suddenly delayed or cancelled due to a myriad of reasons including natural disasters, elections or fluctuating commodity prices. CCC's involvement in exports serves to assist exporters trying to navigate these unpredictable market variables. In addition, in the context of the current global economic environment, foreign Governments are increasingly focusing their attention on procuring from trusted partners like the Government of Canada.

Corporate Performance

The global environment is complex and dynamic, creating both opportunities and challenges for Canadian exporters. Government trade enablers such as CCC, support Canada's trade agenda and are critical tools to help exporters navigate complex markets and mitigate the risks of doing business abroad, whether they are existing exporters or are just entering the export market.

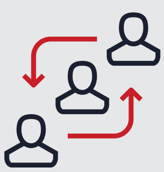
Highlights by Objective

CCC continued to grow its exporter base in 2018–19, supporting 14,250 Canadian jobs while delivering $3.4 billion worth of contracts to diverse markets and recording net income of $4.1 million, an increase of $11.6 million from the previous year's net loss of $7.4 million. Last year marked a pivotal year for CCC in terms of its emphasis on diversification to expand its reach in key growth sectors. This strategy was supported by three objectives:

OBJECTIVE 1

Growth through Diversification and Innovation

CCC is committed to growing 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

Integrated Business Development with the Government of Canada

CCC's business development efforts continued to embody a whole-of-government approach, leveraging important contributions of other Government of Canada stakeholders, to facilitate export sales on a government-to-government basis.

OBJECTIVE 3

Enhanced Services

CCC delivered high quality services in all business dealings at home and abroad. By fostering a uniquely skilled workforce and identifying ways to create capacity, efficiency and value, the Corporation has met the needs of a growing base of exporters across diverse markets. CCC also invested in a continuous improvement culture to drive exceptional service for customers.

OBJECTIVE 1

Growth through Diversification and Innovation

By anticipating and responding to the changing needs of Canadian exporters, including SMEs, and by securing new trade opportunities across diverse industry sectors and geographic markets, CCC supported the development of trade and innovation. Investments in regional and sector expertise and in risk mitigation and evaluation techniques positioned CCC as a strategic partner to Canadian exporters in complex markets.

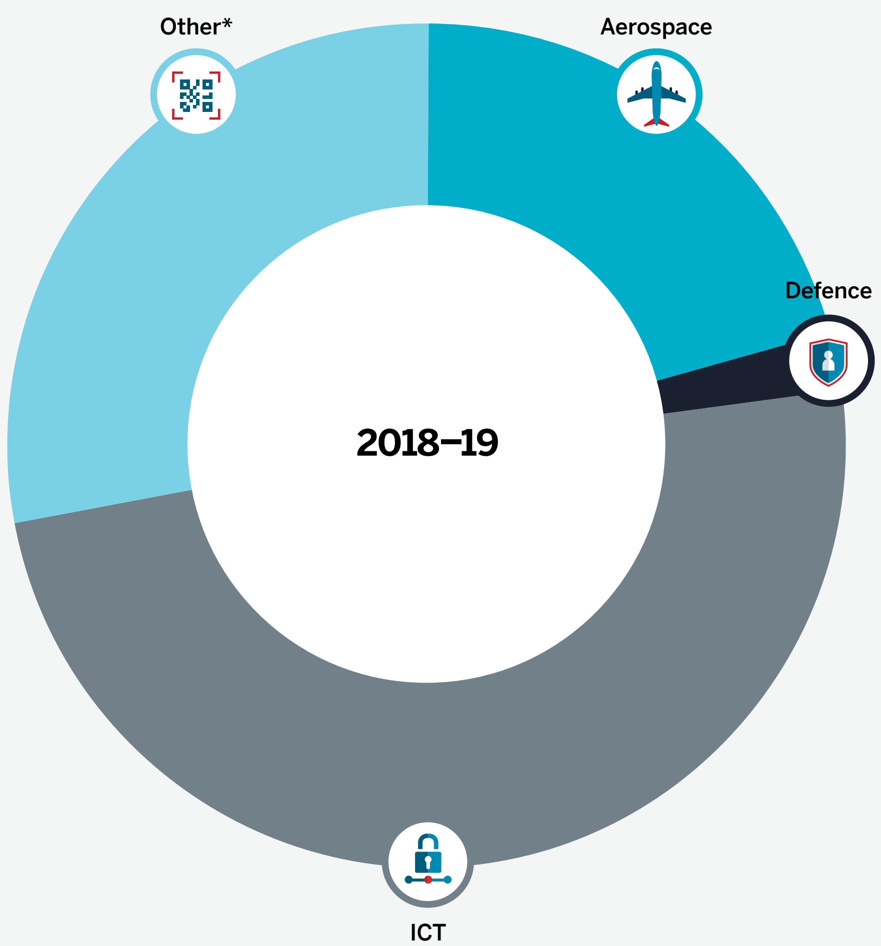
Growth and Sector Expansion

In 2018–19, CCC's renewed vision, anchored in its Diversification Strategy, leveraged the Corporation's core contract and risk management strengths to focus on sectors where the government-to-government model is most relevant. The goal of this approach is to broaden the number of sectors, foreign government buyers, and the number of Canadian companies in CCC's portfolio over time.

Over the course of the fiscal year, CCC was active in 74 markets around the world in five priority sectors: (1) aerospace, (2) cleantech, (3) construction and infrastructure, (4) defence, and (5) ICT.[13]

In order to accelerate growth, efforts were made last year to target specific sectors. Based on industry feedback, and the distribution of opportunities within the Corporation's pipeline, infrastructure and cleantech were identified as sectors warranting enhanced focus in the short-term. In this context, CCC identified resource needs and invested in targeted skill sets in order to grow the prospective

VALUE OF CONTRACTS SIGNED (EXCLUDING DPSA) BY INDUSTRIAL SECTOR – $481M



*"Other" primarily includes agricultural products sold to Cuba and Bangladesh.

13 CCC's Diversification Strategy does not encompass DPSA transactions.

> **The redevelopment of Bermuda's L.F. Wade International Airport is the second major infrastructure project that Aecon Group Inc. has worked on with CCC. The first was Quito's highly successful International Airport in Ecuador. Working on important projects like these, and helping to deliver world-class terminals and associated infrastructure, would not have been possible without CCC's support. Having the Government of Canada behind our contracts goes a long way in helping to reduce our risk and giving Canadian companies like Aecon Group Inc. a competitive advantage.**
>
> **– Steve Nackan**
> Executive Vice President and President Concessions, Aecon Group Inc.

> **Selling Canadian cleantech solutions to foreign governments can be complicated. Having CCC—and the backing of the government of Canada—with us every step of the way not only helps us to secure contracts but also manage risks and deliver successful projects.**
>
> **– Wilson Pearce**
> Executive Vice-President, CowaterSogema

customer base in these sectors through new lead generating activities. While CCC has been active in the infrastructure sector for several years, focus in 2018–19 was on expanding its services and capabilities, specifically related to risk mitigation in these complex projects. CCC's contract to redevelop the L.F. Wade International Airport in Bermuda is the second major infrastructure project that CCC has worked on with Aecon Group Inc., the first being the Quito Airport in Ecuador, and is a prime example of CCC's expertise in this sector.

Significant progress was also made to align with the Government of Canada's environmental and economic priorities in the cleantech sector. For example, CCC became a member of the Joint Account Management Group to enhance collaboration with EDC, BDC, Sustainable Development Technology Canada ("SDTC"), and Global Affairs Canada's TCS. This collaboration will enhance financial and transactional support for companies in the cleantech sector. CCC also supported the TCS Cleantech Global program and participated in regional workshops as a resource for Canadian cleantech companies wanting to sell to foreign governments.

In 2018–19, CCC launched two new renewable energy initiatives to help increase the export of Canadian expertise in clean energy development. CCC initiated discussions with a number of Canadian companies about Power Purchase Agreements for renewable energy, and the acquisition of foreign renewable energy generation assets. CCC's enhanced support in these areas will offer a way to substantially reduce the risk associated with developing new clean energy resources in complex foreign markets.

Foreign Representation

Foreign representation is a key pillar in CCC's approach to diversifying export markets and growing CCC's business to provide support to a greater number of Canadian exporters. By co-locating within the Canadian embassies in Lima (Peru), Abu Dhabi (United Arab Emirates) and Bangkok (Thailand), CCC is leveraging the support of other Government of Canada stakeholders in international trade, in particular the TCS, EDC and Canadian Defence Attachés.

CCC's on the ground presence has led to a consolidation of key relationships with senior decision-makers and more frequent interactions, thus improving the quality of relationships abroad. Being available and responsive to buyer requests plays a key role in establishing trust. An on-the-ground presence also helps further CCC's understanding of regional requirements. CCC's foreign representation strengthens commercial knowledge and establishes local contacts in target markets. Both elements are important for CCC to diversify its business opportunities and for Canadian exporters to succeed in penetrating new markets. SMEs are particularly well served by this model as their capacity to have in-country representation is limited and travel costs are often prohibitive for routine follow-up with foreign buyers while pursuing leads.

In 2018–19, CCC enhanced its approach to proactively identify opportunities and match those opportunities to Canadian exporter capabilities. This two pronged approach, leveraging

CCC's relationship with key Government of Canada partners, has provided a solid foundation for growth. This strengthened engagement has led to the identification of opportunities in new markets, particularly in Asia. Enhanced relationships through foreign representation, combined with a focus on renewable energy through CCC's Director for Cleantech, have led to a potential project for the development of a solar field in Sri Lanka, the first of its kind for CCC. CCC also achieved success in diversification and in-regional presence through a civil aerospace contract with Bangladesh in 2019.

Innovation

Within the context of CCC's Diversification Strategy, export-oriented sectors were selected based on their strategic importance to the Canadian economy in terms of employment, research and development, and innovation. The Government of Canada's support for innovation is aimed at creating long-term economic growth and employment. SMEs are a key component of this goal, accounting for 30% of GDP, 25% of exports and 95% of net job creation.[14]

During the 2018–19 period, CCC initiated the exploration of additional SME support. CCC collaborated with other government organizations such as BDC and Innovation, Science and Economic Development Canada ("ISED"), and SDTC to better understand and leverage their knowledge of SME exporters. The end goal is to find new and innovative ways to better support SMEs looking to export to other nations. Initial efforts in this area are focused on the cleantech sector with the aim to broaden activities with other sectors in the future.

In collaboration with Global Affairs Canada and the Department of Finance Canada, key CCC policy documents were revised last year to clarify the Corporation's ability to participate in multiple phases of a project, while also continuing to provide Ministerial oversight of major projects undertaken by the Corporation. The Significant Project Instruction ("SPI"), which was made effective in 2018, fulfills the direction provided in the Minister's 2016–17 Statement of Priorities and Accountabilities for the Corporation, and allows for CCC to participate in Public-Private Partnerships. This will enable CCC to provide a more innovative service offering and increase opportunities for Canadian exporters.

> **When Canadian businesses innovate, they succeed—creating good, well-paying jobs for the middle class in communities all across the country. Helping businesses find the talent they need to innovate and grow, supporting small companies, and giving entrepreneurs the support they need to succeed—these are just some of the ways the Government is investing in innovative Canadians.**
>
> **– Budget 2019**

CCC also enhanced its focus on risk management, and adjusted its processes and practices to address growing business volumes and risk profiles related to the new industry sectors of focus. In this context, the Corporation has expanded the scope of the Risk and Opportunities Committee ("ROC") and improved its operating practices and reporting. A new Contract Risk Management Framework has been implemented to focus on early stage risk management and mitigation across all CCC contracts. The Corporation established a new Responsible Business Conduct Framework, a new Code of Conduct and Business Ethics, and a new Human Rights Policy, to better assess human rights aspects of its international transactions. CCC also broadened the responsibilities of its Integrity Compliance Committee ("ICC") and established a new Human Rights Committee ("HRC") to govern human rights elements of CCC's work. The Board of Directors has also incorporated human rights into its governance and oversight responsibilities within all Committees of the Board, as well as the governance oversight provided by the full Board of Directors.

14 Canadian Chamber of Commerce. "Small & Medium-sized Businesses." Accessed from: http://www.chamber.ca/advocacy/issues/small-and-medium-sized-businesses/

OBJECTIVE 2

Integrated Business Development with the Government of Canada

As Canada's export contracting agency, CCC's business development efforts continued to embody a whole-of-government approach, leveraging important contributions of other Government of Canada stakeholders, to facilitate export sales on a government-to-government basis.

Promoting a whole-of-government approach to international trade

Throughout the year, CCC consistently leveraged a whole-of-government approach to international trade by collaborating with its International Trade Portfolio partners and other key government partners to deliver greater support and value to Canadian exporters.

A prime example was CCC's collaboration with the TCS and the Canadian Embassy in Panama in 2018–19. CCC contracted with Panama's Ministry of Security for General Dynamics Mission Systems-Canada to deliver two significant projects with innovative technical solutions to significantly enhance public safety and security in Panama.

The first project was to provide a fully integrated inter-agency operations center, known as "CitySHIELD," to give Panamanian public safety agencies the tools they needed to become a more connected and coordinated response force. In fact, when the need was identified, the country's emergency response time from Panama's police force was hours. However, once CitySHIELD was up and running, the response time was reduced to minutes, thereby greatly enhancing the safety of Panamanian citizens and the efficiency and effectiveness of all of Panama's emergency and security forces.

The second project, which also supported Panama's safety and security objectives, was for a facial recognition and video management system in two terminals of the Tocumen International Airport and at the Paso Canoas border crossing between Panama and Costa Rica. This highly successful project was delivered under extremely tight timelines, to ensure completion in time for the visit of Pope Francis as part of Panama's hosting of World Youth Day 2019.

A key to the success of both projects was the strong diplomatic, trade and security relationship with Panama. Canada is seen as a trusted partner and ally to help address Panama's security challenges. These projects, and the ability of Canada to contract directly with the government of Panama through CCC's government-to-government contracts, became a key element to supporting this bilateral relationship. This relationship relied not only on CCC officials but also on the TCS and the Canadian Embassy to help advance the projects. Canadian officials met regularly with key Panamanian officials,

> **Our ability to deliver a fully integrated inter-agency safety and security operations center to the Government of Panama would not have been possible without the collaboration and support of CCC and Canada's diplomatic officials and trade commissioners.**
>
> **– David Ibbetson**
> Vice President and General Manager
> General Dynamics Mission Systems–International

influencers and decision-makers to ensure each of them understood not only the value and benefits of working through CCC's government-to-government contracting model but also the advantages of working with a reputable and reliable Canadian exporter like General Dynamics Mission Systems–Canada.

In support of the Government of Canada's focus on export diversification, CCC participated in the Global Affairs Canada-led "Expanding your Business Horizons Seminars" to promote Canada's newly signed Comprehensive and Progressive Agreement for Trans-Pacific Partnership, and the Canada-Korea Free Trade Agreement. As part of this initiative, CCC participated in outreach activities in nine Canadian provinces, providing information on how Canadian exporters can use CCC's government-to-government contracting approach to diversify Canadian trade exports into the Asia-Pacific market.

Other investments last year included the development of a "Government-to-Government ("G2G") Playbook", which will facilitate better collaboration with Canada's missions abroad. The "G2G Playbook" is directed at Government of Canada partners with the goal of better providing whole-of-government support to Canadian exporters for sales to foreign governments. This resource provides Heads of Missions, Trade Commissioners, and Canadian Defence Attachés with insight into the impact that a coordinated a whole-of-government approach can achieve. As a further means to promote a whole-of-government approach, CCC began to work more closely with Global Affairs Canada's geographic desks to increase cooperation.

As previously noted, and in line with government priorities in the cleantech sector, CCC became a member of the Joint Account Management Group to facilitate financial and transactional support for companies in the cleantech sector. The goal of this increased collaboration with government stakeholders is to improve alignment and advocacy on behalf of Canadian exporters, and better understand how CCC should evolve to best deliver its support to cleantech companies looking to export.

In 2018–19, CCC recognized an opportunity to improve internal efficiencies and enhance services for travelling employees by collaborating with other Crown corporations who had similar business travel requirements. CCC participated in a joint project with two other Crown corporations, the International Development Research Centre, and the Standards Council of Canada, to develop a Request for Proposal from travel service providers for global travel management services. Working together to combine resources, expertise and travel volumes, all three Crown corporations will achieve better value. The new service provider is expected to be in place by summer 2019.

In an effort to help government departments and agencies improve efficiencies, CCC signed a memorandum of understanding with Invest in Canada in July 2018 to manage human resources services including payroll. Both CCC and Invest in Canada will benefit from the operating efficiencies gained through this innovative approach.

Connecting with the market

In line with CCC's Diversification Strategy, the Corporation's focus last year was on marketing CCC's value proposition to a broad spectrum of Canadian companies and industry sectors to ensure Canadian companies are aware of CCC's service offering and how it can help them access opportunities in diverse markets.

