Canadian Commercial Corporation
Corporation Commerciale Canadienne

Promoting Canadian Export Resilience and Recovery

Annual Report 2021–2022

Canada

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www.gbof.ca

Website
www.ccc.ca

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About the Canadian Commercial Corporation

Canada's international government-to-government contracting agency

The Canadian Commercial Corporation (CCC) is a federal Crown corporation accountable to the Parliament of Canada through the Minister of International Trade, Export Promotion, Small Business and Economic Development. Established in 1946 under the *Canadian Commercial Corporation Act*, for over 75 years, CCC has helped Canadian companies sell goods and services to governments around the world and supported the Government of Canada's international trade objectives.[1]

Mandate

To **develop trade** between Canada and other nations.

Mission

To help Canadian exporters access the government procurement markets of other nations through **government-to-government contracting**.

Commitment

To be a **trusted expert and partner** for acquisitions from Canada and to offer our services where market access, risk mitigation and Canadian competitiveness would benefit from a government-to-government arrangement.

1 *An Act to Establish the Canadian Commercial Corporation* received Royal Assent on August 31, 1946.

Partnering with Canadian companies to win government business abroad

CCC operates in the complex and competitive global marketplace for government contracts, where commercial transactions are often at the crossroads of international relations and foreign policy.

We deliver value through a government-to-government (G2G) contracting arrangement where CCC enters a prime contract with a foreign government buyer—guaranteeing delivery of Canadian goods and services—and enters a simultaneous domestic contract with a Canadian company to supply those goods and services. We manage all contract performance through execution of the agreed works, as well as the financial administration of these arrangements. For more information on our business model and business lines, see page "15".

We reduce risk to all parties involved in international government purchases by qualifying international leads and opportunities, performing due diligence on the Canadian companies, developing pursuit plans and proposals, engaging in government advocacy, negotiating the contracts and monitoring contract performance. We are also a member of the Minister's Business, Economic and Trade Recovery (BETR) Team. For more information on our International Prime Contracting (IPC) business, see page "18".

We administer the Canada–U.S. Defence Production Sharing Agreement (DPSA) on behalf of the Government of Canada. This bilateral agreement ensures that Canadian businesses can compete for United States (U.S.) Department of Defense (DoD) contracts on a favoured nation basis, which supports a broader integrated North American defence ecosystem. We receive a parliamentary appropriation for this work, allowing us to deliver this service free of charge to Canadian exporters. For more information on our DPSA business, see page "16".

We support the Government of Canada's commitment to international trade and humanitarian assistance by providing international procurement services for Government of Canada departments in support of various initiatives and programs, including the delivery of in-kind aid to recipient nations. CCC also manages 10 trade offices in China on behalf of Global Affairs Canada (GAC). For more information on our Sourcing services, see page "20".

We connect Canadian businesses to global opportunities through innovative products and services, and to the Government of Canada trade ecosystem through our partnerships with government departments and agencies. Through these efforts, CCC delivers on the Government of Canada's commitment to inclusive international trade by assisting Canadian companies of all sizes and from across Canada to access, bid on, and successfully compete for government contracts around the world. For more information on the additional services we offer, see page "22".

By aligning commercial pursuits with Government of Canada economic priorities and trade objectives, we strengthen bilateral relationships, diversify trade, and amplify competitive advantage for Canadian companies of all sizes.

75 years of delivering Canada to the world

1946

1946
CCC becomes a Crown Corporation

1950

1956
Canada-U.S. Defence Production Sharing Agreement

- Agreement between USA and Canada to effectively use their combined defence-related industrial capabilities

1960

1967
CF-5 Tactical Ground Support Aircraft

$145M for 105 aircraft

- The Netherlands procured the aircraft produced by Canadair
- 105 aircraft through CCC's G2G contracting services

1970

1979
Canadarm

- Originally Shuttle Remote Manipular System (SRMS) is a remote-controlled mechanical arm
- Contracted Spar Aerospace Limited of Toronto (now MDA after 1999) for NASA

1980

1982
Viking Helicopters help control disease

$7.6M for insect control

- Flies spread river blindness which causes severe discomfort and eventual blindness
- Contracts from the World Health Organization to spray rivers to control flies

1990

1996
CCC launches Bid Matching System

- CCC launched a new Bid Matching System, significantly increasing the pipeline of proposals for the U.S. government market.
- 663 Canadian companies solicited bids valued at $766M, generating contracts valued at $85M.

2000

2008
Germany commissions a satellite

$187M for technology

- Through CCC's G2G prime contracting services, MacDonald, Dettwiler and Associates Ltd. (now MDA) led the design, build, launch and commissioning of an earth observation satellite constellation for RapidEye AG of Germany.

2010

2014
Bangladesh buys Canadian Potash

- $41.3 million contract with a $20 million option to supply Bangladesh with potash over a 12-month period
- 46% of the world's potash reserves are in the Prairie Evaporite Deposit, beneath the southern plains of Saskatchewan

$41.3M for potash

2020

2020
Global Bid Opportunity Finder

- The website assists small and medium enterprises find more international sales opportunities

5 000+ new business opportunities daily

200 jurisdictions

2021

CCC celebrates 75th anniversary

For more information, please see: https://www.ccc.ca/en/about/history

2021–22 performance highlights

Value of Contracts Signed:

$1.4B

new export contracts signed between Canadian companies and governments around the world

Commercial Trading Transactions:

$2.5B

exports by Canadian companies through CCC's international contracts

Active in:

64

countries

Inclusive trade and economic opportunity for all Canadians:

422

Served 422 Canadian companies (77% small and medium size enterprises*), through our services.

- 151 through CCC contracts
- 63 partnered with CCC to develop new business leads
- 88 utilized CCC knowledge products
- 120 through CCC advisory services

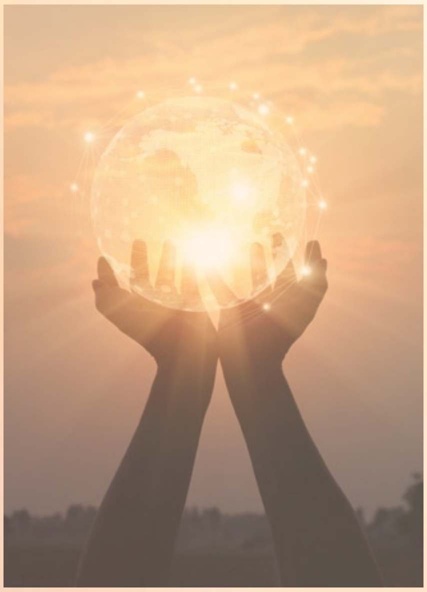
1,796

Served 1,796 Canadian businesses (801 new users in 2021–22) through the Global Bid Opportunity Finder (GBOF), a free online shop developed by CCC exclusively for Canadian companies to find international contracting opportunities.

- Over 1 million opportunities from 200 jurisdictions
- Approximately 95% of total GBOF users are SME
- CCC received 849 responses to a diversity questionnaire of registered users, indicating that 47% of GBOF users are owned or led by persons self-identifying as women, BIPOC (Black, Indigenous, People of Colour), under 35. new Canadian, person with a disability or LGBTQ2+

Canadian jobs supported (estimated):

14,500



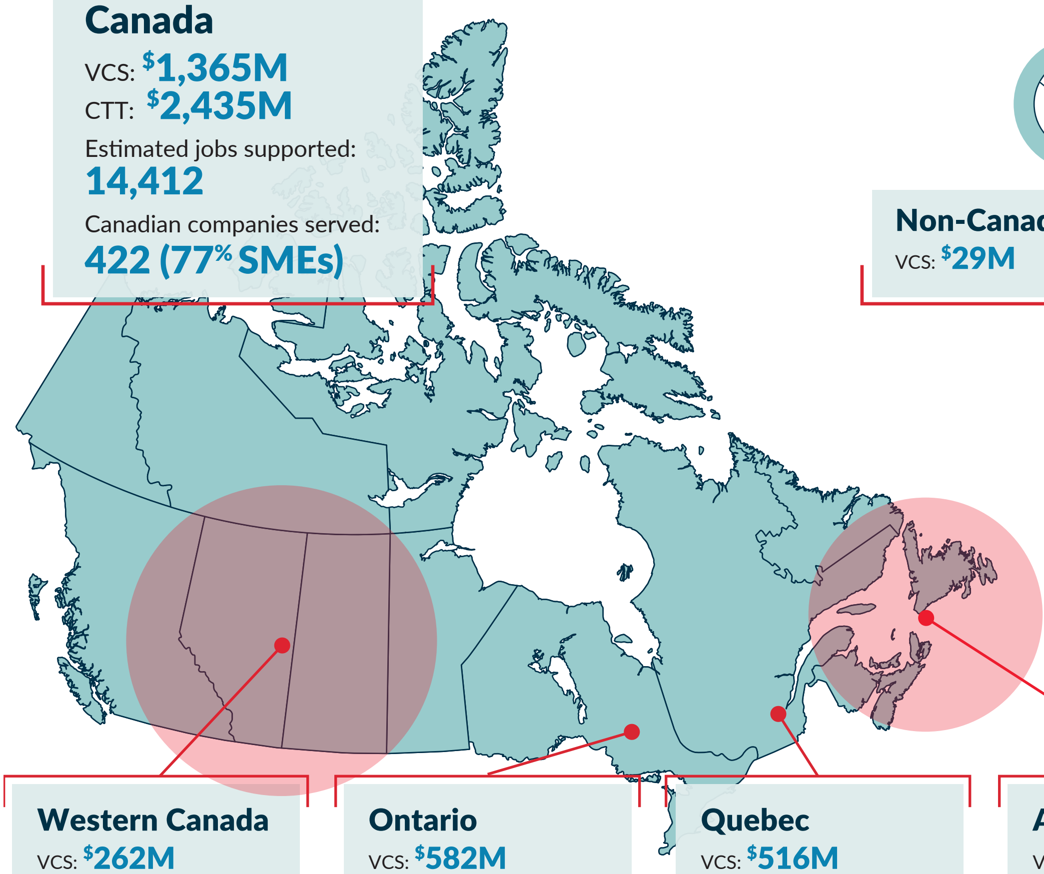
Assistance to Ukraine provided through CCC's Sourcing services:
As part of the Government of Canada's commitment to Ukraine following its February 2022 invasion by Russia, CCC assisted Global Affairs Canada (GAC) and the Department of National Defence (DND) to source and provide military aid to the Ukrainian government.

* Small and medium size enterprises (SME) are defined as companies with <500 employees.

Our impact on the Canadian economy

CCC helps small, medium and large companies from across Canada access, bid on and successfully compete for government contracts around the world. We stimulate exports from a wide array of industry sectors in Canada and deliver positive economic benefits to Canadian businesses and their employees through international revenue streams and by creating and maintaining Canadian jobs.

In 2021–22, CCC served 422 Canadian companies[2] including 323 SMEs[3], signed $1.4 billion in new export contracts[4] and enabled the export of $2.5 billion in goods and services[5] from Canada to governments around the world. These activities supported approximately 14,500 jobs in Canada.



Canada
VCS: $1,365M
CTT: $2,435M
Estimated jobs supported:
14,412
Canadian companies served:
422 (77% SMEs)

Non-Canadian Companies
VCS: $29M CTT: $10M

Western Canada
VCS: $262M
CTT: $268M
Estimated jobs supported:
2,475
Canadian companies served:
81 (80% SMEs)

Ontario
VCS: $582M
CTT: $1,838M
Estimated jobs supported:
8,890
Canadian companies served:
210 (77% SMEs)

Quebec
VCS: $516M
CTT: $325M
Estimated jobs supported:
3,009
Canadian companies served:
116 (73% SMEs)

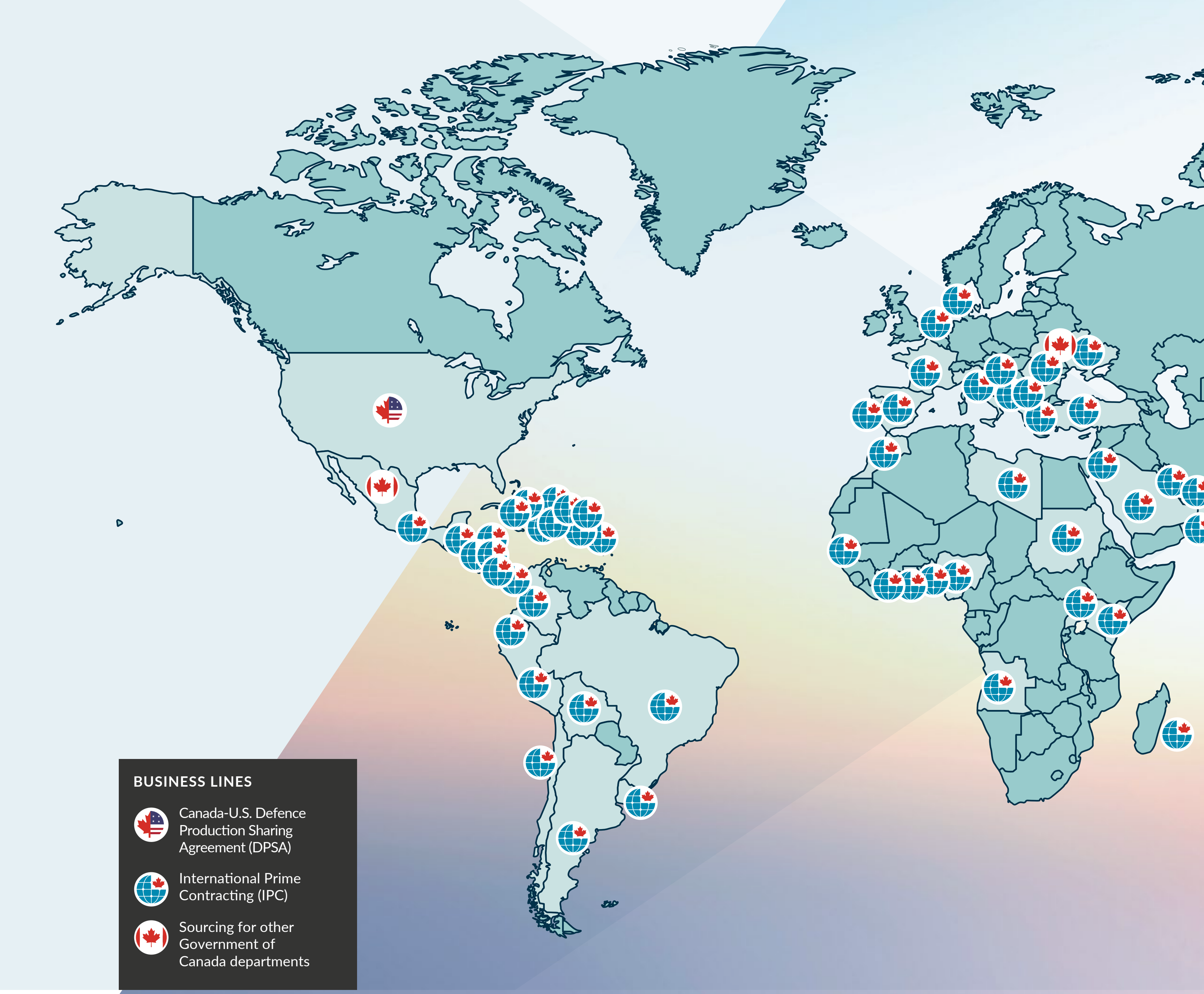
Atlantic Canada
VCS: $5M
CTT: $4M
Estimated jobs supported:
38
Canadian companies served:
15 (73% SMEs)

2 See the Corporate Performance Scorecard for more information.
3 Small and medium size enterprises (SME) are defined as companies with < 500 employees.
4 Value of contracts signed (VCS).
5 Commercial trading transactions (CTT).

Our global reach

In 2021–22, CCC was active in 64 countries, and through CCC contracts, Canadian companies exported $2.5 billion goods and services globally.

CCC operates three main lines of business—DPSA, IPC and Sourcing for other Government of Canada departments. For more information, please see CCC's business model.



COUNTRIES

Angola
Anguilla
Antigua & Barbuda
Argentina
Bangladesh
Benin
Bolivia
Brazil
British Virgin Islands
Brunei
Chile
China
Colombia
Costa Rica
Cote D'Ivoire
Croatia
Cuba
Denmark
Dominican Republic
Ecuador
El Salvador
France
Ghana
Greece
Honduras
India
Indonesia
Italy
Jamaica
Jordan
Kenya
Libya
Malaysia
Mauritius
Mexico
Montenegro
Morocco
Netherlands
New Zealand
Nicaragua
Nigeria
North Macedonia
Oman
Pakistan
Panama
Peru
Philippines
Portugal
Qatar
Republic of Sudan
Romania
Saudi Arabia
Senegal
Sint Maarten
Spain
Thailand
Trinidad & Tobago
Turkey
Turks & Caicos Islands
Uganda
Ukraine
United Arab Emirates
United States
Uruguay

Message from our Chairperson

It gives me great pleasure to once again report on the achievements of the Canadian Commercial Corporation (CCC) as Chair of its Board of Directors. As global economic challenges persist, CCC continues to deliver strong results for Canadians and for Canadian exporters in support of the Government of Canada's trade priorities.

In the face of prolonged pandemic uncertainty that characterized much of 2021–22, CCC supported the resilience of 422 Canadian companies—22% more than in 2020–21—in exporting $2.5 billion in goods and services to the United States and to markets around the world. These exports helped deliver more of Canada to the world, and to create and sustain approximately 14,500 Canadian jobs across a variety of Canadian industry sectors. By working closely with key departments in our government, CCC also played an important role in helping the Government of Canada deliver on its commitment to the people of Ukraine in the wake of its invasion by Russia.

CCC's corporate strategy remains focused on financially sustainable growth of government-to-government trade, both internationally and through maximizing the benefits of the Canada-United States Defence Production Sharing Agreement (DPSA). As pandemic recovery continues to be a priority for our government and others around the world, CCC remains well-positioned to bring Canadian skills and experience to bear in foreign markets, seeking to bolster their investments in public and strategic infrastructure. Moreover, and in recognition of the strategic and enduring economic importance of the DPSA, the 2021 Federal Budget reinstated an annual appropriation of $13 million for CCC's ongoing administration of the DPSA, beginning in 2022–23. As part of this responsibility, CCC works closely with Canadian exporters to ensure that the Canadian industrial base remains well-supported in meeting the continually evolving needs of the U.S. Department of Defense.

Throughout the last year, CCC continued to uphold and promote the highest standards of environmental, social and governance (ESG) in delivering on its international trade mandate.

We are committed to protect the environment, conduct business with integrity and promote human rights, including the commitments Canada has made to contribute to the United Nations Sustainable Development Goals (SDG). To that end, the Board of Directors continues to oversee CCC's focus on meaningfully integrating ESG principles into its operations. A newly formed Board-Management Committee will help guide the corporation's ESG efforts and maximize it impacts.

We were pleased to welcome our newest Director, Guy Desrochers in December of 2021. Guy's experience as an advisor to some of Canada's largest employers will bolster the Board's continued focus on governance excellence. I would also like to thank Martin Gagné and Claude Robillard, two board members who completed their terms on the Board this year and whose contributions served CCC well for more than six years.

I would like to thank Minister Ng for her continued support of CCC. I would also like to thank the Management and employees of CCC, whose tremendous contributions are the driving force behind this year's strong results. I am proud to continue to serve with so many dedicated and capable Board members.

Sincerely,

Douglas J. Harrison
Chairperson, Board of Directors

Message from our President and CEO

Throughout 2021–22, the resilience of the Canadian Commercial Corporation's (CCC) people, processes and systems was critical in our ability to help Canadian exporters successfully navigate increasingly competitive global markets in the face of prolonged pandemic uncertainty. CCC once again was able to deliver solid results, and I am proud to report that:

- We were active in 64 countries, and through CCC, Canadian companies exported $2.5 billion in goods and services to governments around the world, creating and sustaining an estimated 14,500 Canadian jobs.
- We signed new export contracts totalling $1.4 billion, including $868 million through the Canada-United States Defence Production Sharing Agreement (DPSA).
- Under our fee-based International Prime Contractor (IPC) business, we signed government-to-government (G2G) contracts totalling $466 million.
- We continued our efforts to grow and diversify our customer base, increasing the percentage of SMEs in the total number of companies we serve annually from 64% in 2020–21, to 77% in 2021–22.
- Our Global Bid Opportunity Finder (GBOF) enabled 1,796 Canadian businesses to search over 1 million government opportunities from 200 jurisdictions. Approximately 95% of total GBOF users are SME. As well, we received 849 responses to a diversity questionnaire of registered users, indicating that 47% of GBOF users are owned or led by persons self-identifying as women, BIPOC (Black, Indigenous, People of Colour), under 35, new Canadian, person with a disability or LGBTQ2+.
- We were also honored to support the Government of Canada's assistance effort for Ukraine, by helping Global Affairs Canada (GAC) and the Department of National Defence (DND) source and provide $59 million in military aid to the Ukrainian government.

The achievements above are but a small sample of many others that readers will discover in the pages which follow. They are all underscored by our strategic confidence and the commitment of our team at all levels, the support of the Government Canada, and a healthy, collaborative dialogue between Management and our Board of Directors.

Canadian exporters reported increasing satisfaction with their CCC journey over the course of the year, whereby we finished the year with a Net Promoter Score (NPS) of 59, an improvement on our 2020–21 NPS of 56. Looking ahead, CCC will continue to strengthen its approaches to responsible business conduct (RBC) and customer relationship management, with a view to ensuring that the corporation is able to continue meeting the evolving needs of Canada's exporters seeking to compete responsibly in some of the world's most challenging markets. This includes working closely with Canadian companies and other stakeholders to maximize the benefits of the Canada-United States Defence Production Sharing Agreement (DPSA).

Canadian businesses have always been known for their resilience and innovation, and I am proud to be a part of an organization that helps them succeed abroad. Through an enhanced focus on customer-centric skills development, new product development and a greater emphasis on targeted industry and partner outreach activities, CCC has a strong plan to serve a growing number of Canadian companies of all sizes in the coming years.

2021–22 was a year of significant leadership change, during which the entire membership of our senior management team was refreshed following open, transparent and merit-based selection processes that attracted high quality candidates from industry as well as from internal promotions. Their contributions have already been numerous and significant, and I look forward to continuing to strengthen the entire leadership team's contribution to Canada's international trade success.

As we look forward, I am optimistic about CCC's capacity and capability to serve Canadian companies' evolving needs even more effectively, and in so doing support the Government of Canada's economic recovery efforts and trade priorities. I would like to take this opportunity to thank the Board of Directors for its support and guidance. I am also grateful to our management team and employees for their commitment to CCC's mission to help Canadian businesses succeed globally.

