GROWING CANADIAN EXPORT BUSINESS

2015–2016 ANNUAL REPORT

CCC
Canadian Commercial Corporation
Corporation Commerciale Canadienne

Canada

2015–2016 ANNUAL REPORT

CANADA'S INTERNATIONAL GOVERNMENT-TO-GOVERNMENT CONTRACTING AGENCY

MANDATE

CCC is a Crown corporation of the Government of Canada established for the purpose of assisting in the development of trade between Canada and other nations.

MISSION

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

CCC IS A TRUSTED PARTNER WITH A UNIQUE SET OF TRADE DEVELOPMENT SERVICES:

COLLABORATIVE

A trusted Government of Canada partner in accessing foreign markets.

CREDIBLE

A trusted Government of Canada partner in contracting and corporate social responsibility.

COMPETITIVE

A trusted Government of Canada partner in mitigating risk.

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2015–2016 PERFORMANCE HIGHLIGHTS

$992M
THE VALUE OF CONTRACTS SIGNED (VCS)

70
NUMBER OF COUNTRIES IN WHICH CCC WAS ACTIVE OR HAD PURSUITS

30,943
NUMBER OF JOBS CCC HELPED CREATE OR SUSTAIN IN CANADA

$2.8B
IN COMMERCIAL TRADING TRANSACTIONS

145
NUMBER OF CANADIAN SUPPLIERS CONTRACTING WITH CCC

>30%
MORE THAN 30% OF CCC'S CLIENT BASE CONSISTS OF SMALL AND MEDIUM-SIZED ENTERPRISES (SMES), REPRESENTING ALL PARTS OF CANADA

95
NUMBER OF CANADIAN SUPPLIERS TO THE UNITED STATES UNDER THE DEFENCE PRODUCTION SHARING AGREEMENT (DPSA)

MESSAGE FROM THE INTERIM CHAIR

I am very proud of the Canadian Commercial Corporation's (CCC) achievements in 2015–2016. Despite the continued slow growth in the global economy, CCC operated in more countries, across a spectrum of industries, and helped to create or sustain over 30,000 jobs in Canada, more than it had in the year prior. These notable achievements were derived from the strategic direction CCC embarked upon in 2015–2016; growing Canadian export business through focused and collaborative business development efforts; aligning with the Government of Canada's trade priorities and directions; and demonstrating exemplary corporate social responsibility, all while respecting cost containment and efficiency initiatives.

I am particularly proud of the strategic investments CCC has made in its people, processes and systems. These investments have positioned CCC to adeptly pursue and manage a broad spectrum of export opportunities across various industry sectors.

This past year, the Corporation's strategic direction included investing in foreign representation in key markets, delivering on shareholder priorities and maintaining a strong risk management regime. These efforts aim to ensure a strong CCC into the future. The Corporation continued to create operational efficiencies and streamline processes, while supporting the Government of Canada's broader agenda on trade, competitiveness and job creation. Moving forward, CCC will increase its foreign presence, adding greater support to exporters and increasing access to foreign markets for Canadian exporters.

At CCC we are fortunate to have a dedicated Board of Directors that takes great pride in its oversight responsibility of CCC. The Board's core functions relate to stewardship, the development of executive leadership, and the oversight of the Corporation's strategy. On behalf of the Board, I want to express our appreciation to our former Chair, Ray Castelli. We accomplished many great things under his leadership, including the improvement of Board governance and operation, while supporting the enhancement of CCC's business development capacity.

I would also like to express my appreciation to our President and CEO, Martin Zablocki, the Corporation's Senior Management team, and the entire CCC staff. We all look forward to working with existing and new exporters in 2016–2017, leading to greater prosperity for businesses and employment across Canada.

Sincerely,

STEPHEN J. SOROCKY
Interim Chair, Board of Directors

MESSAGE FROM THE PRESIDENT AND CEO

CCC continued to grow and strengthen in 2015–2016, signing $992 million in contracts as a result of focused outreach with Canadian exporters in 70 markets around the world, including in Latin America, the Middle East and Asia. This success is reflective of CCC's primary commitment to provide exceptional service to its diverse Canadian supplier base, while increasing efficiencies and controlling costs.

Overall the Corporation demonstrated its flexibility to respond to economic challenges and to remain an asset to both the Government of Canada for executing on its priorities for international trade and to Canadian exporters in need of support to access competitive markets. International trade, facilitated by the Corporation, assists in creating and maintaining jobs in Canada and is an important contributor to Canada's economic viability. I am proud to say that in 2015–2016, over $2.8 billion in deliveries on CCC contracts around the world helped to create or sustain more than 30,900 jobs across several sectors of Canada's economy.

While CCC's mandate supports all industry sectors, the Corporation's primary focus is on aerospace, defence, security and infrastructure. These industries are strategically important contributors to the Canadian economy in terms of employment, innovation, productivity, research and development, Gross Domestic Product (GDP) and trade. The Canadian aerospace industry alone is responsible for the employment of more than 180,000 Canadians, and contributes $29 billion of GDP to the Canadian economy annually.[1] As a whole, the Canadian defence and security sector is a leader in innovation, research and development. Consisting mostly of SMEs, these firms support approximately 63,000 high wage jobs, with nearly a third of employees working as engineers, scientists, researchers, technicians and technologists.[2]

Given the tenacity of global economic challenges, I am all the more proud of the accomplishments CCC has achieved on behalf of Canadian exporters. Looking forward, I am equally excited about the future for Canada's exporting community. It is true that challenges remain but numerous opportunities exist in select industries and markets. Accordingly, and to ensure diversification of CCC's project portfolio, an enhanced focus on other industry sectors will occur, including the healthcare, clean technology, and renewable energy sectors. These sectors offer significant opportunities globally as trends in urbanization and environmental protection continue to strengthen.

1 Aerospace Industries Association of Canada (AIAC), "AIAC Guide to Canada's Aerospace Industry," http://aiac.ca/guide/ (2015–2016)

2 Canadian Association of Defence and Security Industries (CADSI), "At a Crossroads, Canadian Defence Policy and the Canadian Defence Industrial Base," https://www.defenceandsecurity.ca/UserFiles/File/Events2016/DefenceReview/CADSI_Defence_Review_2016_Submission.pdf (2016)

Success in competitive international markets requires establishing and maintaining trusted relationships with key stakeholders and clients. As such, CCC remained focused in 2015–2016 on launching innovative strategies to capitalize on deepening business relationships abroad and enhancing client service. Accordingly, CCC has developed an enhanced business development focus, and foreign representation was established in Latin America in 2015–2016 to help facilitate international sales for Canadian exporters in this target region. This has led to strengthened relationships with foreign government buyers in Peru, Colombia, Ecuador and Chile, among others.

CCC also remained an important strategic pillar in the whole-of-government approach to facilitating international trade. In support of the Government's trade priority of assisting SMEs I am proud to report that this year CCC supported 48 SMEs from all parts of Canada, constituting more than 30% of CCC's client base. Most of this support was provided in the aerospace, defence and security sectors, and largely through the DPSA business with the United States.

Also in 2015–2016, CCC relocated its headquarters in Ottawa, Ontario after having been at its previous location for 30 years. In addition to cost savings, the move provided the opportunity to create workflow improvements by optimizing the location of functional groups throughout the new space. This move involved a significant amount of planning and staff involvement, and I am pleased to say that it has resulted in an efficient and inspiring work environment that has strengthened collaboration within and amongst teams.

From a leadership perspective, CCC's Senior Management Committee continues to evolve and change. In October 2015, CCC welcomed Cameron McKenzie as Vice-President, Business Development and Sales. Cameron brings with him a wealth of business development experience at home and abroad, having led business development teams here in Canada and overseas. CCC's Senior Management Committee was also strengthened by the arrival of Ernie Briard in January 2016 as the new Vice-President, Corporate Services and CFO. Ernie brings with him significant management experience and expertise, having led financial teams in both the private and public sectors. Finally, I would like to thank Anthony Carty who served as CCC's Vice-President, Corporate Services and Chief Financial Officer (CFO) from March 2012 to October 2015. Anthony skillfully brought energy, a focus on accomplishment and expert guidance to the Corporation. Anthony leaves CCC at a time when we have a clear and established corporate strategy, an effective staff complement and are well positioned for success in the years to come.

CCC is fortunate to have a dedicated Board of Directors who are passionate about CCC's mandate and value proposition. It is in this context that I would like to thank Ray Castelli for his guidance and leadership as Chair of the Board from December 2012 to January 2016. We are grateful for his contribution to the growth and development that took place under his stewardship.

Finally, this Annual Report highlights the superb work of CCC's committed staff. Our people are critical to every facet of our business, and they truly are our most valuable resource. Accordingly, I would like to express my sincere appreciation to the entire CCC team, and I share in their excitement about their continued contribution to growing Canada's exports.

Sincerely,

MARTIN ZABLOCKI
President and CEO

GROWING CANADIAN EXPORT BUSINESS

CCC's 2015–2016 through 2019–2020 Corporate Plan focused on one strategic priority, to *Grow Canadian Export Business*. This strategic priority is supported by three corporate objectives that help to focus the Corporation's approach to strategic planning, resource allocation and measuring performance. These objectives are as follows: *Focused and Collaborative Business Development*, *Alignment with Government of Canada Trade Priorities and Directions*, and *Exemplary Corporate Social Responsibility*.

Over the course of 2015–2016, CCC delivered on these objectives by launching innovative strategies to capitalize on deepening business relationships abroad and enhancing client service. CCC also continued to support the Government of Canada's broader agenda on trade, competitiveness and job creation, while examining ways to increase operational effectiveness and cost containment. The Corporation also strengthened its CSR practices to ensure that integrity compliance requirements within its portfolio of international contracts were firmly in place.