A key initiative that was launched in 2018–19 was a refreshed Marketing Strategy centered on how CCC can best meet stakeholder needs to drive sales for Canadian exporters and assist Canadian partners. This important initiative had three primary goals:

- to align CCC practices with stakeholder needs;
- to identify and develop partnerships and channels to increase CCC's reach into the Canadian exporter community; and
- to broaden stakeholder awareness of CCC in diversified sectors and markets, deepen exporter understanding of how government-to-government contracting can be leveraged for competitive advantage, and identify how the Corporation can help exporters grow their export business.

To extend CCC's outreach efforts, the Corporation focused on exploring new partnerships in priority sectors. A prime example of these efforts is the establishment of a partnership with Écotech Québec in 2018–19 to increase CCC's reach into the Canadian cleantech exporter community. Écotech Québec brings together key companies and organizations in the province's cleantech sector and represents Quebec's membership in the Canada Cleantech Alliance. Collaborating with Écotech Québec will enable CCC to build awareness with cleantech companies and to establish a referral system for exporters looking to sell to foreign governments in priority markets.

Aligning with Canada's progressive trade and investment agenda

The Government of Canada is committed to pursuing a progressive trade agenda to support all segments of society in taking advantage of the economic opportunities flowing from trade and investment. As a trading nation, Canada needs to increase the volume of exports to other nations, while also increasing the base of innovative, hard-working and entrepreneurial companies. In this context, the Fall Economic Statement for 2018 announced the Government's intention to significantly bolster export opportunities for Canadian businesses, and diversify Canada's overseas trade, with a target of increasing Canada's exports by 50% by 2025.[15]

CCC is well positioned to help achieve these trade priorities and took steps in 2018–19 to align with this agenda. Last year, CCC's Diversification Strategy focused efforts on helping Canadian exporters of all sizes explore new markets through CCC's unique government-to-government contracting service. This support enabled 162 Canadian exporters, 34% of which were SMEs, to access opportunities in 74 markets, leading to job growth and innovation in Canada.

A key example of assisting SMEs is CCC's Cuba Contracting Program, which enabled 25 Canadian exporters, the majority of whom are SMEs, to access opportunities in Cuba's sugar and tourism sectors last year. This included some first time exports to Cuba for companies such as Micca Paints, which delivered its first contract in Cuba valued at over $2 million in 2018–19. This contract has allowed this Laval, Quebec-based SME, employing approximately 30 employees, to expand its operations with the goal of accessing more opportunities in the region.

Further, in support of the Government of Canada's trade priorities, CCC continued to operate ten Canadian Trade Offices in China on behalf of Global Affairs Canada. These offices form a strategic element of the Government of Canada's approach to supporting Canadian companies in the region.

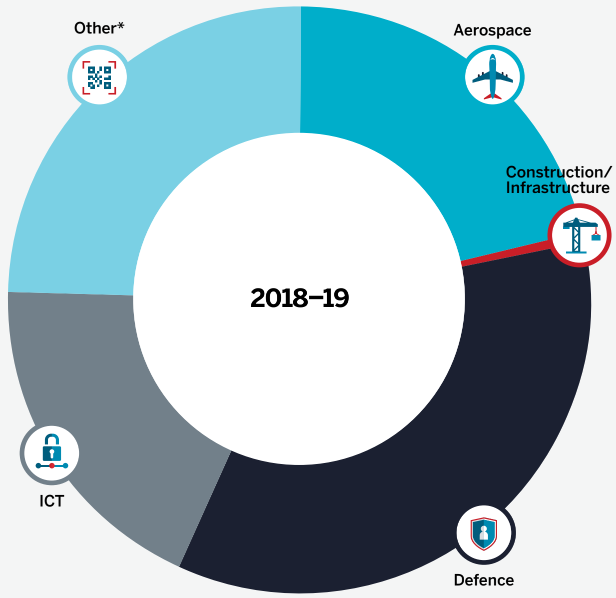
Through CCC's sourcing services the Corporation managed urgent and complex procurement needs of other Canadian Government departments to ensure important governmental needs were met. This support includes requirements such as Canadian support to international disaster relief efforts. CCC support is provided through dedicated memoranda of understanding with Government of Canada departments and agencies. Last year, these agreements facilitated contributions to 18 recipient countries and international agencies for projects ranging from off-the-shelf goods, professional and training services, procurement and installation, specialty equipment, and construction facilities.

> **CCC helped us identify new export opportunities—valued at more than $2 million dollars—to supply Cuban government buyers with our specialized paints. Because our paint can stand up to heat, sun and salt water, it's perfect for the Cuban market! With these new contracts, our company can diversify and grow.**
>
> **– Patrick Rodrigue**
> Director of Operations
> Micca Paints

15 Government of Canada. Fall Economic Statement 2018. Accessed at: https://budget.gc.ca/fes-eea/2018/docs/nrc/2018-11-21_2-en.html

> 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

DPSA VALUE OF CONTRACTS SIGNED BY INDUSTRIAL SECTOR – $816M



*"Other" primarily includes manufactured goods and services, pharmaceuticals, and medical supplies.

Supporting the DPSA

CCC's role in the administration of the DPSA on behalf of the Government of Canada continued to form an integral part of the Corporation's public policy purpose in 2018–19. The support CCC provides through this program aligns with the Government of Canada's commitment to maintaining a constructive bilateral trade relationship with the United States. Canada's defence industry encompasses some of the world's leading innovative technologies and services. The DPSA program enables direct access to these world-class Canadian goods and services and fosters a strong North American Defence Industrial Base.[16]

Last year, 86 Canadian exporters signed $816 million worth of new contracts with the U.S. DoD through the DPSA in diverse industry sectors including health, infrastructure and ICT, which directly supported more than 5,335 Canadian jobs. While many of these suppliers are located in large, urban centers including Montreal, Edmonton, Vancouver, Halifax and Toronto, a number are located in smaller centers such as Delta, British Columbia and Goose Bay, Newfoundland. Often Canadian companies, and in particular Canadian SMEs, use the experience gained through their work within the DPSA to compete on an international scale.

In October 2018, CCC signed a $51 million contract with AirBoss Defense to supply up to 198,240 pairs of "Extreme Cold Vapor Barrier Boots" to the U.S. DoD. Headquartered in Bromont, Québec, AirBoss Defense is a world leader in the design, development, and manufacture of Chemical, Biological, Radiological and Nuclear ("CBRN") personal protective equipment, as well as protection against communicable diseases and respiratory threats, for individuals, first responders, medical, military, law enforcement, fire and industrial communities. For more than 40 years, AirBoss Defense has supplied military and first-response forces worldwide with hand wear, footwear, and respiratory protection from CBRN agents and extreme cold weather.

16 This access to the U.S. defence market through the DPSA represents great value for Canadian exporters as CCC undertakes important procurement effort on their behalf to facilitate these exports, yet does not charge fees for these procurement services. In essence, the Corporation bears approximately $12 million in costs annually to deliver the DPSA, which it must cover through other fee-based services.

OBJECTIVE 3

Enhanced Services

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.

Approximately 75% of CCC's employees are members of the Professional Institute of the Public Service of Canada. The balance of employees are non-unionized. The collective agreement, expiring in June 2022, was ratified on January 31, 2019.

INTERNATIONAL WOMEN'S DAY

On March 8, 2019, in celebration of International Women's Day, CCC welcomed Mairead Lavery, President and CEO of EDC, for an informal discussion with CCC staff. Mairead, was appointed on February 5, 2019 and is the first woman to occupy EDC's chief executive role in its 75-year history.

Employee Engagement

Engaged and effective employees are important to CCC's success. CCC undertook a broad employee engagement survey in 2018–19 to get important feedback from employees. Through this survey, the Corporation learned that the significant change agenda undertaken last year to position CCC for its future in diversifying exports, had caused some change fatigue and, accordingly, the Corporation is tempering the pace of change and increasing communication practices to ensure employees are fully aware of the vision and bright future for the Corporation. In addition, the Corporation is increasing its focus on three areas that employees identified as important to engagement: (1) professional growth with a focus on training; (2) organizational vision; and (3) work environment.

Throughout 2018–19, CCC focused its employee engagement activities on the following three priority areas:

1. **Diversity and Inclusion**

CCC is committed to building a diverse workforce and an inclusive environment. As part of the Government of Canada, CCC actively encourages employees to express themselves in both official languages, and all staff are provided access to financial resources and support to develop their language skills. CCC's human resources employment policies and practices build on a commitment to employment equity, and encourage applications from women, Indigenous people, persons with disabilities and visible minorities. CCC made significant improvements in gender diversity last year. Women filled over 50% of CCC's manager and executive vacancies during 2018–19. Moreover, women filled greater than 60% of the internal promotions to the manager level.

In order to promote and sustain a positive and inclusive workplace, CCC instituted an employee-led Diversity and Inclusion Committee. This Committee organizes training, information sessions, and activities, while also being a source of information and advice for employees and executive management. In addition, as part of the Corporation's human resources strategy, CCC introduced guest speakers at Lunch and Learn events to promote wellness, diversity and inclusion.

2. Employee Recognition

CCC made great strides in 2018–19 to enhance employee recognition through a human resources strategy focused on stimulating and supporting employee performance and development. In response to the 2018 Employee Engagement Pulse Survey, specific initiatives were put in place to increase employee involvement in work-related issues of relevance to them. These initiatives included: 1) regular coffee chats with senior management, 2) two major Town Hall events per year to share corporate vision and objectives, 3) annual rewards and recognition ceremony, 4) spot awards to recognize individual employee accomplishments, and 5) employee presentations to the senior management committee to showcase employees and their achievements.

3. Skills Development

In line with its Diversification Strategy, investments were made in 2018–19 to enhance the skills of CCC employees to improve the service currently provided to customers, and to create capacity to handle growth across key industry sectors. To this end, a corporate-wide core competency exercise was completed in 2018–19. CCC's core competencies now underpin the forward strategy and balance Canadian exporter needs. This exercise has enabled CCC to make targeted investments in its existing skillsets through strategic hiring, training and development initiatives.

Corporate Services

To help more Canadian exporters succeed abroad, CCC enhanced its communication with clients, invested in a culture of continuous improvement and incorporated a greater focus on responsible business conduct, including increased assessment of human rights considerations in its international transactions.

1. Client Focus

CCC is focused on meeting the needs of Canadian exporters in a range of sectors as they sell to foreign governments in diverse markets. To better understand the changing needs of Canadian exporters, customer feedback is continually sought through a variety of channels. This feedback informs CCC's continuous improvement efforts in service quality, communication, and value delivered to Canadian exporter customers. CCC's Voice of the Customer program has been enhanced and implemented to increase the frequency and depth of this critical feedback. CCC now seeks feedback through customer loyalty and customer experience surveys and through deep-dive executive interviews.

CCC'S CORE COMPETENCIES

1. **BUSINESS PERSPECTIVE: We strive to have a clear understanding of business issues, processes and outcomes to ensure we deliver value for Canadian exporters.**

2. **CLIENT-FOCUS: We are client-focused, endeavouring to find solutions for Canadian exporters navigating complex markets. We also focus on service excellence as a means of enhancing business performance. Our team strives to be creative and adaptable in finding solutions to clients' needs.**

3. **TEAMWORK: We recognize that the team is stronger than the individual, and that people are our strength. We work collaboratively with others to achieve our goals and those of our clients. We build lasting relationships through respect for others and ourselves. We value and respect diverse cultures, customs and business practices in Canada and internationally.**

2. Continuous Improvement

To help more Canadian exporters succeed, CCC invested in a culture of continuous improvement to identify process changes and efficiencies, allowing resources to be redistributed and overall capacity increased. These changes are leading to optimized workflows, organizational structures, and improved information and security systems. The goal is to ensure maximum efficiency to manage future business growth and provide CCC's client base with enhanced service.

CCC contracted externally to provide initial training to twenty-one employees. This initiative led to three initial pilot projects to examine CCC processes in the following areas of CCC's business: Cuba contract certifications; internal purchases; and DPSA contract certifications. The pilot projects resulted in a reduction of processing and lead times by an average of 75% in these three areas. In addition, all employees received up to two days of training in "lean" thinking and methodology, with all staff having attended a half-day in-person training session in the fall of 2018. This initiative has continued to foster a lean organization that continues to focus on providing more efficient processes and a better exporter experience with CCC.

3. Combatting bribery, corruption and fraud while safeguarding human rights

Throughout the year CCC continued to be a leader in promoting due diligence in the area of anti-bribery and corruption. Ensuring that CCC's transactions are of the highest ethical standard is achieved through strong up-front due diligence and oversight by CCC officers during business development and contract management activities. Training in this area is provided to all CCC employees on an annual basis.

In 2018–19, CCC aligned its programs with the direction received from the Minister of International Trade Diversification, ensuring that human rights, transparency, and responsible business conduct are core guiding principles for the Corporation.[17] CCC worked diligently to build on its current strengths in integrity compliance to establish a new Responsible Business Conduct Framework. This Framework aligns with the United Nations Guiding Principles on Business and Human Rights, the Organization for Economic Co-operation and Development ("OECD") Guidelines for Multilateral Organizations and Bill C-47 which will enable Canada's accession to the Arms Trade Treaty.

17 Letter from the Minister of International Trade Diversification to the Canadian Commercial Corporation Chair of the Board of Directors (September 24, 2018). Accessed at: http://www.international.gc.ca/gac-amc/ccc_letter-lettre_ccc.aspx?lang=eng

CCC'S RESPONSIBLE BUSINESS CONDUCT FRAMEWORK

GOVERNANCE	BUSINESS ETHICS	HUMAN RIGHTS	ENVIRONMENTAL STEWARDSHIP	EMPLOYEE ENGAGEMENT
CCC has an independent **Board of Directors** that hold quarterly meetings. CCC is audited by the Auditor General of Canada.	CCC's **Code of Conduct & Business Ethics** guides our business activities, in particular to operate in a socially responsible manner.	CCC's **Human Rights Policy** details our commitment to ensuring respect for human rights in our workplace and throughout our transactions.	For **construction and infrastructure** projects, CCC complies with international environmental standards.	CCC has established sound **health and safety** practices as well as policies for **learning and recognition**.
CCC makes public financial, business and transaction **disclosures**, available on CCC's website.	CCC's Integrity Compliance policies and due diligence aims to prevent and detect **bribery and corruption**.	CCC operates in a manner consistent with ***United Nations Guiding Principles on Business and Human Rights***.	CCC encourages exporters to undertake due diligence on the **environmental and social impacts** of a project and comply with requirements set by international organizations.	CCC contributes to the **Government of Canada Workplace Charitable Campaign** which boasts high levels of employee participation and donations.
Stakeholder engagement through annual public meetings and working with the Government of Canada.	CCC encourages employees to **report serious wrongdoing** within the workplace in line with the Public Servants Disclosure Act.	CCC is committed to working with relevant stakeholders to **identify emerging best practices** in this area.	CCC ensures **sustainable** renewable and non-renewable resources within its own office environment.	**Training** is provided to CCC employees on Responsible Business Conduct policies and practices, including anti-bribery and corruption and human rights.

Performance Against Objectives

CCC'S SCORECARD

CCC's Corporate Performance Scorecard is a tool that measures the Corporation's progress against critical elements of its corporate strategy. It contains a set of six high-level indicators that strike a balance between financial and non-financial measures. When assessed together these indicators tell a performance story that aligns with broader Government of Canada priorities, specifically with respect to increasing CCC's support to Canadian exporters. The Scorecard is monitored regularly, with progress reviewed quarterly by CCC's Board of Directors. The Corporate Performance Scorecard indicators for fiscal 2018–19 were:

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.

SME Transactions

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 wording in its standard domestic contracts with exporters. Information to date reveals that CCC contracts involve more than 1,400 SMEs.

Project Lead Identification

This measure represents the number of new project leads opened in CCC's Customer Relationship Management system for the reporting period.

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. A Net Promoter Score of 70 or greater is considered a strong result for this client driven measure. Management has identified improvements in the calculation that will be used for setting the Net Promoter Score target for the next Corporate Plan.

Administrative Expenses to Budget

This measure tracks the Corporation's ability to control its administrative expenses and highlights both over and under spending variances.

Employee Engagement Score

This measure assesses the level of employee engagement to the organization and its objectives based on the result of a survey conducted on an annual basis.

PERFORMANCE MEASUREMENT	2017–18 ACTUAL	2018–19 PLAN	2018–19 ACTUAL
VALUE OF CONTRACTS SIGNED	$1.26B	$1.52B	$1.30B
SME TRANSACTIONS	54	150	1,454*
PROJECT LEAD IDENTIFICATION	78	110	71
NET PROMOTER SCORE	84.5%	>70%	87.5%
ADMINISTRATIVE EXPENSES TO BUDGET	$30.70M (94%)	$31.25M (100%)	$27.01M (86%)
EMPLOYEE ENGAGEMENT SCORE	67%	>75%	50%

* Initial data collected shows CCC supports 53 SMEs directly, and 1,401 SMEs indirectly.