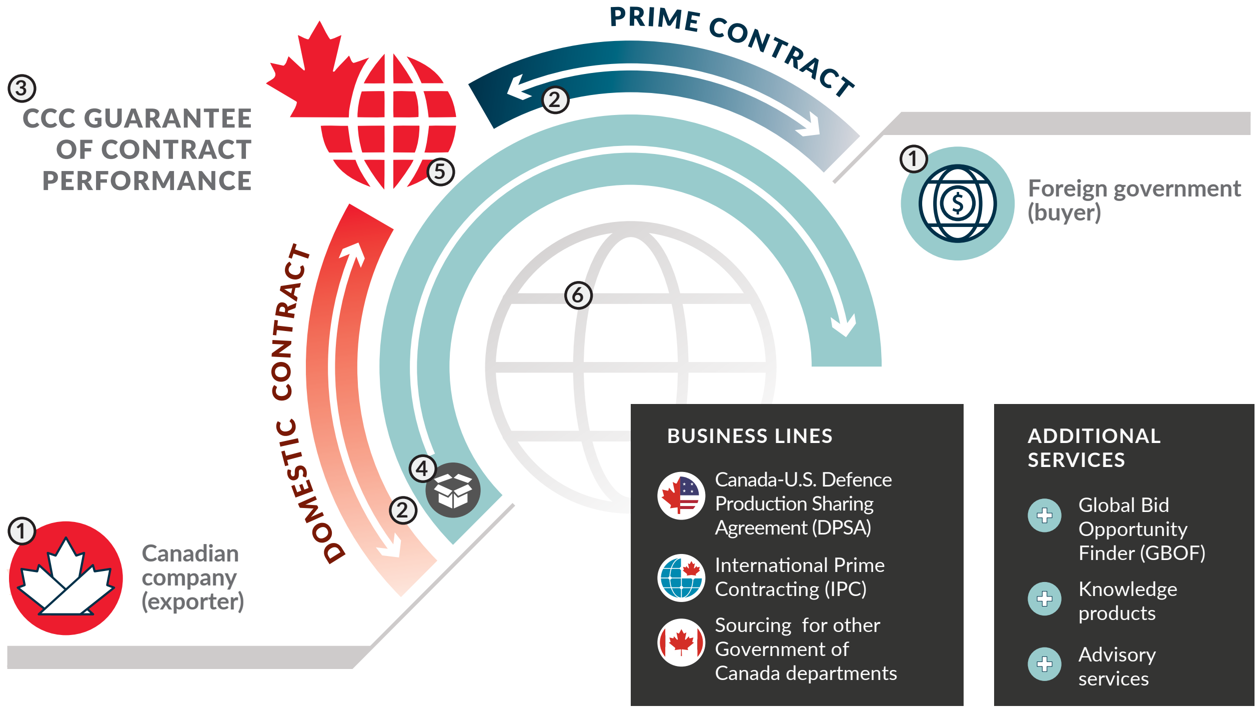
Best regards,

Bobby Kwon
President and CEO

Our business lines and additional service offerings

Our government-to-government contracting approach

CCC's government-to-government (G2G) contracting approach acts as a trade enabler between Canadian companies and government buyers around the world. This approach mitigates risk for both sides through CCC's guarantee of contract performance—which provides Canadian companies with an additional competitive tool that incents governments from around the world to purchase from Canada.



① A Canadian company has products and/or services to sell to any level of foreign government. CCC performs due diligence on, and enters into a service level agreement with, the Canadian company. Jointly, CCC and the Canadian company negotiate an agreement with the foreign government.

② CCC enters a prime contract with a foreign government buyer and enters a simultaneous domestic contract with a Canadian company to supply those goods and services.

③ CCC provides a guarantee of contract performance, backed by the Government of Canada.

④ Canadian company supplies products and/or services directly to the buyer.

⑤ CCC manages contract performance and the administration of payments from the foreign government. CCC's oversight reduces contracting risks and provides additional options to resolve unforeseen issues.

⑥ Through these activities, CCC embeds key elements of Canada's trade and foreign policy into contractual terms and obligations with both Canadian suppliers and foreign governments and strengthens bilateral ties between Canada and countries around the world.

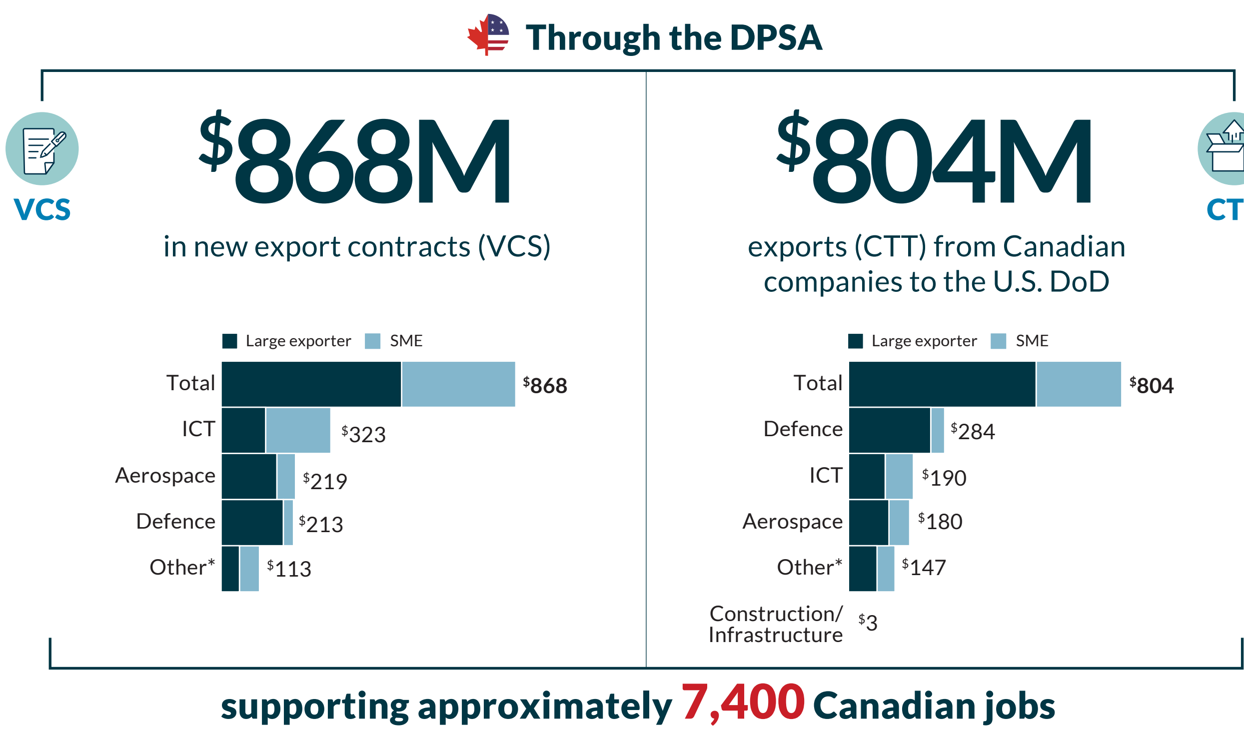
The Canada-U.S. Defence Production Sharing Agreement (DPSA)

Meeting the evolving needs of the U.S. Department of Defense and maximizing the benefits of the DPSA

The Defence Production Sharing Agreement (DPSA) is a bilateral defence trade agreement between Canada and the U.S. administered by CCC on behalf of the Government of Canada. Since 1956, CCC's support for the DPSA has been an important part of Canada-U.S. defence trade and underscores a strong, effective, and highly integrated defence industrial base that serves the broad economic and strategic interests of both countries. The DPSA enables Canadian exporters to compete on equal terms for contracts as part of the U.S. Department of Defense (DoD) domestic supply base. CCC does not charge fees for services provided under the DPSA business line. Federal Budget 2021 reinstated an annual appropriation to CCC of $13 million to administer the DPSA, beginning in 2022–23.[6]

Under the DPSA, CCC signed $868 million in new export contracts (VCS), and facilitated $804 million in exports (CTT) from Canadian companies to the U.S. DoD, supporting approximately 7,400 Canadian jobs.

> "CCC is an advocate for us and will stand beside us even once the contract's completed and awarded. They are with us every step of the journey, and we really appreciate that."
>
> **– Jim Andrews, Vice President and General Manager,**
> Lockheed Martin Commercial Engine Solutions



* Other sector includes: Advanced manufactured goods & services, security equipment, agriculture, medical supplies, clothing, textiles, and tourism.

6 https://www.budget.gc.ca/2021/report-rapport/p2-en.html#chap4

ENABLING CANADIAN SUCCESS THROUGH THE DPSA

Spotlight: **Gastops to create virtual twin of U.S. Coast Guard's Polar Star**

Through the DPSA, CCC helped Gastops win a contract with the U.S. Naval Sea Systems Command (NAVSEA) to create a computer simulation model of the Polar Star—the US Coast Guard's only heavy icebreaker. The ship travels to Antarctica to lead Operation Deep Freeze every year, routinely breaking miles of ice more than 20 feet thick. Gastops' virtual twin of the Polar Star will allow NAVSEA to conduct risk assessments at a relatively low cost, enabling engineers to rapidly implement improvements to the real ship.

Based in Ottawa, Gastops is the world's leading provider of intelligent condition monitoring. Its solutions are used in Aerospace, Defence, Energy, and Industrial applications to optimize the availability, performance, and safety of critical assets.

International Prime Contracting

Connecting governments around the world with Canadian-made solutions

Under International Prime Contracting (IPC), CCC works with Canadian exporters to facilitate sales to government buyers around the world. Every G2G contract is unique, and CCC's involvement is often the key to Canadian companies' ability to access these international opportunities—where CCC's guarantee of contract performance provides an added incentive for foreign governments to tap into Canadian expertise for priority projects. Through IPC, CCC supports Canadian exporters in pursuit of diversified international opportunities where G2G contracting is considered by both Canada and the buying government as a mechanism to advance mutual economic interests. CCC's IPC contracts have positive implications for the development and sustainment of bilateral commercial relationships. In line with government direction, CCC operates IPC on a fee-for-service basis for the business line to be self-sustaining.

Through IPC, CCC signed $466 million in new export contracts (VCS), and facilitated $1.6 billion in exports (CTT) from Canadian companies to governments around the world, supporting approximately 6,500 Canadian jobs.

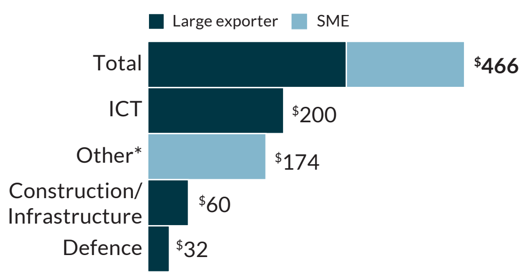
> "CCC's advice and support was really good during the pursuit of this contract. There were a number of challenges with the budget and CCC was really good at working with the customer and finding a compromise position where we could actually get the deal done."
>
> **– Chris Reimer, B.Eng, M.Eng,**
> Capture Manager, Rifle Sights, Raytheon ELCAN Optical Technologies

Through IPC

VCS

$466M

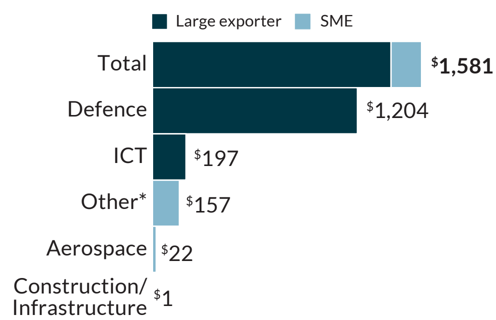
in new export contracts (VCS)



CTT

$1.6B

exports (CTT) from Canadian companies to governments around the world



supporting approximately 6,500 Canadian jobs

* Other sector includes: Advanced manufactured goods & services, security equipment, agriculture, medical supplies, clothing, textiles, and tourism.

ENABLING CANADIAN SUCCESS THROUGH INTERNATIONAL PRIME CONTRACTING

Spotlight: **Building a better future for Santo Domingo residents in the Dominican Republic**

In early 2022, CCC reached a financial agreement for a USD $50 million G2G contract with the Corporación del Acueducto y Alcantarillado de Santo Domingo (CAASD)—the water authority for Greater Santo Domingo. The G2G contract will enable Canada's Helios Group to deliver the second phase of the rehabilitation of the Guajimia storm and sanitary canal. Phase 1 was also completed through a G2G contract with CCC in 2012.

The second phase will involve the cleaning of a segment of the Guajimia ravine, and the construction of 344 apartments that will help relocate the nearly 350,000 residents living along a portion of the canal. The contract was the result of concerted joint efforts between CCC and Canada's Trade Commissioner Service in the Dominican Republic. The financing was arranged by JP Morgan with sovereign risk insurance provided by Export Development Canada (EDC).

Sourcing for other Government of Canada departments

Fulfilling Canada's international commitments

CCC's Sourcing business line assists Government of Canada departments and agencies to fulfill urgent and complex procurements. Through Sourcing, CCC supports a wide range of departmental initiatives, such as:

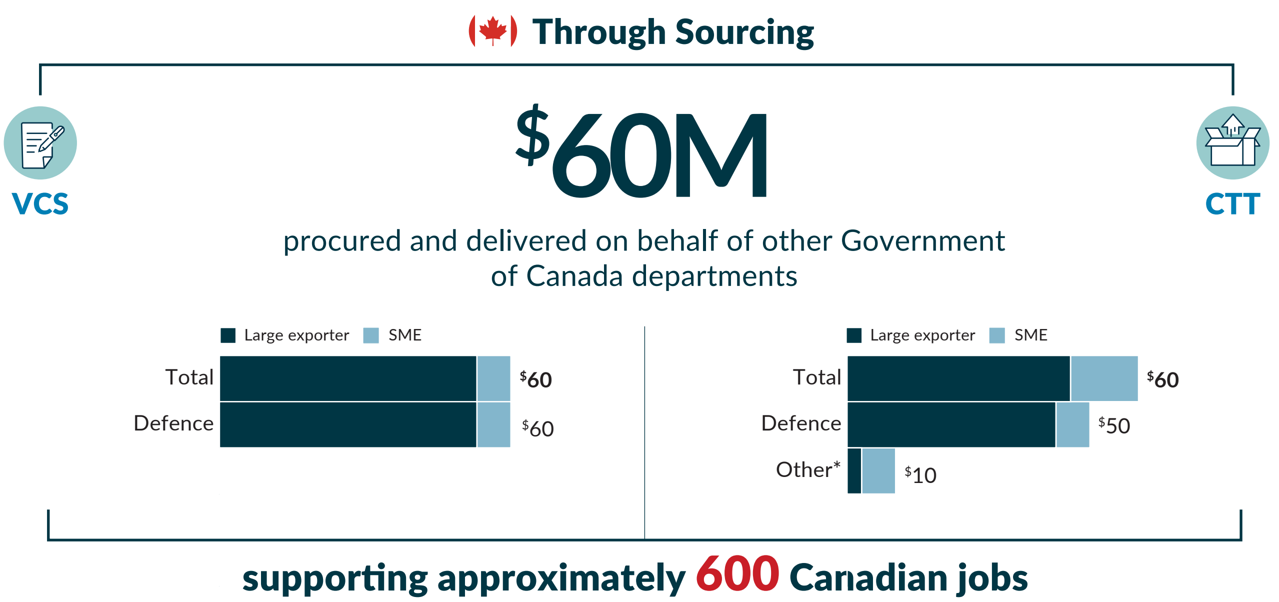
- providing urgent disaster relief support;
- helping foreign governments in their efforts to fight cross-border crime (i.e., fraud, corruption, human trafficking);
- supporting anti-terrorism efforts (both domestic and international); and
- facilitating Canada's contributions in other international endeavors (i.e., scientific/medical and other collaborations).

CCC charges a fee to cover its costs to manage this program.

CCC also manages 10 Canadian trade offices in China on behalf of Global Affairs Canada (GAC). These trade offices provide support to Canadian companies seeking to enter the Chinese market, while also providing a cost-effective trade representation solution for GAC. CCC recovers all costs from this program and charges a fee to GAC for its services.

Through Sourcing, CCC was engaged to procure and deliver $60 million in goods and services on behalf of other Government of Canada departments, supporting approximately 600 Canadian jobs through contract awards.

> "CCC has a unique capacity to quickly and efficiently deliver Canadian international aid, in rapidly changing environments."
>
> **– The Honourable Mary Ng,**
> Minister of International Trade, Export Promotion, Small Business & Economic Development



* Other sector includes: Advanced manufactured goods & services, security equipment, agriculture, medical supplies, clothing, textiles, and tourism.

ENABLING GOVERNMENT OF CANADA COMMITMENTS THROUGH THE SOURCING BUSINESS LINE

Spotlight: **Aid for Ukraine**

CCC's Sourcing business line is designed to deliver in-kind Canadian aid in rapidly changing environments.

In 2021–22, CCC rapidly responded to Canada's international commitments to support the Government of Ukraine.

CCC has partnered with Global Affairs Canada (GAC) and the Department of National Defence (DND) to source equipment to meet needs identified by the Ukrainian government, including specialized military equipment.

Additional service offerings

The Global Bid Opportunity Finder, Knowledge Products, and Advisory Service

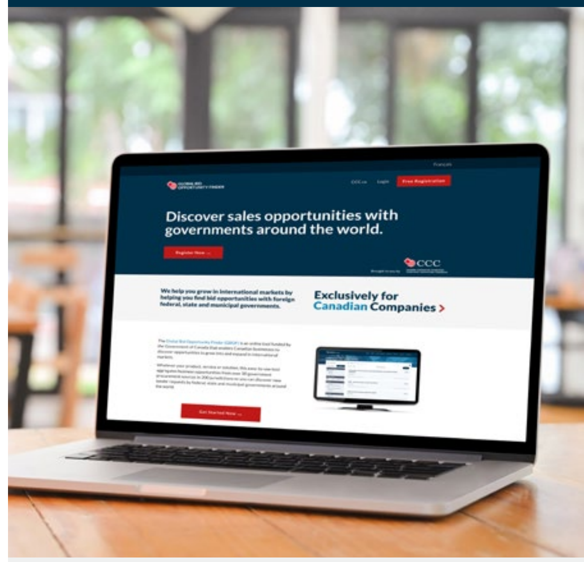
CCC offers three free additional services to Canadian companies. Through these services, CCC supports Canadian companies at different stages of their export journey and can connect Canadian exporters with other Government of Canada services and programs as a part of a 'single export window' experience.

The Global Bid Opportunity Finder (GBOF)

A free web application, developed by CCC exclusively for Canadian companies that allows them to search, evaluate and action opportunities from more than 200 jurisdictions from around the world in a single window. The web-application delivers 5,000 to 7,000 opportunities daily, in both official languages.

- Over 1 million opportunities from 200 jurisdictions
- 1,796 Canadian businesses registered at March 31, 2022 (801 new users in 2021–2022)
- Approximately 95% of total users are SME
- CCC received 849 responses to a diversity questionnaire of registered users, indicating that 47% of GBOF users are owned or led by persons self-identifying as women, BIPOC (Black, Indigenous, People of Colour), under 35, new Canadian, person with a disability or LGBTQ2+

GLOBAL BID OPPORTUNITY FINDER



https://www.gbof.ca/

Diversity profile of GBOF users

Of the 1,796 total GBOF users, CCC received 849 responses (47%) to a diversity questionnaire of registered users.

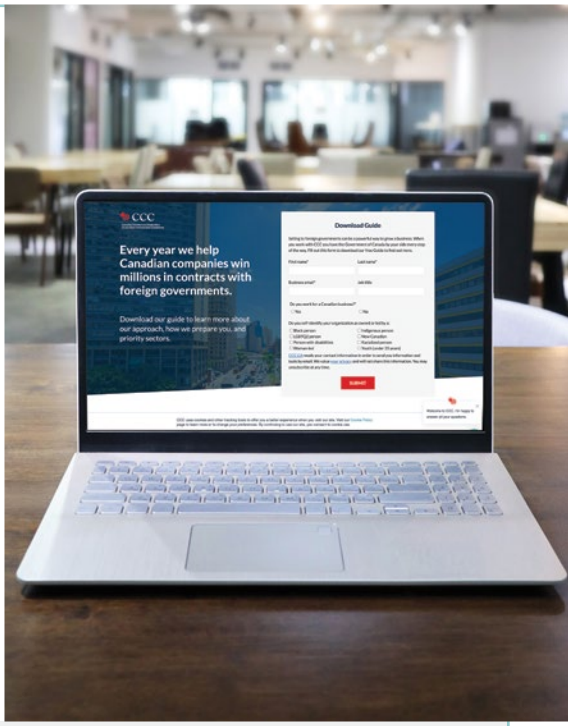
The table below summarizes the results.

Canadian companies owned or led by a:	# of responses	% of GBOF users (1,796)
Woman	303	17
New Canadian	190	11
Racialized person	96	5
Youth (under 35 years)	112	6
Black person	76	4
Person with disabilities	24	1
Indigenous person	29	2
LGBTQ2+ person	19	1
	849	**47**

Knowledge Products

Knowledge products are guides designed to help exporters build capacity and agency.

88 Canadian companies utilized CCC knowledge products (67% SMEs).



Seizing Opportunity: Developing Winning Proposals

- How to pick the right opportunity and build winning proposals.

Winning Contracts with Foreign Governments

- How to mitigate risk, improve your competitive positioning, win sales with government buyers.