Delivering on these objectives was contingent upon CCC's continued investments in its people, processes, and systems. In a challenging global environment marked by heightened risk, changing demographics, and continued economic and political uncertainty, such investments have allowed the Corporation to significantly improve operations, gain efficiencies and increase the potential to access key markets for Canadian exporters. These investments center upon best practices in risk management, contract management and performance management.

In 2015–2016, the global economy was defined by slow growth. This was compounded by lower revenues for many oil-producing nations and the devaluation of currencies in several key markets. The impact was felt by CCC's two core lines of business: Global Defence and Security (GDS) and International Commercial Business (ICB). Despite some countries postponing planned spending and investments in aerospace, defence, security and critical infrastructure, the Corporation continued to play an important role in promoting Canadian capabilities and increasing exports.

HIGHLIGHTS BY OBJECTIVE

OBJECTIVE
1

Focused and Collaborative Business Development

As the Government of Canada's international contracting and procurement agency, CCC is committed to helping Canadian exporters expand their access to international markets. In 2015–2016, CCC undertook several business initiatives with a view to enhancing international opportunities for Canadian exporters.

ESTABLISH CCC FOREIGN REPRESENTATION

- In 2015–2016, CCC successfully established foreign representation in Lima, Peru. Based in the Canadian Embassy, the CCC office supports corporate activities across Latin America. Similar representation in the Middle East will occur in 2016–2017.
- CCC's on-the-ground presence has strengthened relationships with foreign government buyers in the region including Peru, Colombia, Ecuador and Chile. Relationships with Canadian exporters have also solidified as they more readily appreciate CCC's ability to respond quickly and to be present with foreign government buyers at key decision points in their procurements.

- CCC's foreign representation has also strengthened collaboration among other Government of Canada stakeholders in international trade. These include Global Affairs Canada's Trade Commissioner Service (TCS), Canadian Forces Defence Attachés, Export Development Canada (EDC), and Heads of Mission. Foreign representation has increased CCC's ability to support government-to-government export transactions effectively and efficiently. Co-locating within the Canadian Embassy has also helped to minimize costs and risks in rolling out this key initiative.

CO-LOCATING CCC REPRESENTATIVES WITHIN CANADIAN EMBASSIES, AS WAS ACCOMPLISHED IN LIMA, PERU IN 2015–2016, ALLOWS CCC TO MORE EFFECTIVELY LEVERAGE THE SUPPORT OF OTHER GOVERNMENT OF CANADA STAKEHOLDERS IN INTERNATIONAL TRADE AND TO FORGE STRONGER RELATIONSHIPS WITH FOREIGN GOVERNMENTS.

MAKING MORE EFFECTIVE USE OF MARKET INTELLIGENCE

- Over the course of 2015–2016, CCC continued building on the strength of its relationships with its International Trade Portfolio partners, Global Affairs Canada and EDC. To ensure that CCC's business development strategies and decisions were informed by the most current market intelligence, consultation with these partners was ongoing.

- CCC also collaborated closely with the Department of National Defence (DND), Innovation, Science and Economic Development Canada (ISED) and Public Services and Procurement Canada (PSPC) on issue-specific items to ensure optimal and appropriate information exchange, thus increasing the effectiveness of CCC's support for Canadian exports.

PROMOTING A WHOLE-OF-GOVERNMENT APPROACH TO INTERNATIONAL TRADE

- Throughout 2015–2016, CCC's business pursuit strategies continued to embody a whole-of-government approach to facilitating Canadian export sales. Important contributions from other Government of Canada stakeholders including the TCS, Canadian Forces Defence Attachés, EDC, Heads of Mission, and, where applicable and appropriate, Ministers and Members of Parliament helped ensure a coordinated effort in the identification and development of international trade opportunities.

- CCC and the TCS worked collaboratively to develop tools and messages to promote Canada's unique government-to-government contracting approach to foreign buyers. For example, CCC worked with the TCS to develop a G2G Playbook that assists Trade Commissioners to understand and develop government-to-government sales opportunities. This Playbook will be rolled out in 2016–2017.

BEING WATER SMART: COWATER INTERNATIONAL SIGNS DEAL WITH THE BARBADOS WATER AUTHORITY

In 2015, the Barbados Water Authority (BWA) announced the launch of the Smart Meter Business Transformation Project. Contracted through CCC, Cowater International of Ottawa, Ontario undertook the multimillion dollar project to assist with improving the efficiency of BWA's water management.

Cowater International brings to this project in-depth water and wastewater utility management experience that will enable the BWA to achieve and maintain its goal of being the water management industry leader in the Caribbean.

This project is an example of Canada's whole-of-government approach to international trade. CCC, collaborating with EDC, the TCS and Canada's High Commission to Barbados, engaged strategically with the Government of Barbados, collectively highlighting the capabilities of Canada's export industry. This resulted in the signing of an MOU with CCC to pursue the opportunity to develop a Smart Water Meter Transformation Project. Working diligently with EDC, the two Crown corporations met the contractual and financial requirements for the project to proceed and it is now successfully underway.

- Coordination and collaboration are key components of the 2014 Memorandum of Understanding (MOU) signed between CCC and Global Affairs Canada. Under this MOU, CCC provides Global Affairs Canada's TCS with marketing tools that support Trade Commissioner outreach efforts with a view to broadening CCC's market reach. This MOU was extended at the end of 2015–2016 for a period of one year. Future MOUs will increasingly leverage the strengths of each organization in a government-to-government sales context.
- In 2015–2016, CCC also worked with DND to build awareness of CCC's cooperation with Canadian Forces Defence Attachés. CCC works closely with the network of Defence Attachés that operate in missions to leverage established military-to-military relationships in target markets.
- In 2015–2016, CCC and EDC regularly cooperated on files where both Crown corporations had a role in enhancing the viability of a Canadian export solution for a foreign government buyer.

TEAM APPROACH TO PURSUING GLOBAL DEALS

- Over the course of 2015–2016, CCC remained focused on using a team approach to harness the international business development resources of the Government of Canada towards effectively supporting key CCC contract opportunities abroad.
- The approach maximized contributions from key Government of Canada stakeholders involved in international trade, namely the TCS, Defence Attachés, and EDC, as well as senior bureaucratic and political resources where necessary.

SMALL AND MEDIUM-SIZED ENTERPRISES

- Throughout 2015–2016, CCC continued to enhance its support for SMEs through increased engagement. CCC supported 48 SMEs from all parts of Canada last year, constituting 34% of CCC's client base. In addition, many more SMEs form part of the supply chain of CCC's larger exporters.

- In May 2015, CCC, together with EDC and the Business Development Bank of Canada (BDC), participated in the former Minister of International Trade's Advisory Council on SMEs. CCC's involvement in this Government of Canada SME export support mechanism helped to better inform the Corporation as to the challenges and opportunities that SMEs face. Discussions also allowed Advisory Council members to better understand CCC's business model and how the Corporation is able to support exporting SMEs.
- In November 2015, CCC and Western Economic Diversification Canada convened a series of roundtable discussions to enhance engagement with SMEs in Western Canada (Winnipeg, Calgary and Vancouver). These sessions attracted a range of companies with capabilities in defence, security, and information and communications technology. The roundtable discussions increased awareness of CCC's role in supporting Canadian exporters through government-to-government sales as well as generating potential leads for CCC and Canadian exporters in the Asian region. The discussions also succeeded in enhancing regional development agency and provincial government awareness of CCC's value proposition, particularly for SMEs. Similar initiatives may be explored in other regions of Canada in future periods.
- Through whole-of-government leadership at major international defence and security trade shows and exhibitions, CCC has been able to connect SMEs with foreign government decision-makers. In 2015–2016, CCC played a lead role in connecting foreign government representatives with Canadian suppliers at such events as the International Air and Space Fair (FIDAE); CANSEC; the Paris Air Show; the Abbottsford Air Show; and Defence Security and Equipment International (DSEI).

SUSTAINING ACCESS TO THE UNITED STATES DEPARTMENT OF DEFENSE (U.S. DOD) AND NATIONAL AERONAUTICS AND SPACE ADMINISTRATION (NASA) PROCUREMENT OPPORTUNITIES

- CCC's role as the Government of Canada's custodian of the Canada-U.S. DPSA ensures that Canadian defence and security exporters are able to compete for U.S. DoD and NASA procurements on a level playing field with their American counterparts.

BENEFITS DERIVED BY CANADA VIA THE DPSA

JOBS AND ECONOMIC GROWTH – Over the past ten years, CCC has facilitated between $500 million and $2 billion in sales per year resulting in the creation or maintenance of between 6,000 and 18,000 jobs per year.

LONG-TERM PROSPERITY FOR CANADA – Between fiscal 2006–2007 and 2014–2015, CCC transacted over 23,000 contracts and amendments worth over $11.5 billion.

SUPPORT TO CANADIAN AEROSPACE, DEFENCE AND SECURITY INDUSTRIES – Since 2007, CCC has worked with hundreds of Canadian companies in the DPSA business line.

- In 2015–2016, CCC signed over $573 million in contracts in aerospace, defence and security exports to the U.S., an increase over the prior year's figure of $552 million.
- CCC has historically received a parliamentary appropriation to support this public policy program; however, 2015–2016 marked the second year of a three-year plan to phase-out this appropriation.