Value of Contracts Signed ("VCS") – VCS in the international product lines ($198 million) was below target, as geopolitical volatility drove a higher degree of uncertainty into our forecasting. Several significant anticipated pursuits were delayed into 2019–20. CCC exceeded its DPSA target of $600 million, achieving $816 million in value of contracts signed, demonstrating the value of the opportunities created by the DPSA program.

SME Transactions – CCC initiated discussions with EDC and BDC to leverage their knowledge of SMEs and explore ways for the Corporation to serve the SME community. In addition, CCC modified contract language in 2018–19 to obtain supply chain SME information from exporters. This has enabled CCC to track the number of SMEs working within the supply chains for CCC contracts. More than 1400 SMEs benefited through supply chain work from CCC contracts in in 2018–19 and the Corporation is broadening the SME component of its new strategy early in 2019–20.

Project Lead Identification – While falling short of its target of 110 new leads, CCC business development team generated 71 new leads with Canadian exporters. Throughout its pipeline, CCC supported the international business development efforts of 89 different Canadian exporters across all five of its priority sectors in 2018–19. Target achievement was likely impacted by resourcing. Strategic staffing initiatives have been prioritized as part of a reorganization to improve efficiencies.

Net Promoter Score – A Net Promoter Score of 70 or greater is considered a strong result for this client driven measure. Across all priority sectors and programs, customers indicated that their likelihood to recommend and use CCC again is high. This was particularly strong for the Cuba Contracting Program. Although the sample size is very small, customers in the aerospace, defence, and ICT sectors were most likely to recommend and use CCC again. Relatively lower scores were reported in the cleantech and infrastructure sectors, and are likely attributable to the generally low level of exporter awareness of CCC and its services.

Administrative Expenses to Budget – CCC's administrative expenses were 13% lower than budgeted, largely due to early-year cost control strategies to control expenditures in line with revenue generation. Contract signings anticipated for early in 2018–19 were significantly delayed, with corresponding implications on the Corporation's ability to recognize revenue. A significant component of CCC's cost control efforts had implications on head count, such that staffing vacancies that arose from retirement and attrition either remained vacant for the balance of the year, or were re-evaluated and filled later than originally anticipated.

Employee Engagement Score – Engaged and effective employees are important to CCC's success. In 2018–19, CCC prioritized employee engagement, while at the same time undertaking a significant reorganization to improve efficiencies. This reorganization involved organizational changes and the launching of new initiatives, both of which were large in scope and substantial in change and impact. The pace of change likely influenced lower engagement scores. Accordingly, the Corporation is moderating its pace of change and focusing on the following three priority areas to bolster engagement: professional growth, organizational vision, and work environment.

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 financial statements and accompanying notes for the year ended March 31, 2019. 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.

Financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as the 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 (Loss). The most significant of these contracts is the multi-billion dollar 14-year Armoured Brigades Program ("ABP") contract. Due to the magnitude of this contract, the ABP has been isolated throughout the MD&A.

For presentation purposes, fiscal years ended March 31, 2018 and March 31, 2019 are referred to as 2018 and 2019 respectively.

Accounting Disclosures

A new accounting standard, International Financial Reporting Standard 15–*Revenue from contracts with customers* ("IFRS 15"), became effective on April 1, 2018 and replaces the former standards. While the Corporation's operations and contractual responsibilities have not changed, the adoption of the new accounting standard, IFRS 15, has materially impacted the way transactions and results are measured and reported.

Accounting treatment and reporting under IFRS 15 is based notionally on the control of goods or services prior to the transfer to the foreign buyer. This question of control is used to determine the classification of an entity as an agent or principal for financial reporting purposes. While under the previous standard, entities were also required to determine whether it was classified as an agent or principal, the concept of control of goods and services before they were transferred is a newly clarified consideration when determining the appropriate classification of an entity for reporting revenues and related balances. In executing its contracts with foreign buyers, CCC does not take possession or control of goods or services from Canadian exporters; goods or services are delivered directly by Canadian exporters to the foreign buyers. As such, management has concluded that under IFRS 15 CCC is classified as an "agent" for financial reporting and requires the Corporation to report information accordingly. CCC remains the primary obligor on its international contracts with foreign buyers meaning IFRS 15 does not impact the contractual relationships CCC has with foreign buyers. CCC remains responsible and liable for the performance of contractual obligations towards the foreign buyer whereby the Corporation guarantees the contractual performance of the Canadian exporters in delivering their goods and services.

A second important aspect of IFRS 15 addresses the timing of revenue recognition and the definition of performance obligations. CCC has identified different performance obligations on its contracts depending on the type of contract. Fees for service revenue are recognized as performance obligations are satisfied. Information related to the different performance obligations and associated revenue recognition is provided in the notes to financial statements under Note 3 – Summary of Significant Accounting Policies and Note 4 – Accounting changes.

Transitional details of the adoption of IFRS 15 and the quantitative impact on the current set of financial statements are disclosed in Note 4 to CCC'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 standards taking effect during the period covered by the financial statements include IFRS 9 – *Financial Instruments* and IFRIC 22 – *Foreign Currency Transactions and Advance Consideration*. Implementation of these standards has minimal impact on the Corporation's financial statements.

Impact of Change From Former Standards to IFRS 15

The following section summarizes the major impacts of the implementation of IFRS 15 on the Statement of Comprehensive Income and Statement of Financial Position. For more details on the impact of IFRS 15 refer to Note 4 of the Financial Statements.

The points below summarize the major impacts of the implementation of IFRS 15 on the Statement of Comprehensive Income:

- Timing of recognizing fees for service revenue: Fees for service will be recognized as revenue once CCC completes its performance obligation towards Canadian exporters. Under the previous standard, fees for service were recorded upon (1) the buyer's delivery acceptance, or (2) confirmation of work completed by the Canadian exporter which could include progress work on a percentage of completion basis prior to final delivery.
- CTT and the cost of CTTs are not recognized as either revenue or cost of revenue under IFRS 15 and, as such, will no longer be reported on the Statement of Comprehensive Income. Under the previous standard, CCC was considered the principal and recorded CTT revenue based on the gross amounts of sales of goods and services produced and delivered by Canadian exporters. This contrasts with the current IFRS 15, whereby CCC has determined that it is an agent for the purposes of reporting transactions between Canadian exporters and foreign buyer since CCC does not control the goods or services that are provided by the Canadian exporters prior to transfer to foreign buyers. Notwithstanding the removal of CTT from the Statement of Comprehensive Income, they remain an important indicator of CCC's economic impact. As such, CTT will continue to be highlighted and discussed in the MD&A. For more information on CTT impacts of IFRS 15, refer to the detailed discussion in the CTT section.

The points below summarize the significant impacts of IFRS 15 on the Statement of Financial Position resulting from the classification of CCC as an agent for accounting purposes under IFRS 15:

- Accounts receivable and accounts payables on international contracts are no longer presented as a gross amount. Outstanding accounts receivable, together with any equal and offsetting outstanding accounts payable, are no longer reported. Reporting is limited to (1) accounts payable for amounts where funds received from a foreign buyer have not yet transferred to the Canadian exporter; or (2) accounts receivable for situations where the Corporation has made payments to Canadian exporters before collecting from foreign buyers. The Corporation also now presents separately other assets that contain unbilled revenue related to CCC's fees for service earned but not yet billed as well as deferred revenue based on cash received prior to CCC's performance obligations being met.

- Advances to Canadian exporters and from foreign buyers are no longer presented as a gross amount, since amounts received from foreign buyers and passed on to Canadian exporters are equal and off-setting. Reporting is limited to advance liabilities for situations where CCC has received funds from a foreign buyer or others but has not yet transferred those amounts to the Canadian exporter.
- Given their offsetting nature, progress work assets and liabilities have been removed from the Corporation's financial statements prepared under IFRS 15.

Business Reporting Structure

CCC classifies its business activities by product line which include priority sectors and programs. CCC's priority sector activities support a wide range of Canadian industrial sectors, including infrastructure, cleantech, aerospace, ICT, and defence. The Corporation's diversification strategy seeks to grow the number of exporters that CCC serves across these and other important industry sectors. CCC's programs include contracting activities undertaken in the delivery of the DPSA on behalf of the Government of Canada, support for SMEs, Cuba, electronic lotteries and sourcing services on behalf of other Government departments.

CCC's international contracting business supports dozens of Canadian exporters annually in pursuing sales to foreign government buyers in challenging markets around the world. The sales gestation period for this part of CCC's business is long, and directly impacted by political, economic and geo-political events that have budgetary implications for sovereign governments (including elections, natural disasters, etc.). This results in a business cycle that is difficult to predict accurately, and repeat, year-over-year sales are not common. Before a contract is signed (and many do not materialize), CCC's involvement in a transaction provides a force-multiplier effect for exporters, as they benefit from market knowledge, risk mitigation, relationships with foreign governments, a robust responsible business conduct approach, and decades of international contracting experience that CCC brings to bear on every business pursuit.

The DPSA program is an important Public Policy program for Canada, which provides privileged access to the U.S. 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 facilitated over $800 million of exports under the DPSA in 2018–19, contributing to the creation or sustainment of more than 5,000 Canadian jobs. CCC is not compensated for its costs to provide services under the DPSA.

Value of Contracts Signed

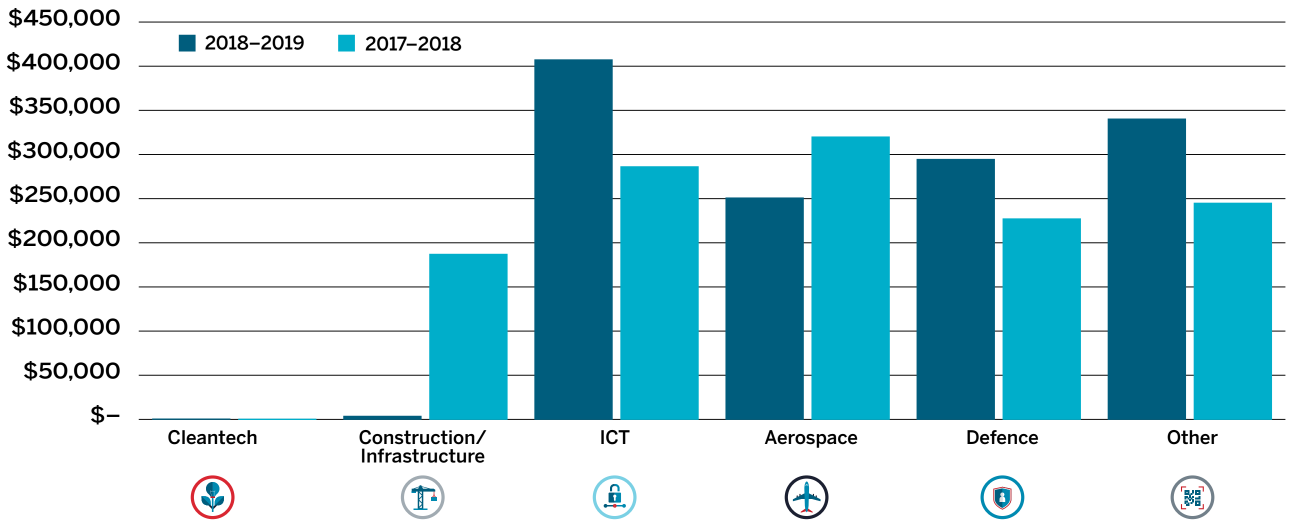
VCS is a non-GAAP measure used by the Corporation that represents the value of contracts and amendments signed in a given period. It measures the total value of goods or services to be delivered over the entire duration of a contract and hence, includes the full contract value at the time of signature.

The table below presents the VCS by sector for the years ended March 31, 2018 and 2019.

VALUE OF CONTRACTS SIGNED ($000'S)	2019	2018	INCREASE (DECREASE) $	INCREASE (DECREASE) %	% OF TOTAL 2019	% OF TOTAL 2018
Cleantech	**$ 419**	$ 167	$ 252	>100%	**<1%**	<1%
Construction and Infrastructure	**3,564**	187,006	(183,442)	(98%)	**<1%**	15%
ICT	**407,244**	286,165	121,079	42%	**31%**	23%
Aerospace	**250,810**	319,894	(69,084)	(22%)	**19%**	25%
Defence	**294,497**	227,136	67,361	30%	**23%**	18%
Other	**340,208**	244,884	95,324	39%	**26%**	19%
Total	**$ 1,296,742**	$ 1,265,252	$ 31,490	2%	**100%**	100%

The chart below illustrates VCS by sector for the years ended March 31, 2018 and 2019.

VCS by Sector ($000's)



As highlighted above, market volatility and uncertainty, combined with the long gestation period typical of most government procurements, contribute to irregular or uneven results year-over-year. Under all product lines, with the exception of Construction and Infrastructure, contracting activity experienced year-over-year growth from 2017–18 to 2018–19.

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 total contract portfolio value remaining to be fulfilled as at March 31, 2019 is $14.3 billion.

Commercial Trading Transactions

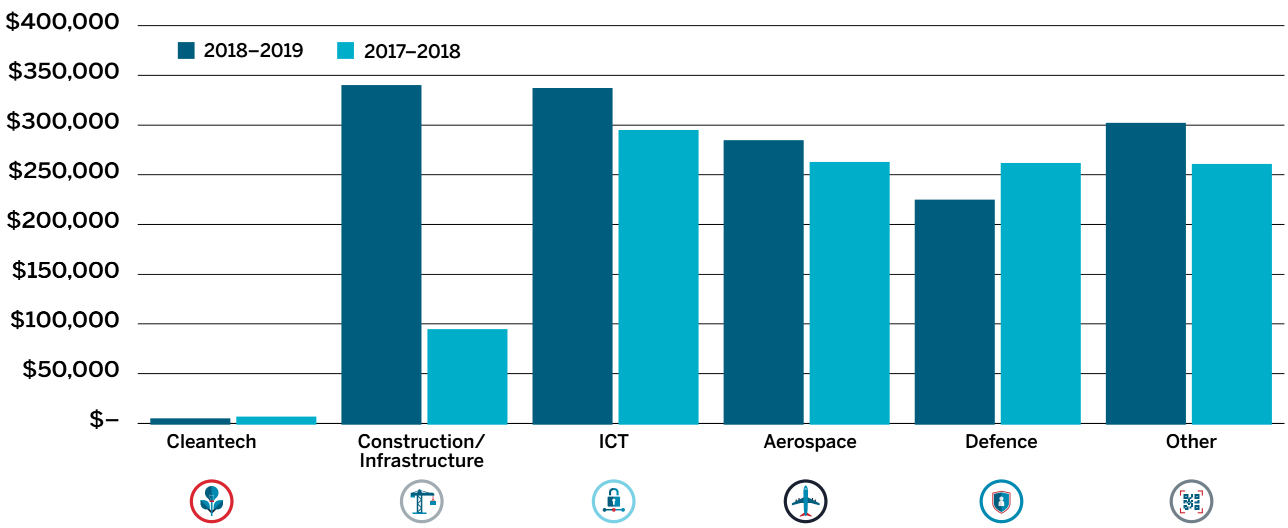
CTT is a non-GAAP measure used by the Corporation that represents the value of contract deliveries during the reporting period (i.e., an economic activity measure). Given CCC's agent status under IFRS 15, CTT is not recognized as revenue. CCC continues to capture CTT data because this is a measure of CCC's impact on the Canadian economy.

The table below reflects CTT by sector for the years ended March 31, 2018 and 2019.

COMMERCIAL TRADING TRANSACTIONS ($000'S)	2019	RESTATED 2018	INCREASE (DECREASE) $	INCREASE (DECREASE) %	% OF TOTAL 2019	% OF TOTAL 2018
Cleantech	**$ 3,600**	$ 5,442	$ (1,842)	(34%)	**< 1%**	< 1%
Construction and Infrastructure	**338,835**	93,259	245,576	> 100%	**10%**	4%
ICT	**335,846**	293,627	42,219	14%	**10%**	13%
Aerospace	**283,394**	261,504	21,890	8%	**8%**	11%
Defence	**223,754**	260,452	(36,698)	(14%)	**7%**	11%
Other	**300,916**	259,520	41,396	16%	**9%**	11%
Total (excluding ABP)	**$ 1,486,345**	$ 1,173,804	$ 312,541	27%	**44%**	51%
ABP	**1,929,318**	1,114,490	814,828	73%	**56%**	49%
Total (including ABP)	**$ 3,415,663**	$ 2,288,294	$ 1,127,369	49%	**100%**	100%

The chart below illustrates CTT by sector for the years ended March 31, 2018 and 2019. CTT related to ABP has been excluded from the chart.