Selling to the U.S. Military

- How to enter the U.S. DoD market successfully for Canadian businesses.

https://info.ccc.ca/en/guide-winning-proposals

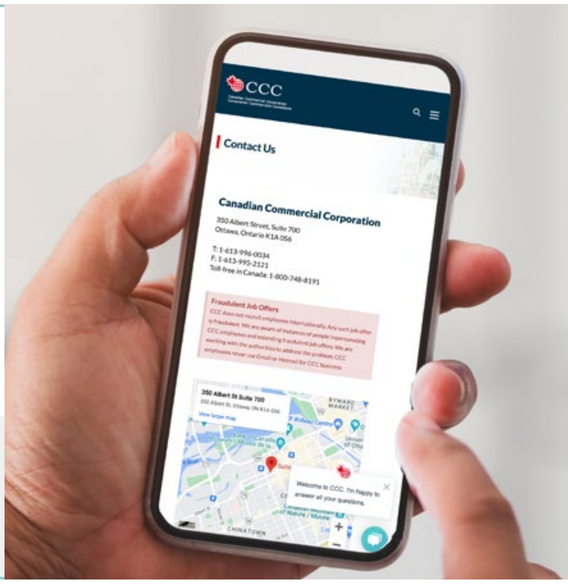
https://info.ccc.ca/en/guide-winning-contracts-with-foreign-governments

https://info.ccc.ca/en/selling-to-us-military/

Advisory Service

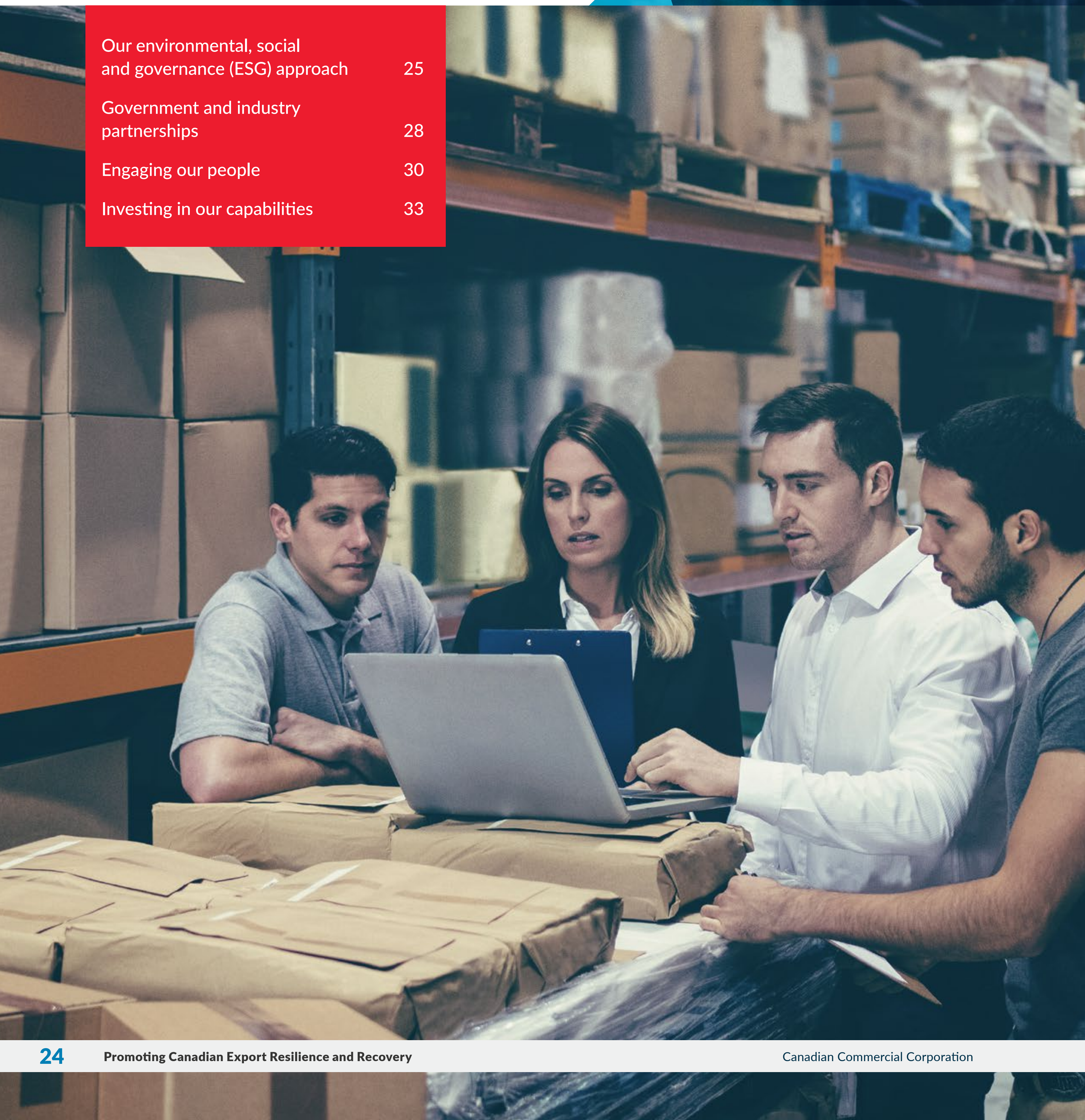
CCC Export Advisors meet with Canadian businesses to understand their needs, connect them directly to relevant parts of the Government of Canada business support ecosystem, and provide information and know-how about selling to foreign government buyers—including the U.S. Department of Defense—the world's largest government buyer.

120 Canadian companies used CCC's advisory services (96% SMEs).



Contact us for advisory services at:
https://www.ccc.ca/en/contact-us/

How we do business



Our environmental, social and governance (ESG) approach

CCC continued to prioritize its ESG in 2021–22, establishing a joint Board-Management committee to oversee the development and implementation of an ESG strategy aligned with the corporation's role in facilitating responsible and inclusive international trade.

Environmental: Supporting climate priorities

CCC'S GREEN TEAM

CCC supports the Government of Canada's Greening Government Strategy and other frameworks that address climate change and environmental sustainability. CCC has formed a Green Team to address the elements of the Strategy to ensure CCC is aligned with the targets to achieve net zero, reduce its emissions and incorporate climate resiliency into its operational planning. In this vein, CCC has engaged experts in the area of climate risk and sustainability for businesses to provide advisory services that will guide the development of a strategy suited to CCC's footprint and operations. CCC is currently collecting data that supports this initiative with the view to disclose goals and an action plan, in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

Social: Supporting diversity and inclusive economic growth

Among several initiatives, three examples are below:

DATA COLLECTION AND ANALYSIS

In 2021–22 CCC developed and piloted a framework for data collection, analysis, and reporting on the diversity of Canadians who benefit most directly from CCC services, focusing on the owners and employees of CCC's export partners. CCC's gender and diversity survey of customers under contract achieved a response rate of 55%. This framework will continue to be refined and expanded to inform future programming and further inclusive trade.

As well, the diversity of the CCC workforce is reported in this document, under the section: Engaging our people.

WOMEN IN GOVERNANCE PARITY CERTIFICATION

In 2021, CCC engaged in Women in Governance's Parity Certification, which serves to help organizations increase the representation of women where they have historically been underrepresented, including senior management positions. This innovative certification not only evaluates parity at the decision-making level of organizations, but also assesses CCC's commitment to implement sustainable policies and practices, and to enable a fair environment for equal representation at all levels.

CCC was pleased to be awarded the bronze certification along with a customized report with recommendations to sustain this certification and adopt practices to improve our roadmap towards parity. CCC's Diversity & Inclusion Committee, in conjunction with Senior Management, are continuing to develop an action plan that addresses recommendations to augment our practices around parity.

RECRUITING SOURCES

A services agreement was concluded with EQuest, a reputable organization that promotes job posting to a variety of Indigenous, Disability, and Visible Minority community job boards with the goal of attracting more applicants from these communities into our recruiting pools. Further, diversity and inclusion lens is now a formal requirement for all recruitment searches.

Governance: Developing CCC's ESG strategy

AD-HOC ESG COMMITTEE OF THE BOARD OF DIRECTORS

To increase transparency and reporting on CCC's non-financial performance, CCC has created an ad-hoc ESG Board Committee, to guide the corporation in developing an ESG strategy. This strategy will lay the framework to capture progress on CCC's key initiatives in the ESG space and to develop targets, define responsibilities, and drive CCC's impact to address global concerns. CCC supports the Government of Canada's international commitments to protect the environment as well as the direction for Crown Corporations to align with the commitments in the Greening Government Strategy. In addition, CCC also recognizes the importance of conducting business with integrity and respect for human rights. CCC is focused on ensuring that all these elements are considered in the development of our ESG Strategy and in our work with Canadian companies. For more information on the board of director's ESG committee, please see Corporate governance and leadership.

CCC'S RESPONSIBLE BUSINESS CONDUCT (RBC) FRAMEWORK

CCC operates in an environmentally, socially and ethically responsible manner consistent with Canada's international commitments, including respect for human rights and combatting bribery. CCC's commitment to RBC is a vital part of our work with Canadian exporters, their supply chains, foreign government buyers and our shareholder, the Government of Canada.

Due diligence practices and risk assessments

CCC's due diligence is ongoing throughout an international project's life cycle and includes the examination of technical, managerial, financial, contractual, and geopolitical elements, as well as risks related to bribery and corruption, and human rights.

CCC utilizes cross-functional committees such as the Human Rights Committee (HRC) and Integrity Compliance Committee (ICC) to perform this due diligence. These committees provide assessments and recommendations to the Risk and Opportunities Committee (ROC) and senior management. Please see the Corporate Governance section for more information on the HRC, ICC and ROC.

CCC works with Canadian exporters to implement strategies to mitigate all identified risks and integrate risk management processes into their business operations—positioning exporters for success in international markets.

Continually strengthening RBC practices

CCC views responsible business conduct as fundamental to operating successfully and sustainably and continues to play a leadership role through its application of robust RBC policies and practices.

- Risk management practices
  To continually improve risk management outcomes, CCC embeds risk mitigation measures into its transactions, such as the incorporation of provisions around anti-bribery, corruption and human rights, into the terms and conditions of CCC contracts. CCC continues to influence Canadian exporters to implement RBC policies and procedures in their own organizations and undertakes ongoing monitoring of potential and signed transactions. CCC also proactively consults with relevant divisions at Global Affairs Canada (GAC) on all projects with potential human rights concerns. In line with the United Nations Guiding Principles (UNGP) and the increased focus on supply chains, CCC has developed and implemented specific supply chain due diligence questions for exporters to prompt them to evaluate the human rights within their supply chains, including the risk of forced labour or child labour. CCC continues to follow regulatory developments in this area to ensure alignment with laws and Government of Canada policy.

- Transactional disclosures
  CCC adopted a Transparency and Accountability Policy that solidifies our commitment to sharing transactional information about business activities to the public. CCC produces a quarterly report of signed transactions to demonstrate how and where CCC is delivering on its mandate. CCC strives to disclose 100% of signed G2G transactions on a quarterly basis, with exceptions to disclosure aligned with exemptions under the *Access to Information Act*.

- **Internal training**
  CCC continues to strengthen its RBC framework through training for all employees and working with Canadian exporters. Over the past year, CCC has delivered in-house training for all employees on RBC—as an onboarding module for new employees and as part of the annual RBC training for existing employees. CCC's compliance team developed an interactive training session and case study, drawing from CCC's specific transactions and covering topics relating to anti-bribery and corruption, human rights and supply chain due diligence.

- **Influencing Canadian exporters**
  CCC recognizes its significant role and relationship with Canadian exporters and seeks to encourage them to adopt RBC best practices. As part of our RBC due diligence assessment, CCC routinely makes recommendations where gaps have been identified in exporter policies and procedures, and monitors improvements made over time. CCC's Integrity Compliance Committee (ICC) provides exporters with links to resources and materials and offers its assistance to build knowledge and awareness in identified areas.

CCC 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 the **environmental standards** prescribed in the *Canadian Environmental Assessment Act (CEAA)*.	CCC has established sound health and safety practices as well as **internal training, learning and recognition**.
CCC aims to **operate transparently** and publishes financial, business and **transactional disclosures** 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's **Diversity & Inclusion Committee** advocates for an inclusive work environment for all employees.
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 is working to align with the **Greening Government Strategy** to reduce carbon emissions in line with the Paris agreement.	CCC contributes to the **Government of Canada Workplace Charitable Campaign** which boasts high levels of employee participation and donations.

Government and industry partnerships

CCC is developing effective partnerships within the Government of Canada as well as in the private sector, to better support Canadian businesses in their international commercial pursuits while also aligning with Canada's economic and trade priorities.

Whole-of-government support for Canadian exporters

CCC is part of the Government of Canada's International Trade Portfolio. CCC consistently adopts a whole-of-government approach to better server Canadian exporters, by working closely with other trade portfolio members. To help foster stronger whole-of-government collaboration in international trade, the Honourable Mary Ng, Minister of International Trade, Export Promotion, Small Business and Economic Development established the Business, Economic and Trade Recovery (BETR) Team. In 2021–22, CCC supported BETR's efforts to:

- identify gaps in the portfolio's support to Canadian businesses and find ways to provide faster access to services,
- increase knowledge and awareness of available support so businesses can select what most appropriately meets their needs and where they can access it, and
- explore opportunities to jointly promote growth through collaboration on specific new initiatives which will generate benefits for Canadian business and for Canada.

BETR MEMBERS

- EDC
- bdc
- Global Affaires Canada / Affaires mondiales Canada — Trade Commissioner Services / Service des délégués commerciaux
- CCC — Canadian Commercial Corporation / Corporation Commerciale Canadienne
- invest in Canada
- National Research Council Canada / Counseil national de recherches Canada — Industrial Research Assistance Program / Programme d'aide à la recherche industrielle
- Innovation, Science and Economic Development Canada / Innovation, Sciences et Développement économique Canada

Private sector

In addition to partnering with other entities of the Government of Canada, CCC works across industry to identify and participate in opportunities to support Canadian exporters. By aligning with industry interests in this manner, CCC is better positioned to help foster collaboration across multiple Government stakeholders depending on the nature of a particular G2G transaction.

CCC'S INDUSTRY PARTNERS

AIAC: Aerospace Industries Association of Canada
https://aiac.ca/

CADSI: Canadian Association of Defence and Security Industries
https://www.defenceandsecurity.ca/

CABC: Canada ASEAN Business Council
https://www.canasean.com

CCPPP: Canadian Council for Public-Private Partnerships
https://www.pppcouncil.ca/web/Events/Annual_Conference.aspx/

OCC: Ontario Chamber of Commerce
https://occ.ca/

CCC: Canadian Chamber of Commerce
https://chamber.ca/

MaRS: MaRS Discovery District
https://marsdd.com/

Engaging our people

Working at CCC

CCC strives to be an employer of choice, creating a dynamic environment where all our people are empowered to make their unique contributions to serving Canada.

- We offer rewarding professional challenges to employees in a fast-paced, entrepreneurial, team-oriented environment.
- We are committed to employment equity, and actively encourage applications from women, Indigenous Peoples, persons with disabilities and members of visible minority groups.
- We invest in our employees' professional and career development and offer competitive compensation packages.
- We support employee wellness and offer a health and wellness allowance, free access to an on-site fitness center with online classes, and an exceptional Employee and Family Assistance Program.
- We promote a culture of employee engagement through focus groups and coffee chats with senior leaders, townhalls, team building events, employee recognition, and opportunities to grow professionally through acting assignments and project leadership roles.
- We provide all CCC employees with a comprehensive package of equipment to enable telework capabilities. These include: a laptop, cell phone, monitor, mouse, keyboard, office chair (where requested), and guidance on ergonomic home office set-up. Also, a new telework instruction was created to provide clear guidance on working remotely and maintaining information security.

Total Workforce

112 staff, management and executives

52% females

48% males

- **2%** self-identify as Indigenous
- **29%** self-identify as a member of a visible minority group
- **5%** self-identify as a person with a disability

79 employees are members of the of the Professional Institute of the Public Service of Canada.

Our staff

64% females

36% males

- **43%** of CCC staff self-identify as a member of a visible minority group or person with a disability

Our management

21% females

79% males

- **17%** of CCC management self-identify as an Indigenous person or member of a visible minority group

Our executive team

60% females

40% males

- **40%** of CCC's executive team self-identify as a member of a visible minority group or person with a disability

Our board of directors

50% females

50% males

Diversity & Inclusion Committee

The D&I Committee brings together employees to celebrate diversity, to identify opportunities to enhance workplace culture and to remove potential barriers to individual and corporate success. The committee provides updates to CCC's Senior Management Committee on organizational initiatives.

- **Gender parity work**
  Through *Women in Governance*, CCC underwent a gender parity assessment, achieving bronze level certification. CCC will continue to work toward implementing best practices identified through this process to maintain or increase our certification level. Please see section Women in Governance Parity Certification for more information.

- **Pay Equity Committee**
  This committee has been created to undergo the fulfillment of the requirements set by the Pay Equity Act for federally regulated employers. This important Act ensures that employers are providing equal pay for work of equal value between male and female dominated job classes. Pay equity addresses the undervaluation of women's work, which contributes to the gender wage gap.

ENABLING CANADIAN SUCCESS:

Spotlight: **2022 International Women's Day**

To help mark the International Women's Day (IWD), CCC hosted a virtual event that showcased a discussion panel of distinguished female leaders. The discussion centred on the IWD 2022 campaign theme: #BreakTheBias. The panel was comprised of three female executives, namely: Isabelle Hudon, former Canadian ambassador to France and newly appointed CEO at BDC; Marie-Claude Dumas, President & CEO at WSP Canada; and Michelle Cohen, the Dominican Republic's Ambassador to Canada. Although the event was geared towards CCC's employees, the management teams of EDC, BDC and GAC were also invited to listen-in and exchange with panelists during a Q&A session after the discussion panel.

Pandemic support

In this second year of the COVID-19 pandemic, CCC continued to take steps to support the health and well-being of all employees:

- Ensuring the Employee Assistance Program was available to all employees 24/7
- Offering mental health training
- Approving flexible work arrangements to meet employees' needs
- Providing guidance on ergonomic set-up for home offices
- Lending available ergonomic equipment to ensure safe work environments
- Organizing remote townhalls
- Facilitating informal coffee chat meetings with senior executives
- Offering remote work training for employees and managers
- Providing harassment and violence prevention training for employees and managers

Return and Remote (R&R) Committee

The R&R Committee was created in response to the COVID-19 pandemic to ensure strategic decision making was in place regarding the plan to return to the office post-pandemic. The committee has become responsible for communicating to staff about any COVID-19 updates, providing guidelines for working from home, and providing CCC's senior management with updated information on trends related to hybrid work, COVID-19 public health guidance, and employee concerns.

ENABLING CANADIAN SUCCESS

Spotlight: **Our hybrid work model**

Since October 2021, CCC has been operating in a hybrid work environment where employees have had the option to work from the office or from their home. As part of its workplace transformation strategy, CCC plans to maintain a hybrid work model into the future.

Underpinning the hybrid work model is CCC's information management program, digitalization initiatives, and new policies to manage and secure corporate information when teleworking—i.e. maintaining the confidentiality, integrity, and availability of corporate information in compliance with legislation and policy. In parallel, CCC is developing guidance for employees and managers to support them through this transition.

Investing in our capabilities

CCC continues to make investments in cyber security, information management, digitization, IT systems and controls with a view to making it easier for Canadian companies to do business with us.

Information management program

Launched in 2021, the information management program centralizes accountability and responsibility for corporate information.

Digitalization

CCC continued the rollout of its cloud migration strategy, including the migration of business documents to Microsoft SharePoint Online and the implementation and optimization of the electronic document and records management system. New communication and collaboration tools were implemented to facilitate teamwork as well as contact with CCC's customers, business partners and stakeholders. Through digitalization efforts, CCC continues to reduce paper usage and storage costs through reduced printing and the controlled destruction of paper records. Since the start of the pandemic, CCC has decreased printing by 65%.

Continuous improvement in IT systems and controls

CCC continued to align its cyber security practices with the National Institute of Standards and Technology (NIST) Cyber Security Framework. As well, a new approach for vulnerability management was implemented in order to reduce the risks posted by external threats. All (100%) of CCC employees, managers and executives completed the annual cyber security awareness training which is designed to reduce IT risk and risks of accidental data loss or exposure. Also, CCC completed an IT disaster recovery test for the critical IT Infrastructure components. Together, the above control mechanisms helped contribute to a year in which CCC's IT operations were free from cyber incidents.

Corporate performance

2021–22 strategic objectives and corporate scorecard

As articulated in CCC's 2021–22 corporate plan[7], CCC has developed annual objectives with associated performance indicators and targets. The performance indicators are integral to demonstrating CCC's results and the value created for Canadian exporters and the Government of Canada.

For 2021–2022, CCC was focused on three strategic objectives:

1. Grow Canadian exports,
2. Deliver value to Canadians through operational excellence, and
3. Embed environmental, social and governance (ESG) practices in all our activities.

Progress has been tracked through the utilization of seven performance indicators and summarized in CCC's corporate scorecard.

Strategic Objective	Performance Indicator	Target 21–22	Actual 21–22	Result	Commentary
1) Grow Canadian exports	**Value of contracts signed ($ millions)**	**1,334**	**1,394**	**60**	VCS exceeded target by $60 million. DPSA exceeded its $850 million target by $18 million, with signficant projects in the ICT, aerospace, defence, advanced manufacturing and health sectors. IPC achieved 99% of its target, with significant projects in the ICT, agriculture, infrastructure and defence sectors. Sourcing activity contributed $50 million to the VCS surplus, related to emergency international assistance in Europe.
	DPSA	850	868	18	
	IPC	474	466	(-8)	
	Sourcing	10	60	50	
	Total customers served	**360**	**422**	**62**	Total customers served measures the reach of CCC services to Canadian companies at various stages along the export continuum. This measure includes customers under contract with CCC, customers working with CCC on active business leads, and customers utilizing CCC's suite of knowledge products and advisory services.
	Customers under contract	**155**	**151**	**(-4)**	
	DPSA	87	90	3	
	IPC	50	47	(-3)	
	Sourcing	19	14	(-5)	
	Export services delivered	**205**	**271**	**66**	CCC exceeded the total customers served target by 62, reflecting the utilization of CCC's knowledge products and advisory services by existing and emerging Canadian exporters. Of note, CCC experienced higher than expected DPSA lead activity in the year, which was offset by lower than expected IPC lead activity.
	Leads	56	63	7	
	DPSA	11	40	29	
	IPC	45	23	(-22)	
	Sourcing	0	0	0	
	Knowledge products, advisory services	149	208	59	

7 CCC's 2021–22 Corporate Plan may be accessed at: https://www.ccc.ca/en/about/corporate-reports/

Strategic Objective	Performance Indicator	Target 21–22	Actual 21–22	Result	Commentary
1) Grow Canadian exports, continued	**SMEs served**	**286**	**323**	**37**	Total SMEs served measures the reach of CCC services to Canadian SMEs. In 2021–22, CCC exceeded target by 37, reflecting the utilization of export services by Canadian SMEs. Specifically, CCC knowledge products and advisory services contributed to exceeding target, and of note, SMEs were the primary users of these services, making up 84% of total knowledge products and advisory services users in 2021–22. As well, higher than expected DPSA business leads under development with CCC were partially offset by lower than expected SMEs pursuing international leads and lower than expected SMEs under contract.
	SME customers under contract	**116**	**107**	**(-9)**	
	DPSA	65	65	0	
	IPC	36	35	(-1)	
	Sourcing	14	7	(-7)	
	SME export services delivered	**170**	**216**	**46**	
	Leads	28	42	14	
	DPSA	6	30	25	
	IPC	23	12	(-11)	
	Sourcing	0	0	0	
	Knowledge products, advisory services	142	174	32	

Strategic Objective	Performance Indicator	Target 21–22	Actual 21–22	Result	Commentary
2) Deliver value to Canadians	**Operating profit ($ thousands)**	**2,114**	**2,981**	**867**	Operating profit exceeded expectation due to a combination of management's monitoring revenues and the prudent management of expenses throughout the year, reduced travel expenditures stemming from pandemic travel restrictions, and higher than expected revenues from increased activity late in the fiscal year. For a full discussion of operating results, please see Management's discussion and analysis.
	Continuous improvement savings ($ thousands)	**300**	**683**	**383**	Continuous improvement savings exceeded target by \$383 thousand, in line with CCC's strategic expenditure management efforts. The total figure of \$683 thousand is comprised of \$191 thousand efficiency savings—updates to CCC systems, processes, and procedures to enhance customer impact and reallocate FTE resources—and \$493 thousand in savings related to permanent reductions to CCC's cost structure as well temporary in-year savings from managerial spending decisions.