OCEANWORKS INTERNATIONAL CORPORATION AND THE SALE OF SPECIALIZED EQUIPMENT TO THE U.S. NAVY

OceanWorks International Corporation of Burnaby, British Columbia is a long time supplier to the U.S. Navy and subcontractor to CCC. The company has been recognized as uniquely qualified to supply specialized deliverables used in submarine rescue systems. During 2015, OceanWorks successfully completed a contract with the U.S. Navy to manufacture and supply hose assemblies for submarine rescue chambers. These rescue chambers are a vital component in emergency planning and rescue of mariners aboard submarines. For this contract, OceanWorks was required to comply with exacting and very high health standards related to rescue breathing devices. The Buying Command of the U.S. DoD and OceanWorks were under intense pressure to deliver a high quality product within a specific timeframe to support operational requirements as well as to replace the aging devices that were currently in use.

OceanWorks completed all obligations of the contract and delivered a high value and reliable technical solution to the U.S. Navy. CCC salutes OceanWorks' resourcefulness and its determination in meeting and exceeding the operational needs of the customer for a technically complex, safety component.

- Given the strategic importance of the Canada-U.S. defence relationship, and the DPSA as a platform for Canadian companies to access the U.S. DoD market, CCC focused on relationship building and advocacy efforts to ensure that CCC's value proposition in this bilateral agreement is well understood by its U.S. counterparts.
- Last year, CCC launched a new initiative to celebrate its defence and security suppliers and their excellence in export contracting. As part of CCC's continued support, recognition and promotion of Canadian industry, CCC's inaugural *Excellence in Export Contracting Award* was created.
- In 2015–2016, two suppliers under the DPSA program were presented with this new award: AirBoss Defense of Bromont, Quebec and L-3 WESCAM of Burlington, Ontario.

AIRBOSS DEFENSE EXCELLENCE IN CONTRACTING AWARD

AirBoss Defense is a world leader in the design, development, and manufacture of Chemical, Biological, Radiological, and Nuclear (CRBN) personal protective equipment. For more than 40 years, AirBoss Defense has supplied military and first-responders worldwide with hand wear, footwear, and respiratory protection from CBRN agents and extreme cold weather. In addition to protecting against CBRN threats, AirBoss's hand wear and footwear are effective against a wide range of toxic industrial chemicals.

The Excellence in Export Contracting Award acknowledges AirBoss's significant volume of contracts signed with CCC and the company's positive performance and proficient delivery on contracts. The company was also recognized for generating high levels of customer satisfaction as expressed by the U.S. DoD.

L-3 WESCAM EXCELLENCE IN EXPORT CONTRACTING AWARD

L-3 WESCAM's advanced Electro-Optic/Infrared laser imaging and targeting sensor systems provide unparalleled image stability and long-range detection capability to military, homeland security and airborne law enforcement agencies worldwide. With thousands of systems fielded worldwide, L-3 WESCAM's systems can be found on over 135 different types of platforms, including fixed-wing, rotary-wing, UAV and aerostat airborne platforms, numerous surface vehicles and marine-based platforms.

The company has worked with CCC over the past decade in providing Canadian solutions to the U.S. military. L-3 WESCAM's state of the art camera systems are a key Canadian capability, with high operational and strategic value to U.S. Navy and Air Force buyers. L-3 WESCAM consistently receives positive feedback from the U.S. DoD about the company's contract management and delivery capabilities. Indeed, the ability to work positively with the key stakeholders is considered an integral part of Canada's success with its defence partners.

OBJECTIVE 2

Alignment with Government of Canada Trade Priorities and Directions

Throughout 2015–2016, CCC reaffirmed its effectiveness as an important tool in the Government of Canada's suite of support resources for Canadian exporters. CCC also remained committed to containing costs while making prudent investments in growing its business.

ALIGNING WITH GOVERNMENT OF CANADA TRADE PRIORITIES AND DIRECTIONS

- Over the course of 2015–2016, CCC continued to align its business development pursuits with priority markets and policy objectives identified by the Government of Canada.
- CCC continued to strengthen its engagement with Trade Commissioners and Defence Attachés in target countries to build stronger relationships and enhance in-market intelligence networks in support of Canadian export opportunities.
- Following the October 2015 federal election, CCC adjusted its focus to include the new Government's planned export promotion strategy and investments in clean technology producers. The Government's policy directions will focus on expanding trade with large, fast-growing markets, including China and India, and will deepen trade links with traditional partners, such as the United States.
- CCC's target market regions, namely the U.S., Latin America, Middle East and Asia, align well with the Government of Canada's trade priorities. These markets have also been identified by CCC as aligning well with Canadian exporter capabilities.

FACILITATION OF CANADIAN DEFENCE AND SECURITY EXPORTS

- CCC has been facilitating exports within the defence and security sector for many years. Accordingly, in 2015–2016 the Corporation continued to work in collaboration with stakeholders and partners to support Government of Canada efforts in this area.
- Working with colleagues from PSPC, DND, Global Affairs Canada and ISED, CCC continued to be a full partner in supporting defence exports by promoting Canadian capabilities to foreign militaries at international tradeshows and through outreach to procurement decision-makers within allied and like-minded nations.
- CCC will continue to work cohesively with key government stakeholders to support the Government's priorities, including the review of Canada's defence policy.

RESPECTING THE SPIRIT OF THE GOVERNMENT'S COST CONTAINMENT INITIATIVES

- Over the course of 2015–2016, CCC continued to control discretionary costs in a manner that respects the spirit of the government's cost containment initiatives.

- With a focus on cost containment and the search for improved efficiencies, the Corporation maintained its agreement to provide shared services related to office support in information technology, human resources (HR) management and other corporate services to PPP Canada. This agreement is reviewed on an annual basis.
- In 2015–2016, CCC also relocated its headquarters to new office space to achieve future cost reduction goals.

OBJECTIVE 3

Exemplary Corporate Social Responsibility

In order to meet the expectations of Canadians and foreign governments around the world, CCC strives to uphold its values of integrity and honesty in all business dealings at home and abroad.

COMBATTING BRIBERY AND CORRUPTION

- The Corporation's commitment to CSR has become part of CCC's value proposition and provides assurance to buyers and suppliers that all business dealings are held to the highest ethical standards. The Corporation has strengthened its policies and guidance in this area during 2015–2016.
- Last year, CCC built a shared awareness internally and within the exporter community of the importance of ethical behavior.
- CCC implemented an enhanced approach to combatting bribery and corruption in 2014–2015 and has worked since then to undertake staff training and ongoing consultation with other Government of Canada partners and stakeholders.
- Additionally, CCC continued to monitor the international bribery and corruption environment through memberships and participation in anti-bribery and anti-corruption forums.

PEOPLE, PROCESSES AND SYSTEMS

The strength of CCC's people, processes and systems continues to drive efficiency and effectiveness gains on a year-over-year basis. Over the course of 2015–2016, CCC remained committed to being a workplace of choice for employees, and in the context of Canada's constantly changing demographics, the Corporation recognizes the need to focus on the strategic recruitment and development of its specialized workforce.

In 2015–2016, CCC initiated an analysis of its workforce requirements in the context of the evolving international business environment and the requirement for continuous business growth. The recommendations stemming from this analysis will help identify workforce-related risks to ongoing business delivery. CCC also enhanced its investment in succession planning with a long-term view to ensuring the sustainability of the Corporation.

CCC's systems are continually updated to ensure that they align with business and reporting requirements. The Corporation also ensures that employees continue to have access to the right tools to do their jobs effectively and efficiently.

ENTERPRISE RESOURCE PLANNING (ERP) SYSTEMS MODERNIZATION

- CCC implemented an Agresso ERP system in 2009–2010. The system is updated on a regular basis to maintain pace with business requirements and will undergo the addition of an expanded HR module. This module is expected to improve system efficiency, reduce costs and reliance on external software providers while also improving access to HR information.

CLIENT RELATIONSHIP MANAGEMENT (CRM)

- The CRM system was implemented in 2015–2016 and increased CCC's ability to focus its business development efforts. The system achieves this by tracking key performance indicators and allowing management to target specific opportunities thereby maximizing the return on CCC's business development investment.
- The system now provides management with easily accessible business development data related to leads and opportunities. CRM allows for tracking the Corporation's business pipeline and its automatic reporting function has improved efficiency within the business development team.

EMPLOYEE LEARNING AND DEVELOPMENT

- CCC strongly supports employee learning and development through flexible and tailored learning plans.
- Approximately 76% of employees undertook training and development programs throughout the year. This is an increase over the 71% who undertook training in 2014–2015.
- Over the course of the year, CCC continued to focus on leadership development. In 2015–2016, 70% of all Executive and Management level employees undertook learning and development initiatives.
- During the year, 80% of the Corporation's training budget was used. This is a substantial increase over the 45% used in 2014–2015.
- A new collective agreement is being negotiated with CCC's unionized workforce and management continues to support innovative approaches to fostering employee learning and development. While the negotiations were not complete at year-end, much progress has been made towards an agreement and discussion will continue to evolve and reflect the Government of Canada's overall direction with respect to labour agreements.

EMPLOYEE REWARDS AND RECOGNITION

- Employee recognition is an important component of CCC's retention strategy. The Corporation's rewards and recognition framework encourages regular acknowledgement of employees who continually strive for excellence in helping CCC achieve its objectives.
- Employee achievements were celebrated through the annual rewards and recognition ceremony, during team meetings, and at other group events. In addition, the President and CEO held seven Townhall addresses where employees were recognized for their work towards the Corporation's objectives.
- Ten spot awards were presented to employees throughout 2015–2016 as immediate recognition for hard work and achievement.

PLANNED MOVE TO NEW HEADQUARTERS LOCATION

- In addition to cost savings from the lower lease payment on CCC's new office space, the September 2015 move has helped drive workflow improvements. It allowed Management to optimize the location of functional groups throughout the new space and strengthened collaboration within and amongst teams.

2015–2016 **PERFORMANCE** AGAINST OBJECTIVES

CCC's 2015–2016 performance measurement scorecard includes indicators that help track the Corporation's progress against the implementation of its strategy. These indicators are described below.