CTT by Sector ($000's)



As illustrated above, contract management activity across most sectors experienced growth from 2017–18 to 2018–19. The most significant increase, $246 million increase from prior year, was related to Construction and Infrastructure, where a number of projects signed in years prior to 2018–19 experienced increased intensity in their delivery (i.e., contract management) phases. Delivery of the following key contracts drove the increase: (1) Expansion and rehabilitation of the L.F. Wade International Airport in Bermuda; (2) Rehabilitation of the Stade de la Réunification football stadium in Douala, Cameroon; (3) Construction of an Oasis Class cruise ship pier in St-Kitts and Nevis; and (4) Development of a parking complex in the Port of Tema, Ghana.

Year-over-year, CCC's delivery of services under the DPSA program supports Canadian exporters in accessing hundreds of millions of business with the U.S. DoD across a number of industry sectors. The economic impacts of this important public policy program are substantial, and include the maintenance of thousands of high-paying jobs, many in innovation sectors, where research and development is a key focus.

Financial Results

A discussion of CCC's financial highlights for the period ended March 31, 2019 follows.

Statement of Comprehensive Income (Loss) Discussion

SUMMARY – NET PROFIT (LOSS) $000'S	2019	RESTATED 2018	INCREASE (DECREASE)	
			$	%
Revenues	**$ 30,954**	$ 20,648	$ 10,306	50%
Expenses	**27,005**	27,903	(898)	(3%)
Gain (loss) on foreign exchange	**167**	(188)	355	> 100%
Net Profit (Loss)	**$ 4,116**	$ (7,443)	$ 11,559	> 100%

For 2018–19, the Corporation recorded a net gain of $4.1 million, an increase of $11.6 million from the previous year's net loss of $7.4 million. The result was due to a combination of higher revenues and lower expenses when compared to the prior year. The higher revenues are due primarily to a significant increase in fees for service related to the delivery of approximately $1.1 billion more goods and services under contract than in 2017–18.

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

Revenues

SUMMARY – REVENUES ($000'S)	2019	RESTATED 2018	INCREASE (DECREASE) $	INCREASE (DECREASE) %	% OF TOTAL 2019	% OF TOTAL 2018
Fees for Service	**$ 28,391**	$ 18,527	$ 9,864	53%	**92%**	90%
Other Income	**1,741**	1,512	229	15%	**5%**	7%
Finance Income, Net	**822**	609	213	35%	**3%**	3%
Total	**$ 30,954**	$ 20,648	$ 10,306	50%	**100%**	100%

For 2018–19, total revenues of $31.0 million were $10.3 million or 50% higher compared to the prior year. The year-over-year increase in total revenue is primarily attributable to a significant increase in fees for service (detailed in the following section) that contributed 96% of the total increase. In addition, increases in other income (primarily comprised of fees earned on discounted payments made to Canadian exporters) and financing income contributed a combined $0.4 million.

FEES FOR SERVICE

FEES FOR SERVICE ($000'S)	2019	RESTATED 2018	INCREASE (DECREASE) $	INCREASE (DECREASE) %	% OF TOTAL 2019	% OF TOTAL 2018
Cleantech	**$ 171**	$ 259	$ (88)	(34%)	**1%**	1%
Construction and Infrastructure	**8,804**	3,014	5,790	> 100%	**31%**	16%
ICT	**1,272**	854	418	49%	**4%**	5%
Aerospace	**1,401**	894	507	57%	**5%**	5%
Defence	**170**	167	3	2%	**1%**	1%
Other	**5,080**	6,206	(1,126)	(18%)	**18%**	33%
Total (excluding ABP)	**$ 16,898**	$ 11,394	$ 5,504	48%	**60%**	61%
ABP	**11,493**	7,133	4,360	61%	**40%**	39%
Total (including ABP)	**$ 28,391**	$ 18,527	$ 9,864	53%	**100%**	100%

In all product lines except the DPSA, the Corporation charges fees for service. 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. Fees are recognized as revenue when the Corporation has completed its performance obligation pursuant to each contract, and are generally commensurate with CTT. Performance obligations are defined in Note 3 of the financial statements for each type of contract in which the Corporation is engaged.

For 2018–19, fees for service of $28.4 million were $9.9 million or 53% higher compared to the prior year. This result was driven primarily by increases of (1) $5.8 million from Construction and Infrastructure contracts signed prior to 2018–19 and (2) $4.4 million related to invoicing activities per the ABP contract. These increases were partially offset by a $1.3 million decrease in fees related to Other Government Department ("OGD") initiatives, which are included in the Other category.

The $5.8 million increase referred to above was driven largely by delivery of the following key contracts: (1) Expansion and rehabilitation of the L.F. Wade International Airport in Bermuda; (2) Rehabilitation of the Stade de la Réunification football stadium in Douala, Cameroon; (3) Construction of an Oasis Class cruise ship pier in St-Kitts and Nevis; and (4) Development of a parking complex in the Port of Tema, Ghana.

Sourcing services transactions primarily support international assistance programs where the Corporation is not the prime contractor, but rather acts on behalf of Global Affairs Canada in accordance with a Memorandum of Understanding. In recent years, and in an effort to grow this segment of the Corporation's business, CCC has entered into Sourcing Services Agreements with the National Research Council ("NRC") and the Department of National Defence ("DND"). The year-over-year decrease related to OGD initiatives was due to the winding down towards completion of service requirements related to the DND, NRC and shared services agreements.

Expenses

ADMINISTRATIVE EXPENSES

ADMINISTRATIVE EXPENSES ($000'S)	2019	RESTATED 2018	INCREASE (DECREASE) $	INCREASE (DECREASE) %	% OF TOTAL 2019	% OF TOTAL 2018
Workforce Compensation and Related Expenses	**$ 18,204**	$ 19,305	$ (1,101)	(6%)	**67%**	69%
Contract Management Services	**2,365**	2,482	(117)	(5%)	**9%**	9%
Travel and Hospitality	**1,489**	1,339	150	11%	**6%**	5%
Rent and Related Expenses	**1,417**	1,512	(95)	(6%)	**5%**	5%
Consultants	**1,583**	1,202	381	32%	**6%**	5%
Hardware, Software and Support	**542**	590	(48)	(8%)	**2%**	2%
Other Expenses including Depreciation	**1,405**	1,473	(68)	(5%)	**5%**	5%
Total	**$ 27,005**	$ 27,903	$ (898)	(3%)	**100%**	100%

Administrative expenses of $27.0 million were $0.9 million or 3% lower in 2018–19 than the prior year. This was due primarily to the significant decrease ($1.1 million) in the Workforce Compensation category, where vacant positions resulting from retirements and attrition were either not staffed or staffed at a later date, offset by the increase related to consultant expenses ($0.4 million) caused by the requirement for skill sets to effectively transition system processes to IFRS 15 requirements, as well as the outsourcing of CCC's Internal Audit function.

CCC continuously assesses staff levels to achieve cost efficiencies where possible. It does this by reviewing and improving its alignment between the Corporation's resources and operational activities. Budgets are set with assumptions regarding capacity required to deliver the Corporation's forecasted business volume. 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 which favour efficiencies and allow resources to be redistributed, having an increasing effect on overall capacity.

CONTRACT REMEDIATION EXPENSES

Contract remediation expenses are recorded as actual amounts are incurred or can be reasonably estimated. In 2018–19, no contract remediation expenses were recorded. This result is a strong reflection of the Corporation's robust contract management and Enterprise Risk Management ("ERM") practices.

Statement of Financial Position Discussion

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

It is notable that despite the accounting presentation, CCC remains the primary obligor on its international contracts with foreign buyers, and remains liable for contractual performance. As 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. The total contract portfolio value remaining to be fulfilled as at March 31, 2019 is $14.3 billion.

Assets

SUMMARY – ASSETS ($000'S)	2019	RESTATED 2018	INCREASE (DECREASE)		% OF TOTAL 2019	% OF TOTAL 2018
			$	%		
Cash and Cash Equivalents	**$ 58,481**	$ 43,355	$ 15,126	35%	**66%**	45%
Accounts Receivable	**27,603**	49,314	(21,711)	(44%)	**31%**	51%
Other Assets	**403**	184	219	> 100%	**< 1%**	< 1%
Property and Equipment	**2,645**	3,096	(451)	(15%)	**3%**	3%
Total Assets	**$ 89,132**	$ 95,949	$ (6,817)	(7%)	**100%**	100%

The accounts receivable amount includes uncollected fees for service and amounts Canadian exporters have been paid under the term discounting program when CCC has not received the payment from the foreign buyer. The $21.7 million decrease in accounts receivable from 2017–18 to 2018–19 was primarily due to greater use by Canadian exporters of CCC's term discounting program at the end of 2017–18.

Liabilities

SUMMARY – LIABILITIES ($000'S)	2019	RESTATED 2018	INCREASE (DECREASE) $	INCREASE (DECREASE) %	% OF TOTAL 2019	% OF TOTAL 2018
Accounts Payable and Accrued Liabilities	**$ 35,456**	$ 27,674	$ 7,782	28%	**52%**	35%
Holdbacks and Deferred Revenue	**7,228**	6,912	316	5%	**11%**	9%
Advances	**20,076**	38,968	(18,892)	(48%)	**30%**	49%
Employee Benefits	**1,667**	1,542	125	8%	**2%**	2%
Deferred Lease Incentives	**3,356**	3,621	(265)	(7%)	**5%**	5%
Total Liabilities	**$ 67,783**	$ 78,717	$ (10,934)	(14%)	**100%**	100%

The net decrease in liabilities compared to March 31, 2018, was due to decreases in sums received from foreign buyers and advanced to Canadian exporters. Typically, advances received from foreign buyers are held back and released to the Canadian exporter as delivery obligations are met.

Statement of Cash Flows Discussion

SUMMARY – STATEMENT OF CASH FLOWS ($000'S)	2019	RESTATED 2018	INCREASE (DECREASE) $	INCREASE (DECREASE) %	% OF TOTAL 2019	% OF TOTAL 2018
Operating Activities	**$ 15,188**	$ (33,043)	$ 48,231	> 100%	**100%**	100%
Investing Activities	**–**	(110)	110	100%	**0%**	< 1%
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**(62)**	78	(140)	> (100%)	**(< 1%)**	(< 1%)
Net Increase (Decrease) in Cash and Cash Equivalents	**$ 15,126**	$ (33,075)	$ 48,201	> 100%	**100%**	100%

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.

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 2018–19 financial results are compared to the 2018–19 budget contained in the CCC 2018–19 to 2022–23 Corporate Plan as approved by the Corporation's Board of Directors. The last 2018–19 budget approved by the Government of Canada was contained in the 2017–18 to 2021–22 Corporate Plan.

In addition, the 2018–19 budget has been restated in accordance with IFRS 15 for comparative purposes.

NET PROFIT (LOSS) $000'S	ACTUAL	RESTATED CORPORATE PLAN BUDGET	VARIANCE	
			$	%
Revenues				
Fees for Service	$ 28,391	$ 30,183	$ (1,792)	(6%)
Other Income	1,741	500	1,241	> 100%
Finance Income, Net	822	842	(20)	(2%)
Total Revenues	**$ 30,954**	**$ 31,525**	**$ (571)**	**(2%)**
Expenses				
Administrative Expenses	27,005	31,196	4,191	13%
Contract Remediation Expenses	–	50	50	100%
Total Expenses	**$ 27,005**	**$ 31,246**	**$ 4,241**	**14%**
Gain (loss) on Foreign Exchange	167	–	167	100%
Net Profit (Loss)	**$ 4,116**	**$ 279**	**$ 3,837**	**> 100%**

In 2018–19, the Corporation recorded a net gain of $4.1 million, an improvement of $3.8 million over the Corporate Plan budget of $0.3 million. The result was due to a combination of favourable variances related to administrative expenses ($4.2 million), other income ($1.2 million) and a gain on foreign exchange ($0.2 million), offset by an unfavourable variance related to fees for service ($1.8 million).

The unfavourable variance of $1.8 million regarding fees for service resulted primarily from fewer than anticipated contract signings in 2018–19. During the year, several contract pursuits were delayed, postponed or cancelled, a consistent challenge to predicting government-to-government contracting business.

Other income includes fees earned from discounted payments and other miscellaneous amounts. The favourable variance of $1.2 million is attributable to higher than usual demand by Canadian exporters for discounted payment activity in 2018–19.

The favourable variance of $4.2 million regarding administrative expenses related to lower workforce compensation expenses, stemming from vacancies related to retirements and attrition that were either not staffed, or staffed at a later date. Expense budgets are set based on capacity requirement assumptions related to the Corporation's forecasted business volume; budgets are managed in a prudent manner, controlling expenditures relative to revenues earned throughout the year.

In 2018–19, no contract remediation expenses were recorded. This result reflects the effectiveness of the Corporation's robust contract management and ERM practices.

2019–20 Corporate Plan Outlook

CCC's 2019–20 to 2023–24 Corporate Plan was approved by the Corporation's Board of Directors.

In 2019–20, net revenues are expected to be lower than 2018–19. This is primarily due to the lower level of contracts signed in 2018–19 and delays that are expected to persist early in 2019–20. In addition, large infrastructure contracts currently in the delivery stage are expected to wind down as they near completion, resulting in lower levels of CTT and fees for service.

In 2019–20, administrative expenses are expected to increase in relation to 2018–19, largely due to:

- Increased workforce compensation and related expenses in accordance with CCC's new collective bargaining agreement;
- Incremental resources in support of the 2019–20 Corporate Plan initiatives;
- Increased travel requirements to grow CCC's base of foreign buyers and the number of contracts under management; and
- Investments in organizational development and systems to drive diversification results.

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 issued by the Minister of Finance, CCC's ERM Framework contemplates a wide variety of risks while assisting the Corporation in fulfilling its mandate to facilitate international trade on behalf of Canadian exporters. The Framework divides key risks facing CCC into three categories: Strategic, Operational and Transactional. It identifies robust risk management processes, procedures, and practices which include: risk identification, assessment, response, control, monitoring, reporting and communication/training.

On a ten-year cycle, the OAG performs a Special Examination of all Crown corporations. During 2018–19, the OAG undertook a Special Examination of CCC. Corporate risk management was a key focus of the OAG review, in addition to corporate governance, strategic planning and operations (business development and contracting). In its assessment, the OAG reviewed CCC's policies and procedures against best practices and tested process compliance. The OAG interviewed members of the Board, the Management team, and employees in the operational areas to ensure a clear understanding of the Corporation's overall operations. After analyzing all relevant information, the OAG recommended areas of improvement for CCC, and concluded that there was no evidence of any significant deficiencies. This provides Management and the Board with confidence that the Corporation's strategic direction supports and respects the boundaries of its mandate.

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

RISK GOVERNANCE

Risk management is shared 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 and CEO 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 underscores the need for effective collaboration across several functions and multiple phases of the business cycle. Each employee plays an important role in the management of enterprise risks and is part of the extended risk management team.

CATEGORIES OF RISK

Strategic Risk

Strategic risks are those that may impede the Corporation's ability to meet its overall objectives. These include risks related to mandate, business environment, financial, reputational and responsible business conduct.

Mandate Risk:

Mandate risk relates to ensuring the Corporation a) engages only in activities that are authorized by its enabling legislation, and b) fulfils its mandate through the services provided. To mitigate this risk, the Corporation's Corporate Plan identifies the product lines and activities to be undertaken in the upcoming planning period. The ROC considers individual export transactions as part of a gated business review process to ensure that CCC's mandate is respected.

To ensure maximum use of the Corporation's services, CCC has embarked on a new strategy focusing on diversification, generating new market opportunities and being a trusted partner in international trade. Excellence in these three objectives will increase the number of customers exporting through CCC and better fulfill CCC's mandate.

Business Environment Risk:

Business environment risk relates to changing economic, social, legal or environmental conditions that could result in fluctuating demand for CCC's services. The Corporation monitors changes to manage this risk and adapts processes as necessary. Corporate Plan targets are set within the context of the expected business environment. Major influences over CCC's business environment in 2018–19 included 1) Global Economic Conditions, 2) the Geopolitical Environment, and 3) Technological Advances and Climate Change.

Financial Risk:

Financial 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 exposure across Operational, Performance and Credit risks and ensures there is an appropriate level of available capital to backstop this exposure. Results are reported to the Board of Directors on a quarterly basis. During the year, the Corporation met its capital requirements.

Reputational Risk:

Reputational risk relates to ensuring that the Corporation's fulfillment of its corporate activities does not impact its brand image with its shareholder and stakeholders. This risk is mitigated through strong transactional due diligence and focusing on responsible business conduct, including integrity issues. The Corporation maintains regular and open communication with all of its stakeholders to manage its reputational risk.