Strategic Objective	Performance Indicator	Target 21–22	Actual 21–22	Result	Commentary
3) Embed ESG in all our activities	**Employee engagement score (%)**	65	65	0	CCC conducted a condensed "pulse" engagement survey in 2021–22, comprised of 26 questions across all drivers of engagement, achieving a participation rate of 85%. The overall Employee Engagement score met the target of 65%, up 3% from the survey conducted in 2020–21. This positive trend reflects the continuing efforts made across the organization to prioritize engagement, including enhanced supports for mental health, and regular, ongoing engagement with management and executives. CCC continues to utilize employee engagement feedback to inform managerial decision making.
	ESG measure (% of customers reporting diversity metrics to CCC)	50	55	5	CCC's gender and diversity survey aims to create a baseline profile of the ownership and leadership of customers under contract with CCC. In 2021–22, the first year of this survey, CCC achieved a response rate of 55%.

Management's discussion and analysis

Basis of Preparation and Disclosure

The following management's discussion and analysis ("MD&A") should be read in conjunction with the Corporation's audited annual financial statements and accompanying notes for the year ended March 31, 2022. All amounts presented are in Canadian dollars unless otherwise specified.

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

The financial statements have been prepared in accordance with International Financial Reporting standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as reference for Generally Accepted Accounting Principles ("GAAP"). In the following discussion, the Corporation also uses certain non-GAAP financial measures, such as value of contracts signed ("VCS") and Commercial Trading Transactions ("CTT"), to evaluate its performance. Non-GAAP 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 multi-year Armoured Brigades Program ("ABP") contract. Due to the magnitude of this contract, the ABP has been presented separately in certain sections of the MD&A.

For presentation purposes, fiscal years ended March 31, 2021 and March 31, 2022 are referred to as 2021 and 2022 respectively.

Business Line Reporting Structure

CCC has three main business lines (and several sub-business lines based on specific market, product and financial requirements) which support Canadian companies in variety of industrial sectors in markets around the globe.

Defence Production Sharing Agreement (DPSA)

CCC supports significant Canadian export activity under the Defence Production Sharing Agreement ("DPSA"). The DPSA enables Canadian exporters to compete for contracts as part of the United States Department of Defense ("DoD") domestic supply base. Enabling access in this manner provides Canadian exporters with business opportunities that drive exports and jobs in Canada, while generating economic benefits in both Canada and the United States, CCC does not charge fees for services provided under the DPSA.

The DPSA continues to help underpin the collective security of Canada and the United States by enabling us to leverage one another's industrial and technological strengths in meeting respective defence procurement needs. Cross-border trade linked to the DPSA also offers important opportunities for firms in some of Canada's most innovative sectors and for a variety of small and medium-sized enterprises ("SMEs"). Budget 2021 provides an annual appropriation for CCC to administer the DPSA. A more fulsome description of the appropriation is discussed under the ***Summary of Financial Results*** section below.

International Prime Contracting (IPC)

The Corporation's International Prime Contracting ("IPC") business line is a fee-based service involving the establishment of G2G contracts with foreign government buyers.

The Corporation works with Canadian exporters of all sizes, across a diversified number of Canadian industrial sectors. 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. Every such contract is unique, and CCC's guarantee of contract performance provides added incentive for foreign governments to procure Canadian expertise, and often to address priority strategic projects in various domains (e.g. transportation, infrastructure, national security, and others).

Sourcing

CCC assists Government of Canada departments and agencies in efficiently fulfilling urgent and complex procurement needs. This involves sourcing goods and services to meet a variety of international commitments or programming needs. CCC charges a fee to cover its costs to manage these programs.

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

Value of Contracts Signed

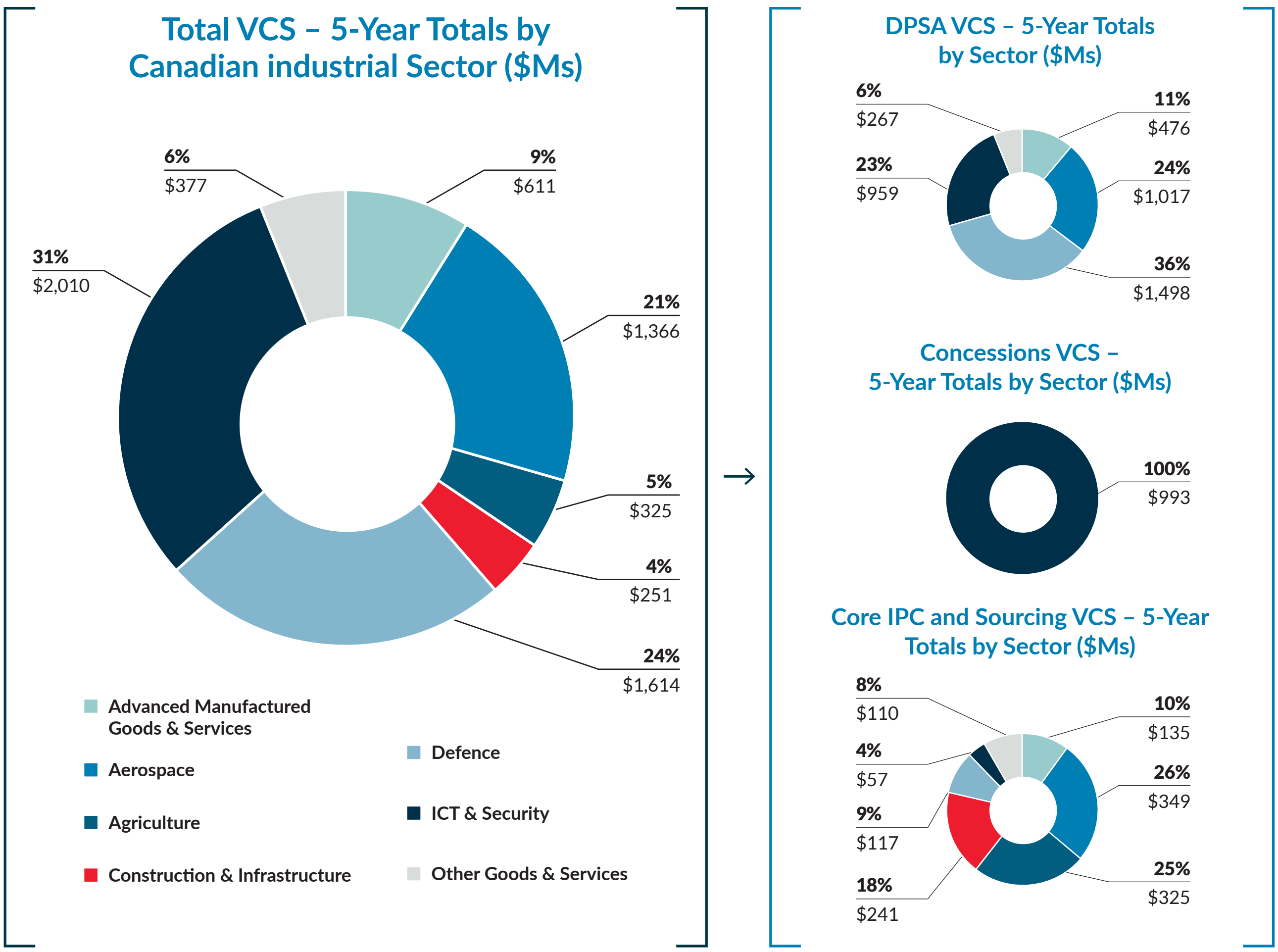
VCS is a non-GAAP measure used by the Corporation that represents the value of contracts and amendments signed in a given period. It measures the total value of goods or services to be delivered over the entire duration of a contract and hence, represents the full contract value when the contract is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

The tables below present the VCS by business line for 2022 and 2021.

	FOR THE YEAR ENDED MARCH 31,					
					% of Total	
Value of Contracts Signed by business line ($000's)	**2022**	2021	$ Change	% Change	**2022**	2021
DPSA	**$ 867,839**	$ 921,685	$ (53,846)	(6%)	**62%**	68%
IPC						
Core IPC	**273,631**	237,961	35,670	15%	**20%**	18%
Concessions	**192,144**	164,284	27,860	17%	**14%**	12%
Sourcing	**59,903**	21,739	38,164	176%	**4%**	2%
Total	**$ 1,393,517**	$ 1,345,669	$ 47,848	4%	**100%**	100%

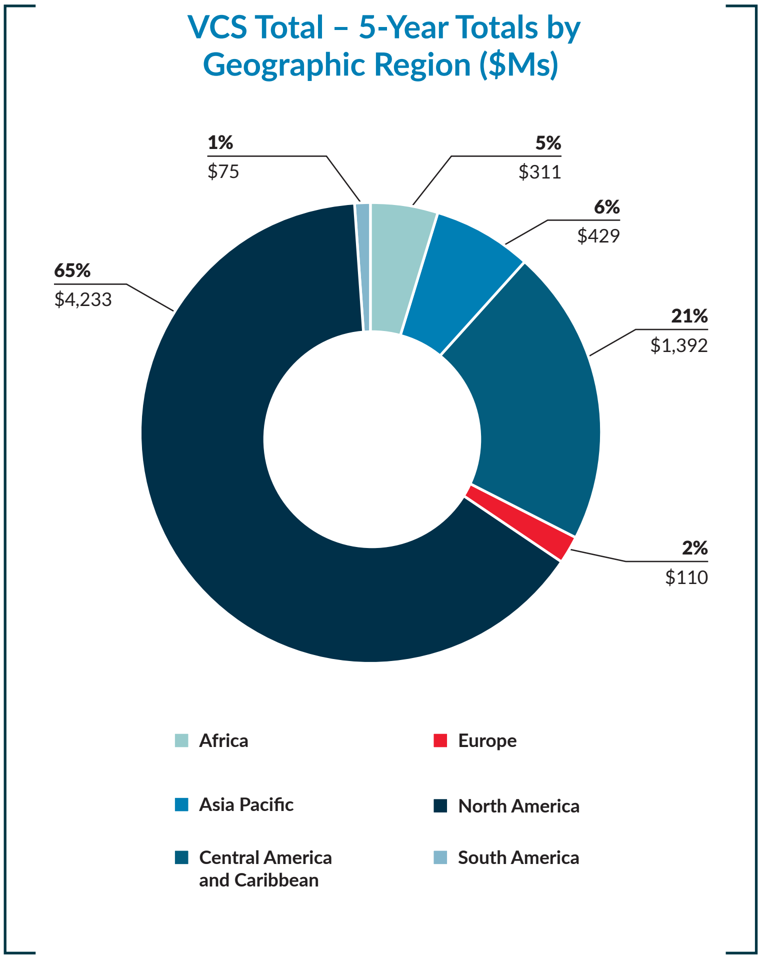
While the impact of the COVID-19 pandemic and the appreciation of the Canadian dollar continue to be significant, total VCS in 2022 surpassed the 2021 results by 4%. As discussed in the Foreign Exchange Significance section, DPSA VCS was consistent in 2022 compared to 2021 in contracted USD currency but shows a year over year decrease when presented in Canadian dollar equivalent for reporting purposes. The Cuba Contracting Program (included in Core IPC), continues to face pandemic related challenges, where the pandemic has significantly impacted the Cuban tourism industry, the major benefactor of goods and services provided under the Program. Conversely, Concessions (which is valued based on gross ticket sales of the Lottery Program) rebounded in 2022 as ticket sales increased after low activity in 2021. Sourcing achieved a historic result in 2022, surpassing a strong result in 2021 by 176%. This was achieved in the latter part of the fiscal year and driven by Canada's response to Russia's February 2022 invasion of Ukraine. As part of the Government of Canada's commitment, CCC worked closely with Global Affairs Canada and the Department of National Defence to rapidly procure and provide military aid to Ukraine.

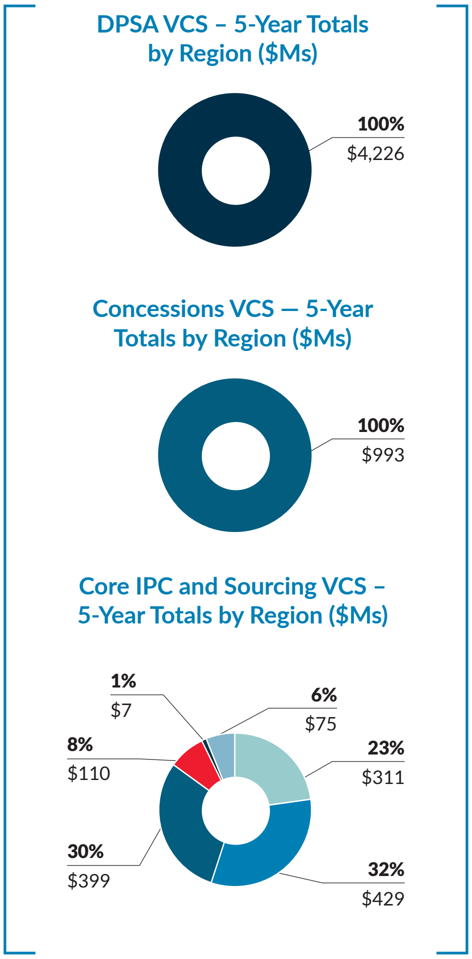
The charts below present the five-year cumulative total VCS by sector and business line.



Over the last five years, the Corporation has facilitated in excess of $6.5 billion of export sales from a range of Canadian industrial sectors. This has largely featured exports from Canada's ICT & Security, Defence and Aerospace sectors accounting for almost $5 billion or 76%. The remaining $1.5 billion or 24% was driven by exports from advanced manufactured goods (i.e., non-military vehicles and parts, construction & agricultural equipment), agriculture, construction & infrastructure, environmental, health & pharmaceutical sectors. ICT includes the establishment of lottery systems (illustrated in the chart above as Concessions) by a Canadian exporter on behalf of foreign governments to generate revenues used to help relieve poverty and support local social program delivery abroad. On occasion, the Corporation's contract portfolio has included large infrastructure projects (e.g., the 2017 redevelopment and construction of the LF Wade International Airport in Bermuda). Otherwise, the sector breakdowns depicted in the charts above are consistent on an annual basis. The Corporation's growth strategy aims to continue to increase and diversify the breadth of industrial sectors served by CCC.

The charts below present the five-year cumulative total VCS by geographic region and business line.





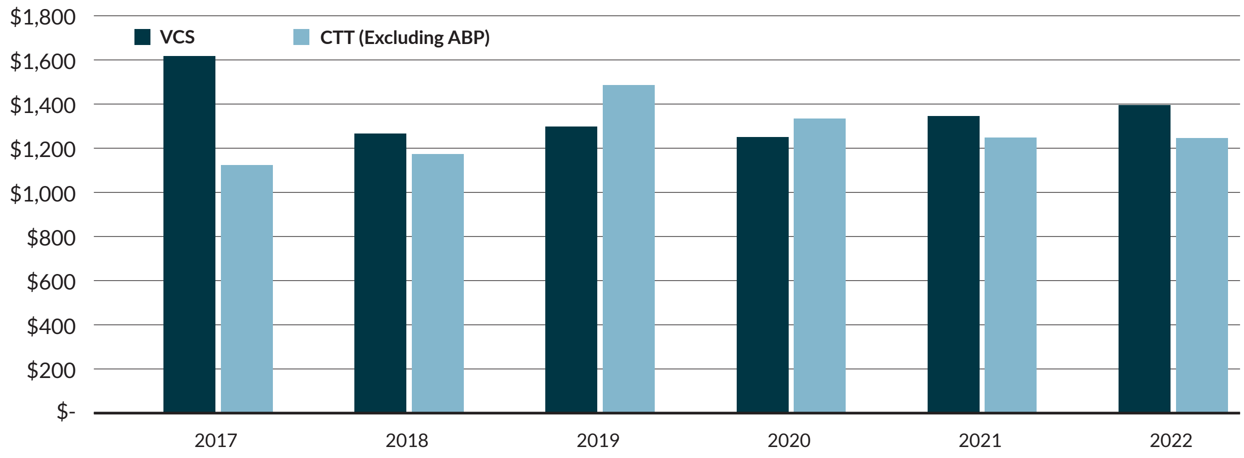
Over the last five years, the Corporation has facilitated in excess of $6.5 billion of export sales to governments around the world. Export sales to the United States through the DPSA account for $4.2 billion or 65% depicted as North America. Of the remaining $2.3 billion, $1.4 billion or 21% was provided to Central America and the Caribbean region mostly through Concessions. IPC activity was prominent in Africa, Asia, Central America and Caribbean where G2G contracting practices are frequently used to mitigate buyer and exporter risk. The Corporation's growth strategy aims to continue to increase the take-up of Canada's G2G trade approach by governments around the world.

Commercial Trading Transactions

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

The graph below presents the CTT (excluding ABP) compared to VCS for the last six-year period.

CTT (excluding ABP) compared to VCS (in $M's)



In order to best illustrate the trending relationship between CTT (excluding ABP) and VCS, six-year comparatives are detailed above. In summary, VCS is defined as the total value of the contract when signed while CTT is defined as the executed scheduled deliveries throughout the performance of the contract. As a result, CTT naturally lags behind VCS as the contract delivery life span can vary according to the nature of the contract, with large infrastructure, aerospace and/or defence contracts typically requiring several years to deliver. In 2017, two large infrastructure contracts were signed late in the year totaling approximately $500 million. As a result, VCS was significantly greater than CTT in that year. As work progressed and intensified on the two infrastructure contracts in 2019 and 2020, the inverse relationship occurred given CTT was greater than VCS in those years as VCS returned to more traditional levels of activity.

The table below presents CTT by business line for 2022 and 2021.

Commercial Trading Transactions by business line ($000's)	FOR THE YEAR ENDED MARCH 31,				% of Total	
	2022	2021	$ Change	% Change	2022	2021
DPSA	$ 803,913	$ 850,043	$ (46,130)	(5%)	33%	29%
IPC						
Core IPC	188,335	212,242	(23,907)	(11%)	8%	7%
Concessions	192,217	164,284	27,933	17%	8%	6%
Sourcing	60,212	20,117	40,095	199%	2%	<1%
Total excluding ABP	$ 1,244,677	$ 1,246,686	$ (2,009)	(0%)	51%	43%
ABP	1,200,810	1,674,629	(473,819)	(28%)	49%	57%
Total including ABP	$ 2,445,487	$ 2,921,315	$ (475,828)	(16%)	100%	100%

In 2022, CTT decreased by $476 million, entirely due to the decrease in the ABP resulting from production delays. Otherwise, 2022 CTT total excluding ABP was virtually on par with the 2021 result. Notable items are as follows: (1) while DPSA CTT decreased in 2022 compared to the previous year, factoring in 2022 foreign exchange fluctuations results in a USD equivalent that actually shows an increase year-over-year; (2) CTT related to the Cuba Contracting Program (included in Core IPC) for 2022 is indicative of Cuba's pandemic-related tourism downturn; (3) Concessions rebounded in 2022 as ticket sales increased after lower activity in 2021; and (4) Sourcing CTT activity increased significantly over 2021, driven by CCC's support to the Government of Canada's provision of military aid to Ukraine.

Foreign Exchange Significance

The Corporation's contracts with foreign buyers are currency matched to offset contracts with Canadian exporters. CCC's contracts require receipts and payments to be made in the same currency to avoid foreign exchange risk. As a result, CCC has a natural hedge against foreign exchange gains or losses that would otherwise impact the net results of operations and comprehensive income. Unhedged foreign exchange balances are monitored and kept at negligible levels.

However, key Corporate financial and statistical results are reported and presented in Canadian dollar equivalent. The reported results can significantly change year-to-year due to fluctuations in foreign exchange rates, as the large majority of CCC's transactions are facilitated in U.S. dollar currency (USD).

Non-GAAP measures of transaction volume including VCS and CTT are also key performance indicators (KPIs) of CCC's export and overall economic impact. These large numbers are driven by transactions that are entirely (i.e., ~95%) facilitated in USD.

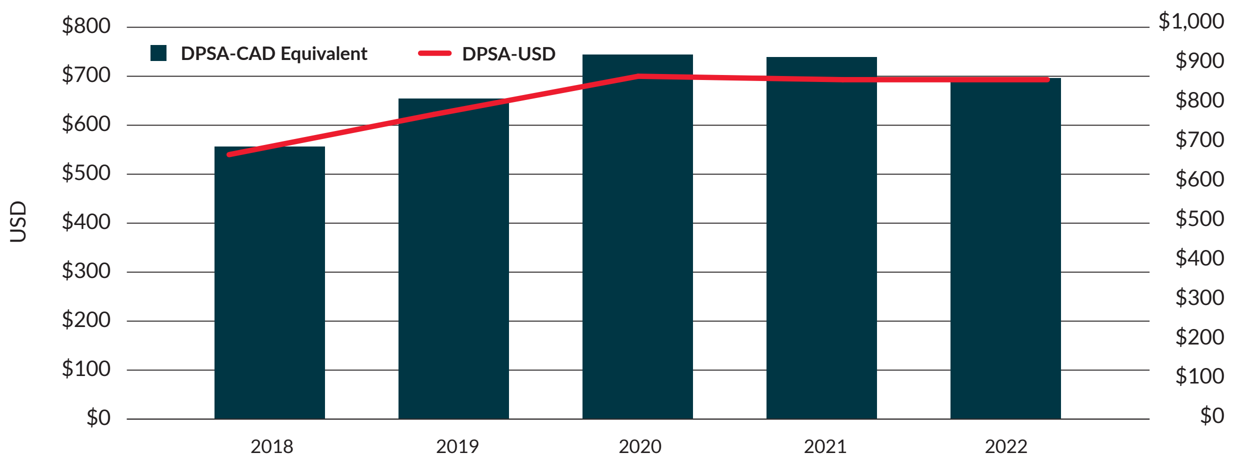
On average, 75% of fees for service are facilitated in USD currency, whereby USD cash is received and subsequently converted to Canadian dollars to pay corporate expenses that are largely processed in Canadian dollars. A very small percentage of expenses (i.e., ~2%) are processed in USD.