2015–2016 ACTUAL
$992M

VALUE OF CONTRACTS SIGNED (VCS)

This measure provides the amount of international business CCC has facilitated or won with Canadian exporters. The Corporation tracks VCS by business line, by region and country, and by exporter. VCS is an indicator of effectiveness and is used in order to identify and learn from trends.

2015–2016 ACTUAL
134

EXPORTER CONFIDENCE

This measure tracks the number of Canadian exporters in the fiscal year who have sought CCC's government-to-government export support and is determined by the number of new leads opened in CCC's CRM system for that period.

2015–2016 ACTUAL
66.3%

EFFICIENCY RATIO

This is a measure of the ratio of core administrative expenses against net revenues and the Corporation's appropriation.

2015–2016 ACTUAL
48

SME TRANSACTIONS

This measure represents the number of SMEs that signed or had active contracts with CCC in the fiscal year.

2015–2016 ACTUAL
91

NET PROMOTER SCORE (NPS)

This is a measure of the likelihood that a Canadian exporter would recommend CCC's services to another company. CCC considers an NPS result of between 74 and 80 strong on the client feedback indicator.

2015–2016 ACTUAL
86%

NET EMPLOYEE SATISFACTION SCORE

This is an aggregate measure of the extent to which employees believe the Corporation succeeds in four areas: fostering innovation; facilitating learning and development; rewarding leadership; and supporting healthy work/life balance. A result of >85 is considered reflective of strong performance across these four areas.

CCC'S PERFORMANCE SCORECARD: 2015–2016 THROUGH 2019–2020

CCC's 2015–2016 performance scorecard includes indicators that help track the Corporation's progress against the implementation of its strategy. These indicators are described on the previous page.

PERFORMANCE MEASURE	2015–2016 ACTUAL	2015–2016 FORECAST	2014–2015 ACTUAL
Value of Contracts Signed	$992M	$1.26B	$1.26B
SME Transactions	48	65	51
Exporter Confidence	134	≥100	96
Net Promoter Score[1]	91	74–80	N/A
Efficiency Ratio (%)	66.3	77.7	68.3
Net Employee Satisfaction Score (%)	86	87.5	92

1 A client survey was not undertaken in 2014–2015 and therefore, a Net Promoter Score was unavailable.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

CCC was established in 1946 under the *Canadian Commercial Corporation Act*. The Act outlines CCC's broad mandate, which is to assist in the development of trade by helping Canadian exporters access markets abroad and by helping foreign customers obtain goods from Canada. The legislation also provides the Corporation with a range of powers, including the ability to export goods from Canada either as principal or as agent in such a manner and to such an extent as it deems appropriate. As a result, CCC negotiates and executes bilateral government-to-government procurement arrangements, facilitating export transactions on behalf of Canadian exporters.

NATURE OF BUSINESS AND OPERATING ENVIRONMENT

CCC delivers its government-to-government contracting services through two core lines of business: (1) GDS which includes administering the DPSA, and (2) ICB.

World trade is expected to grow to about 2.9 percent in 2016 as the effects of years of recession are still evident. In early 2016, the World Bank notes that there is a global economic shift back to developed economies leading growth as opposed to the forecasted growth from emerging countries. Most developed nations are expected to continue the trend to reduce their defence expenditures and seek to shift the terms of engagement towards limited interventions and burden-sharing through participation in alliances, conflict prevention and contracting out security. Emerging countries will move toward expanding their military capacities. Countries are expected to continue to purchase defence equipment in efforts to contain illegal activities and terrorism within their borders. Military spending in the U.S. is expected to have continued pressure to decrease given constrained budgets and the reduction of resources in Iraq and Afghanistan.

For CCC, this shift is manifested in the decreased volume of the DPSA related business in the U.S.; nevertheless, the Corporation plays an important role in promoting Canadian capabilities and increasing exports beyond the U.S. CCC works with its base of exporters in global defence and security markets to leverage Canadian and U.S. military and security related procurements that are export-ready in order to open new markets with allied nations. The GDS and ICB business line strategy that CCC has developed continues to prove its effectiveness through increased sales for Canadian exporters and a greater number of jobs for Canadians. These achievements are being accomplished while managing the Corporation in a cost efficient manner.

FINANCIAL HIGHLIGHTS

Historically, large contracts have materially impacted the Corporation's financial statements and can often cause significant variations in certain year-over-year amounts on the Statement of Financial Position and the Statement of Comprehensive Income. In late 2013–2014, an historic multi-billion dollar contract was signed for the supply of light armoured vehicles (LAVs) and associated equipment, training and support services. This activity will result in advances and progress payments to Canadian exporters and from foreign customers, commercial trading transactions, cost of commercial trading transactions and fees for service showing significant increases from last year to the current year.

For 2015–2016, net profit was $8.1 million, compared to $8.3 million reported for 2014–2015. The decrease of $228 thousand was due to an increase to total revenues of $6.5 million offset by a decrease to the parliamentary appropriation of $5.3 million and an increase to total expenses of $1.4 million.

A more detailed discussion of CCC's 2015–2016 financial highlights follows:

STATEMENT OF COMPREHENSIVE INCOME DISCUSSION

SUMMARY RESULTS

	MARCH 31 2016 ($ MILLIONS)	MARCH 31 2015 ($ MILLIONS)	INCREASE (DECREASE) %
REVENUES:			
Commercial trading transactions – prime contracts	**$ 2,844.5**	$ 2,440.8	17%
Cost of commercial trading transactions – prime contracts	**(2,844.5)**	(2,440.8)	17%
Fees for service	**28.6**	22.8	25%
Other revenues	**2.1**	1.4	51%
Total revenues	**30.7**	24.2	27%
EXPENSES:			
Administrative expenses	**31.3**	30.0	4%
Contract remediation expenses	**0.2**	0.1	29%
Total expenses	**31.5**	30.1	4%
Sourcing services transactions	**27.5**	41.8	(34%)
Cost of sourcing services transactions	**(27.5)**	(41.8)	(34%)
Parliamentary appropriation	**8.9**	14.2	(38%)
NET PROFIT	**$ 8.1**	$ 8.3	(3%)

REVENUES: GENERAL

Revenues consist of commercial trading transactions on prime contracts, fees for service and other revenues consisting of gains (losses) on foreign exchange, finance income and other income. It is important to note that as an international trade intermediary, revenues from commercial trading transactions on prime contracts are fully offset by the cost of commercial trading transactions on prime contracts.

After offsetting the cost of commercial trading transactions, total revenues were $30.7 million for 2015–2016 compared to $24.2 million for 2014–2015, an increase of $6.5 million or 27%.

REVENUES: COMMERCIAL TRADING TRANSACTIONS

Commercial trading transactions measure the value of delivery of a good or service or progress work once a contract is signed and becomes effective. Commercial trading transactions were $2,844.5 million for 2015–2016, compared to $2,440.8 million for 2014–2015, an increase of $403.7 million or 17%.

Contributions to commercial trading transactions by the two programs within the GDS business line are as follows:

- DPSA commercial trading transactions of $667.1 million, representing 23% of the Corporation's total commercial trading transactions were $73.5 million or 12% higher compared to $593.6 million for 2014–2015. Of the total DPSA commercial trading transactions, $160.1 million were recorded on DPSA LAV related projects compared to $157.6 million for 2014–2015.
- Non-DPSA GDS commercial trading transactions of $1,827.4 million, representing 65% of the Corporation's total commercial trading transactions were $254.0 million or 16% higher compared to $1,573.4 million for 2014–2015. The Corporation continues to benefit from the consistent and increasing number of non-DPSA GDS contracts that have been signed over the last several years that contribute a regular and increasing number of delivery transactions per year. Of significance, $1,559.8 million or 84% of the total non-DPSA GDS commercial trading transactions were recorded for progress work related to the Armoured Brigades Program (ABP) contract.

ICB commercial trading transactions of $350.0 million, representing 12% of the Corporation's total commercial trading transactions were $76.2 million or 28% higher compared to $273.8 million for 2014–2015. ICB commercial trading transactions were higher than the previous year due to increased activity related to projects under the Corporation's lottery projects in Central America and the signing of a $49.2 million contract for the supply of an efficient water meter monitoring system in Barbados.

REVENUES: FEES FOR SERVICE

The Corporation charges fees for service on non-DPSA GDS and ICB business and other services, generally as a percentage of the contract value and at negotiated rates for services provided. Fees are recognized as revenue when commercial trading transactions related to prime contracts and international sourcing services agreements are recorded and from other international and domestic activities when services are rendered. Fees for service were $28.6 million for 2015–2016 compared to $22.8 million for 2014–2015, an increase of $5.8 million or 25%.

Contributions to fees for service by the two programs within the GDS business line are as follows:

- CCC does not charge fees for service on the DPSA program which was previously fully funded by an annual parliamentary appropriation. The parliamentary appropriation is being gradually phased out in accordance with the direction outlined in the 2014–2015 Corporate Plan to eliminate the appropriation and to pursue business strategies with a view to full financial self-sufficiency by 2017–2018.
- Non-DPSA GDS fees for service of $18.3 million, which account for 64% of the total fees for service, were $2.9 million or 19% higher compared to fees of $15.4 million for 2014–2015. The fee increase was commensurate with the increased level of non-DPSA GDS commercial trading transactions previously discussed. Of the $18.3 million total GDS fees, $12.4 million or 68% were earned based on the deliveries and progress work related to the ABP contract.