Responsible Business Conduct Risk:

Responsible business conduct risk relates to ensuring that CCC's business decisions uphold strong corporate citizenship as a key component of CCC's value proposition. Areas of concern relate to export transactions that could negatively impact human rights or that involve bribery and corruption. Over the course of the year, the Corporation created a Human Rights Committee ("HRC") and continued to make improvements to its Integrity Compliance Committee ("ICC"). These key governance committees are led by the Corporation's Legal team and include operational business units as well the Risk team. The Corporation also adopted an enhanced Responsible Business Conduct Framework.

Operational 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, security, policies/processes, human resources, and contracting. Operational risks are managed at the business and functional unit level and are the responsibility of the Vice-Presidents.

Information Management Risk:

Information management risk encompasses the Corporation's need 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, implementation of a disposition authority (as approved by Library and Archives Canada) was initiated. The Corporation also worked on implementing its "Information Management Implementation Project" that will be the foundation for the long-term Information Management Framework.

Information Systems Risk:

Information systems risk relates to the Corporation's information system's ability to generate relevant data in an efficient and effective manner. The Corporation continued to focus on cyber risk throughout the year while following continuous improvements in line with the Information Technology five-year strategic plan.

Security Risk:

Security risk relates to the possibility of a negative event affecting CCC's employees, valued assets and capacity to delivery essential services. During the year, a Security sub-committee of the ROC focused on issues related to facility enhancements and staff security, including armed assailant training and improvements to CCC's traveler security protocols. The Corporation also tested its business continuity plan during the year.

Policies and Processes Risk:

Policies and processes risk relates to the possibility of financial losses or inefficient use of resources that may develop due to a lack of appropriate policies, systems and processes. The Internal Audit function reviews key areas of the Corporation to ensure that controls and practices are followed in accordance with policies and procedures. During the year, the Corporation focused on key internal practices in support of CCC's continuous improvement initiatives. Continuous improvement has been included in performance objectives for all staff to ensure continued focus on improving policies and processes with an overall goal of improving customer experience.

Human Resources and Organizational Risk:

Human resources and organizational risk reflects potential adverse impacts resulting from not having the right corporate structure, or sufficient human resources and skill sets in place to meet both client expectations and to achieve overall corporate objectives. Through a balance of cost containment and targeted staffing, CCC was able to deliver on its Corporate Plan objectives.

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:

Contracting risk relates to contract performance, structuring or management risk that could lead to legal claims, low client satisfaction ratings and fewer repeat clients. Each foreign buyer 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 lawyers to manage contract risks.

Transactional Risks

Transactional risk is the third major category of risk managed by CCC and reflects those risks that deal with export transactions or projects. These risks include supplier performance, foreign environment, integrity and human rights, and fraud. The Corporation is sensitive to the need to protect its shareholder by effectively and prudently managing these risks. Prior to entering into export contracts, these risks are evaluated through the Corporation's due diligence process.

Supplier Performance Risk:

Supplier performance risk relates to the timely delivery of contracted goods and services and to ensuring the mitigation of an exporter's failure to perform. The Corporation's due diligence process reviews all companies to ensure financial, managerial, and technical capabilities are strong and that no integrity issues are present. Once under contract, CCC undertakes reviews of key exporters to monitor the financial condition of its supplier portfolio and to ensure any technical issues are being resolved. The results are communicated to the Board of Directors. During the year, no contracts were identified that required establishing a provision for contract remediation.

Foreign Environment Risk:

Foreign environment risk relates to the uncertainties and challenges which could present themselves in a foreign environment and could lead to a foreign buyer defaulting on its contractual obligations with the Corporation.

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 foreign buyers where their 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 buyer. The exporter may use the services of EDC to mitigate foreign buyer credit risk, and foreign country risk.

Integrity and Human Rights Risk:

Integrity and human rights risk refers to the possible adverse impact of bribery and corruption or human rights implications related to CCC contracts with foreign buyers. CCC has in place both an Integrity Compliance and a Human Rights Committee to address risk in these areas and is working closely with Global Affairs Canada on the implementation requirements of the International Arms Trade Treaty.

During the year, the Corporation focused on strengthening its approach to human rights due diligence. A Human Rights Committee ("HRC") was established that has a prominent role within the overall due diligence process. A Human Rights Policy Framework was also established. In addition, a new contract risk management framework was implemented to better identify risks in contracts under management. The lessons learned from this approach will result in more informed engagements with foreign buyers and Canadian exporters throughout the sales cycle.

Fraud Risk:

Fraud risk relates to the possibility that the Corporation is exposed to 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 Risk Assessment and presented findings to the ROC which did not identify any new fraud risk concerns.

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.

MARTIN ZABLOCKI
President and
Chief Executive Officer

ERNIE BRIARD
Vice-President, Corporate Services and
Chief Financial Officer

Ottawa, Canada
June 27, 2019

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

INDEPENDENT AUDITOR'S REPORT

To the Minister for International Trade

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Canadian Commercial Corporation (the Entity), which comprise the statement of financial position as at 31 March 2019, and the statement of comprehensive income (loss), 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 Entity as at 31 March 2019, 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 Entity 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

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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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- 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 Entity'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 Entity 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, after giving retrospective effect to the change in the method of accounting for revenue from contracts with customers 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.

MK Kerrigan

Mary Katie Kerrigan, CPA, CA
Principal
for the Interim Auditor General of Canada

Ottawa, Canada
27 June 2019

(n thousands of Canadian dollars, unless otherwise indicated)

Financial Statements and Notes

Statement of Financial Position

AS AT		MARCH 31, 2019	MARCH 31, 2018	APRIL 1, 2017
			(Restated – Note 4 (a))	(Restated – Note 4 (a))
ASSETS	**Note**			
Current assets				
Cash and cash equivalents	5	**$ 58,481**	$ 43,355	$ 76,430
Accounts receivable	6	**27,603**	49,314	6,479
Other assets	7	**403**	184	643
		86,487	92,853	83,552
Non-current assets				
Property and equipment	8	**2,645**	3,096	3,432
		$ 89,132	$ 95,949	$ 86,984
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	9	**$ 35,456**	$ 27,674	$ 23,411
Holdbacks	21	**6,147**	5,927	6,113
Advances	10	**20,076**	38,968	25,663
Deferred revenue	11	**1,081**	985	1,301
Deferred lease incentives	12	**265**	265	265
Employee benefits	13	**1,454**	1,268	1,475
		64,479	75,087	58,228
Non-current liabilities				
Deferred lease incentives	12	**3,091**	3,356	3,621
Employee benefits	13	**213**	274	463
		67,783	78,717	62,312
SHAREHOLDER'S EQUITY				
Contributed surplus		**10,000**	10,000	10,000
Retained earnings		**11,349**	7,232	14,672
		21,349	17,232	24,672
		$ 89,132	$ 95,949	$ 86,984
Lease commitments	12			
Contingencies	21			

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

Authorized for issue by the Board of Directors on June 27, 2019

Douglas J. Harrison
Chair, Board of Directors

Claude Robillard
Chair, Audit Committee

(in thousands of Canadian dollars, unless otherwise indicated)

Statement of Comprehensive Income (Loss)

FOR THE YEAR ENDED MARCH 31		2019	2018
			(Restated – Note 4 (a))
REVENUES	**Note**		
Fees for service	16	**$ 28,391**	$ 18,527
Other income	17	**1,741**	1,521
Finance income, net	18	**822**	609
		30,954	20,648
ADMINISTRATIVE EXPENSES	19	**27,005**	27,903
		3,949	(7,255)
Gain (loss) on foreign exchange		**167**	(188)
NET PROFIT (LOSS)		**$ 4,116**	$ (7,443)
OTHER COMPREHENSIVE INCOME ITEMS THAT WILL NOT BE RECLASSIFIED TO NET PROFIT (LOSS)			
Actuarial gain on employee benefits obligation	13	**1**	3
TOTAL COMPREHENSIVE INCOME (LOSS)		**$ 4,117**	$ (7,440)

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

(n thousands of Canadian dollars, unless otherwise indicated)

Statement of Changes in Equity

FOR THE YEAR ENDED MARCH 31, 2019		CONTRIBUTED SURPLUS	RETAINED EARNINGS	TOTAL
BALANCE MARCH 31, 2018 (RESTATED)	4 (a)	**$ 10,000**	**$ 7,232**	**$ 17,232**
Net profit			**4,116**	**4,116**
Actuarial gain on employee benefits obligation			**1**	**1**
BALANCE MARCH 31, 2019		**$ 10,000**	**$ 11,349**	**$ 21,349**

FOR THE YEAR ENDED MARCH 31, 2018		CONTRIBUTED SURPLUS	RETAINED EARNINGS	TOTAL
BALANCE MARCH 31, 2017 (RESTATED)	4 (a)	$ 10,000	$ 14,672	$ 24,672
Net loss	4 (a)		(7,443)	(7,443)
Actuarial gain on employee benefits obligation			3	3
BALANCE MARCH 31, 2018 (RESTATED)		$ 10,000	$ 7,232	$ 17,232

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		2019	2018
			(Restated – Note 4 (a))
OPERATING ACTIVITIES	**Note**		
Net profit (loss)		**$ 4,116**	$ (7,443)
Adjustments to determine net cash from (used in) operating activities:			
Depreciation	19	**451**	446
Deferred revenue	11	**96**	(316)
Deferred lease incentives	12	**(265)**	(265)
Employee benefit expense	13	**213**	4
Employee benefit payments	13	**(87)**	(397)
(Gain) loss on foreign exchange		**62**	(78)
Change in working capital from:			
Accounts receivable	6	**21,711**	(42,835)
Other assets	7	**(219)**	459
Accounts payable and accrued liabilities	9	**7,782**	4,263
Holdbacks		**220**	(186)
Advances	10	**(18,892)**	13,305
Cash provided (used in) by operating activities		**15,188**	(33,043)
INVESTING ACTIVITIES			
Acquisitions of property and equipment	8	**–**	(110)
Cash used in investing activities		**–**	(110)
Effect of exchange rate changes on cash and cash equivalents		**(62)**	78
Net increase (decrease) in cash and cash equivalents		**15,126**	(33,075)
Cash and cash equivalents at the beginning of the year		**43,355**	76,430
Cash and cash equivalents at the end of the year		**$ 58,481**	$ 43,355

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

Notes to 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"), 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, Middle East 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 their 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 sourcing services agreements to procure goods and services for international end use on behalf of the Government of Canada and foreign governments.

The Corporation's operations are funded primarily by Fees for service.

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

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, 2019.

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 benefit plans are recognized at the present value of the defined benefit obligations.

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. Management has used estimates to determine the useful lives of property and equipment, to account for employee benefits liabilities, provisions, lease commitments and contingencies and used judgment in determining whether a provision for contract remediation expenses should be recognized or disclosed, the amount and timing of revenue recognition and the accounting for cost recovery transactions.

Estimation uncertainty

(a) 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.

Judgments

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

Management used judgement 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).

(b) Cost recovery transactions

Management used judgement 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.

Additional information about areas where management has exercised judgment and made significant use of estimates and assumptions are included in the following notes:

- Note 3 (a), (f) – Unbilled revenue and accounts receivable
- Note 3 (a), 16 (b) – Revenue from contracts with customers
- Note 3 (g) – Property and equipment
- Note 3 (h) – Provision and Contingent Liabilities

- Note 3 (j) – Pension and employee benefits
- Note 11 (b) – Lease commitments
- Note 21 – Contingencies

Functional and presentation currency

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

3. SUMMARY OF 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. As 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 polices for contracts generating Fees for service for the Corporation. The Corporation does not receive Fees for service on the contracts covered by the 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 revenues. 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 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) 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.

(c) Finance income, net

Finance income, net is comprised of finance income and finance costs. 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 costs are incurred as a result of interest paid on cash and cash equivalent balances held on behalf of foreign buyers and others or due to Canadian exporters as per the terms and conditions of the underlying contract with the Corporation. Additionally, finance costs include interest charges incurred related to the Corporation's revolving credit facility.

(d) 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 in the Statement of Comprehensive Income (Loss).

(e) 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.

(f) 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 net 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 in the Statement of Comprehensive Income (loss).

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 in the Statement of Comprehensive Income (Loss) 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.

(g) 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 includes 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 in the Statement of Comprehensive Income (Loss) 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 in net profit or loss.

(h) 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.

(i) Deferred lease incentives

Lease incentives representing a rent-free period and allowances for leasehold improvements are deferred as a liability and recognized on a straight-line basis over the term of the lease as a reduction of administrative expenses.

(j) Pension and employee benefits

i) 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 in the Statement of Comprehensive Income (Loss) in the year when employees have rendered service.

ii) 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.

iii) 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 in the Statement of Comprehensive Income (Loss).

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

iv) 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 in the Statement of Comprehensive Income (Loss).

(k) Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Those leases in which substantially all the risks and rewards of ownership are not retained by the lessor are classified as finance leases. The Corporation classifies all of its leases as operating since the risks and rewards incidental to ownership remain with the lessor. The expenses incurred under its operating leases are recognized in the Statement of Comprehensive Income (Loss) for the reporting period on a straight-line basis over the term of the lease, net of the reduction of deferred lease incentives.

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

i) Standards adopted effective April 1, 2018

IFRS 15 – Revenue from Contracts with Customers, *IFRS 9 – Financial Instruments*, *IFRS 7 – Financial Instruments: Disclosures* and *IFRIC 22 – Foreign Currency Transactions and Advance* Consideration were adopted by the Corporation on April 1, 2018. The disclosure of the impact of the application of these new pronouncements on the Corporation's financial statements is included in Note 4. The changes to IFRIC 22 did not have any impact on the Corporation.

ii) 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 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. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for companies that have also adopted *IFRS 15 – Revenue from Contracts with Customers*. The Corporation's preliminary assessment of IFRS 16 implementation is the recognition of a right-of-use asset and a corresponding lease liability to be presented on the Statement of Financial Position related to the outstanding lease obligation. The Corporation also expects further disclosure of amounts such as the depreciation charge for right of use assets, interest expense on lease liabilities, total cash outflows for leases and the carrying amount of right of use assets. The Corporation is continuing to evaluate the impact of the new standard on the financial statements.

In October 2018, the IASB issued *IAS 1 – Presentation of Financial Statements* and *IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors* amendments. 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. Earlier application is permitted.

4. ACCOUNTING CHANGES

(a) Revenue from contracts with customers

IFRS 15 – Revenue from contracts with customers (IFRS 15) – In May 2014, the IASB issued IFRS 15 with further amendments issued in April 2016, establishing a comprehensive framework including a five-step approach to identify customers and performance obligations, determine if entities should be accounted for as agents or principals and for the recognition, measurement and disclosure of revenue at a point in time or over time. The new standard supersedes the requirements in *IAS 11 – Construction Contracts*, *IAS 18 – Revenue*, *IFRIC 13 – Customer Loyalty Programs*, *IFRIC 15 – Agreements for the Construction of Real Estate*, *IFRIC 18 – Transfers of Assets from Customers*, and *SIC 31 – Revenue—Barter Transactions Involving Advertising Services*.

The adoption of IFRS 15 on April 1, 2018 has resulted in a significant impact to the financial statements of the Corporation due to a change in classification from principal to agent for purposes of revenue recognition.

The Corporation has adopted the standard using the full retrospective method in accordance with transitional provisions, which requires restatement of each period before the date of initial application presented in the financial statements. The Corporation is recognizing the cumulative effect of applying the standard in equity at April 1, 2017. As required by the transitional provisions, the amount of the restatement for each financial statement line item affected in the comparative period is described below. The Corporation used the practical expedient which allows for no restatement of completed contracts at the beginning of the earliest period presented. The Corporation also used the practical expedient which allows disclosure of the remaining performance obligations for the current reporting period only. As IFRS 15 permits entities using the full retrospective approach to not present current year results under IAS 18, the Corporation is solely presenting current year results under IFRS 15. Practical expedients have been applied consistently to all contracts.

The change in classification from principal to agent for the Corporation's commercial contracting activities results from a shift of focus towards the notion of control of goods or services prior to transfer to the customer as opposed to the risks and rewards concept under the former standards. The notion of control of goods or services requires consideration of the performance obligations of the Corporation towards its customers. More specifically, whether the Corporation provides the specific goods or services itself or arranges for them to be provided by another party. The Corporation's contracting activities involves arranging for goods or services to be transferred directly from the Canadian exporters to the foreign buyers and as a result, the Corporation itself does not control the underlying goods or services being provided by Canadian exporters. Hence, the Corporation determined that, with the adoption of IFRS 15, the most appropriate method of reporting its activities is to report as an agent.

The Corporation's Statement of Comprehensive Income (Loss) is significantly impacted, as commercial trading transactions are no longer considered a source of revenue. As a result, commercial trading transactions and their offsetting costs are no longer presented in the revenues section of the statement. This has had no net impact on the total comprehensive income or loss due to their offsetting amounts. Additionally, asset and liability balances related to accounts receivable, accounts payable and accrued liabilities, advances and progress payments on the Statement of Financial Position that were previously recorded in relation to the sales of goods or services when the Corporation was reporting as a principal have been removed or significantly reduced in order to present the Corporation's assets and liabilities with respect to its own performance obligations.