In summary, a stronger Canadian dollar generally has a diminutive effect on CCC's financial and statistical results and measures.

The Chart below presents DPSA Value of Contracts Signed Activity over the last five years, illustrating the impact of the exchange rate on DPSA transactions.

	2018	2019	2020	2021	2022
DPSA VCS ($M's)					
DPSA-CAD Equivalent	$ 693	$ 816	$ 928	$ 922	**$ 868**
DPSA-USD	$ 540	$ 622	$ 700	$ 693	**$ 693**
Exchange Rate	**1.2829**	**1.3112**	**1.3253**	**1.3291**	**1.2518**

DPSA VCS- 5-Year Activity Trend ($M's)



In presenting the data in Canadian equivalent for reporting purposes, DPSA VCS activity appears to be slightly lower in 2022 than in the preceding two years. However, in USD, DPSA VCS for 2022 is entirely consistent with the 2021 result.

Summary of Financial Results

A discussion of CCC's financial highlights for the year ended March 31, 2022, follows.

Re-introduction of Government Funding (Appropriation) to CCC's Financial Model

Prior to 2018, the Corporation received an annual appropriation to administer the DPSA on behalf of the Government of Canada.

Budget 2021 recognized the importance of CCC's role in administering the DPSA and proposed restoring an annual appropriation of $13 million, commencing in fiscal year 2023. In the meantime, a one-time lump-sum transfer from the Government of Canada was received in fiscal year 2022 for this purpose.

Statement of Comprehensive Income (Loss) discussion

	FOR THE YEAR ENDED MARCH 31,			
Comprehensive income (loss) ($000's)	**2022**	**2021**	**$ Change**	**% Change**
Fees for service revenue	$ **14,076**	$ 18,400	$ (4,324)	(24%)
Finance and other income	**443**	395	48	12%
Government funding	**13,000**	4,000	9,000	225%
LESS: Expenses (including other comprehensive income item)	**24,427**	23,960	467	2%
Loss on foreign exchange	**(111)**	(658)	547	83%
Total	$ **2,981**	$ (1,823)	$ 4,804	263%

For 2022, the Corporation recorded a total comprehensive income of $3.0 million, an improvement of $4.8 million compared to the prior year comprehensive loss. The favourable variance was primarily driven by a higher Government of Canada transfer ($9.0 million) and the favourable variance related to foreign exchange ($547 thousand) which were offset by lower fees for service ($4.3 million) and an increase in expenses ($467 thousand).

Revenues

Fees for service by business line

Fees for service by business line ($000's)	FOR THE YEAR ENDED MARCH 31,								
								% of Total	
		2022		2021		$ Change	% Change	**2022**	2021
IPC									
Core IPC	**$**	**4,058**	$	5,917	$	(1,859)	(31%)	**29%**	32%
Concessions		**737**		702		35	5%	**5%**	4%
Sourcing		**1,459**		1,138		321	28%	**10%**	6%
Canadian Trade Offices/ Other		**981**		977		4	<1%	**7%**	5%
Total excluding ABP	**$**	**7,235**	$	8,734	$	(1,499)	(17%)	**51%**	47%
ABP		**6,841**		9,666		(2,825)	(29%)	**49%**	53%
Total including ABP	**$**	**14,076**	$	18,400	$	(4,324)	(23%)	**100%**	100%

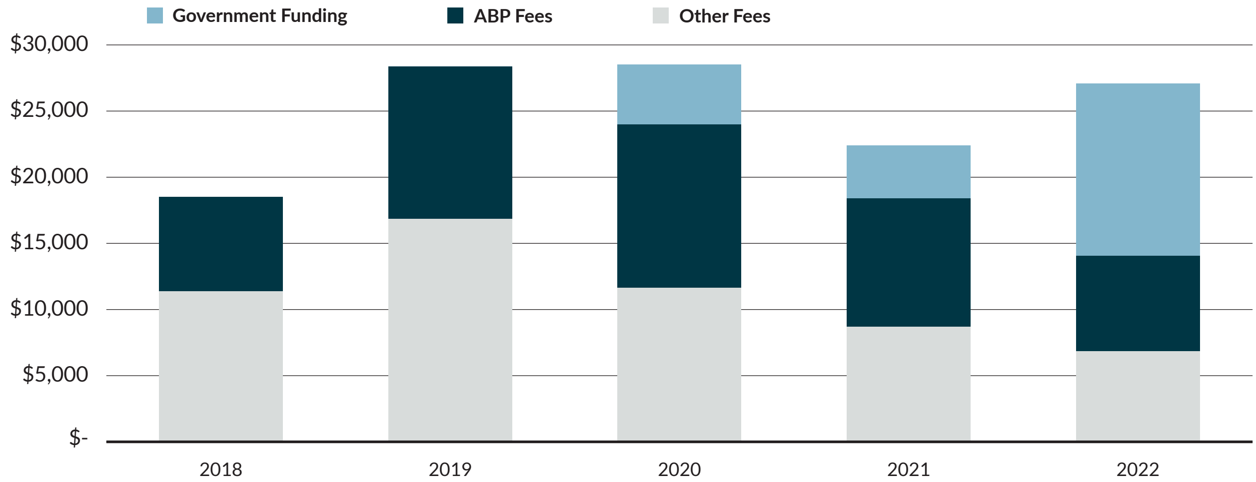
The Corporation charges fees for service on all programs, except for the DPSA. Fees are generally calculated as a percentage of the contract value. Fees are negotiated on a contract-by-contract basis, and, within an acceptable range, are generally reflective of a project's risk profile and competitive market conditions. Fees can be recognized as revenue differently depending on the service performance obligation related to the various business lines. However, the large majority are recorded based on promise to perform all activities required for the Canadian exporter to obtain payment under the terms and conditions of the prime contract. This is generally commensurate with CTT.

For 2022, fees for service revenue of $14.1 million were $4.3 million, lower compared to prior year. Being generally commensurate with CTT, the variance explanations detailed in the Commercial Trading Transactions section apply to the fees variance discussion as well, as follows: (1) $2.8 million of the overall $4.3 million decrease was due to the decrease in ABP delivery activity resulting from production delays encountered on that program; (2) the Cuba Contracting Program (included in Core IPC) has struggled through the pandemic years, the impact of which is being felt more so in the second year; (3) Concessions rebounded in 2022 as ticket sales increased after lower activity in 2021; and (4) Sourcing activity increased in response to the Ukrainian crisis late in the year.

Given the lag in deliveries (CTT) against contract signings (VCS), the decrease in Core IPC is related to the lower levels of contract signing activity experienced in 2020 and 2021 compared to prior years. Only $31 million of Core IPC VCS was recorded in 2020 significantly limiting the delivery activity in subsequent years on which the majority of fees are earned. Revenue streams may be impacted by foreign market conditions as well as foreign political events, which contribute to their year over year unpredictability. The stronger Canadian dollar and resulting foreign exchange impact also contributed to the decrease in 2022. Of the $4.3 million decrease, approximately $3.7 million (86%) is related to a lower level of Core IPC contract deliveries, while $0.6 million is related to exchange rate fluctuations.

The chart below presents the fees for service and Government funding for the last five-year period.

Fees for Service and Government Funding ($000's)



The chart above depicts diminishing fees for service over the last five years, given the strong correlation between fees and CTT discussed under the Commercial Trading Transactions section. Infrastructure contracts of approximately $500 million signed in 2017 contributed to CTT increases (on which fees are earned) in 2019 and 2020, while lower levels of fee generating contracts signed in 2019 and 2020 resulted in lower levels of CTT and related fees in years 2020 and 2021. CCC's financial sustainability roadmap envisions continued growth of the IPC business line and fees.

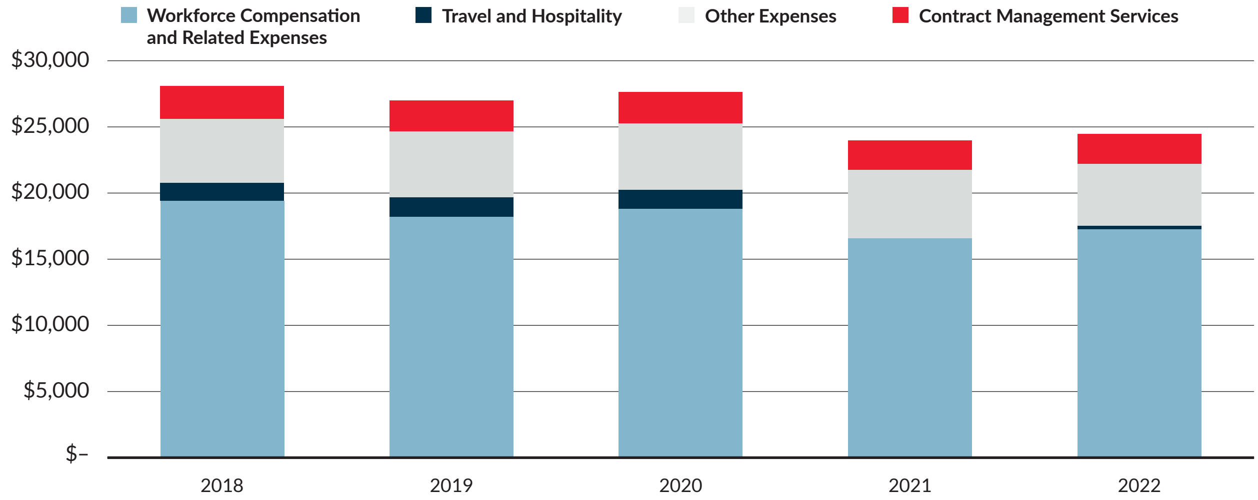
Expenses (excluding other comprehensive income item)

	FOR THE YEAR ENDED MARCH 31,					
					% of Total	
Expenses ($000's)	**2022**	**2021**	**$ Change**	**% Change**	**2022**	**2021**
Workforce compensation and related expenses	$ **17,232**	$ 16,654	$ 578	3%	**71%**	69%
Contract management services	**2,270**	2,222	48	2%	**9%**	9%
Consultants	**1,667**	1,440	227	16%	**7%**	6%
Rent and related expenses	**923**	1,090	(167)	(15%)	**4%**	5%
Software, hardware and support	**788**	780	8	1%	**3%**	3%
Depreciation	**585**	729	(144)	(20%)	**2%**	3%
Communications	**258**	368	(110)	(30%)	**1%**	2%
Travel and hospitality	**248**	32	216	>100%	**1%**	<1%
Other expenses (including finance costs)	**486**	659	(173)	(26%)	**2%**	3%
Total	$ **24,457**	$ 23,974	$ 483	2%	**100%**	100%

For 2022, expenses of $24.5 million were $483 thousand, or 2%, higher compared to the prior year. The variance was primarily driven by an increase in workforce compensation and related expenses ($578 thousand) as vacant key positions from the prior year were filled.

The chart below presents CCC expenses by expense type for the last five-year period.

CCC Expenses by Type by Year ($000's)



Generally, CCC's expenses are categorized as: 67% for salaries, benefits, and related expenses; 20% fixed contractual obligations for items such as rent, Public Services and Procurement Canada (contract management) services, software licenses, telecommunications services and the Board of Directors; and 13% discretionary related to business travel to secure and manage contracts, and consultants for various services.

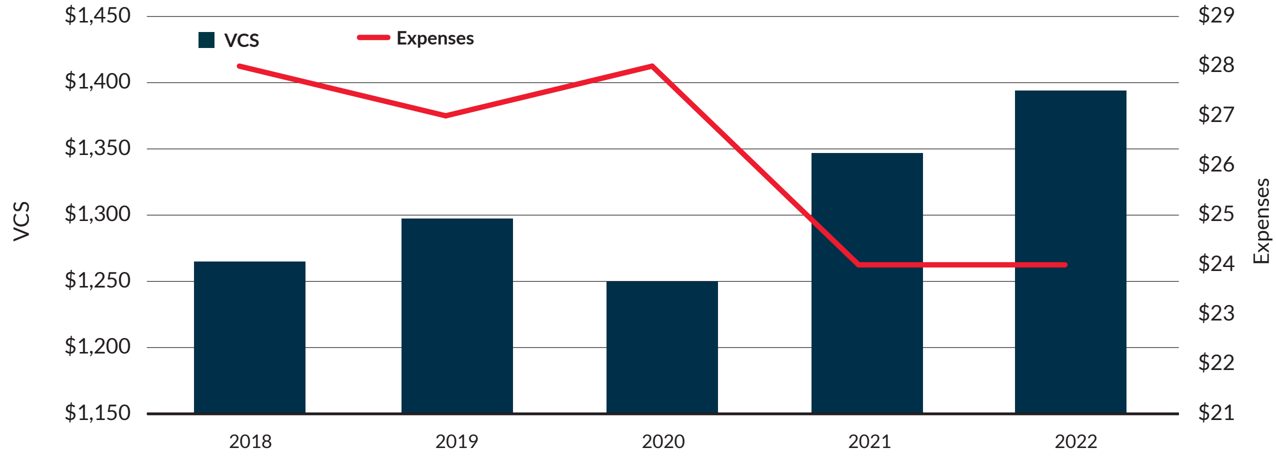
The chart above indicates a decreasing trend of spending over the five-year period. During the pre-pandemic years (2018–2020), overall expenditure levels averaged approximately $27.6 million, while during the two pandemic years (2021–2022), expenditure levels averaged approximately $24.4M.

CCC continuously assesses expenditure levels to achieve cost efficiencies where possible. Budgets and long-term forecasts are set with assumptions regarding capacity required to deliver the Corporation's forecasted business volume. Budgets are managed on a continuous basis from the outset of the year with a view to controlling expenditures relative to revenues earned throughout the year. This proactive expenditure management approach was heightened from the early days of the pandemic in 2021 given the immediate impacts and unpredictability of fee revenue sources. In addition, in 2021, the Corporation proactively reduced its expense base by eliminating regional representation in South America and the Middle East and restructuring its sector approach to business development resulting in ongoing savings of approximately $1.2 million.

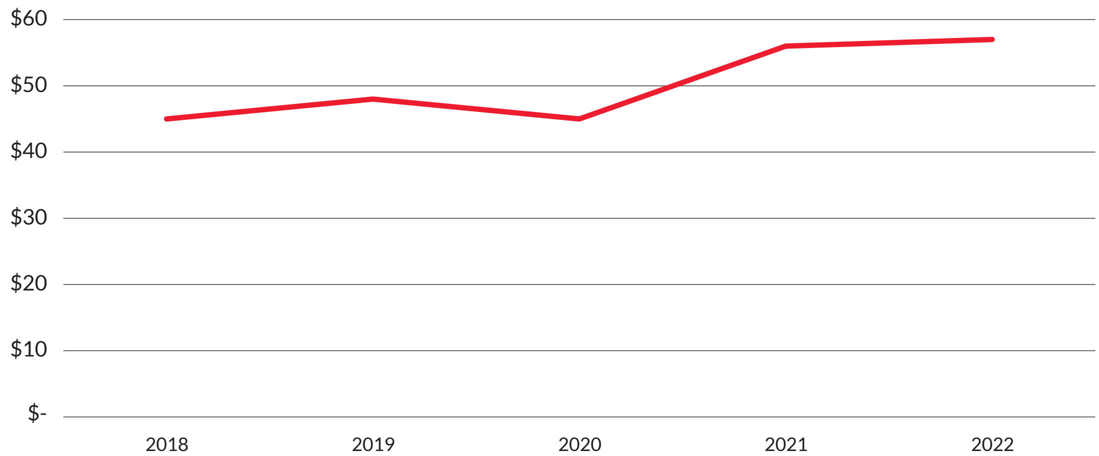
CCC continues to strengthen its culture of continuous improvement, implementing process changes to improve efficiencies and allow resources to be redistributed, resulting in an increase of overall capacity.

The charts below present expense trends compared to VCS for the last five-year period.

VCS Compared to Expenses (in $M)



Ratio: VCS $ for Every Expense $ Spent



The charts show that given management's prudent approach to staffing vacancies and other expenses, and the unpredictability brought upon by the pandemic, CCC's resilient workforce persevered to maintain its standard high level of service, in addition to facilitating more contract activity than in prior years.

Statement of Financial Position discussion

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

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

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

Assets

					% of Total	
Assets ($000's) as at	**March 31, 2022**	March 31, 2021	$ Change	% Change	**March 31, 2022**	March 31, 2021
Cash and cash equivalents	**$ 66,814**	$ 49,448	$ 17,366	35%	**69%**	62%
Accounts receivable	**24,268**	23,834	434	2%	**25%**	30%
Other Assets	**5,594**	5,922	(328)	(6%)	**6%**	8%
Total	**$ 96,676**	$ 79,204	$ 17,472	22%	**100%**	100%

As at March 31, 2022, total assets of $96.7 million increased by $17.5 million or 22% from the prior year end. This was primarily driven by increases in cash and cash equivalents of $17.4 million.

Liabilities

					% of Total	
Liabilities ($000's) as at	**March 31, 2022**	March 31, 2021	$ Change	% Change	**March 31, 2022**	March 31, 2021
Accounts payable and accrued liabilities	**$ 38,669**	$ 26,847	$ 11,822	44%	**54%**	47%
Advances and deferred revenue	**25,680**	22,545	3,135	14%	**36%**	40%
Employee benefits	**1,283**	1,303	(20)	(2%)	**2%**	2%
Lease liabilities	**5,972**	6,418	(446)	(7%)	**8%**	11%
Total	**$ 71,604**	$ 57,113	$ 14,491	25%	**100%**	100%

Total liabilities of $71.6 million increased by $14.5 million or 25% from the prior year end. This was primarily driven by increases in accounts payable and accrued liabilities of $11.8 million and advances and deferred revenue of $3.1 million.

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

Statement of Cash Flows discussion

Cash and cash equivalents represent a momentary view at a specific point in time. The Corporation's cash balances can fluctuate widely on a daily basis as significant amounts are received from foreign buyers and then paid to Canadian exporters as contractual performance obligations are fulfilled. At times, these amounts could represent tens of millions of dollars that can be received one day and paid out the next day or vice versa.

On contracts outside of the DPSA, 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, 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.

	FOR THE YEAR ENDED MARCH 31,					
					% of Total	
Cash Flows ($000's)	**2022**	**2021**	**$ Change**	**% Change**	**2022**	**2021**
Operating Activities	**$ 18,610**	$ (12,898)	$ 31,508	(244%)	**107%**	79%
Investing Activities	**(72)**	(110)	38	(35%)	**(0%)**	<1%
Financing Activities	**(446)**	(418)	(28)	7%	**(3%)**	3%
Effect of exchange rate changes on cash and cash equivalents	**(726)**	(2,944)	2,218	(75%)	**(4%)**	18%
Total	**$ 17,366**	$ (16,370)	$ 33,736	(206%)	**100%**	100%

During the year ended March 31, 2022, the Corporation's cash and cash equivalents increased by $17.4 million which was primarily driven by cash inflows from operating activities of $18.6 million and partially offset by cash outflows totaling $1.2 million from investing and financing activities as well as the unfavorable effect of changes in exchange rates. Cash inflows from operating activities were primarily a result of the net profit of $3.0 million adjusted for the impact of non-cash items $1.3 million plus a favorable net change in working capital of $14.3 million.

Comparison of financial results to budget

The financial results for 2022 are compared to budget as follows:

Comprehensive Income ($000's) for the year ended March 31, 2022	Actual	Budget	$ Variance	% Variance
Revenues				
Fees for service	**$ 14,076**	$ 15,914	$ (1,838)	(12%)
Finance and other income	**443**	327	116	35%
	14,519	16,241	(1,722)	(11%)
Government funding	**13,000**	13,000	–	0%
Expenses (including other comprehensive income item)				
DPSA expenses	**13,142**	13,000	(142)	(1%)
Non-DPSA expenses	**11,285**	13,911	2,626	19%
	24,427	26,911	2,484	9%
Loss on foreign exchange	**(111)**	(217)	106	(49%)
Total comprehensive income	**$ 2,981**	$ 2,113	$ 868	(41%)

The Corporation's total comprehensive income of $3.0 million in 2022 was $0.9 million better than the budget. The favourable variance was due to management's prudent control and monitoring of expenses relative to revenues throughout the year. Expense savings relative to budget ($2.5 million) and a favourable variance on foreign exchange ($0.1 million) were offset by lower than planned revenues ($1.7 million).

The unfavourable fees for service variance resulted as there were fewer fee-generating billing than planned. Fee-generating billing transactions can be unpredictable in many cases, due to unexpected delays to deliveries and/or contract signings on CCC's large international contracts. A couple of sizeable fee-generating transactions expected late in 2022 slipped in early 2023.

The favorable expense variance of $2.5 million was due to: (1) lower workforce compensation expenses resulting from staff vacancies and management's control of staffing initiatives ($1.0 million); (2) lower than planned level of travel and hospitality due to travel limitations related to the COVID-19 pandemic ($562 thousand); (3) lower than planned costs related to Public Services and Procurement Canada services ($330 thousand); (4) cost containment in consulting and communications initiatives ($166 thousand); and (5) several other expenditures being lower than planned ($362 thousand).

2022–23 Corporate Plan Outlook

CCC's 2022–23 to 2026–27 Corporate Plan was approved by the Corporation's Board of Directors and submitted as required to the Minister of International Trade, Export Promotion, Small Business and Economic Development.

For 2023, total comprehensive income is forecast to be lower than 2022.

For 2023, revenues are forecast to be higher than 2022. As fees for service are earned on contractual billing transactions, more billing transactions are expected to occur in 2023 than in 2022 due primarily to the increase in fee-generating contracts signed and expected to be signed in years 2021 to 2023 compared to the lower number signed in previous years. As explained previously in the **Revenues** and **Commercial Trading Transactions** sections, CTT (fee-generating billing transactions) volume tends to lag VCS volume by six to eighteen months, depending on contract type.

For 2023, Expenses are forecasted to be higher than in 2022. Staffing levels and travel requirements are expected to increase as they return to pre-pandemic levels. Management will proactively monitor and control expenditures relative to forecast revenues as required throughout the year.

CCC's Commitment to Risk Management

Risk Management

CCC's Enterprise Risk Management (ERM) Framework manages a wide variety of risks while assisting the Corporation in fulfilling its mandate to facilitate international trade on behalf of Canadian exporters. The Framework is consistent with the Treasury Board Secretariat's Framework for the Management of Risk and the Financial Risk Management Guidelines for Crown Corporations as determined by the Minister of Finance. Key risks facing CCC are identified across three risk categories: Entity-wide, Corporate and Transactional. Risk governance and culture, strategy and objective setting, performance, communications, and reporting are also covered within the ERM Framework. On an annual basis, the Audit Committee reviews the ERM program and recommends proposed changes to the Board of Directors for approval.