ICB fees for service of $5.5 million, which account for 19% of the total fees for service, were $2.3 million or 72% higher compared to fees of $3.2 million for 2014–2015. The increase in ICB fees compared to 2014–2015 was due to fees earned related to an increase of potash deliveries under the Cuba contracting program, variable fees earned for the achievement of specific target thresholds related to the lottery projects, and fees recorded upon the commencement of the Barbados water meter project.

Fees for service from sourcing and other Government of Canada priorities of $4.7 million, accounting for 17% of the total fees for service, were $552 thousand or 13% higher compared to fees of $4.2 million for 2014–2015. Of the $4.7 million, $3.0 million or 63% was earned related to the maintenance and administration of the trade development offices in China on behalf of Global Affairs Canada, formerly the Department of Foreign Affairs, Trade and Development (DFATD); $1.2 million or 26% was earned related to sourcing services provided by CCC of which $886 thousand related to sourcing transactions which occur at the discretion of Global Affairs Canada and are dependent on the availability of budget funding to satisfy requirements of their programs and a further $326 thousand recovered from National Research Council Canada (NRC) related to the TMT Telescope project; and the remaining $563 thousand or 12% is from a shared services arrangement with another crown corporation which generates economies of scale in providing a variety of corporate services to both organizations.

REVENUES: OTHER

Other revenues include: (1) foreign exchange gains or losses due to the weakening or strengthening of the Canadian dollar compared to the U.S. dollar on exposed U.S. cash balances; (2) net finance income earned on the Corporation's cash balances; and (3) other income include fees earned for providing discounted early payment primarily under the DPSA program, wiring fees for payments to Canadian exporters, and other miscellaneous amounts.

For 2015–2016, a foreign exchange translation gain of $985 thousand was reported, $494 thousand or 101% higher compared to the foreign exchange gain of $491 thousand for 2014–2015. Of the total $985 thousand foreign exchange gain, $544 thousand was realized due to foreign exchange implications related to long outstanding accounts receivable balances from the U.S. DoD under the DPSA which were received and the remaining $441 thousand resulted from the weakening of the Canadian dollar relative the U.S. dollar (USD) from $0.7895 as at March 31, 2015 to $0.7700 as at March 31, 2016.

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

For 2015–2016, finance income of $354 thousand was $39 thousand or 12% higher compared to the result of $315 thousand for 2014–2015. Average cash balances were slightly higher in 2015–2016.

For 2015–2016, other income of $786 thousand was $181 thousand or 30% higher compared to the result of $605 thousand for 2014–2015. Of the $786 thousand, $519 thousand or 66% was generated from the discounted early payments with the remainder resulting primarily from miscellaneous excess balances identified during contract close-out activities and taken into income. The $181 thousand increase compared to 2014–2015 was due to greater use of the Corporation's discounted early payment facility by DPSA exporters.

EXPENSES

For 2015–2016, administrative expenses of $31.3 million were $1.3 million or 4% higher than the expenses of $30.0 million for 2014–2015. Administrative expenses are paid primarily in Canadian dollars and are not impacted by foreign exchange fluctuations. Administrative expenses include the following:

- Workforce compensation and related expenses of $19.3 million for 2015–2016 were $410 thousand or 2% higher than the expenses of $18.9 million for 2014–2015. The increase was due to the addition of a foreign representative officer in South America and the recording of accrual estimates for collective bargaining increases. Workforce compensation and related expenses accounts for approximately 62% of CCC's administrative expenditures.

- PSPC is paid for certain core contract management services under the DPSA. In recent years, as part of an initiative to streamline processes in the delivery of the DPSA and decrease related expenses, CCC has brought in-house certain contract management services previously performed by PSPC. As a result, total PSPC expenses of $2.4 million for 2015–2016 were $473 thousand or 16% lower than expenses of $2.9 million for 2014–2015.

- Rent and related expenses of $3.9 million for 2015–2016 were $730 thousand or 23% higher than the expenses of $3.2 million for 2014–2015. In November 2014, the Corporation entered into a fifteen-year lease agreement for office space in a new location, which expires at the end of November 2031, in order to achieve future cost reduction goals. The entire increase was due to a payment made in consideration for the contractual requirement to restore the premises at the previous location to its 2005 condition.
- Travel and hospitality expenses of $1.7 million for 2015–2016 were $95 thousand or 5% lower than expenses of $1.8 million for 2014–2015. The overall decrease was mostly due to a lower level of hospitality expenses incurred. The Corporation travel expenses are predominantly for business development activity in support of Canadian exporters in pursuit of and to secure projects in Latin America, Africa, Pacific-Asia and the Middle East and the management of the projects once they are signed and effective.
- Consultant expenses of $1.6 million for 2015–2016 were $487 thousand or 45% higher than expenses for 2014–2015 of $1.1 million. Consultant expenses were higher in 2015–2016 due to several one-time corporate initiatives related to human resource management, business development and the move to the new office space location. Consultant expenses complement CCC's workforce and perform assignments requiring a specific expertise.
- The depreciation of property and equipment and leasehold improvement costs of $484 thousand for 2015–2016 were $61 thousand or 11% lower than expenses of $545 thousand for 2014–2015.
- Computer software, hardware and support costs of $563 thousand, over and above the information management personnel included in workforce compensation or consultants, for 2015–2016 were $111 thousand or 25% higher than expenses of $452 thousand for 2014–2015. The entire increase is due to one-time expenses related to the move to the new premises.
- Other expenses of $1.4 million were $202 thousand or 18% higher for 2015–2016 compared to expenses of $1.2 million for 2014–2015. Other expenses include Corporate communication costs (e.g. marketing, advertising, and the design and printing of corporate promotional material), telecommunications, bank charges and other miscellaneous amounts. The increase is due to expenses incurred for the establishment and facilitation of CCC foreign representation in key market areas abroad.

For 2015–2016, contract remediation expenses of $192 thousand were $43 thousand or 29% higher compared to expenses of $149 thousand for 2014–2015. The increase was due to a one-time payment made in September 2015 in order to settle a long standing litigation case. Contract remediation expenses are recorded as actual amounts are incurred or can be determined.

SOURCING SERVICES FOR SUPPORT OF INTERNATIONAL GOVERNMENT ASSISTANCE PROGRAMS

Sourcing Services for support of international assistance programs represent transactions whereby the Corporation acts as an agent on behalf of a domestic or foreign Government entity. In these engagements, CCC is not the prime contractor. All of the activity that is generated through Global Affairs Canada under these terms is classified as this transaction type. This activity occurs at the discretion of Global Affairs Canada and the availability of budget funding to satisfy requirements of their programs. In addition, there is one GDS project originally signed in 2007 that is classified under this transaction type. CCC entered into an agreement to act as agent to procure and manage the replacement of the wings kits on six Norwegian aircraft on behalf of the Royal Norwegian Air Force. For 2015–2016, Sourcing Service transactions and the cost of Sourcing Service transactions of $27.5 million were $14.4 million or 34% lower than the $41.8 million recorded for 2014–2015. The decrease was due primarily to less delivery activity related to the Norwegian wing replacement as the project is nearing completion.

PARLIAMENTARY APPROPRIATION

The Corporation received a parliamentary appropriation of $8.9 million for 2015–2016, which was $5.3 million or 38% lower than the $14.2 million received for 2014–2015.

The Corporation's appropriation is being gradually phased out in accordance with the 2014–2015 Corporate Plan as follows: $15.7 million in 2013–2014; $14.2 million in 2014–2015; $8.9 million in 2015–2016; $3.5 million in 2016–2017; and nil from 2017–2018 and ongoing, reaching its directed objective of financial self-sufficiency.

STATEMENT OF FINANCIAL POSITION DISCUSSION

SUMMARY OF FINANCIAL POSITION

	2016 ($ MILLIONS)	2015 ($ MILLIONS)	INCREASE (DECREASE) %
Total assets	**$ 3,815.8**	$ 3,058.7	25%
Total liabilities	**$ 3,787.1**	$ 3,038.0	25%
Shareholder's equity	**$ 28.7**	$ 20.7	38%

CCC's total assets were $3,815.8 million as at March 31, 2016, $757.1 million or 25% higher than at March 31, 2015. The increase from March 31, 2015 was due to an increase in the amount of progress payments to Canadian exporters of $1,483.2 million or 90%, offset by a decrease of $726.1 million or 51% from all other assets combined. The increase in progress payments to Canadian exporters was the result of the initial progress work related to the ABP contract.

CCC's total liabilities were $3,787.1 million as at March 31, 2016, $749.1 million or 25% higher than at March 31, 2015. The increase from March 31, 2015 was due to an increase in the amount progress payments from foreign customers of $1,483.2 million or 90%, offset by a decrease of $734.1 million or 53% from all other liabilities combined. The increase in progress payments from foreign customers was the result of the initial progress work related to the ABP contract.

As an international trade intermediary, CCC offsets its trade-related assets with matching liabilities. Therefore, trade receivables from foreign customers and progress payments to Canadian exporters are normally offset by trade payables and accrued liabilities to Canadian exporters and progress payments from foreign customers, respectively.

Trade receivables of $130.8 million were $36.6 million or 22% lower than the March 31, 2015 balance of $167.4 million and represents 3% of the total assets of $3,815.8 million. Trade payables and accrued liabilities of $162.7 million were $8.8 million or 5% lower than the March 31, 2015 balance of $171.5 million and represent 4% of the total liabilities of $3,787.1 million. The decrease in trade receivables and trade payables was the result of the receipt and subsequent payment in 2015–2016 of a holdback transaction that was recorded in 2014–2015 related to the ABP contract.