Revenue – Timing of recognition and line items reported

The timing of Fees for service revenue recognition has changed under IFRS 15. Contract award fees previously recognized under the former standard are now recorded as deferred revenue and recognized over the life of the contract under IFRS 15. Also, previously recognized deferred revenue related to advance payments is no longer deferred and is now recognized as Fees for service revenue at contract inception. Reporting as an agent, commercial trading transactions and the related cost of commercial trading transactions are no longer presented as revenue and expenses of the Corporation. For certain contracts, the timing of revenue recognition of Fees for service has changed from a percentage of completion of work completed by the Canadian exporter approach to a percentage of amounts invoiced to foreign buyers as the Corporation satisfies its performance obligation to the Canadian exporter.

In addition to the tables below, the adoption of IFRS 15 has also impacted the following notes:

- Note 2 – Basis of preparation
- Note 3 – Summary of significant accounting policies
- Note 6 – Accounts receivable
- Note 9 – Accounts payable and accrued liabilities
- Note 10 – Advances
- Note 11 – Deferred revenue
- Note 14 – Capital management
- Note 15 – Risk management and financial instruments
- Note 16 – Disaggregation of Fees for service revenue
- Note 17 – Other income
- Note 19 – Administrative expenses
- Note 20 – Related party transactions
- Note 21 – Contingencies

(in thousands of Canadian dollars, unless otherwise indicated)

Reconciliation of opening balances as at April 1, 2017 and comparatives

Statement of Financial Position

AS AT	MARCH 31, 2017	RECLASSIFI-CATION (*)	IFRS 15 ADJUSTMENTS	APRIL 1ST, 2017
	(As previously reported)			**(Restated – Note 4 (a))**
IAS 18 / IFRS 15 DESCRIPTION				
ASSETS				
Current assets				
Cash and cash equivalents	$ 76,430			**$ 76,430**
Trade receivables / Accounts receivable	741,193	(693)	(734,021)	**6,479**
/ Other assets		693	(50)	**643**
Advances to Canadian exporters	175,367		(175,367)	**–**
Progress work by Canadian exporters	4,668,186		(4,668,186)	**–**
	5,661,176			**83,552**
Non-current assets				
Property and equipment	3,432			**3,432**
	$ 5,664,608			**$ 86,984**
LIABILITIES				
Current liabilities				
Trade payables and accrued liabilities/ Accounts payable and accrued liabilities	$ 760,346	(8,832)	(728,103)	**$ 23,411**
/ Holdbacks		6,681	(568)	**6,113**
Advances from foreign buyers and others / Advances	201,338	(308)	(175,367)	**25,663**
Progress work for foreign buyers	4,668,186		(4,668,186)	**–**
/ Deferred revenue	–	2,459	(1,158)	**1,301**
/ Deferred lease incentives	–	265		**265**
Employee benefits	292	1,183		**1,475**
	5,630,162			**58,228**
Non-current liabilities				
Deferred lease incentives	3,886	(265)		**3,621**
Employee benefits	1,646	(1,183)		**463**
	5,635,694			**62,312**
SHAREHOLDER'S EQUITY				
Contributed surplus	10,000			**10,000**
Retained earnings	18,914		(4,242)	**14,672**
	28,914			**24,672**
	$ 5,664,608			**$ 86,984**

As a result of adopting IFRS 15 and in order to continue providing useful information on the balances in the financial statements certain items have been reclassified and new line items have been created to better align with the restated accounting policies. All of the reclassifications were made in order to conform to the current year presentation.

* The reclassifications are as follows:

- From Trade receivables ($693) to Other assets $693.
- From Trade payables and accrued liabilities ($8,832) and Advances from foreign buyers and others ($308) to Holdbacks $6,681 and Deferred revenue $2,459.
- From Deferred lease incentives – non-current ($265) to Deferred lease incentives – current $265.
- From Employee benefits – non-current ($1,183) to Employee benefits – current $1,183. This change was made to better reflect the nature of the Corporation's current obligation related to its liability for sick leave benefits.

(in thousands of Canadian dollars, unless otherwise indicated)

Statement of Financial Position

AS AT	MARCH 31, 2018	RECLASSIFI-CATION (*)	IFRS 15 ADJUSTMENTS	MARCH 31, 2018
	(As previously reported)			**(Restated – Note 4 (a))**
IAS 18 / IFRS 15 DESCRIPTION				
ASSETS				
Current assets				
Cash and cash equivalents	$ 43,355			**$ 43,355**
Trade receivables / Accounts receivable	1,212,712	(217)	(1,163,181)	**49,314**
/ Other assets		217	(33)	**184**
Advances to Canadian exporters	144,294		(144,294)	**–**
Progress work by Canadian exporters	5,731,733		(5,731,733)	**–**
	7,132,094			**92,853**
Non-current assets				
Property and equipment	3,096			**3,096**
	$ 7,135,190			**$ 95,949**
LIABILITIES				
Current liabilities				
Trade payables and accrued liabilities/ Accounts payable and accrued liabilities	$ 1,191,322	(9,342)	(1,154,306)	**$ 27,674**
/ Holdbacks		6,488	(561)	**5,927**
Advances from foreign buyers and others / Advances	183,401	(139)	(144,294)	**38,968**
Progress work for foreign buyers	5,731,733		(5,731,733)	**–**
/ Deferred revenue	–	2,993	(2,008)	**985**
/ Deferred lease incentives	–	265		**265**
Employee benefits	206	1,062		**1,268**
	7,106,662			**75,087**
Non-current liabilities				
Deferred lease incentives	3,621	(265)		**3,356**
Employee benefits	1,336	(1,062)		**274**
	7,111,619			**78,717**
SHAREHOLDER'S EQUITY				
Contributed surplus	10,000			**10,000**
Retained earnings	13,571		(6,339)	**7,232**
	23,571			**17,232**
	$ 7,135,190			**$ 95,949**

* The reclassifications are as follows:

- From Trade receivables ($217) to Other assets $217.
- From Trade payables and accrued liabilities ($9,342) and Advances from foreign buyers and others ($139) to Holdbacks $6,488 and Deferred revenue $2,993.
- From Deferred lease incentives – non-current ($265) to Deferred lease incentives – current $265.
- From Employee benefits – non-current ($1,062) to Employee benefits – current $1,062.

(n thousands of Canadian dollars, unless otherwise indicated)

Reconciliation of Comprehensive Income (Loss) for the year ended March 31, 2018

Statement of Comprehensive Loss

FOR THE YEAR ENDED MARCH 31		2018	RECLASSIFICATION (*)	IFRS 15 ADJUSTMENTS	2018
		(As previously reported)			**(Restated – Note 4 (a))**
REVENUES					
Commercial trading transactions – prime contracts		$ 2,387,827		(2,387,827)	**$ –**
Less: cost of commercial trading transactions – prime contracts		(2,387,827)		2,387,827	**–**
Fees for service		23,062		(4,535)	**18,527**
Other income		1,837		(325)	**1,512**
Finance income, net		609			**609**
Loss on foreign exchange (*)		(156)	156		**–**
		25,352	156	(4,860)	**20,648**
ADMINISTRATIVE EXPENSES		30,698		(2,795)	**27,903**
		(5,346)	156	(2065)	**(7,255)**
Loss on foreign exchange (*)			(156)	(32)	**(188)**
		(5,346)	–	(2,097)	**(7,443)**
SOURCING SERVICES FOR SUPPORT OF INTERNATIONAL GOVERNMENT ASSISTANCE PROGRAMS					
Sourcing services transactions	$ 22,676			(22,676)	**–**
Less: cost of sourcing services transactions	(22,676)			22,676	**–**
		–	–	–	**–**
NET LOSS		$ (5,346)	–	(2,097)	**$ (7,443)**
OTHER COMPREHENSIVE INCOME ITEMS THAT WILL NOT BE RECLASSIFIED TO NET PROFIT (LOSS)					
Actuarial gain on employee benefits obligation		3			**3**
TOTAL COMPREHENSIVE LOSS		$ (5,343)			**$ (7,440)**

* The reclassifications are as follows:

- Loss on foreign exchange of $156 previously included in the revenue section has been reclassified to a standalone line item.

(in thousands of Canadian dollars, unless otherwise indicated)

Reconciliation of the Statement of Cash Flows for the year ended March 31, 2018

Statement of Cash Flows

FOR THE YEAR ENDED MARCH 31	2018	RECLASSIFI-CATION (*)	IFRS 15 ADJUSTMENTS	2018
	(As previously reported)			**(Restated – Note 4 (a))**
IAS 18 / IFRS 15 DESCRIPTION				
OPERATING ACTIVITIES				
Net loss	$ (5,346)	–	(2,097)	**$ (7,443)**
Adjustments to determine net cash from (used in) operating activities:				
Depreciation	446			**446**
Deferred revenue	–	534	(850)	**(316)**
Deferred lease incentives	(265)			**(265)**
Employee benefit expense	4			**4**
Employee benefit payments	(397)			**(397)**
Gain on foreign exchange	(78)			**(78)**
Change in working capital from:				
Trade receivables / Accounts receivable	(471,519)	(476)	429,160	**(42,835)**
/ Other assets	–	476	(17)	**459**
Advances to Canadian exporters	31,073		(31,073)	**–**
Trade payables and accrued liabilities / Accounts payable and accrued liabilities	430,976	(510)	(426,203)	**4,263**
/ Holdbacks	–	(193)	7	**(186)**
Advances from foreign buyers and others / Advances	(17,937)	169	31,073	**13,305**
Cash used in operating activities	(33,043)	–	–	**(33,043)**
INVESTING ACTIVITIES				
Acquisitions of property and equipment	(110)			**(110)**
Cash used in investing activities	(110)			**(110)**
Effect of exchange rate changes on cash and cash equivalents	78			**78**
Net decrease in cash and cash equivalents	(33,075)			**(33,075)**
Cash and cash equivalents at the beginning of the year	76,430			**76,430**
Cash and cash equivalents at the end of the year	$ 43,355			**$ 43,355**

* The reclassifications are as follows:

- From Trade receivables ($476) to Other assets $476.
- From Trade payables and accrued liabilities ($510) to Holdbacks ($193) and Deferred revenue $703.
- From Advances from foreign buyers and others $169 to Deferred revenue ($169)

(b) Financial instruments

IFRS 9 - Financial Instruments (IFRS 9) The IASB issued the final version of IFRS 9, consolidating the classification and measurement, impairment and hedge accounting phases of the project to replace *IAS 39 - Financial Instruments: Recognition and Measurement*. The Corporation has applied IFRS 9 retrospectively, effective April 1, 2018.

The Corporation has identified changes in IFRS 9 related to the classification and subsequent measurement of cash equivalents, accounts receivable, accounts payable and accrued liabilities and derivative financial instruments.

Under IAS 39 financial instruments were previously classified and measured as follows:

- Cash and cash equivalents were classified as financial assets at fair value through profit and loss with initial and subsequent measurement at fair value.
- Trade receivables were classified as loans and receivables with initial recognition at fair value and subsequent measurement at amortized cost.
- Trade payables and accrued liabilities were classified as other financial liabilities with initial recognition at fair value and subsequent measurement at amortized cost.
- Derivative financial instruments were previously classified as financial assets or financial liabilities at fair value through profit or loss with initial and subsequent measurement at fair value.

Under IFRS 9, financial instruments are classified and measured as follows:

- Cash and cash equivalents are classified as fair value through profit and loss with initial and subsequent measurement at fair value.
- Accounts receivable are classified as amortized cost with initial measurement at fair value and subsequent measurement at amortized cost.
- Accounts payable and accrued liabilities, holdbacks and advances are classified as amortized cost with initial measurement at fair value and subsequent measurement at amortized cost.
- Derivative financial instruments are classified as fair value through profit and loss with initial and subsequent measurement at fair value.

The new IFRS 9 impairment model requirements are based on a forward-looking expected credit loss (ECL) model. Given the Corporation's accounts receivables and unbilled revenue (as defined in IFRS 15) do not contain a significant financing component, the Corporation applies a simplified approach resulting in lifetime expected credit loss measurement. In addition to past events and current conditions, reasonable and supportable forecasts affecting collectability are also considered when determining the amount of impairment in accordance with IFRS 9. The overall impact of adopting IFRS 9 did not result in any adjustments to current or previously reported amounts since the changes were primarily related to disclosure and terminology for the Corporation.

IFRS 7 - Financial Instruments: Disclosure – The amendments to IFRS 7 apply when an entity first applies the requirements of IFRS 9. The application of IFRS 9 also significantly changed the application of *IFRS 7 - Financial Instruments: Disclosures (IFRS 7)*. For note disclosures, the amendments to IFRS 7 have been applied to the current period only and were primarily qualitative in nature.

(c) Foreign currency transactions and advance consideration

IFRIC 22 – Foreign Currency Transactions and Advance Consideration—In December 2016, the IASB issued this interpretation to provide guidance on how to determine the "date of the transaction" for purposes of identifying the exchange rate to use in transactions within the scope of *IAS 21 the Effects of Changes in Foreign Exchange Rates* involving the payment or receipt of consideration in advance. This interpretation, which resulted in no change to the financial statements, was adopted on April 1, 2018.

(in thousands of Canadian dollars, unless otherwise indicated)

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents, including the line of credit of the Corporation, had the following balances by currency as at March 31:

	2019		2018	
	ORIGINAL CURRENCY	CANADIAN DOLLARS	ORIGINAL CURRENCY	CANADIAN DOLLARS
Canadian dollars	**29,985**	**$ 29,985**	32,171	$ 32,171
U. S. dollars	**18,802**	**25,123**	(11,039)	(14,223)
Euros	**1,600**	**2,398**	15,809	25,058
Chinese renminbi	**4,901**	**975**	1,706	349
		$ 58,481		$ 43,355

The Corporation has demand deposits and invests in short-term deposits at a Canadian bank. At March 31, 2019, the average term to maturity of short-term deposits were one day (2018 – one day) and the portfolio yield to maturity was 1.98% as at March 31, 2019 (2018–1.63%).

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

	2019	2018
Cash	**$ 29,421**	$ 20,476
Short term investments	**18,819**	12,865
Notice deposits	**10,241**	10,014
Cash and cash equivalents	**$ 58,481**	$ 43,355

Cash and cash equivalent 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.

(n thousands of Canadian dollars, unless otherwise indicated)

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:

	2019	2018 (RESTATED – NOTE 4 (a))
Accounts receivable	**$ 27,563**	$ 49,267
Accrued receivables	**40**	47
	$ 27,603	$ 49,314

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

	2019		2018 (RESTATED – NOTE 4 (a))	
	ORIGINAL CURRENCY	CANADIAN DOLLARS	ORIGINAL CURRENCY	CANADIAN DOLLARS
U.S. dollars	**19,095**	**$ 25,515**	37,100	$ 47,797
Canadian dollars	**2,088**	**2,088**	1,517	1,517
		$ 27,603		$ 49,314

7. OTHER ASSETS

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

	2019	2018
Prepaid expenses	**$ 304**	$ 154
Unbilled revenues	**99**	30
	$ 403	$ 184

(in thousands of Canadian dollars, unless otherwise indicated)

8. PROPERTY AND EQUIPMENT

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**

FOR THE YEAR ENDED MARCH 31, 2018	FURNITURE AND EQUIPMENT	LEASEHOLD IMPROVEMENTS	INFORMATION SYSTEMS-HARDWARE	TOTAL
COST				
Balance, March 31, 2017	$ 948	$ 2,781	$ 269	$ 3,998
Additions	53	21	36	110
Balance, March 31, 2018	$ 1,001	$ 2,802	$ 305	$ 4,108
ACCUMULATED DEPRECIATION				
Balance, March 31, 2017	$ 213	$ 242	$ 111	$ 566
Depreciation	198	174	74	446
Balance, March 31, 2018	$ 411	$ 416	$ 185	$ 1,012
CARRYING AMOUNTS				
Balance, March 31, 2017	$ 735	$ 2,539	$ 158	$ 3,432
Balance, March 31, 2018	$ 590	$ 2,386	$ 120	$ 3,096

(n thousands of Canadian dollars, unless otherwise indicated)

9. 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:

	2019	2018 (RESTATED – NOTE 4 (a))
Accounts payable	**$ 32,819**	$ 24,377
Accrued liabilities	**2,637**	3,297
	$ 35,456	$ 27,674

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

	2019		2018 (RESTATED – NOTE 4 (a))	
	ORIGINAL CURRENCY	CANADIAN DOLLARS	ORIGINAL CURRENCY	CANADIAN DOLLARS
U.S. dollars	**21,629**	**$ 28,900**	9,228	$ 11,888
Canadian dollars	**4,041**	**4,041**	4,130	4,130
Euros	**1,600**	**2,398**	7,273	11,528
Chinese renminbi	**587**	**117**	623	128
		$ 35,456		$ 27,674

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

10. ADVANCES

The Corporation receives funds from foreign buyers and other entities for payment to Canadian exporters in advance of work completed and as advance funding of future projects. These amounts are recognized as Advances and are presented on the Statement of Financial Position as liabilities. The Advance balances are reduced as funds are disbursed to Canadian exporters or unused funds are returned to other entities. The Corporation had Advance balances as follows as at March 31:

	2019	2018 (RESTATED – NOTE 4 (a))
Advances	**$ 20,076**	$ 38,968
	$ 20,076	$ 38,968

(in thousands of Canadian dollars, unless otherwise indicated)

11. DEFERRED REVENUE

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

	2019	2018 (RESTATED – NOTE 4 (a))
Balance at the beginning of the year	**$ 985**	$ 1,301
Plus: additional deferred revenue, net of refunds	**594**	184
Less: amounts recognized as Fees for service	**(523)**	(493)
Impact of netting unbilled and deferred revenue from same contract	**25**	(7)
Balance at the end of the year	**$ 1,081**	$ 985

12. LEASES

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) Lease incentives

The following table illustrates the amortization of the lease incentives:

	RENT	LEASEHOLD IMPROVEMENT	TOTAL
Balance, April 1, 2017	$ 1,560	$ 2,326	$ 3,886
Amortization during current year	(106)	(159)	(265)
Balance, March 31, 2018	$ 1,454	$ 2,167	$ 3,621
Amortization during current year	(106)	(159)	(265)
Balance, March 31, 2019	**$ 1,348**	**$ 2,008**	**$ 3,356**

At the end of the period, the current liability for lease incentives on the Statement of Financial Position reflects the amount to be amortized in the next twelve months.

b) Lease commitments

Management has applied estimates in accounting for future lease commitments subject to inflation per the lease agreement. Management uses the Consumer Pricing Index as an estimation of the inflationary rate.