Being proactive in the management of risk and opportunities is critical to ensure that the Corporation's overall objectives are met and that exporters receive the highest level of service and support possible. Limits to the risks being taken are monitored in part through CCC's Capital Allocation Model and through strong governance oversight from the Risk and Opportunities Committee (ROC). This helps with the achievement of the Corporation's strategic objectives and long-term financial viability.

Risk Governance

Risk management is a shared process within the Corporation. The Board of Directors plays a key role in ensuring that the Corporation's risk management program is current and effective. Senior Management and the ROC are responsible to ensure that the structures, policies, and procedures related to risk management are implemented. CCC's portfolio of export transactions present risks that are managed within the business units (1st line of defence), monitored through the Legal and Risk teams (2nd line of defence), and ultimately audited by internal and external auditors (3rd line of defence).

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

Categories of Risks

Enterprise-Wide Risks

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

Mandate Risk:

This risk relates to ensuring the Corporation a) engages only in activities that are consistent with its mandate, and b) fulfills its mandate through the services provided. To mitigate this risk, the Corporation's Corporate Plan identifies all proposed business lines and major activities to be undertaken in the upcoming planning period. Further, the ROC reviews proposed transactions within the contract pipeline to ensure that CCC's mandate is respected. Throughout the year, the Corporation focused on supporting the desired direction received through the Statement of Priorities and Accountabilities (SPA) letter issued by its Minister. Alignment with the SPA further reduces risk related to operating outside of CCC's mandate.

Business Environment Risk:

This risk relates to changing economic, social, legal, or environmental conditions that could result in decreased demand for CCC's services. The Corporation monitors environmental changes to manage this risk and adapts processes as necessary. Corporate Plan targets are set within the context of the expected business environment. During the year, business environment risk reflected continued protectionist pressures in the United States and the impacts of COVID-19 on CCC's foreign buyer procurement requirements and CCC's exporter community. The war in Ukraine has also destabilized the global economy and impacted supply chains.

Financial Risk:

This risk relates to the Corporation's financial capacity (as measured through its capital) to undertake its mandate and manage its financial obligations. The Corporation's Capital Allocation Model tracks exposures across Operational, Performance and Credit risks and ensures there is an appropriate level of available capital to backstop these exposures. Results are reported to the Board of Directors on a quarterly basis. The re-instatement of CCC's appropriation to cover its support of the Defence Production Sharing Agreement has provided the required financing to ensure that the capital model remains onside of the Corporation's self-imposed minimum required threshold.

Reputational Risk:

This risk relates to ensuring that the Corporation's fulfillment of its corporate activities does not tarnish its brand image with its shareholder and stakeholders. This risk is mitigated through strong transactional due diligence integrating environmental, social and governance (ESG) best practices, including responsible business conduct (RBC). However, CCC's role in the sale of defence products and services internationally can lead to reputational issues with certain groups within civil society. The Corporation communicates regularly with all its stakeholders and ensures its activities are aligned with the GoC international trade policy.

Responsible Business Conduct (RBC) Risk:

RBC is foundational to CCC's ESG approach. RBC risk relates to the possibility of undertaking activities in such a way that does not respect CCC's policies and commitments. Areas of concern relate to CCC participating in export transactions where there exists a connection between the proposed export and potentially negative consequences in the areas of human rights and humanitarian law, as well as where bribery and corruption is alleged to have occurred. Over the course of the year, the Corporation continued to mature its processes around Human Rights and Integrity Compliance. It also enhanced its due diligence processes around RBC concerns within exporter supply chains. CCC's focus on exemplary due diligence and risk assessments is viewed as an effective approach to managing RBC risks. Ongoing RBC training provided to staff ensures that ESG principles remain top of mind while the Corporation looks to undertake new export contracts.

Corporate Risks

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

Information Management Risk:

This risk relates to the lifecycle management of data and information, including what is kept and what is destroyed and how and where data and information are accessed. In 2021–2022, a Telework policy was released on securely accessing and handling corporate information outside the CCC offices. Guidance was issued to support the identification of corporate records and candidates for destruction as part of the transition to a hybrid work environment. In addition, guidance on information security levels was released, along with updated messaging on the use of personal devices.

Starting in 2022–2023, a review of data governance will be initiated at CCC to create a strategy and action plan that aims to enhance the accountability, quality, usability, and availability of corporate data.

Information System Risk:

This risk concerns threats and vulnerabilities of the CCC network and applications. In 2021–2022, the Information Management Technology team continued to move key applications to the cloud. To manage third party vendor risk, CCC partnered with external parties to implement high-level cyber security protection and protocols. Vendor IT controls were assessed prior to entering service contracts involving the processing or storage of sensitive CCC data and information.

As part of regular IT Disaster Recovery testing, the Information Management and Technology team also successfully recovered a business-critical application remotely and restored its data to test the ability of CCC to recover from a system disruption.

Security Risk:

This risk relates to the likelihood of negative events affecting CCC employees, its valued assets, and its capacity to deliver core services. Throughout the year, the main security risk related to cyber threats. Mandatory training was provided across the Corporation, specifically highlighting key cyber risks that emerged during the pandemic. In addition, the continued trend of a hybrid workforce raised concerns about employees accessing CCC data and information remotely and handling paper documents outside the CCC offices. The Risk Management team worked closely with the Information Management and Technology team and the Remote and Return to Work Committee to ensure that these risks were managed through policies, awareness, systems, and controls.

Policies, Processes and Contracting Risk:

This risk relates to the possibility of financial losses or inefficient use of resources that may develop due to the lack of appropriate policies, systems, and processes in place. The Internal Audit function reviews key areas of the Corporation to ensure that controls and practices are being followed as per approved policies and procedures. During the year, key risks in this area continued to reflect those related to working remotely and were addressed through cyber security training, systems improvements and the enforcement or development of new controls reflecting the changing work environment. The Corporation also completed a major update of its policy suite.

Human Resources and Organizational Risk:

This risk reflects the possibility of not having the right corporate structure and sufficient human resources with skill sets in place to meet client expectations, manage operational and transactional risks and to achieve overall corporate objectives. Over the course of the year, the labour market became increasingly tight adding to the difficulty of attracting strong candidates, thus highlighting the need for strong succession planning.

Lasting impacts of COVID-19 on employee mental health are chief concern leading to the promotion of the Corporation's Employee Assistance Program to help staff cope during the pandemic.

CCC monitors its employee engagement and satisfaction levels through annual employee surveys. The survey in 2021–22 showed improvement over the previous year, indicating that programs aimed at increasing engagement are having a positive impact.

Fraud Risk:

This risk relates to the possibility that the Corporation is the subject of internal or external fraud. Policies and procedures have been established along with internal controls to ensure that this risk is minimized. During the year, Management updated its annual Fraud Self Risk Assessment and included the potential heightening of fraud risk due to difficult economic times in general. Also, training and the promotion of awareness regarding fraudulent phishing and other types of cyber-attacks took place to limit these risks.

Transactional Risks

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

Supplier Performance Risk:

This risk relates to the timely delivery of contracted goods and services related to CCC's export contract obligations. The Corporation's due diligence process reviews all potential exporters to ensure that their financial, managerial, and technical capabilities are strong and that no integrity issues are present. During the year, supplier performance risk remained elevated reflecting the impact of COVID-19 on CCC's exporters. Not only are exporters directly affected, but the pandemic's impact on supply chains has presented challenges to exporters while delivering their products and services as per contractual obligations.

Integrity and Human Rights Risk:

This risk refers to the possibility of bribery and corruption or of a connection between the exported product and negative consequences in the areas of human rights or humanitarian law. CCC has in place both an Integrity Compliance and a Human Rights Committee to perform due diligence and risk assessments that inform CCC's decision-making when considering an export transaction. During the year, more focus was centered on risks within exporter supply chains to ensure that issues such as child or forced labour were addressed.

Project, Contractual and Foreign Environment Risk:

This risk refers to the unique risks related to export transactions being considered or that are underway. Throughout the year, the Corporation managed three contracts through its problem contract process. At year-end, the resolution process of these contracts was still in-progress with no expected financial impact on CCC.

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

Financial statements

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.

Bobby Kwon
President and Chief Executive Officer

Juliet Woodfield
Vice-President of Corporate Services
and Chief Financial Officer

Ottawa, Canada
June 7, 2022

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Canadian Commercial Corporation (the Corporation), which comprise the statement of financial position as at 31 March 2022, 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 Corporation as at 31 March 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be

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materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

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

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

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of the Canadian Commercial Corporation coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are Part X of the *Financial Administration Act* and regulations, the *Canadian Commercial Corporation Act,* the by-laws of the Canadian Commercial Corporation, and the directives issued pursuant to Section 89 of the *Financial Administration Act.*

In our opinion, the transactions of the Canadian Commercial Corporation that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in IFRSs have been applied on a basis consistent with that of the preceding year.

Responsibilities of Management for Compliance with Specified Authorities

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

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

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

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

Ottawa, Canada
7 June 2022

(in thousands of Canadian dollars, unless otherwise indicated)

Financial Statements

Statement of Financial Position

AS AT MARCH 31	Notes	2022	2021
ASSETS			
Current assets			
Cash and cash equivalents	4	$ 66,814	$ 49,448
Accounts receivable	5, 14	24,268	22,699
Other assets	6	752	567
		91,834	72,714
Non-current assets			
Accounts receivable	5, 14	–	1,135
Property and equipment	7	1,893	2,098
Right-of-use assets	8	2,949	3,257
		4,842	6,490
Total assets		$ 96,676	$ 79,204
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9, 14	$ 38,669	$ 26,847
Advances		25,073	22,140
Deferred revenue	10	607	405
Lease liabilities	11	505	446
Employee benefits	12	1,110	1,111
		65,964	50,949
Non-current liabilities			
Lease liabilities	11	5,467	5,972
Employee benefits	12	173	192
		5,640	6,164
Total liabilities		71,604	57,113
EQUITY			
Contributed capital		10,000	10,000
Retained earnings		15,072	12,091
Total equity		25,072	22,091
Total liabilities and equity		$ 96,676	$ 79,204
Lease commitments	11		
Contingencies	20		

The accompanying notes are an integral part of the financial statements.
Authorized for issue by the Board of Directors on June 7, 2022

Douglas J. Harrison
Chair, Board of Directors

Guy Desrochers
Chair, Audit Committee

(in thousands of Canadian dollars, unless otherwise indicated)

Statement of Comprehensive Income (Loss)

FOR THE YEAR ENDED MARCH 31	Notes	2022	2021
REVENUES			
Fees for service	15	$ **14,076**	$ 18,400
Other income	16	**262**	258
Finance income		**181**	137
		14,519	18,795
GOVERNMENT FUNDING			
Transfers from Government of Canada	17	**13,000**	4,000
		13,000	4,000
EXPENSES			
Administrative expenses	18	**24,228**	23,746
Finance costs	11	**229**	228
		24,457	23,974
Net income (loss) before loss on foreign exchange		**3,062**	(1,179)
Loss on foreign exchange		**(111)**	(658)
Net profit (loss)		$ **2,951**	$ (1,837)
OTHER COMPREHENSIVE INCOME ITEMS THAT WILL NOT BE RECLASSIFIED TO NET PROFIT (LOSS)			
Actuarial gain on employee benefits obligation	12	**30**	14
Total comprehensive income (loss)		$ **2,981**	$ (1,823)

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

(in thousands of Canadian dollars, unless otherwise indicated)

Statement of Changes In Equity

FOR THE YEAR ENDED MARCH 31, 2022	Contributed Capital	Retained Earnings	Total
BALANCE MARCH 31, 2021	**$ 10,000**	**$ 12,091**	**$ 22,091**
Net profit		**2,951**	**2,951**
Actuarial gain on employee benefits obligation		**30**	**30**
Total comprehensive income		**2,981**	**2,981**
BALANCE MARCH 31, 2022	**$ 10,000**	**$ 15,072**	**$ 25,072**

FOR THE YEAR ENDED MARCH 31, 2021	Contributed Capital	Retained Earnings	Total
BALANCE MARCH 31, 2020	$ 10,000	$ 13,914	$ 23,914
Net loss		(1,837)	(1,837)
Actuarial gain on employee benefits obligation		14	14
Total comprehensive loss		(1,823)	(1,823)
BALANCE MARCH 31, 2021	$ 10,000	$ 12,091	$ 22,091

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

(in thousands of Canadian dollars, unless otherwise indicated)

Statement of Cash Flows

FOR THE YEAR ENDED MARCH 31	Notes	2022	2021
OPERATING ACTIVITIES			
Net profit (loss)		$ 2,951	$ (1,837)
Adjustments to determine net cash from (used in) operating activities:			
Depreciation property and equipment	7	277	416
Depreciation right-of-use assets	8	308	313
Employee benefit expense	12	64	115
Employee benefit payments	12	(54)	(82)
Loss on foreign exchange		726	2,944
Change in working capital from:			
Accounts receivable	5, 14	(434)	2,499
Other assets	6	(185)	214
Accounts payable and accrued liabilities	9, 14	11,822	(13,721)
Holdbacks	20	–	(5,003)
Advances		2,933	1,386
Deferred revenue	10	202	(142)
Cash provided (used in) by operating activities		18,610	(12,898)
INVESTING ACTIVITIES			
Acquisitions of property and equipment	7	(72)	(110)
Cash used in investing activities		(72)	(110)
FINANCING ACTIVITIES			
Principal repayment of lease liabilities	11	(446)	(418)
Cash used in financing activities		(446)	(418)
Effect of exchange rate changes on cash and cash equivalents		(726)	(2,944)
Net increase (decrease) in cash and cash equivalents		17,366	(16,370)
Cash and cash equivalents at the beginning of the year		49,448	65,818
Cash and cash equivalents at the end of the year		$ 66,814	$ 49,448
Supplementary disclosure of cash flows from operating activities			
Amount of interest received		$ 181	$ 137
Amount of interest paid		$ 199	$ 205

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

Notes to the Financial Statements

1. Nature, Organization and Funding

The Canadian Commercial Corporation (the "Corporation") was established in 1946 by the *Canadian Commercial Corporation Act* ("CCC Act"). The Corporation is wholly owned by the Government of Canada, is an agent Crown corporation listed in Part I of Schedule III of the *Financial Administration Act* ("FAA") and is accountable for its affairs to Parliament through the Minister of International Trade, Export Promotion, Small Business and Economic Development (The "Minister"). The Corporation is domiciled and operates in Canada with a head office located at 350 Albert Street, Ottawa, Ontario.

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

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

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

In July 2015, the Corporation was issued a directive (P.C. 2015-1110) pursuant to section 89 of the FAA to align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations, and to report on the implementation of this directive in the Corporation's next corporate plan. The Corporation implemented the directive in August 2016 and has remained compliant with the directive since then.

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

2. Basis of Preparation

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

These financial statements have been prepared in accordance with IFRS as issued in the Chartered Professional Accountant ("CPA") Canada Handbook – Accounting as at and for the year ended March 31, 2022.

(b) Basis of measurement

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

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

(c) Use of estimates and judgments

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

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

Key sources of estimation uncertainty

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

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

ii) **Property and equipment**
Property and equipment with finite useful lives, are depreciated over their useful lives. Useful lives are based on management's estimates of the periods of service provided by the assets. The useful lives of these assets are reviewed annually for continued appropriateness. Changes to the useful life estimates would affect the timing of future depreciation expense and the future carrying value of assets. The carrying amounts of the property and equipment as at the end of the reporting periods are included in note 7.

iii) **Assumptions used to determine the carrying value of employee benefits**
The determination of the Corporation's employee benefit obligation depends on certain assumptions, which include selection of the discount rate, seniority and promotional salary increases, withdrawal rates, rates of retirement, pensionable disability, mortality and longevity improvement factors, taken from the actuarial report on the pension plan for the Public Service of Canada. The underlying assumptions adopted in measuring the employee benefit obligation are reviewed annually by management. Changes in these assumptions can have a significant impact on the carrying value of the Corporation's employee benefits liability. Further information on the Corporation's employee benefits is provided in note 12.

iv) **Unsatisfied (or partially unsatisfied) performance obligations**
Unsatisfied, or partially unsatisfied, contractual performance obligations are mostly due to services which are yet to be provided by the Corporation over the remaining duration of the contract. The actual amounts may differ from the estimated transaction prices allocated to unsatisfied, or partially unsatisfied contracted performance obligation due to a variety of factors, including the unpredictable nature of customer behaviour; industry regulation and the economic and political environments in which the Corporation operates. Further information on the Corporation's unsatisfied or partially satisfied performance obligations is provided in note 15(b).

v) Provision and contingent liabilities

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

vi) Allocation of expenses to administer the DPSA

The allocation of expenses to administer the Defence Production Sharing Agreement program (DPSA) is based on resources utilized for its administration. The estimation of how the Corporation utilizes its resources across its various business lines is reviewed periodically for continued appropriateness. Changes to how the Corporation utilizes its resources would affect the allocation of expenses to the DPSA and therefore, could impact the amount of revenue recognized related to transfers from the Government of Canada as the current year transfer is to be used exclusively for the costs of administering the DPSA. Further information on the allocation of expenses to the DPSA and the related transfer from the Government of Canada is provided in the "Judgments" section of the current note, in notes 3(b) and 17.

vii) Impact of COVID-19

Management has assessed the impact of the COVID-19 pandemic on the Corporation in the preparation of the financial statements based on available information without undue cost or effort and has not recognized any allowance for expected credit loss or provisions nor identified any contingent liabilities to disclose as a result of COVID-19 as at March 31, 2022. However, the evolution of both the magnitude and duration of the pandemic may result in future changes in estimates that may affect the timing of future revenue recognition, the accounting and disclosure for provisions, contingent liabilities and allowance for expected credit losses. Further information on the impact of COVID-19 on the Corporation is disclosed in note 14(d).

Judgments

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

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

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

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

ii) Cost recovery transactions

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

iii) Allocation of indirect expenses related to the administration of DPSA

Management used judgment in determining that the most appropriate method of allocating indirect expenses to the administration of the DPSA is based on the DPSA's proportionate share of direct salaries and benefits. Indirect expenses allocated to the DPSA, which are included in the Corporation's administrative expenses, impact the recognition of revenue related to transfers from the Government of Canada as revenue is recognized in the period when the related expenses are incurred and the current year transfer is to be used exclusively for the costs of administering the DPSA (see notes 3(b) and 17).

iv) Impairment of accounts receivable and unbilled revenue

The Corporation measures a loss allowance on accounts receivable and unbilled revenue equal to the lifetime expected credit loss. The amount of expected credit loss is updated at each reporting date to reflect changes in credit risk and judgement is required in assessing whether the credit risk on a financial asset has increased or decreased significantly. In its assessment, management considers the risk of a default occurring on the accounts receivable and unbilled revenue at the reporting date by considering the Corporation's history of credit losses with the foreign buyer, the ageing of the accounts receivables, the impact of any unresolved contract issues related to accounts receivable and unbilled revenue, as well as determining the potential impact of an improvement or deterioration of a foreign buyer's credit rating or changes in the foreign buyer's financial or economic condition on the Corporation's expected credit loss. Further information on the Corporation's determination of expected credit loss and the corresponding allowance is provided in notes 3(h) and 14(a).

v) Right-of-use assets and lease liabilities

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

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

- The appropriate term over which the right-of-use asset should be depreciated; and whether existing right-of-use assets are subject to impairment. Some indicators of impairment that management may consider include changes in the current and expected future use of the right-of-use asset and obsolescence or physical damage to the right-of-use asset. Further information on the Corporation's lease liabilities and right-of-use assets are provided in note 3(j).

vi) Provisions and contingent liabilities

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

(d) Functional and presentation currency

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

3. Significant Accounting Policies

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

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

(a) Contracts

The following section discusses revenue recognition policies for contracts generating Fees for service for the Corporation.

Fees for service revenue

Performance Obligations

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

International Prime Contracts

Core International Prime Contract 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 all its activities required for the Canadian exporter to obtain payment. Once a payment is received from the foreign buyer, the Corporation flows the funds to the Canadian exporter, net of Fees for service, based on the payment terms stipulated within the domestic contract. Any amounts received from a foreign government buyer which are due to the Canadian exporter at the end of the reporting period are included in Accounts payable as a liability.

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

As part of International Prime Contracts, the Corporation has Concessions 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 a change in the transaction price. Since there is only one performance obligation, there is no allocation of the transaction price to multiple performance obligations.

Sourcing

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 ("SAA"s).

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.

DPSA

The Corporation administers, on behalf of the Government of Canada, the Defence Production Sharing Agreement (DPSA), a bilateral defence trade agreement with the United States of America. Reporting as an agent, the Corporation does not report the sale of goods and provision of services from DPSA contracts. However, the Corporation still reports the flow of funds between the foreign buyer and Canadian exporters under these contracts which may impact the Corporation's balances of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and advances at the end of a reporting period as a result of timing differences between the receipt of cash from the foreign buyer and payments being made to the Canadian exporters. Additionally, per terms and conditions of the DPSA agreement, the Corporation does not receive Fees for service on DPSA contracts. Administrative expenses incurred by the Corporation in administering the DPSA are funded by transfers from the Government of Canada.

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. 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 for future payments to Canadian exporters and others. The Corporation recognizes the advances received from foreign buyers and others as advance liabilities which are reduced as amounts become payable to Canadian exporters and others.

(b) Transfers from the Government of Canada

Transfers from the Government of Canada in 2021–22 are funds received to be used exclusively for the administration of the DPSA. The transfer received in 2020–21 was for operational expenditures and was unrestricted and not repayable.

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

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

(c) Other income and early payments made to exporters

Other income is comprised mainly of income from early payments made by the Corporation to Canadian exporters for work performed but not yet due for payment by the foreign buyer. Early payments are made primarily to DPSA related exporters but can also be made to non-DPSA exporters as well. The early payments are paid to Canadian exporters at discounted amounts and recorded as an accounts receivable in the Statement of Financial Position, at which time the discounting income is also recognized by the Corporation as earned. The accounts receivable is reduced as amounts are collected from the foreign buyer or recovered from the Canadian exporter. The amount that early payments are discounted is determined by applying a set percentage ranging from 0.01% for one day of early payment, to 0.40% for 29 days of early payment. Additionally, other income also includes miscellaneous amounts mostly related to contract related adjustments.

(d) Finance income

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

(e) Finance costs

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

(f) Foreign currency translation

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

(g) Fair value measurement

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

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

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

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

The fair value of accounts receivable, unbilled revenue, advances, holdbacks and accounts payable and accrued liabilities approximates their carrying value due to their relative short-term nature. For certain accounts receivable that are expected to be received over a longer period, the Corporation has determined that their fair value also approximates their carrying value (refer to notes 5 and 14).