Progress payments to Canadian exporters of $3,122.1 million were $1,483.2 million or 90% higher than the March 31, 2015 balance of $1,638.9 million and represent 82% of the total assets of $3,815.8 million. Progress payments from foreign customers of $3,122.1 million were $1,483.2 million or 90% higher than the March 31, 2015 balance of $1,638.9 million and represent 82% of the total liabilities of $3,787.1 million. Contractually, progress payments from foreign customers are required to flow through in their entirety to the Canadian exporter. Of the total progress payments to Canadian exporters and from foreign customers, $2,954.2 million or 95% related to progress work on the ABP contract.

Advances to Canadian exporters of $473.6 million were $713.7 million or 60% lower than the March 31, 2015 balance of $1,187.3 million and represent 12% of the total assets of $3,815.8 million. Advances from foreign customers of $497.6 million were $727.9 million or 59% lower than the March 31, 2015 balance of $1,225.5 million and represent 13% of the total liabilities of $3,787.1 million. Of the $497.6 million in advances from foreign customers and the $473.6 million in advances to Canadian exporters, $402.8 million or 81% and 85% respectively was related to the ABP contract. Another $78.6 million was related to projects in Barbados, Colombia, Czech Republic, Ecuador, Ghana, Norway and Peru. Of the $78.6 million advances from foreign customers, $69.9 million were passed on to Canadian exporters. Contractually, advances are not offered on DPSA contracts. For all other contracts, CCC's risk mitigation practices require that for most projects CCC hold back some advance payments made by foreign customers and release them to Canadian exporters as delivery obligations are fulfilled. As a result, period-over-period variations will occur.

As at March 31, 2016, CCC's equity, fully ascribed to the Government of Canada, of $28.7 million was $8.0 million or 38% higher than the March 31, 2015 equity of $20.7 million. A discussion of commercial and operational risks follows in CCC's Commitment to Performance and Risk Management section.

STATEMENT OF CASH FLOWS DISCUSSION

SUMMARY OF CASH FLOWS

	MARCH 31, 2016 ($ MILLIONS)	MARCH 31, 2015 ($ MILLIONS)	INCREASE (DECREASE) %
Operating activities	**$ 22.2**	$ (25.2)	188%
Investing activities	**$ (1.3)**	$ (0.2)	(603%)
Effect of exchange rate changes on cash	**$ 0.2**	$ 0.5	(57%)
Increase (decrease) in cash	**$ 21.1**	$ (24.9)	184%

OPERATING ACTIVITIES

Under the DPSA program, the Corporation generally pays its Canadian exporters within 30 days of receipt of an invoice and substantiating documentation according to the terms and conditions of the contract. Consequently the Corporation may use its own cash to pay Canadian exporters on the 30^{th} day funding its trade receivables in instances where there are collection delays and payment is not received from the DPSA customer until beyond the 30 days. On certain contracts (generally outside of the DPSA program), the Corporation pays its Canadian exporters within five business days after CCC receives payment from the foreign customer. Depending on the timing of receipts compared to payments, these transactions often cross reporting periods and can cause variations in cash flows from one period to the next. In these instances, cash is momentarily provided to the operation at the end of one period until the payment is made to the Canadian exporter, as stipulated in the contract, early in the next period.

During 2015–2016, $22.2 million in cash was provided by operating activities, as compared to $25.2 million used in operating activities during 2014–2015, an increase of $47.4 million or 188%. The increase is mostly due to the timing of receipts from foreign customers compared to payments made to Canadian exporters since the cash received from increases in fees, finance and other income was mostly offset by the decrease in parliamentary appropriation.

INVESTING ACTIVITIES

For 2015–2016, the Corporation capitalized $1.3 million related to the payment made for property and equipment, compared to $181 thousand for 2014–2015.

COMPARISON OF FINANCIAL RESULTS TO THE BUDGET CONTAINED IN THE 2015–2016 TO 2019–2020 CORPORATE PLAN

For 2015–2016, the net profit of $8.1 million, $6.9 million or 572% higher than the budgeted surplus of $1.2 million.

For 2015–2016, total commercial trading transactions of $2,844.5 million were $113.9 million or 4% higher than budget of $2,730.6 million. ABP GDS and ICB commercial trading transactions combined to contribute a favourable variance of $198.0 million or 12% higher than budget offset by an unfavourable variance of $84.1 million or 8% lower than budget contributed by other GDS (including DPSA) commercial trading transactions.

For 2015–2016, fees for service of $28.6 million were $2.0 million or 7% higher than the budget of $26.6 million. Fees for service are earned as contract work is delivered or completed. Fees generated from the ICB business line of $5.5 million were $2.9 million or 112% higher than budget of $2.6 million, due to fees earned related to an increase of potash deliveries under the Cuba contracting program, variable fees earned for the achievement of specific target thresholds related to the lottery projects, and fees recorded upon the commencement of the Barbados water meter project. Fees earned on sourcing and other services of $4.7 million were $135 thousand higher than the budget of $4.6 million, as fees recovered for the maintenance and administration of the trade development offices in China on behalf Global Affairs Canada in 2015–2016 were higher. Fees generated from GDS business line of $18.3 million were $1.1 million or 6% lower than budget of $19.4 million, as pursuits of new opportunities did not materialize as originally expected in Chile, Dominican Republic, Ecuador and Peru.

For 2015–2016, the Corporation recorded a foreign exchange translation gain of $985 thousand of which $544 thousand was realized on long outstanding significant USD accounts receivable balances from the U.S. DoD under the DPSA which were paid in 2015–2016 with the remaining $441 thousand resulting from currency fluctuation on the Corporation's exposed foreign currency balances. Generally, the Corporation manages exchange gains and losses through monitoring and maintaining its exposed foreign currency balances at negligible levels and does not budget for gains or losses on foreign exchange. The Corporation's exposed U.S. currency balance of $169 thousand represents less than 0.01% of its U.S. denominated assets.

For 2015–2016, the Corporation recorded $192 thousand in contract remediation expenses compared to the budget of $690 thousand. As a result, contract remediation expenses contributed a favorable budget variance of $498 thousand. The Corporation has robust risk management practices, including the Enterprise Risk Management (ERM) framework and contract management practices, which contribute to containing these expenses.

For 2015–2016, administrative expenses of $31.3 million were $3.0 million or 9% lower than the budgeted amount of $34.3 million. The favourable variance was primarily caused by: (1) incremental expenses related to managing the ABP contract and establishment of foreign representative offices that did not occur as budgeted due to program implementation delays; (2) numerous staff vacancies at various times during the year; and (3) cost savings that were realized related to the use of PSPC services.

The parliamentary appropriation of $8.9 million received for 2015–2016 was consistent with the budget.

2016–2017 CORPORATE PLAN FORECAST[3]

The planning objectives and assumptions used to forecast the Operating Budget for 2016–2017 and in subsequent years are detailed and discussed in CCC's Corporate Plan 2016–2017 to 2020–2021.

CCC is forecasting an operating surplus of $80 thousand in 2016–2017 with net revenues of $29.8 million.

In 2016–2017, net revenues (which exclude the parliamentary appropriation) will decrease to $29.8 million from $30.7 million in 2015–2016, a decrease of $870 thousand or 3%. In 2016–2017, although fees for service and finance income are forecast to increase by $520 thousand and $81 thousand respectively, the increases will be offset by a forecast decrease in discount receivable and other income of $486 thousand, back to traditional levels. The Corporation does not forecast for foreign exchange gains or losses in its corporate planning budget.

Contracts signed to the end of March 31, 2016, including $991.9 million in 2015–2016, will contribute approximately 80% of the 2016–2017 forecasted commercial trading transactions generating approximately 75% of the 2016–2017 forecasted fees for service. The remaining commercial trading transactions and the related fees for service will be derived from new contracts signed during 2016–2017.

The Corporation's appropriation is being gradually phased out in accordance with a three-year plan which began in 2014–2015. CCC will further reduce the appropriation to $3.5 million in 2016–2017 (from $8.9 million in 2015–2016) and then to zero in 2017–2018 and for future years.

Administrative expenses are forecast to increase to $32.5 million in 2016–2017 from $31.3 million in 2015–2016, an increase of $1.2 million or 4%. The Corporation benefited from a significant favourable variance compared to budget of $3.0 million in 2015–2016 due primarily to delays in the implementation of key initiatives discussed previously, numerous staff vacancies throughout the year and reduced use of PSPC services associated with the carrying out of the DPSA program. These initiatives and expense items are expected to be fully operational in 2016–2017, resulting in the forecast increase of $1.2 million compared to 2015–2016.

In 2016–2017, contract remediation expenses are forecast at $746 thousand. For corporate planning purposes, the Corporation budgets contract remediation expenses at 0.025% of commercial trading transactions. CCC's confidence in this low level of budgeted contract remediation expenses stems from its robust risk and contract management practices.

3 The 2016–2017 to 2020–2021 Corporate Plan is pending approval by the Government of Canada.

CCC'S COMMITMENT TO PERFORMANCE AND RISK MANAGEMENT

RISK MANAGEMENT

Consistent with the Treasury Board Secretariat's Framework for the Management of Risk and the Financial Risk Management Guidelines for Crown Corporations as determined by the Minister of Finance, CCC's ERM framework manages a wide variety of risks while assisting the Corporation in fulfilling its mandate to facilitate international trade on behalf of Canadian exporters. The framework segments key risks facing CCC within three risk categories: Strategic, Operational and Transactional. It identifies robust risk management processes, procedures, and practices which include: risk identification, assessment, response, control, monitoring, reporting and communication/training.

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

RISK GOVERNANCE

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

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

CATEGORIES OF RISKS

STRATEGIC RISKS

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

Mandate Risk:

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

To mitigate this risk, the Corporation's Corporate Plan identifies all proposed business lines and activities to be undertaken in the upcoming planning period. Further, ROC reviews proposed transactions within the contract pipeline to ensure that CCC's mandate is respected.