The future minimum payments by fiscal year on the operating leases for premises are as follows as at March 31:

	2019	2018
< 1 year	**$ 1,449**	$ 1,420
> 1 and < 5 years	**6,118**	5,959
> 5 years	**13,068**	14,802
	$ 20,635	$ 22,181

(n thousands of Canadian dollars, unless otherwise indicated)

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 (2018 – 1.01 times) and 1.0 times for plan members who were participating in the plan on or after January 1, 2013 (2018 – 1.0 times). The Corporation's total contributions for 2019 of $1,617 (2018 – $1,969) were recognized as workforce compensation and related expenses under administrative expenses in the Statement of Comprehensive Income (Loss) 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:

	2019			2018		
	SICK LEAVE	SEVERANCE	TOTAL BENEFITS	SICK LEAVE	SEVERANCE	TOTAL BENEFITS
Total employee benefits	**$ 1,319**	**$ 348**	**$ 1,667**	$ 1,189	$ 353	$ 1,542
Less: current portion	**(1,319)**	**(135)**	**(1,454)**	(1,189)	(79)	(1,268)
Non-current portion	**$ –**	**$ 213**	**$ 213**	$ –	$ 274	$ 274

The reduction in the employee sick leave benefits liability over the next twelve months is expected to be $108 (2018 – $127).

(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	
	2019	**2018**	**2019**	**2018**
ACCRUED BENEFIT OBLIGATIONS				
Balance at beginning of year	**$ 1,189**	$ 1,326	**$ 353**	$ 612
Current service cost	**133**	128	**13**	13
Interest cost	**42**	44	**11**	13
Benefits paid	**(59)**	(115)	**(28)**	(282)
Actuarial losses (gains)	**14**	(194)	**(1)**	(3)
Total accrued benefits obligations at end of year	**$ 1,319**	$ 1,189	**$ 348**	$ 353
ECONOMIC ASSUMPTIONS				
Accrued benefit obligations as of 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%
Benefit costs for year ended March 31				
Discount rate	**3.41%**	3.32%	**3.13%**	2.70%
Rate of economic salary increase	**1.25%**	1.00%	**1.25%**	1.00%

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 an expense of $189 (2018 – recovery $22) for sick leave benefits and an expense of $24 (2018 – $26) for severance benefits related to the change in liability of these benefits in the reporting period and changes in management estimates.

At March 31, 2019, the net cumulative actuarial losses on employee severance benefits obligation recognized in other comprehensive income were immediately transferred to retained earnings, which totalled $682 (2018 – $683).

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 surplus and retained earnings. The Corporation's contributed surplus 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.

(n thousands of Canadian dollars, unless otherwise indicated)

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:

	2019	2018 (RESTATED – NOTE 4 (a))
Contributed surplus	**$ 10,000**	$ 10,000
Retained earnings	**11,349**	7,232
	$ 21,349	$ 17,232

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 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)

(in thousands of Canadian dollars, unless otherwise indicated)

Accounts receivable

The Corporation has credit risk related to accounts receivable which includes Fees for service revenues. At times, 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, 2019, 48% (2018 – 28%) of the Corporation's accounts receivable were from AAA credit rated foreign buyers.

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

	2019	2018 (RESTATED – NOTE 4 (a))
Asia*	**$ 12,872**	$ 34,045
United States	**12,680**	13,393
Central America and Caribbean	**894**	555
Canada	**542**	414
Africa	**327**	556
Europe	**222**	57
South America	**66**	294
	$ 27,603	$ 49,314

*Includes Middle East

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

	2019	2018 (RESTATED – NOTE 4 (a))
< 1 year	**$ 27,603**	$ 49,270
> 1 and < 3 years	**–**	44
	$ 27,603	$ 49,314

Accounts receivable are considered past due when the payor 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:

	2019	2018 (RESTATED – NOTE 4 (a))
< 30 days	**$ 4,247**	$ 3,111
> 30 days and < 180 days	**8,790**	979
> 180 days	**8,136**	178
	$ 21,173	$ 4,268

The significant increase in past due accounts receivable is mostly attributable to the Armoured Brigades Program contract. As the contract enters the delivery phase, the timing of invoicing and collections can have a significant impact when comparing figures from prior periods. All overdue accounts receivable are considered fully collectable and no allowance for credit losses has been recorded by the Corporation as at March 31, 2019.

(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.

i) 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.

ii) 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, in order to further mitigate its overall liquidity risk exposure from non-performance on contracts, 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 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 risks.

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 (2018 – $40.0 million) Canadian or its U.S. dollar equivalent.

(in thousands of Canadian dollars, unless otherwise indicated)

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 Business 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, 2019, the draw on this line of credit was nil (2018 – $14.2 million).

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:

	2019	2018 (RESTATED – NOTE 4 (a))
< 1 year	**$ 35,302**	$ 27,509
> 1 and < 3 years	**154**	165
	$ 35,456	$ 27,674

There are no onerous contracts identified as at March 31, 2019 or March 31, 2018.

16. REVENUE FROM CONTRACTS WITH CUSTOMERS

(a) Disaggregation of Fee for service revenue

The Corporation earned revenue for the year ended March 31 from the following business lines:

	2019	2018 (RESTATED – NOTE 4 (a))
International business	**$ 25,390**	$ 14,265
Lottery programs	**772**	755
	$ 26,162	$ 15,020
Government of Canada initiatives	**2,229**	3,507
	$ 28,391	$ 18,527

(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. 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.

(n thousands of Canadian dollars, unless otherwise indicated)

The following table represents Fees for service revenue expected to be recognized in the future related to performance obligations that are unsatisfied (or partially unsatisfied) as at March 31, 2019:

	2019
< 1 year	**$ 20,393**
> 1 year	**41,554**
	$ 61,947

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:

	2019	2018 (RESTATED – NOTE 4 (a))
Discounting income	**$ 1,532**	$ 1,054
Miscellaneous income	**209**	458
	$ 1,741	$ 1,512

18. FINANCE INCOME, NET

The Corporation receives interest income from investments of cash and cash equivalents and from overdue receivables. Additionally, the Corporation is subject to interest expense related to funds advanced from government departments and overdraft charges.

For the year ended March 31, the Corporation has recorded finance income and expenses in relation to the following:

	2019	2018
Interest earned on cash and cash equivalents	**$ 956**	$ 789
Interest expense to foreign buyers and others	**(134)**	(180)
	$ 822	$ 609

(in thousands of Canadian dollars, unless otherwise indicated)

19. ADMINISTRATIVE EXPENSES

Administrative expenses for the year ended March 31 included the following:

	2019	2018 (RESTATED – NOTE 4 (a))
Workforce compensation and related expenses	**$ 18,204**	$ 19,305
Contract management services	**2,365**	2,482
Consultants	**1,583**	1,202
Travel and hospitality	**1,489**	1,339
Rent and related expenses	**1,417**	1,512
Software, hardware and support	**542**	590
Depreciation	**451**	446
Communications	**389**	680
Other expenses	**565**	347
	$ 27,005	$ 27,903

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, accounts payable and accrued liabilities and amounts provided to the Corporation in advance to fund projects as at March 31:

	2019	2018 (RESTATED)	2018 (PREVIOUSLY REPORTED)
Accounts receivable	**$ 1,540**	$ 966	$ 982
Accounts payable and accrued liabilities	**$ 824**	$ 592	$ 592
Deferred revenue	**$ 533**	$ 140	$ –
Advances from Government of Canada departments and agencies	**$ 18,404**	$ 23,604	$ 27,059

As a result of adopting IFRS 15, previously amounts reported have been restated as shown.

(n thousands of Canadian dollars, unless otherwise indicated)

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:

	2019	2018
PSPC	**$ 2,365**	$ 2,482
	$ 2,365	$ 2,482

(b) Invest in Canada and Public Private Partnerships (PPP) Canada Inc.

The Corporation has a shared services agreement with Invest in Canada for the provision of payroll services and had a shared services agreement with PPP Canada Inc. for services related to information technology, human resource management, governance, research and communications and internal audit. The agreement with PPP Canada Inc. which generated savings through economies of scale for both organizations, ended in 2018 as a result of the discontinuation of PPP Canada Inc. The revenue related to the provision of these services included in Fees for service was as follows for the year ended March 31:

	2019	2018
Invest in Canada	**$ 102**	$ –
PPP Canada Inc.	**–**	720
	$ 102	$ 720

(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:

	2019	2018
Global Affairs Canada	**$ 1,783**	$ 2,070
National Research Council Canada	**284**	432
Department of National Defence	**–**	294
	$ 2,067	$ 2,796

(in thousands of Canadian dollars, unless otherwise indicated)

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 had funds from the following entities as at March 31:

	2019	2018 (RESTATED)	2018 (PREVIOUSLY REPORTED)
Global Affairs Canada	**$ 15,263**	$ 18,374	$ 21,829
Department of National Defence	**1,574**	1,621	1,621
National Research Council Canada	**1,567**	3,609	3,609
	$ 18,404	$ 23,604	$ 27,059

As a result of adopting IFRS 15, previously amounts reported have been restated as shown. Previously amounts reported for Global Affairs Canada were not offset by amounts paid to Canadian exporters which are now reflected in restated figures under IFRS 15.

The Corporation also participates in employee interchange programs with Global Affairs Canada.

(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, 2019 or March 31, 2018.

(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.

(n thousands of Canadian dollars, unless otherwise indicated)

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

	2019	2018
Board of Directors		
Short-term benefits	**$ 198**	$ 152
	$ 198	$ 152
Corporate Officers		
Short-term benefits	**$ 1,539**	$ 1,402
Post-employment benefits	**240**	541
	$ 1,779	$ 1,943
	$ 1,977	$ 2,095

21. CONTINGENCIES

(a) Collateral

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 of 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.

The value of the Corporation's outstanding performance obligations as at March 31, 2019 was $14,340,651 (March 31, 2018 – $15,156,463 restated from $15,126,122 due to IFRS 15). 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:

	2019	2018 (RESTATED)
Holdbacks	**$ 6,147**	$ 5,927
Parent guarantees	**$ 13,460,218**	$ 14,436,413

The above amounts approximate the fair values of collateral held.

The prior year amount has been restated due to the implementation of IFRS 15 which resulted in a change in the calculation of the remaining value of contracts yet to be delivered. The previously reported amount of Parent guarantees was $14,414,241.

(b) Indemnity agreements

In the normal course of business, the Corporation has entered into indemnity agreements with each of its directors and officers to indemnify them, subject to the terms and conditions of these agreements, against claims and expenses incurred by them as a result of serving as a director or officer of the Corporation.

The nature of the indemnification prevents the Corporation from making a reasonable estimate of the maximum amount that it could be required to pay to counterparties. To offset any potential future payments, the Corporation has purchased directors and officers' liability insurance.

No amount has been accrued in the accompanying financial statements with respect to the contingent aspect of this indemnity.

(c) Other contingent liabilities

As part of the normal course of business, management assesses the likelihood of any contingent liabilities. There were no contingent liabilities to be disclosed as of March 31, 2018 or March 31, 2019.

Governance Disclosures

MANDATE AND PUBLIC POLICY OBJECTIVE

Established in 1946, CCC was created by articles of incorporation under the CCC Act with a mandate to assist in the development of trade between Canada and other nations. The CCC Act[18] 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 end result is that a greater number of exports occur because of CCC's trade mandate.

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 administered 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, all 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.[19]

GOVERNANCE

CCC is a parent Crown corporation under Schedule III Part I of the *Finacial Administration Act* ("FAA"), and reports to Parliament through the Minister of International Trade Diversification. As a Government of Canada entity authorized to execute commercial contracts with foreign government buyers, CCC is uniquely positioned to support Canadian

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

19 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

exporters, and is focused on increasing Canada's trade footprint across diverse sectors and priority markets. CCC is headquartered in Ottawa, Ontario.

The Government of Canada primarily regulates Crown corporations through their enabling legislation and through the FAA. Under the FAA, CCC is required to, among other things:

- Submit an Annual Report, a Corporate Plan and an Operating and Capital Budget to the responsible Minister;
- Make public the quarterly financial report within 60 days of quarter-end; and
- Undergo regular audits by the Office of the Auditor General.

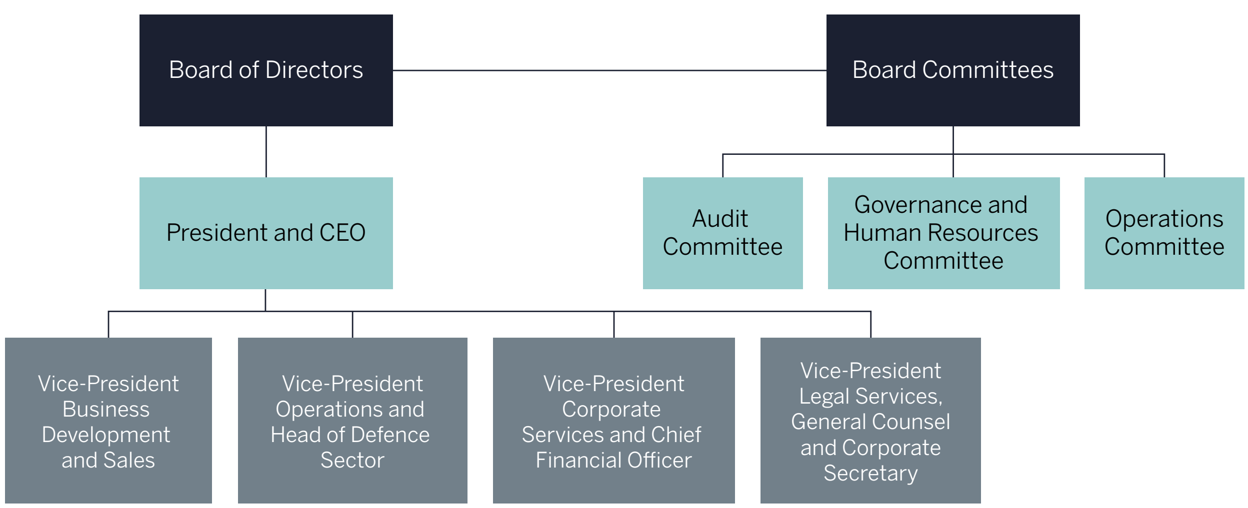
In addition to the CCC Act and the FAA, the Corporation is subject to the following federal legislation as well as any new legislation, regulation, or policy that is extended to Crown corporations:

- *Access to Information Act*
- *Privacy Act*
- *Conflict of Interest Act*
- *Canadian Human Rights Act*
- *Corruption of Foreign Public Officials Act*
- *Canadian Environmental Assessment Act*[20]
- *Employment Equity Act*
- *Federal Accountability Act*
- *Public Servants Disclosure Protection Act*
- *Official Languages Act*
- *Export and Import Permits Act*

As a public entity, the Corporation strives to continually enhance transparency and improve shareholder and stakeholder involvement. As such, CCC holds annual public meetings to provide an opportunity for the public to engage with and learn more about the Corporation. On March 6, 2019, CCC held its annual public meeting. This forum provided the opportunity to deliver information on CCC's activities, results and strategic direction. It also offered Canadian exporters with the ability to provide feedback. This year's meeting was held via webcast and presentations were delivered by CCC's Chair of the Board of Directors, Douglas Harrison, as well as President and CEO, Martin Zablocki, and Chair of the Operations Committee, Martin Gagné. A recording of the webcast was made available on CCC's website following the meeting.