(h) Financial instruments

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

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

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

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

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

Non-derivative financial instruments

i) Cash and cash equivalents

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

iii) Accounts payable and accrued liabilities, holdbacks and advances

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

Derivative financial instruments

The Corporation may enter into forward contracts to reduce its exposure to fluctuations in foreign exchange rates. The Corporation does not use derivative financial instruments for speculative purposes. The Corporation does not account for these forward contracts using hedge accounting. Therefore, these instruments are classified as financial assets or financial liabilities at fair value through profit or loss upon initial recognition, and measured at fair value using quoted forward prices. The changes in fair value are recognized within profit or loss 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.

Impairment of accounts receivable and unbilled revenue

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

i) Changes in credit risk

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

In particular, the following information is taken into account when assessing whether credit risk has increased or decreased significantly:

- an actual or expected significant improvement or deterioration in the foreign buyer's external credit rating;
- existing or forecast changes in financial or economic conditions that are expected to cause a significant increase or decrease in the foreign buyer's ability to meet its contractual obligations; and
- any unresolved contract issues that may impact the settlement of financial assets

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

ii) Write-off policy

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

(i) Property and equipment

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

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

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

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

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

Right-of-use assets

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

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

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

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

Lease liabilities

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

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

- fixed payments (including in-substance fixed payments, if any), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

- amounts expected to be payable under residual value guarantees;
- the exercise price of a purchase option if it is reasonably certain that the Corporation will exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Corporation exercising an option to terminate the lease.

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

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

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

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

The Corporation has elected to apply the following practical expedients:

- Apply a single discount rate to a portfolio of leases with similar characteristics.
- not recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.
- Account for lease components and non-lease components as a single lease component.

(k) Provision and contingent liabilities

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

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

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

(l) Pension and employee benefits

Pension benefits

Substantially all of the employees of the Corporation are covered by the public service pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation to cover current service costs. Pursuant to legislation currently in place, the Corporation has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an administrative expense within profit or loss in the Statement of Comprehensive Income (Loss) in the year when employees have rendered service.

Employee Severance Benefits

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

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

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

Employee sick leave benefits

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

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

Other employee benefits

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

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

Standards adopted effective April 1, 2021

Effective April 1, 2021, the Corporation adopted *COVID-19-Related Rent Concessions (Amendment to IFRS 16 – Leases*) amending the standard to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendment requires lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications; requires lessees that apply the exemption to disclose that fact; and requires lessees to apply the exemption retrospectively in accordance with *IAS 8*, but not require them to restate prior period figures. The adoption of the amendment had no impact on the Corporation's financial statements as the Corporation did not have COVID-19 related rent concessions.

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 May 2020, the IASB published *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets*) amending the standard regarding costs an entity should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The amendment is effective for annual periods beginning on or after January 1, 2022 and is not expected to have a significant impact on the Corporation's financial statements.

In September 2020, the IASB issued an amendment to *IFRS 9 – Financial Instruments* regarding fees in the '10 per cent' test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is effective for annual periods beginning on or after January 1, 2022 and is not expected to have a significant impact on the Corporation's financial statements.

In May 2017, the IASB issued *IFRS 17 – Insurance Contracts*. The new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. In June 2020, the IASB issued amendments to *IFRS 17* targeted to address implementation concerns and challenges raised by stakeholders. *IFRS 17* as amended is effective for annual periods beginning on or after January 1, 2023. The impact on the Corporation's financial statements has not yet been determined.

(in thousands of Canadian dollars, unless otherwise indicated)

In January 2020, the IASB issued *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)* providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments affect only the presentation of liabilities in the Statement of Financial Position – not the amount or timing of recognition of any asset, liability, income or expenses, or the information that entities disclose about those items. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and are not expected to have a significant impact on the Corporation's financial statements.

In June 2021, the IASB issued amendments to *IAS 1 – Presentation of Financial Statements*. The amendments require entities to disclose their material accounting policies rather than their significant accounting policies. The IASB has developed guidance and examples to help entities apply materiality judgments to accounting policy disclosure. The amendments are effective for annual periods beginning on or after January 1, 2023 and are not expected to have a significant impact on the Corporation's financial statements.

In June 2021, the IASB issued amendments to *IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments introduce a definition of accounting estimates and provide other clarifications to help entities distinguish accounting policies from accounting estimates. The amendments are effective for annual periods beginning on or after January 1, 2023 and are not expected to have a significant impact on the Corporation's financial statements.

4. Cash and Cash Equivalents

Cash and cash equivalents balances include advances received from foreign buyers and others not yet paid to Canadian exporters and, when applicable, amounts held back from Canadian exporters to be remitted at later dates in accordance with the terms and conditions of contracts. Also, see note 14 for a description of the Corporation's revolving line of credit that is included in the balance of Cash.

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

	2022	2021
Cash	$ **66,814**	$ 30,297
Short term investments	**–**	13,613
Notice deposits	**–**	5,538
Cash and cash equivalents	$ **66,814**	$ 49,448

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

	2022		2021	
	Original currency	Canadian dollars	Original currency	Canadian dollars
U.S. dollars	**26,793**	$ **33,478**	23,380	$ 29,381
Canadian dollars	**32,827**	**32,827**	19,599	19,599
Chinese renminbi	**2,587**	**509**	2,440	468
		$ **66,814**		$ 49,448

As at March 31, 2022, the Corporation had no demand deposits and no short-term deposits at a Canadian bank. For the March 31, 2021 short-term deposits, the average term to maturity was one day and the portfolio yield to maturity was 0.50%.

(in thousands of Canadian dollars, unless otherwise indicated)

5. 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:

	2022	2021
Accounts receivable	**$ 24,329**	$ 23,884
Accrued receivables	**11**	96
Allowance for expected credit loss	**(72)**	(146)
	$ 24,268	$ 23,834

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

	2022	2021
Current	**$ 24,268**	$ 22,699
Non-current	**–**	1,135
	$ 24,268	$ 23,834

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

	2022		2021	
	Original currency	Canadian dollars	Original currency	Canadian dollars
U.S. dollars	**18,231**	**$ 22,779**	18,343	$ 23,051
Canadian dollars	**1,489**	**1,489**	783	783
		$ 24,268		$ 23,834

Credit and market risks related to accounts receivable are disclosed in note 14.

6. Other Assets

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

	2022	2021
Prepaid expenses	**$ 657**	$ 456
Unbilled revenues	**95**	111
	$ 752	$ 567

(in thousands of Canadian dollars, unless otherwise indicated)

7. Property and Equipment

FOR THE YEAR ENDED MARCH 31, 2022	Furniture and Equipment	Leasehold improvements	Information systems-hardware	Total
Cost				
Balance March 31, 2021	$ 1,001	$ 2,802	$ 588	$ 4,391
Additions	–	–	72	72
Balance March 31, 2022	$ 1,001	$ 2,802	$ 660	$ 4,463
Accumulated depreciation				
Balance March 31, 2021	$ 980	$ 940	$ 373	$ 2,293
Depreciation	18	175	84	277
Balance March 31, 2022	$ 998	$ 1,115	$ 457	$ 2,570
Carrying amounts				
Balance March 31, 2021	$ 21	$ 1,862	$ 215	$ 2,098
Balance March 31, 2022	$ 3	$ 1,687	$ 203	$ 1,893

FOR THE YEAR ENDED MARCH 31, 2021	Furniture and Equipment	Leasehold improvements	Information systems-hardware	Total
Cost				
Balance March 31, 2020	$ 1,001	$ 2,802	$ 478	$ 4,281
Additions	–	–	110	110
Balance March 31, 2021	$ 1,001	$ 2,802	$ 588	$ 4,391
Accumulated depreciation				
Balance March 31, 2020	$ 811	$ 766	$ 300	$ 1,877
Depreciation	169	174	73	416
Balance March 31, 2021	$ 980	$ 940	$ 373	$ 2,293
Carrying amounts				
Balance March 31, 2020	$ 190	$ 2,036	$ 178	$ 2,404
Balance March 31, 2021	$ 21	$ 1,862	$ 215	$ 2,098

(in thousands of Canadian dollars, unless otherwise indicated)

8. Right-of-use Assets

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

	2022			2021		
	Office space	Equipment	Total	Office space	Equipment	Total
Balance at the beginning of the year	$ 3,255	$ 2	$ 3,257	$ 3,559	$ 11	$ 3,570
Depreciation	(306)	(2)	(308)	(304)	(9)	(313)
Balance at the end of the year	$ 2,949	$ –	$ 2,949	$ 3,255	$ 2	$ 3,257

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:

	2022	2021
Accounts payable	$ 35,994	$ 24,216
Accrued liabilities	2,675	2,631
	$ 38,669	$ 26,847

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

	2022		2021	
	Original currency	Canadian dollars	Original currency	Canadian dollars
U.S. dollars	27,050	$ 33,799	18,534	$ 23,293
Canadian dollars	4,831	4,831	3,486	3,486
Chinese renminbi	199	39	354	68
		$ 38,669		$ 26,847

Market and liquidity risks related to accounts payable and accrued liabilities are disclosed in note 14.

(in thousands of Canadian dollars, unless otherwise indicated)

10. Deferred Revenue

A reconciliation of the Corporation's deferred revenue is as follows:

	2022	2021
Balance at the beginning of the year	$ 405	$ 547
Plus: additional deferred revenue, net of refunds	141	107
Plus: additional deferred revenue from cumulative catch-up adjustment (*)	169	–
Less: amounts recognized as Fees for service or cost recovery	(209)	(285)
Impact of netting unbilled and deferred revenue from same contract	101	36
Balance at the end of the year	$ 607	$ 405

* Note 15 (a)

11. Lease Liabilities

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

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

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

	2022			2021		
	Office space	Equipment	Total	Office space	Equipment	Total
Balance at the beginning of the year	$ 6,416	$ 2	$ 6,418	$ 6,826	$ 10	$ 6,836
Interest expense	192	–	192	205	–	205
Lease payments	(636)	(2)	(638)	(615)	(8)	(623)
Balance at the end of the year	$ 5,972	$ –	$ 5,972	$ 6,416	$ 2	$ 6,418

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

	2022			2021		
	Office space	Equipment	Total	Office space	Equipment	Total
Current	$ 505	$ –	$ 505	$ 444	$ 2	$ 446
Non-current	5,467	–	5,467	5,972	–	5,972
	$ 5,972	$ –	$ 5,972	$ 6,416	$ 2	$ 6,418

(in thousands of Canadian dollars, unless otherwise indicated)

Interest expense related to lease liabilities are included in finance cost. The Corporation's administrative expenses include $773 (2021 – $810) related to variable lease payments not included in the measurement of lease liabilities. For the year ended March 31, 2022 and March 31, 2021, there were no significant expenses related to leases of low-value assets and short-term leases for which the recognition exemption has been applied.

The maturity profile of the Corporation's lease liabilities was as follows as at March 31, 2022:

	Office space	Total
5 to 12 years	$ 5,972	$ 5,972
	$ 5,972	$ 5,972

The Corporation is exposed to estimated future cash outflows (undiscounted) of $8,231 related to variable lease payments and potential lease payments amounting to $8,333 in the event that it exercises the extension option on its head office lease. These amounts are not included in the measurement of the Corporation's lease liabilities.

12. 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 1.02 times the employees' contribution to the Plan for plan members who were participating in the plan prior to January 1, 2013 (2021 – 1.01 times) and 1.0 times for plan members who were participating in the plan on or after January 1, 2013 (2021 – 1.0 times). The Corporation's total contributions for 2022 of $1,488 (2021 – $1,359) were recognized as workforce compensation and related expenses under administrative expenses within profit or loss 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.

(in thousands of Canadian dollars, unless otherwise indicated)

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:

	2022			2021		
	Sick Leave	Severance	Total Benefits	Sick Leave	Severance	Total Benefits
Current	$ 1,075	$ 35	$ 1,110	$ 1,085	$ 26	$ 1,111
Non-current	–	173	173	–	192	192
	$ 1,075	$ 208	$ 1,283	$ 1,085	$ 218	$ 1,303

The reduction in the employee sick leave benefits liability over the next twelve months is expected to be $74 (2021 — $74).

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	
	2022	2021	2022	2021
Accrued benefit obligations				
Balance at beginning of year	$ 1,085	$ 1,044	$ 218	$ 240
Current service cost	132	124	14	13
Interest cost	34	40	6	8
Benefits paid	(54)	(53)	–	(29)
Actuarial gains	(122)	(70)	(30)	(14)
Total accrued benefit obligations at end of year	$ 1,075	$ 1,085	$ 208	$ 218

Included in administrative expenses as workforce compensation and related expenses was an expense of $44 (2021 — $94) for sick leave benefits and an expense of $20 (2021 —$21) for severance benefits related to the change in liability of these benefits in the reporting period and changes in management estimates.

The actuarial (gains) for the sick leave benefit plan are included within profit or loss in the Statement of Comprehensive Income (Loss) and the actuarial (gains) for the severance benefit plan are included in the other comprehensive income. The actuarial losses (gains) components recognized in the Statement of Comprehensive Income (Loss) were as follows:

	Sick leave benefits		Severance benefits	
	2022	2021	2022	2021
Actuarial losses (gains) arising from:				
Changes in demographic assumptions	$ 2	$ 4	$ (3)	$ –
Changes in economic assumptions	(38)	67	(8)	11
Experience adjustments	(86)	(141)	(19)	(25)
Total actuarial (gains)	$ (122)	$ (70)	$ (30)	$ (14)

(in thousands of Canadian dollars, unless otherwise indicated)

At March 31, 2022, the net cumulative actuarial losses on employee severance benefits obligation recognized in other comprehensive income that were transferred to retained earnings totalled $650 (2021 – $680).

	Sick leave benefits		Severance benefits	
	2022	2021	**2022**	2021
Economic assumptions				
Accrued benefit obligations as of March 31				
Discount rate	**3.90%**	3.05%	**3.77%**	2.60%
Rate of economic salary increase	**2.00%**	2.50%	**2.00%**	2.50%
Benefit costs for year ended March 31				
Discount rate	**3.05%**	3.73%	**2.60%**	3.44%
Rate of economic salary increase	**2.50%**	2.50%	**2.50%**	2.50%

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.

The sensitivity analysis of the significant actuarial assumptions on the accrued benefit obligations as of March was as follows:

	Sick leave benefits		Severance benefits	
	2022	2021	**2022**	2021
Effect of an increase of 1%				
Discount rate	**$ (103)**	$ (103)	**$ (11)**	$ (13)
Rate of economic salary increase	**$ 127**	$ 125	**$ 12**	$ 16
Effect of a decrease of 1%				
Discount rate	**$ 122**	$ 121	**$ 12**	$ 15
Rate of economic salary increase	**$ (109)**	$ (108)	**$ (11)**	$ (14)

This sensitivity analysis is hypothetical and must be used with caution. Changes in amount based on these variations in assumptions generally cannot be extrapolated because the relationship of the change in assumptions to the change in amounts may not be linear. The sensitivity analysis has been calculated independently of changes in other assumptions. Changes in one factor may result in changes in another, which could amplify or reduce certain sensitivities. Methods used in determining this sensitivity analysis are consistent with those used to determine the sick leave and severance benefit plans accrued benefit obligations in March 2022.

The weighted-average duration of the sick leave and severance accrued benefits obligations were 10.84 years (10.57 years for March 2021) and 5.6 years (6.6 years for March 2021) respectively.

(in thousands of Canadian dollars, unless otherwise indicated)

13. Capital Management

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

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

The Corporation is not subject to externally imposed capital requirements.

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

During the year, the Corporation developed a dividend policy to govern the issuance of dividends to its shareholder. The Corporation has not paid nor declared a dividend as at March 31, 2022 or March 31, 2021. On June 7, 2022, in alignment with the dividend policy, the Corporation's Board of Directors approved the issuance of a dividend of $1 million payable to its shareholder.

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

	2022	2021
Contributed capital	$ 10,000	$ 10,000
Retained earnings	15,072	12,091
	$ 25,072	$ 22,091

14. Risk Management and Financial Instruments

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

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

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

(a) Credit risk

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

Cash and cash equivalents

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

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

Accounts receivable

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

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

As at March 31, 2022, 63% (March 31, 2021 – 26%) of the Corporation's accounts receivable were from AAA credit rated counterparties.

The Corporation measures a loss allowance on accounts receivable equal to the lifetime expected credit loss. The lifetime expected credit loss is estimated based on the Corporation's historical credit loss experience adjusted for factors specific to foreign buyers or other entities including credit risk rating, general economic conditions, an assessment of both the current and forecasted direction of conditions at the reporting date as well as the impact of any unresolved contract issues on the collectability of accounts receivable. The allowance for expected credit loss is related to credit risks identified that are associated to individual accounts receivable balances.

(in thousands of Canadian dollars, unless otherwise indicated)

The following table shows the movement in lifetime expected credit loss that has been recognized for accounts receivable in accordance with the simplified approach set out in *IFRS 9*:

	2022	2021
Balance at the beginning of the year	$ 146	$ –
Net remeasurement of loss allowance	(32)	147
Amounts written off	(42)	–
Gain on foreign exchange	–	(1)
Balance at the end of the year	$ 72	$ 146

When applicable, changes in allowance for expected credit loss are included in the Other expenses component of Administrative expenses.

The Corporation recognized a loss allowance for expected credit loss of $15 (2021 – $89) related to accounts receivable from foreign buyers and other entities arising from contracts with customers. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

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

	2022	2021
United States	$ 14,032	$ 5,445
Asia*	8,231	17,019
Canada	1,329	772
Central America and Caribbean	484	554
Africa	192	–
South America	–	44
	$ 24,268	$ 23,834

*Includes Middle East

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

	2022	2021
< 30 days	$ 1,277	$ 390
> 30 days and < 180 days	1,344	4,495
> 180 days	2,941	1,115
	$ 5,562	$ 6,000

Except for the amounts included in allowance for expected credit loss, all overdue accounts receivable are considered fully collectable as at March 31, 2022 as it is normal for the Corporation to encounter delays in collecting certain accounts receivable as a result of the foreign environment in which it operates.

When applicable, accounts receivable from the ABP contract covered by payments expected to be received beyond 12 months after the reporting period are presented as long term. As at March 31, 2022, there were no long-term receivables related to the ABP contract. As at March 31, 2021, these receivables were categorized as level 2 in the fair value hierarchy and the Corporation had determined that their fair value approximated their carrying value using the income approach.

(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 interest rate risk or other price risk, however, as noted below, does have currency risk exposure. The Corporation has no significant derivatives or embedded derivatives that require recognition as an asset or liability on the Statement of Financial Position.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation is exposed to foreign currency risk on its accounts receivable and accounts payable denominated in foreign currencies due to timing differences between their initial recognition and the actual receipt or payment of cash. Assuming that all other variables remain constant, a hypothetical 5% appreciation of the U.S. dollar against the Canadian dollar would decrease the Corporation's net income as of March 31, 2022 by approximately $551 (March 31, 2021 — $542). A hypothetical 5% weakening of the U.S. dollar against the Canadian dollar would have approximately the equal, but opposite effect. 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. Generally, the Corporation uses these strategies to effectively transfer the currency risk to the Canadian exporter.

Interest Rate Risk

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

(c) Liquidity risk

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

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

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

(in thousands of Canadian dollars, unless otherwise indicated)

As part of the normal course of business, management assesses the likelihood of any contingent liabilities. Contingent liabilities with respect to certain unresolved contract issues are disclosed in note 20(b).

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

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

The Corporation has a revolving credit facility providing access to funds in the amount of $40.0 million (March 31, 2021 – $40.0 million) Canadian or its U.S. dollar equivalent. The credit facility is used exclusively for the Corporation's working capital requirements to facilitate payments to Canadian exporters under the DPSA business line.

As per contractual terms in the DPSA business line, the Corporation commits to payments to Canadian exporters within thirty days on most contracts. For the International contracts, the Corporation commits to payments within two to five business days from receipt of payments from the foreign buyer. At times, collection of amounts from the foreign buyer on DPSA contracts can take more than thirty days. This can occasionally result in the Corporation using the credit facility in the normal course of operations. Indebtedness under this agreement is unsecured and this credit facility has an expiry date of June 30, 2022 subject to extension by the Minister of Finance or the approval of a corporate plan. As at March 31, 2022, the draw on this line of credit was nil (March 31, 2021 – nil).

Accounts payable and accrued liabilities

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

	2022	2021
< 1 year	$ 38,669	$ 26,847
	$ 38,669	$ 26,847

(d) Risk associated to COVID-19

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

Business environment risk

COVID-19 may impact the Corporation's foreign buyer procurement requirements which could result in decreased demand for the Corporation's services and therefore, impacting its revenue generating potential. The Corporation monitors environmental changes resulting from COVID-19 to manage this risk and adapts processes as necessary. Additionally, the magnitude of the adverse economic impact of COVID-19 may differ from one country to another which may impact the credit risk associated to the Corporation's Accounts receivable and Unbilled revenue from its foreign buyers. To manage this risk, the Corporation closely monitors the aging of its Accounts receivable and Unbilled revenue and monitors the general economic conditions of its foreign buyers to determine whether there has been an increase in credit risk and whether any allowance for expected credit loss should be recognized. As at March 31, 2022 and 2021, the Corporation's allowance for expected credit loss are not related to the COVID-19 pandemic.

(in thousands of Canadian dollars, unless otherwise indicated)

Supplier performance risk

Supplier performance risk remains elevated reflecting the impact of COVID-19 on the Corporation's exporters. Not only are exporters directly affected, but the pandemic's impact on supply chains has presented challenges to exporters while delivering their products and services as per contractual obligations. To manage this risk, the Corporation monitors the financial, managerial, and technical capabilities of its exporter portfolio and assesses whether any provision for contract remediation should be recognized or a contingent liability disclosed. As at March 31, 2022 and 2021, the Corporation has not recognized any provisions nor identified any contingent liabilities to disclose as a result of the COVID-19 pandemic's impact in supplier performance.

15. Revenue from Contracts with Customers

(a) Disaggregation of Fees for service revenue

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

	2022	2021
International business	$ 10,899	$ 15,583
Lottery programs	737	702
	$ 11,636	$ 16,285
Government of Canada initiatives	2,440	2,115
	$ 14,076	$ 18,400

During the year, a cumulative catch-up adjustment of $169 (2021 – nil) was recognized reducing the Fees for service revenue and increasing deferred revenue.