Organizational Risk:

This risk relates to the Corporation operating within its corporate activity and having the proper corporate structure in place to achieve its objectives. During the year, the Corporation successfully moved its headquarters. No significant disruptions in service delivery occurred and all systems came on-line as per the project plan. Staff has adjusted to the facility and productivity remains strong.

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, stakeholders and the general public. This risk is mitigated through strong transactional due diligence and focusing on business integrity issues. The Corporation provides regular and open communication with all of its stakeholders, which is essential to managing reputational risk.

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 process changes as necessary.

Continued uncertainty in the strength of the global economic recovery, the impact of low oil prices and the El Nino effect impacted the Corporation's value of contracts signed in certain markets. As the impact of low oil prices work through the global economy, shifts in purchasing power are starting to become evident. This could provide new opportunities in new markets, but also reduce possible transactions in existing ones.

The Corporation remains concerned about protectionist pressures in the U.S. and the possible impact it could have on Canadian exports. CCC's largest exposure in this regard relates to the changes in purchasing behaviour of the U.S. DoD. CCC mitigates this risk through closely maintaining its U.S. DoD relationships as well as independent monitoring of developments within the U.S. legislature.

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 risks. Results are reported to the Board of Directors on a quarterly basis. During the year, Management trialed new approaches to capital adequacy modelling and a new model is expected in early 2016–2017.

OPERATIONAL RISKS

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

Information Management Risk:

This risk encompasses the Corporation's necessity to acquire timely and appropriate information for the purposes of business decision making. Information that is gathered to inform the decision making process is carefully maintained. During the year, Library and Archives Canada approved the Corporation's proposed protocol related to the maintenance and destruction of corporate information. New procedures are being developed to implement the protocol.

Information System Risk:

This risk relates to the Corporation's information system being able to generate relevant data in an efficient and effective manner. During the year, the largest challenge faced regarding the information system was ensuring the smooth transition to the new facility and that these systems were available as needed. The move was successful with all systems coming on-line as expected.

People Risk:

People risk reflects the importance of having sufficient human resources in place to meet both client expectations and achieve overall corporate objectives. Staffing levels are appropriate to meet current workload levels across the Corporation.

CCC monitors its employee satisfaction level through annual employee surveys. These assist in the development of human resource strategies to ensure employee needs are met and that turnover remains low. During the year, succession planning was widened to ensure that all key positions (not just executives) are considered.

Policies and Processes Risk:

This risk relates to the possibility of financial losses or inefficient use of resources that may develop as a result of not having appropriate policies, systems and processes in place. The Internal Audit function reviews key areas of the Corporation to ensure that controls and practices are being followed as per approved policies and procedures. Management has established a Director-level working group to review policies and processes to ensure that they are reviewed regularly and remain up-to-date.

Business Continuity Planning (BCP) Risk:

This risk relates to the possibility of a negative event that could impact CCC's assets, work environment and staff to the point of interrupting CCC's ability to carry on its business. Examples of situations that may lead to interruptions include CCC's facilities being unavailable for a period of time or a significant portion of CCC's staff being unable to work due to illness.

To help ensure the Corporation is BCP ready, an on-going contract with a BCP service provider is in place. Back-up communication and computer facilities along with optional office space are available through this arrangement.

TRANSACTIONAL RISKS

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

Supplier Performance Risk:

This risk relates to the timely delivery of contracted goods and services and to ensure a supplier's failure to perform is mitigated. The Corporation's due diligence process reviews the financial, managerial and technical capabilities of the firms that are seeking the Corporation's support. Once under contract, CCC undertakes quarterly reviews of key suppliers to monitor the financial condition of its supplier portfolio. The results are communicated to the Board of Directors.

Foreign Environment Risk:

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

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

Contract Risk:

This risk relates to the terms and conditions reflected within CCC's foreign and domestic contracts. Each foreign buyer and domestic supplier contract must be carefully negotiated and drafted to establish appropriate terms and conditions to mitigate the Corporation's risk. CCC has an experienced workforce comprised of contract professionals and legal counsellors who adeptly manage contract risks.

The Corporation continued to focus on areas of bribery and corruption and ensures that its contracts contain appropriate language in this regard.

Export Foreign Exchange Risk:

This risk relates to changes in the exchange rate of the Canadian dollar and the potential impacts from an export transaction viewpoint.

Similar to foreign buyer credit risk, CCC passes the exchange rate risk through to the exporter. This is accomplished by paying exporters under the domestic contract in the same currency as is received under CCC's foreign contract with the buyer. The Corporation also manages foreign exchange risk related to its internal holdings of foreign currencies. This risk is mainly comprised of the fluctuation in value of the Corporation's U.S. dollar working capital. The Corporation minimizes the balance in its foreign currency account to mitigate foreign exchange risk. To a lesser degree, the value of CCC's fees denominated in foreign currency also represents a foreign exchange risk.

Fraud Risk:

This risk relates to the possibility that the Corporation is the subject of internal or external fraud. Policies and procedures have been established along with internal controls to ensure that this risk is minimized. CCC's Internal Audit function reviews these practices and recommends improvements where warranted. During the year, Management presented a Fraud Risk Assessment to ROC. This was adopted as an annual process to ensure that areas of fraud risk remain well reviewed and documented.

Corporate Social Responsibility Risk:

CSR refers to the way a company balances it's economic, environmental, and social objectives while addressing stakeholder expectations and enhancing shareholder value. To address CSR issues related to the business integrity of the Corporation's existing and potential supplier base, a senior level Integrity Compliance Committee reviews export transactions to determine if an enhanced managerial due diligence is required. The Committee's due diligence processes were enhanced during the year to reflect recommendation made by a third party expert.

MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

The Audit Committee oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting. The Audit Committee meets with management and the internal and external auditors to review the manner in which these groups are performing their responsibilities and to discuss auditing, internal controls and other relevant financial matters. The Audit Committee has reviewed the financial statements with the external auditor and has submitted its report to the Board of Directors. The Board of Directors has reviewed and, on recommendation by the Audit Committee, has approved the financial statements.

The Corporation's external auditor, the Auditor General of Canada, audits the financial statements in accordance with Canadian generally accepted auditing standards, and expresses an opinion on the financial statements.

Martin Zablocki
President and Chief Executive Officer

Ernie Briard
Vice-President, Corporate Services and
Chief Financial Officer

Ottawa, Canada
May 24, 2016

Auditor General of Canada
Vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister of International Trade

Report on the Financial Statements

I have audited the accompanying financial statements of the Canadian Commercial Corporation, which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Canadian Commercial Corporation as at 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

As required by the *Financial Administration Act*, I report that, in my opinion, the accounting principles in International Financial Reporting Standards have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Canadian Commercial Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with 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* described in Note 1 to the financial statements.

Margaret P.A. Haire

Margaret Haire, CPA, CA
for the Auditor General of Canada

24 May 2016
Ottawa, Canada

FINANCIAL STATEMENTS AND NOTES

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31 (*in thousands of Canadian dollars*)	2016	2015
ASSETS		
Current assets		
Cash (note 4)	**$ 85,670**	$ 64,614
Trade receivables (notes 5 and 11)	**130,779**	167,393
Advances to Canadian exporters	**473,609**	1,187,284
Progress payments to Canadian exporters	**3,122,080**	1,638,897
	3,812,138	3,058,188
Non-current assets		
Property and equipment (note 6)	**3,630**	513
	$ 3,815,768	$ 3,058,701
LIABILITIES		
Current liabilities		
Trade payables and accrued liabilities (notes 5 and 11)	**$ 162,722**	$ 171,537
Advances from foreign customers	**497,597**	1,225,509
Progress payments from foreign customers	**3,122,080**	1,638,897
Employee benefits (note 8)	**243**	219
	3,782,642	3,036,162
Non-current liabilities		
Deferred lease incentives (note 7)	**2,690**	–
Employee benefits (note 8)	**1,767**	1,838
	3,787,099	3,038,000
SHAREHOLDER'S EQUITY		
Contributed surplus	**10,000**	10,000
Retained earnings	**18,669**	10,701
	28,669	20,701
	$ 3,815,768	$ 3,058,701

Lease commitments (note 16)
Contingencies and guarantees (note 17)

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

Authorized for issue by the Board of Directors on May 24, 2016

Stephen J. Sorocky
Interim Chair, Board of Directors

Scott Player
Chair, Audit Committee

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED MARCH 31 (*in thousands of Canadian dollars*)	2016	2015
REVENUES		
Commercial trading transactions - prime contracts (note 10)	**$ 2,844,537**	$ 2,440,803
Less: cost of commercial trading transactions - prime contracts	**(2,844,537)**	(2,440,803)
Fees for service (note 10)	**28,565**	22,793
Other income (note 10)	**786**	605
Finance income, net (note 13)	**354**	315
Gain on foreign exchange	**985**	491
	30,690	24,204
EXPENSES		
Administrative expenses (note 12)	**31,315**	30,004
Contract remediation expenses	**192**	149
	31,507	30,153
SOURCING SERVICES FOR SUPPORT OF INTERNATIONAL GOVERNMENT ASSISTANCE PROGRAMS		
Sourcing services transactions (note 10)	**27,454**	41,818
Less: cost of sourcing services transactions	**(27,454)**	(41,818)
	–	–
Net loss before Parliamentary appropriation	**(817)**	(5,949)
Parliamentary appropriation (note 14)	**8,880**	14,240
NET PROFIT	**$ 8,063**	$ 8,291
OTHER COMPREHENSIVE INCOME (LOSS)		
ITEMS THAT WILL NOT BE RECLASSIFIED TO NET PROFIT (LOSS)		
Actuarial loss on employee benefits obligation (note 8)	**(95)**	(99)
TOTAL COMPREHENSIVE INCOME	**$ 7,968**	$ 8,192