CCC discloses travel expenses incurred by its Board of Directors and senior executives on a quarterly basis. Disclosures are in the form of aggregate declarations of total travel and total hospitality expenses incurred by the Chair of the Board, Board members, the President and CEO, and members of the Senior Management Committee.

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



20 In fulfilment of its legislative mandate of assisting Canadian companies in exporting their goods and services, CCC facilitates a broad range of international projects including, but not limited to large scale economic capital ventures outside of Canada. CCC has implemented a streamlined environmental review processes for capital projects outside Canada that demonstrate due diligence in decision-making under the *Canadian Environmental Assessment Act* 2012 and respects foreign sovereignty and international law. No Environmental Impact Assessments were undertaken in fiscal year 2018–19 due to the nature of the contracts signed in the year.

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 International Trade Diversification's annual Statement of Priorities and Accountabilities.[21] The Board reviews the Corporate Plan and the Annual Report, both of which are approved by the Minister and 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 Directors. The Chair and the President and CEO are appointed by the Governor in Council. The remaining Board Directors are recommended by the Minister of International Trade Diversification and approved by the Governor in Council. These appointments are renewable and there are no maximum number of terms or age limits. The Minister recommends Board members who represent the Canadian business community, striving to balance sector, gender, linguistic and geographical representation.

BOARD OF DIRECTORS MEMBERSHIP

POSITION	LOCATION	OIC APPOINTMENT DATE	TERM
Dyanne Carenza Director	Montreal, Québec	June 25, 2018	4 years
Martin Gagné Director	Laval, Québec	February 7, 2013 *Reappointed:* June 25, 2018	3 years
Robert Kwon Director	Toronto, Ontario	June 25, 2018	4 years
Claude Robillard Director	Toronto, Ontario	June 13, 2014 *Reappointed:* June 25, 2018	3 years
Nicole Verkindt Director	Toronto, Ontario	December 17, 2013 *Reappointed:* June 25, 2018	3 years
Douglas J. Harrison Chair	Burlington, Ontario	February 7, 2018	4 years
Stephen J. Sorocky Director	Toronto, Ontario	December 14, 2007 *Reappointed:* December 14, 2010 *Reappointed:* May 28, 2015*	1 year
Daniela Bassan Director	Halifax, Nova Scotia	December 17, 2013*	3 years
Martin Zablocki Director, President and CEO	Ottawa, Ontario	April 28, 2014 *Extended:* On an interim basis	5 years
Derrick Rowe Director	St. John's, Newfoundland	December 7, 2012*	3 years

*Although the terms have expired, Directors continue to hold office until a successor is appointed or until their appointment is renewed.[22]

21 CCC did not receive a Statement of Priorities and Accountabilities for 2018. In the absence of this direction, CCC operated in accordance with the guidance expressed in the Statement of Priorities and Accountabilities for CCC dated December 22, 2017.

22 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."

As shown in the table on the previous page, three (3) Board positions are subject to change or renewal, and there is one (1) vacancy. The President and CEO's term expired on April 28, 2019, and was extended on an interim basis.

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 2018–19, the Board of Directors increased its focus on risk management and strengthening the Corporation's focus on responsible business conduct. 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

The Operations Committee oversees the Corporation's sourcing and international contracting business. 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 International Trade Diversification 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. The Committee, chaired by Martin Gagné, held six meetings in 2018–19.

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 responsible business conduct. 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. 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 International Trade Diversification. Finally, the Committee examines and makes recommendations on human resource policies to ensure the well-being of the Corporation and 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. The Committee, chaired by Stephen J. Sorocky, held five meetings in 2018–19.

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 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. These expenses are posted on CCC's website. The

Committee, chaired by Claude Robillard, held five meetings in 2018–19.

Audit Activities

The Board received regular reports from the Audit Committee in 2018–19. During the year, the Board also participated in interviews with the OAG in the context of the Special Examination of CCC. A Special Examination is undertaken by the OAG at least every 10 years. The examination enables the OAG to determine whether the systems and practices selected for examination are providing the Corporation with reasonable assurance that its assets are safeguarded and controlled, its resources are managed economically and efficiently, and its operations are carried out effectively. At the completion of their examination, the results showed that CCC did not have any significant deficiencies and that the Corporation is operating well and fully within its mandate.[23]

Committee Membership and Attendance

Fiscal 2018–19 marked a period of renewal for CCC's Board of Directors, marked by new appointments, term completions and the restructuring of Committee membership and oversight, as noted in the table below.

As of March 31, 2019

BOARD MEMBER	AUDIT COMMITTEE MEETING (4 REGULAR – 1 SPECIAL)	OPERATIONS COMMITTEE MEETING (4 REGULAR – 2 SPECIAL)	GOVERNANCE AND HUMAN RESOURCES COMMITTEE MEETING (4 REGULAR – 1 SPECIAL)	BOARD OF DIRECTORS MEETING (4 REGULAR – 3 SPECIAL)
Douglas J. Harrison (Chair)	5/5	5/6	4/5	7/7
Daniela Bassan		1/1[3]	4/5	7/7
Dyanne Carenza[1]		4/5		6/6
Martin Gagné		4/6		5/7
Robert Kwon[1]	4/4			6/6
Claude Robillard	5/5			6/7
Derrick Rowe	4/4	0/1[3]		5/7
Dwayne Lucas[2]			1/1	1/1
Scott Player[2]	1/1			1/1
Andrew Saxton[2]	1/1		1/1	1/1
Stephen J. Sorocky			5/5	6/7
Nicole Verkindt	1/1[3]	4/5		6/7
Martin Zablocki (President and CEO)	5/5		4/5	7/7

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 Dyanne Carenza and Robert Kwon were appointed to the Board on June 25, 2018.

2 Scott Player, Dwayne Lucas and Andrew Saxton were members for only part of the fiscal year having left the Board after successful completion of their terms of appointment.

3 Daniella Bassan and Derrick Rowe were on the Operations Committee until September 2018. Nicole Verkindt was on the Audit Committee until September 2018

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

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. 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, 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
Martin Zablocki	President and CEO
Ernie Briard	Vice-President, Corporate Services and CFO
Carl Marcotte	Vice-President, Operations and Head of Defence Sector
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 strategic, operational 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 pursuits 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.

Integrity Compliance Committee (ICC)

CCC continues to evolve its approach to Responsible Business Conduct and its due diligence process to align with best practices. The ICC's procedures help 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 Responsible Business Conduct Framework, the HRC makes recommendations to enhance CCC's policies and processes to directly incorporate human rights into the ERM framework and risk culture. This committee seeks to identify, assess and make recommendations to mitigate the risk of human rights impacts at the various stages of a contract in line with the United Nations Guiding Principles on Business and Human Rights.

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
Chair of the Board of Directors
CCC
Burlington, Ontario

Douglas Harrison is an experienced Corporate Director within a broad range of business sectors. In addition to his Director roles he provides coaching and various business advisory services.

Doug currently serves on the Boards of Superior Plus Corp (TSX:SPB), the (Ontario) Technical Standards and Safety Authority, and is Chair of the Board of Directors of the Canadian Commercial Corporation. In the past, he served on the Boards of the Conference Board of Canada, Hamilton Utilities Corporation, Horizon Utilities, and Mohawk College, and was also the Chair of the Board of Directors at Livingston International.

Doug was previously President and CEO of a number of companies most recently at 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 (a subsidiary of McCain Foods); 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 is an Alumni of Distinction from Mohawk College. Doug was also recognized with a Fellowship of the Supply Chain Management Association, one of Canada's 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 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 ("CPA") Program and holds his CPA Designation as a Professional Accountant. Mr. Harrison was appointed to CCC's Board of Directors on February 7, 2018.

DANIELA BASSAN
Partner and Trade-Mark Agent
Stewart McKelvey, Barristers & Solicitors
Halifax, NS

Ms. Daniela Bassan (B.A., LL.B., LL.M.) is a litigation Partner and Trade-mark Agent (Canada) at Stewart McKelvey, a full-service law firm with offices throughout Atlantic Canada. She is Chair of the firm's Intellectual Property/Information Technology practice group and is certified as a legal project manager. Ms. Bassan works with a diverse range of clients in complex litigation, including intellectual property matters as well as cross-border/international disputes, construction claims, and commercial arbitration. She has presented at national and international events on a variety of litigation and technology-related topics, and has been invited to sit on legal advisory boards for organizations in Canada and the United States. Ms. Bassan was appointed to CCC's Board of Directors on December 17, 2013.

DYANNE CARENZA
Vice President, Trade Finance
Scotiabank
Montreal, Quebec

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 a sought-after speaker for conferences and industry meetings sponsored by organizations such as: Association of Financial Professionals of Canada, the Bankers Association for Finance and Trade, 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 defence sector. 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.

ROBERT KWON
Independent Consultant
Toronto, Ontario

Mr. Bobby Kwon is currently an independent consultant providing advisory services to various organizations. Most recently, Mr. Kwon was Senior Vice President at George Weston Ltd. overseeing the Executive Chairman's Office. Prior to that, Mr. Kwon worked at Unilever in Canada, the U.S., Netherlands, and the United Kingdom in a number of senior finance and corporate positions, including the CFO for the Canadian business and Chief of Staff to the Group CEO in London. He serves on the Board of CPA Ontario and the Advisory Board of Rotman-Odgers Berndtson and, in the past, on the Boards of Unilever Canada Inc. and GS1 (Retail Sector). He is a member of Governor General's Canadian Leadership Conference, volunteers at the Regent Park Community Centre, and supports several Korean-Canadian community organizations. Mr. Kwon was appointed to CCC's Board of Directors on June 25, 2018.

CLAUDE ROBILLARD
Principal, 43 North Group
Registered Dealing Representative, Belco PC
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, RBC 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 is co-chairman of the Investor Engagement Committee at the Alternative Investment Management Association (Canada) 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.

DERRICK ROWE
Chairman and CEO
Name 3 Capital Inc.
St. John's, Newfoundland

Mr. Derrick Rowe is Chairman and CEO of Name 3 Capital Inc., a private investment firm he owns. He also serves as Executive Chairman of Bluedrop Performance Learning Inc., an award-winning e-learning company and training and simulation provider to the defence sector. Mr. Rowe serves on the boards of directors for CADSI and Tennis Canada. Mr. Rowe was named Chairman of FPI Limited in 2001 and served as CEO from 2002–2005. He served as Chairman and CEO of Stratos Global Corporation until 1999, building the company from its startup to a successful public corporation. Mr. Rowe has also served on a number of economic and social organizations, including the Northwest Atlantic Fisheries Organization and various International Trade Advisory Committees for the Government of Canada. In the business community, Mr. Rowe has been honoured with significant recognition for his leadership, including Canada's original "Top 40 Under 40" by the Globe and Mail's Report on Business Magazine, "Entrepreneur of the Year" by Ernst & Young, and a Newfoundland and Labrador Export Award. Mr. Rowe was appointed to CCC's Board of Directors on December 7, 2012.

STEPHEN J. SOROCKY, B.A.SC., MBA, P.ENG, C.DIR.
Chief Executive Officer
Redline Communications Group Inc.
Markham, Ontario

Mr. Stephen Sorocky is CEO of Redline Communications Group Inc., a creator of powerful wide-area wireless networks for mission-critical applications in challenging locations. Mr. Sorocky is an accomplished senior technology executive with broad experience in venture capital backed and public company environments. He has extensive senior management and business development experience in the technology and aerospace industry. He is the Vice-Chair of the Ontario Telemedicine Network. Previously, he was President of Exigent Innovations Inc., a technology development consultancy, and held other positions such as CEO and Board Director of Skytrac Systems Ltd., an avionics and data services company, President and CEO and Board Director of LxData Inc., Virtek Vision International Inc. [TSE:VRK] and Dynacon Inc. He was Vice-President and General Manager, Space Robotics Division, Spar Aerospace Ltd., and Vice-President, Manufacturing Industry Division of Electronic Data Systems. Mr. Sorocky was appointed to the Board of Directors of CCC on December 14, 2007 and reappointed on December 14, 2010 and on May 28, 2015.

NICOLE VERKINDT
Chief Executive Officer
OMX
Toronto, Ontario

Ms. Nicole Verkindt is CEO of OMX (theomx.com), a software platform for government contractors to manage offset commitments in the defence, aerospace and security industries, a company she founded in 2011. Prior to OMX, Ms. Verkindt held several positions at GMA Corp., including Vice-President of Sales and Marketing, Vice President of Business Development, and as President and CEO responsible for all operations, sales and finance of the company. Ms. Verkindt was the Founder, Director and President of Tiburon, in Santo Domingo, Dominican Republic, a manufacturing business that serviced the US Department of Defense. 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 the Founder and President of the Southern Ontario Defence Association and an active member of the CADSI SME committee, Global Offset and Countertrade Association, the Canadian Space Commerce Association and the Ontario Aerospace Council. Ms. Verkindt was appointed to CCC's Board of Directors on December 17, 2013 and reappointed on June 25, 2018.

Senior Management

MARTIN ZABLOCKI
President and CEO

Mr. Martin Zablocki was appointed President and CEO of CCC in April of 2014. Mr. Zablocki served the Corporation as Vice-President, Strategy and Organizational Development, CFO and Vice-President, Risk and Finance, and COO and Executive Vice-President from 2007 to 2014. Prior to joining CCC, he was the Director General, Sector Strategies and Infrastructure Programs Branch at Industry Canada. Mr. Zablocki has over 29 years of experience within a variety of federal organizations including the Canada Revenue Agency and Fisheries and Oceans Canada, and has led programs and corporate management regimes at the local, regional and national levels. Mr. Zablocki is a Chartered Professional Accountant and Chartered Business Valuator and has many years of experience working with a broad spectrum of domestic and international businesses.

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, translation and travel. 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.

CARL MARCOTTE
Vice-President, Operations and Head of Defence Sector

Mr. Carl Marcotte joined CCC in January 2017 and is now the Vice-President—Operations and Head of Defence Sector. Mr. Marcotte has previously held a variety of senior-level executive positions, including Senior Vice-President Marketing & Business Development at SNC Lavalin Nuclear and Vice-President, Commercial Ventures & Business Development at AECL and Canadian Nuclear Labs (“CNL”) where he 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. Mr. Marcotte has 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 more than 20 years in international trade, risk management and structured finance.

MICHELLE TAYLOR
Vice-President Legal Services, General Counsel and Corporate Secretary

Ms. Michelle Taylor brings over 15 years of experience from private and industry practice. She spent 12 years with Rio Tinto as Senior In House Counsel where she worked on numerous complex projects, including a secondment to Rio Tinto Alcan in Brisbane, Australia for two years to manage a team of external lawyers to work on a significant divestment project. Ms. Taylor has significant experience working on international commercial transactions, including Engineering, Procurement, Construction Management (“EPCM”) contract negotiations, negotiating IP and licensing agreements, overseeing major procurement contracts and equipment purchases and while in private practice with a major international firm, worked in the area of international and construction arbitration.

Glossary of Terms

ABP	Armored Brigades Program
BDC	Business Development Bank of Canada
CADSI	Canadian Association of Defence and Security Industries
CCC	Canadian Commercial Corporation
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CTT	Commercial Trading Transaction
CPA	Chartered Professional Accountant
DND	Department of National Defence
DPSA	Defence Production Sharing Agreement
EDC	Export Development Canada
ERM	Enterprise Risk Management
FAA	*Financial Administration Act*
GAAP	Generally Accepted Accounting Principles
IASB	International Accounting Standards Board
ICC	Integrity Compliance Committee
IFRS	International Financial Reporting Standards
ISED	Innovation, Science and Economic Development Canada
MD&A	Management's discussion and analysis
NRC	National Research Council
OAG	Office of the Auditor General of Canada
OECD	Organization for Economic Co-operation and Development
PPP	Public-Private Partnerships
PSPC	Public Services and Procurement Canada
ROC	Risk and Opportunities Committee
SAAs	Supply Arrangment Agreements
SDTC	Sustainable Development Technology Canada
SMEs	Small and Medium-Sized Enterprises
TCS	Trade Commissioner Service
USD	United States Dollars
U.S. DoD	United States Department of Defense
VCS	Value of Contracts Signed