(b) Unsatisfied (or partially unsatisfied) performance obligations

Unsatisfied, or partially unsatisfied, contractual performance obligations are mostly due to services which are yet to be provided by the Corporation over the remaining duration of the contract. The following table sets out the estimated transaction prices allocated to unsatisfied, or partially unsatisfied contracted performance obligations of the Corporation to be met in the future and the estimated timing of revenue recognition as at March 31, 2022. 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.

	2022
< 1 year	$ 15,476
> 1 year	18,162
	$ 33,638

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

(in thousands of Canadian dollars, unless otherwise indicated)

16. 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:

	2022	2021
Miscellaneous income	$ 149	$ 66
Discounting income	113	192
	$ 262	$ 258

17. Transfers from the Government of Canada

In May 2021, the Corporation received $13.0 million from the Department of Finance Canada for the 2021–22 fiscal year. This funding was recognized as revenue during the year and used exclusively to fund the DPSA administration costs. Those costs amounted to $13.1 million in 2022.

The transfer from the Government of Canada of $4.0 million recognized as revenue in 2021 was for operational expenditures. The amount received from the Department of Finance Canada was unrestricted and was not repayable.

18. Administrative Expenses

Administrative expenses for the year ended March 31 are as follows:

	2022	2021
Workforce compensation and related expenses	$ 17,232	$ 16,654
Contract management services	2,270	2,222
Consultants	1,667	1,440
Rent and related expenses	923	1,090
Software, hardware and support	788	780
Depreciation	585	729
Communications	258	368
Travel and hospitality	248	32
Other expenses	257	431
	$ 24,228	$ 23,746

(in thousands of Canadian dollars, unless otherwise indicated)

19. 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 Corporation had the following transactions with related parties in addition to those disclosed elsewhere in the financial statements.

The table below presents related party transactions amounts as at March 31:

	2022	2021
Accounts receivable	$ 1,313	$ 758
Other assets	$ 12	$ 23
Accounts payable and accrued liabilities	$ 915	$ 928
Advances from Government of Canada departments and agencies	$ 15,797	$ 10,051
Deferred revenue	$ 8	$ 8

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:

	2022	2021
PSPC	$ 2,270	$ 2,222
	$ 2,270	$ 2,222

(b) Invest in Canada

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

	2022	2021
Invest in Canada	$ 141	$ 142
	$ 141	$ 142

(in thousands of Canadian dollars, unless otherwise indicated)

(c) Other Government of Canada departments and agencies

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

	2022	2021
Global Affairs Canada	$ 1,949	$ 1,973
Department of National Defence	350	–
	$ 2,299	$ 1,973

Global Affairs Canada (GAC) provided support services to the Corporation in relation to the Corporation's regional office within a Canadian Embassy in Asia. The cost of these services included in administrative expenses was as follows for the year ended March 31:

	2022	2021
Global Affairs Canada	$ 137	$ 443
	$ 137	$ 443

During the year, the Corporation incurred administrative expenses and finance costs in the amount of $31 (2021 — $18) with Canada Revenue Agency.

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

	2022	2021
Global Affairs Canada	$ 15,147	$ 9,434
Department of National Defence	617	617
Export Development Canada	33	–
	$ 15,797	$ 10,051

The Corporation also participated in employee interchange programs with Employment and Social Development 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, 2022 or March 31, 2021.

(in thousands of Canadian dollars, unless otherwise indicated)

(e) Key management personnel compensation

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

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

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

	2022	2021
Board of Directors		
Short-term benefits	$ **201**	$ 180
	201	180
Corporate Officers		
Short-term benefits	**1,366**	1,163
Post-employment benefits	**314**	212
	1,680	1,375
	$ **1,881**	$ 1,555

20. Contingencies

(a) Collateral

The value of outstanding deliverables to be performed by Canadian exporters for which the Corporation, on behalf of the Government of Canada, has guaranteed performance to foreign government buyers as at March 31, 2022 was $7.8 billion (March 31, 2021 – $9.4 billion).

To manage performance risk of outstanding deliverables, the Corporation has contractual recourse that consists, in all material respects, of corresponding deliverables from Canadian exporters in the same amount. The collateral pledged by Canadian exporters is to mitigate counterparty risk to the deliverables guaranteed by the Corporation in the event of non-performance claims against the Corporation for reasons related to the Canadian exporter failing to perform per the terms and conditions of contracts. The types of collateral the Corporation may require the Canadian exporter to provide are various 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.

As at March 31, 2022, commercial securities that have been pledged to the Corporation as collateral by Canadian exporters in the unlikely event of their contractual non-performance are in the form of surety bonds and parent guarantees totalling $7.2 billion (March 31, 2021 — parent guarantees totalling $8.9 billion) which approximate their fair value.

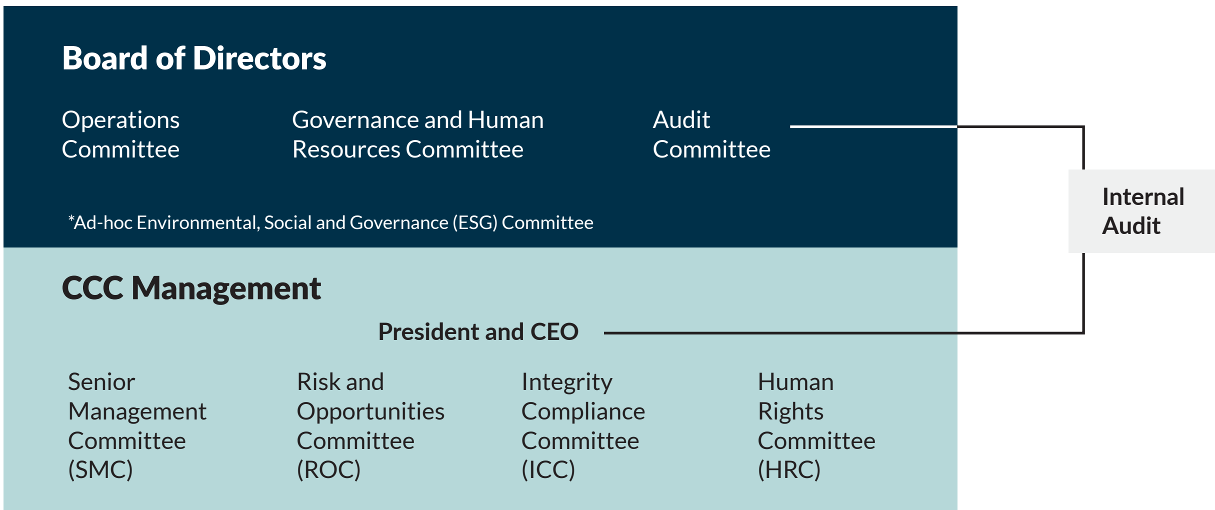
(b) Other contingent liabilities

As part of the normal course of business, management assesses the likelihood of any contingent liabilities. As of March 31, 2022, the Corporation has certain unresolved contract issues that are being actively managed towards resolution. Except for the amounts included in allowance for expected credit loss (note 14(a)), any financial impact on the Corporation, including the potential for future contract remediation expenses, cannot be reasonably estimated at this time.

Corporate governance and leadership

CCC maintains a high standard of corporate governance to ensure the prudent management of the 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, Export Promotion, Small Business and Economic Development.

Corporate governance structure



Board of directors

The Board is responsible for the stewardship of the Corporation and ensures the proper delivery of its statutory mandate and public policy objectives 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, Export Promotion, Small Business and Economic Development's annual Statement of Priorities and Accountabilities.

- The Board reviews the Corporate Plan and the Annual Report, and submits both to the Minister for review. The Corporate Plan is submitted by the Minister for approval by the Treasury Board. Once approved, summaries of the Corporate Plan and budgets are tabled in Parliament.
- The Board meets quarterly to review the Corporation's overall performance results, receive committee reports and discuss CCC's strategy. The Board annually reviews its performance using outside governance expertise and a defined assessment process.
- The Board has incorporated responsible business conduct (RBC) considerations, including human rights into its governance and oversight responsibilities at both the committee and Board level.
- The Board conducts its oversight function through the Audit Committee, the Governance and Human Resources Committee and the Operations Committee.

Board membership

The Board is composed of a Chair, the President and Chief Executive Officer (CEO), and not more than nine or fewer than five other directors.

- The Chair, the directors and the President and CEO are appointed by the Governor in Council.
- Board appointments are renewable, and there are no term or age limits.

As at March 31, 2022

CCC's Board of Directors *(note 1)*

Douglas J. Harrison
Chair
Burlington, Ontario

OIC Appointment Date: February 7, 2018
Term (years): 4 years
Reappointed: February 7, 2022

Committee(s): Audit (*ex officio*), Operations (*ex officio*), Governance and Human Resources (*ex officio*)

Christa Wessel
Director
Toronto, Ontario

OIC Appointment Date: July 1, 2019
Term (years): 3 years
Reappointed: July 1, 2020

Committee(s): Audit, Governance and Human Resources (Chair), Ad-hoc ESG (Co-chair)

Guy Desrochers
Director
Candiac, Quebec

OIC Appointment Date: December 13, 2021
Term (years): 4 years

Committee(s): Audit (Chair)

Nicole Verkindt
Director *(note 2)*
Toronto, Ontario

OIC Appointment Date: December 17, 2013
Term (years): 3 years
Reappointed: June 25, 2018

Committee(s): Operations (Chair), Ad-hoc ESG

Dyanne Carenza
Director
Montreal, Quebec

OIC Appointment Date: June 25, 2018
Term (years): 4 years

Committee(s): Operations, Ad-hoc ESG

Julian Ovens
Director
Ottawa, Ontario

OIC Appointment Date: December 11, 2020
Term (years): 4 years

Committee(s): Operations, Ad-hoc ESG

Michael Johnson
Director
Whitehorse, Yukon

OIC Appointment Date: July 1, 2019
Term (years): 4 years

Committee(s): Operations, Governance and Human Resources

Mora Johnson
Director
Ottawa, Ontario

OIC Appointment Date: July 1, 2019
Term (years): 3 years

Committee(s): Operations, Governance and Human Resources, Ad-hoc ESG

Bobby Kwon
Director, President and CEO
Toronto, Ontario

OIC Appointment Date: March 8, 2021
Term (years): 5 years

Committee(s): Operations (*ex officio*), Governance and Human Resources (*ex officio*)

For complete board member biographies, please see: https://www.ccc.ca/en/about/leadership-and-governance/.

Notes:

1. There are currently 2 vacancies on the Board which CCC anticipates will be filled by the end of the fiscal year.
2. Although the terms have expired, a director continues to hold office until his or her successor is appointed or until renewed.[8]

8 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."

Board committees

The Board conducts its oversight function through the following committees: the Audit Committee, the Governance and Human Resources Committee and the Operations Committee. In 2021–2022 an Ad-hoc Environmental, Social and Governance (ESG) Committee was created. This joint Board and Management advisory committee assists the board in developing and embedding ESG matters into the fabric and culture of CCC.

The Board of Directors has sharpened its focus on governance, risk management and strengthening the Corporation's focus on ESG to assist the Corporation in responding to the evolving risks and opportunities in the global marketplace. 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.

As at March 31, 2022

Audit Committee

Chair:
Guy Desrochers

Members:

- Douglas Harrison (*ex officio*)
- Christa Wessel

Number of meetings: 7

Committee duties:

- Oversee the Corporation's financial affairs, including the financial management of resources, risk management, accurate reporting, and appropriate audit support
- Evaluate the effectiveness of CCC's enterprise risk management program and recommend identified enhancements to the Board of Directors for approval
- Oversee the annual financial audit conducted by the Office of the Auditor General (OAG)
- Oversee the internal audit function including the annual Internal Audit Plan (CCC's Internal Audit Group reports to the Audit Committee)
- Conduct confidential in camera sessions with the OAG
- Evaluate and address audit findings provided by the OAG and Internal Audit
- Report to and collaborate with full Board of Directors to implement key recommendations from audit findings and special examinations

Governance and Human Resources Committee

Chair:

Christa Wessel

Members:

- Douglas Harrison (*ex officio*)
- Mike Johnson
- Mora Johnson
- Bobby Kwon (*ex officio*)

Number of meetings: **5**

Committee duties:

- Oversee the development and implementation of strategies, practices and procedures related to the effective operation of the Board, corporate communications, corporate performance management, human resources, and responsible business conduct
- Annual education and compliance with:
  - *Ethical Guidelines for Public Office Holders* and *Guidelines for Political Activities of Public Office Holders*, including signing an annual Conflict of Interest Certificate by each Director
  - CCC's *Code of Conduct* and *Business Ethics*, including written attestation by employees
- Performs an annual Board self-assessment, to identify opportunities to strengthen Board effectiveness and seek further efficiencies
- Reviews and makes recommendations on corporate officer appointments and compensation
- Examines human resource policies to ensure the Corporation has an inclusive culture with an engaged and diverse workforce that promotes and ensures the health and wellness of its employees
- Develop a Board of Directors skills matrix to identify capabilities needed for effective governance and to inform Notice of Opportunity for future Directors.

Operations Committee

Chair:
Nicole Verkindt

Members:

- Dyanne Carenza
- Douglas Harrison (*ex officio*)
- Mike Johnson
- Mora Johnson
- Bobby Kwon (*ex officio*)
- Julian Ovens

Number of meetings: **4**

Committee duties:

- Oversee development of new commercial business initiatives including new product lines and services
- Reviews all projects in excess of $100 million, as well as any other projects submitted by management for consideration
- Reviews risk profiles of ongoing projects, including human rights implications
- Makes recommendations to the Board of Directors for project approval
- Note: Significant Project Instruction approval by the Minister of International Trade, Export Promotion, Small Business and Economic Development, 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

Ad-hoc Environmental, Social and Governance (ESG) Committee

Co-Chairs:
Christa Wessel

Diane Montambault
(Management)

Board members:

- Dyanne Carenza
- Mora Johnson
- Julian Ovens
- Nicole Verkindt

Members of management:

- Michel Chartrand
- Susannah Denovan-Fortier
- Jason Hann

Number of meetings: **3**

Committee duties:

- Consider best practices and issues relating to ESG and recommend to the Board any actions, plans and work products that may be required or considered advisable to deliver on its ad hoc purpose
- Undertake such other governance initiatives as may be necessary or desirable to ensure that appropriate processes, structures and information are in place as necessary to develop, adopt and implement an ESG strategy
- Maintain an open dialogue with the other Board Committees to ensure that all ESG issues are adequately covered
- Ensure that the Corporation has in effect adequate policies and procedures to identify and manage the principal ESG risks of the Corporation's business

Board compensation, committee membership and attendance for fiscal 2021–22

Directors and the Chairperson are paid annual retainers and per diems set by the Governor in Council and pursuant to the *Financial Administration Act*.

- The annual retainer for all directors, including the Chairperson, is $4,700; for committee chairs, it is $1,500, provided that the committee shall meet at least twice per year to transact committee business.
- Per diems are paid at a rate of up to $375 for all directors, including the Chairperson and committee chairs, for time spent preparing for and attending meetings, as well as events such as conferences, courses and trade shows with durations that exceeding two hours. Half per diems were introduced in 2020.
- Board members are also reimbursed for expenses related to travel, accommodation and meals while performing their duties. These expenses are posted monthly on CCC's website.

Board compensation, committee membership and attendance for 2021–22 (note 1)

Board member	Total compensation (retainer plus per diem payments) *(note 2)*	Audit Committee meeting	Operations Committee meeting	Governance and Human Resources Committee meeting	Ad-hoc Environmental, Social and Governance (ESG) Committee meeting	Board of Directors meeting
Douglas J. Harrison (Chair) (note 3)	$ 22,525	7/7	1/4	5/5		7/7
Christa Wessel	$ 32,638	7/7		5/5	2/3	7/7
Claude Robillard (note 4)	$ 11,639	4/4				4/5
Guy Desrochers (note 5)	$ 8,210	3/3				2/2
Nicole Verkindt (note 6)	$ 21,408	1/1	4/4		2/3	6/7
Dyanne Carenza	$ 14,168		4/4		2/3	7/7
Julian Ovens	$ 13,325		4/4		3/3	7/7
Martin Gagné (note 7)	$ 12,425		1/1			2/2
Michael Johnson	$ 14,544		4/4	5/5		7/7
Mora Johnson	$ 14,075		4/4	5/5	3/3	7/7
Bobby Kwon (note 8)	N/A		4/4	5/5		7/7
Total	**$ 164,957**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**

Notes:
1. 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.
2. In accordance with the Policy on Remuneration and Reimbursement of Expenses Policy for Members of the Board of Directors, remuneration varies for each member and is based upon the frequency and duration of activities performed in relation to their duties and membership to various sub-committees of the Board.
3. The Chair is a member of all committees. Because several committees run concurrently, decisions regarding which committee meeting to attend in the event of conflict are made based on agendas. Given scheduling, the Chair is not expected to attend all Committee meetings.
4. Claude Robillard's directorship ended effective October 7, 2021.
5. Guy Desrochers' directorship began effective December 13, 2021. He was appointed to the Audit Committee on December 22, 2021.
6. Nicole Verkindt was temporarily appointed to the Audit Committee from October 26, 2021 to December 22, 2021.
7. Martin Gagné's directorship ended effective June 25, 2021.
8. Except for the Audit Committee, the President is a member of all committees. Because several committees run concurrently, decisions regarding which committee meeting to attend in the event of conflicts are based on agendas. Given scheduling, the President is not expected to attend all committee meetings.

Management team

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

As at March 31, 2022

Bobby Kwon
President and CEO

Diane Montambault
Vice-President,
Contract Management
and Operations

Juliet Woodfield
Vice-President,
Corporate Services
and Chief
Financial Officer

Kim Douglas
Vice-President,
Business Development
and Marketing

Michel Chartrand
Vice-President,
Legal Services,
General Counsel and
Corporate Secretary

For complete management team biographies, please see:
https://www.ccc.ca/en/about/leadership-and-governance/

Management committees

The President and CEO is accountable for directing and managing the Corporation's business and is assisted by the Senior Management Committee (SMC), the Risk and Opportunities Committee (ROC), the Integrity Compliance Committee (IIC), and the Human Rights Committee (HRC).

Senior Management Committee

The Senior Management Committee is composed of the President and CEO and four vice-presidents. With the approval of the Board of Directors, the 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 committee adheres to the highest ethical standards of professional conduct. The Committee is chaired by the CEO and meetings are held weekly.

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 reflect the Corporation's operational needs. It balances business opportunities against the risks they present and provides a forum for discussion. The ROC reviews issues at the entity-wide, corporate and transactional risk levels, as defined by the Corporation's enterprise risk management framework. The committee is chaired by the Chief Financial Officer, with meetings held weekly.

The committee has the following key roles and responsibilities:

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

Integrity Compliance Committee (ICC)

CCC continues to enhance its approach to responsible business conduct (RBC), including the conduct of integrity and compliance due diligence, in its efforts to combat bribery and unethical business practices. The ICC's work helps ensure that integrity issues are identified at the earliest stage of business activity in potential transactions and develops strategies to mitigate any potential risks. The committee is chaired by the Legal Manager-Compliance, and meets on a bi-weekly basis, or more frequently depending on business circumstances.

Some of the following key roles and responsibilities include:

- Ensure alignment of the Corporation's integrity framework with corporate best practices in the area of anti-bribery and corruption
- Maintain the Corporation's integrity compliance due diligence processes against bribery and corruption of foreign public officials
- Review 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 Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises as adopted by the Government of Canada, the ICC encourages Canadian exporters to develop and adopt policies and processes aimed at preventing and detecting bribery and corruption, and to promote employee awareness of and compliance with policies through training programs.

Human Rights Committee (HRC)

The HRC is a cross-functional committee that completes due diligence assessments for human rights risks 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 advisory function within the Corporation for these issues. This review involves identifying and assessing transactional risks and proposing measures to mitigate those risks throughout the project life cycle, in line with the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The committee is chaired by the Legal Manager-Compliance, and meets on a bi-weekly basis, or more frequently depending on business circumstances.

Executive compensation

Executive compensation policies are approved by the Board and are set as follows:

- All senior executives, with the exception of the President, are aligned with market comparators for the private and public sectors and are paid within the following range: $178,915 to $210,396.
- The President and CEO's compensation is in the range of $226,000 to $265,800. It is governed by the Performance Management Program for Order in Council appointees and is approved by the Governor in Council on the recommendation of the Board.

Internal audit

Internal audit ensures risk management practices are in place and functioning as intended and provides objective assurance on the internal controls set by Senior Management and the Board of Directors to achieve corporate objectives. CCC has fully outsourced its internal audit function to benefit from independent external expertise, receive insights, recommendations, and to obtain a risk-based audit plan which is approved by CCC's Audit Committee.

Glossary

ABP	Armoured Brigades Program
AIAC	Aerospace Industries Association of Canada
ASEAN	Association of Southeast Asian Nations
BDC	Business Development Bank of Canada
BETR	Business, Economic and Trade Recovery team
BIPOC	Black, Indigenous, and People of Colour
CABC	Canada ASEAN Business Council
CADSI	Canadian Association of Defence and Security Industries
CCC	Canadian Commercial Corporation
CCPPP	Canadian Council for Public-Private Partnerships
CEAA	Canadian Environmental Assessment Act
CTT	Commercial trading transaction
D&I	Diversity & Inclusion Committee
DBRS	Dominion Bond Rating Service
DND	Government of Canada Department of National Defence
DoD	United States Department of Defense
DPSA	Defence Production Sharing Agreement
EDC	Export Development Canada
FAA	Financial Administration Act
GAAP	Generally Accepted Accounting Principles
GAC	Global Affairs Canada
GBOF	Global Bid Opportunity Finder
HRC	Human Rights Committee
IASB	International Accounting Standards Board
ICC	Integrity Compliance Committee
IFRS	International Financial Reporting Standards
IIC	Invest in Canada
IPC	International Prime Contracting
ISED	Innovation, Science, and Economic Development Canada
IWD	International Women's Day
NASA	National Aeronautics and Space Administration
NAVSEA	U.S. Naval Sea Systems Command
NIST	National Institute of Standards and Technology
NRC IRAP	National Research Council of Canada Industrial Research Assistance Program
OAG	Office of the Auditor General
OECD	Organization for Economic Co-operation and Development
PSPC	Public Services and Procurement Canada
R&R	Return & Remote Committee
RBC	Responsible business conduct
ROC	Risks and Opportunities Committee
S&P	Standard and Poor's
SAA	Supply Arrangement Agreement
SDG	United Nations Sustainable Development Goals
SMC	Senior Management Committee
SME	Small and medium size enterprise
SPA	Statement of Priorities and Accountabilities
TCFD	Task Force on Climate-Related Financial Disclosures
TCS	Trade Commissioner Service
U.S.	United States of America
UNGP	United Nations Guiding Principles
VCS	Value of contracts signed

Canadian Commercial Corporation
Corporation Commerciale Canadienne

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