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED MARCH 31, 2016 (*in thousands of Canadian dollars*)	CONTRIBUTED SURPLUS	RETAINED EARNINGS	TOTAL
BALANCE MARCH 31, 2015	**$ 10,000**	**$ 10,701**	**$ 20,701**
Net profit	**–**	**8,063**	**8,063**
Actuarial loss on employee benefits obligation (note 8)	**–**	**(95)**	**(95)**
Total comprehensive income	**–**	**7,968**	**7,968**
BALANCE MARCH 31, 2016	**$ 10,000**	**$ 18,669**	**$ 28,669**

FOR THE YEAR ENDED MARCH 31, 2015 (*in thousands of Canadian dollars*)	CONTRIBUTED SURPLUS	RETAINED EARNINGS	TOTAL
BALANCE MARCH 31, 2014	$ 10,000	$ 2,509	$ 12,509
Net profit	–	8,291	8,291
Actuarial loss on employee benefits obligation (note 8)	–	(99)	(99)
Total comprehensive income	–	8,192	8,192
BALANCE MARCH 31, 2015	$ 10,000	$ 10,701	$ 20,701

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31 (*in thousands of Canadian dollars*)	2016	2015
OPERATING ACTIVITIES		
Net profit	**$ 8,063**	$ 8,291
Adjustments to determine net cash from (used in) operating activities:		
Depreciation	**484**	545
Employee benefit expense	**13**	178
Employee benefit payments	**(155)**	(229)
Gain on foreign exchange	**(210)**	(491)
Deferred lease incentives	**611**	–
Change in working capital:		
Decrease in trade and other receivables	**36,614**	135,508
Decrease (increase) in advances to Canadian exporters	**713,675**	(1,133,285)
(Increase) in progress payments to Canadian exporters	**(1,483,183)**	(1,046,338)
(Decrease) in trade payables and accrued liabilities	**(9,065)**	(155,861)
(Decrease) increase in advances from foreign customers	**(727,912)**	1,120,110
Increase in progress payments from foreign customers	**1,483,183**	1,046,338
Cash provided by (used in) operating activities	**22,118**	(25,234)
INVESTING ACTIVITIES		
Acquisitions of property and equipment	**(1,272)**	(181)
Cash used in investing activities	**(1,272)**	(181)
Effect of exchange rate changes on cash	**210**	491
Net increase (decrease) in cash	**21,056**	(24,924)
Cash at the beginning of period	**64,614**	89,538
Cash at the end of period	**$ 85,670**	$ 64,614

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

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2016

1. NATURE, ORGANIZATION AND FUNDING

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

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

The Corporation's operations are funded primarily by fees for service, and a parliamentary appropriation.

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 *Financial Administration Act*, 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.

In July 2015, the Corporation was issued a directive (P.C. 2015-1110) pursuant to section 89 of the *Financial Administration Act* 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 has undertaken a detailed review of its existing policies regarding travel, hospitality, conferences and events, as well as the approach to public disclosure of this information and is working towards fully implementing the directive in fiscal 2016–2017.

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

2. BASIS OF PREPARATION

Compliance with International Financial Reporting Standards (IFRS)

These financial statements have been prepared in accordance with IFRS accounting policies as at and for the year ended March 31, 2016.

Basis of measurement

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

- derivative financial instruments are measured at fair value through profit or loss
- accrued employee benefit liabilities for post-employment benefit plans are recognized at the present value of the defined benefit obligations

Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis and in detail as at the date of the financial statements. Any changes in estimates are reflected in the financial statements in the period in which they become known and in any future periods affected. Management has used estimates in determining the useful lives of property and equipment, in accounting for the employee benefits liabilities, the provisions and contingent liabilities, lease commitments and contingencies and used judgment in determining whether a provision for contract remediation expenses should be recognized or disclosed.

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

- Note 6 – property and equipment
- Note 8 – pension and employee benefits
- Note 16 – lease commitments
- Note 17 – contingencies and guarantees

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.

(a) Contracts

Commercial trading transactions and **sourcing services transactions**, and their offsetting costs, are recorded when a delivery has taken place: title to the purchased goods has been transferred to the foreign customer or a service has been rendered, in accordance with the contractual terms. However, in the case where the contract provides for progress payments, commercial trading transactions and sourcing services transactions are recorded upon acceptance by the Corporation of the work performed. Commercial trading transactions related to prime contracts are included in **revenues**, and sourcing services transactions, whereby the Corporation acts as an agent for another government or government department, are shown under **sourcing services for support of international government assistance programs**.

Fees for service from commercial trading transactions related to prime contracts and international sourcing services agreements, and fees from other international and domestic activities are recognized in **revenues** when services are rendered.

Progress payments from foreign customers and **progress payments to Canadian exporters**, represent the payments received and payments made for goods or services associated with the work performed on a contract leading up to delivery that have been completed on a percentage-of-completion basis. Usually these payments are restricted to 75% of costs incurred. The Corporation recognizes these progress payments to Canadian exporters as an asset and the progress payments from foreign customers as a liability. These balances are reduced upon delivery and acceptance by the foreign customer.

Advances from foreign customers and **advances to Canadian exporters** represent a down payment made at the outset of the contract before any work has been performed. The Corporation recognizes the advances made to Canadian exporters as an asset and the advances received from foreign customers as a liability. Advances made and received are reduced upon completion of delivery and acceptance by the foreign customer in the normal course of business. Advances from foreign customers also include overpayments from customers due to temporary timing differences in their liquidation methods and accounting for work performed.

Other income is comprised of early payment discounts received on payments to Canadian exporters and are recognized when the services related to the early payment are rendered by the Corporation. Discounts are determined by applying a set percentage ranging from 0.03%, for one day of advance payment, to 1.32%, for 40 days of advance payment.

Contract remediation expenses may be incurred for commercial trading transactions related to prime contracts 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 contract with the foreign customer are fulfilled regardless of the quality of performance by the Canadian exporter. Contract remediation expenses and the associated provision are determined on a contract-by-contract basis, and include completion, re-procurement, associated legal and other costs that are based on quotes or reliable estimates. These costs are recorded in the Statement of Comprehensive Income in the period in which the non-performance is identified by the Corporation as probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated.

(b) Foreign currency translation

Monetary assets and 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 assets and liabilities denominated in foreign currencies that are measured at historical cost using the exchange rate at the date of the transaction are not retranslated. Any gains or losses on foreign currencies are recorded as a gain or loss on foreign exchange in the Statement of Comprehensive Income.

(c) Fair value measurement

All financial and non-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.

Fair value of a non-financial asset is determined by taking into account the highest and best use of the asset, considering what is physically possible, legally permissible and financially feasible.

The carrying amount of trade receivables and trade payables and accrued liabilities approximates fair value due to their relatively short-term nature.

(d) 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.

The Corporation initially recognizes loans and receivables when the Corporation becomes a party to the contractual provisions of the instrument. All other financial assets and liabilities (including assets and liabilities designated at 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

Cash includes cash on hand, demand deposits and temporary investments, maturing in less than three months from acquisition date and are recorded at fair value. All interest income, gains and losses are recognized in net finance income in the period in which they arise. The Corporation has designated its cash as a financial asset at fair value through profit or loss since it is held for trading principally to manage cash flow requirements while maximizing return on investment and can be reliably measured at fair value, based on Level 1 inputs, due to its short-term to maturity. The changes in fair value of cash denominated in foreign currency are recognized in the period incurred as a gain or loss on foreign exchange in the Statement of Comprehensive Income.

ii) Trade receivables

Trade receivables are classified as loans and receivables and are initially recognized at fair value. Subsequent to initial recognition the carrying value of trade receivables are measured at amortized cost using the effective interest method, less any impairment losses. The Corporation does not establish an allowance for doubtful accounts since it has contractual recourse, in all material respects, whereby the Canadian exporter assumes the risk of non-payment from the foreign buyer.

iii) Trade payables and accrued liabilities

Trade payables and accrued liabilities are classified as other financial liabilities and are initially recognized at fair value. Subsequent to initial recognition the carrying value of trade payables and accrued liabilities are measured at amortized cost using the effective interest method. Deferred revenues included in the trade payable and accrued liabilities are not classified as financial instruments and are treated as non-monetary items, measured at historical cost and not retranslated on the Statement of Financial Position.

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. As the Corporation does not account for these forward contracts using hedge accounting, these instruments are classified as financial assets or financial liabilities at fair value through profit or loss, and measured at fair value using quoted forward prices with changes recognized in the Statement of Comprehensive Income in the period in which they occur as a gain or loss on foreign exchange. Derivatives are recognized on the Statement of Financial Position as an asset in trade receivables, or as a liability in trade payables and accrued liabilities.

(e) Property and equipment

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

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

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

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

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

(f) Parliamentary appropriation

A parliamentary appropriation that is not in the nature of contributed surplus is recorded as funding in the year for which it is appropriated. An appropriation that is restricted by legislation and related to expenses of future periods is deferred and recognized as funding in the period in which the related expenses are incurred. An appropriation used for the purchase of property and equipment is deferred and amortized into the Statement of Comprehensive Income on the same basis as the related asset.

(g) Finance income, net

Finance income is recorded on an accrual basis and represents interest earned on cash balances and investments held throughout the year, and interest charged to customers related to late payments. Finance costs are incurred as a result of payments of the interest earned on cash balances held from customers or suppliers as per the terms and conditions of the underlying contract with the Corporation, interest charges related to the Corporation's revolving credit facility or charged by suppliers for late payments.

(h) Pension and employee benefits

i) Pension benefits

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

ii) Employee severance benefits

During the year ended March 31, 2013, the Corporation discontinued the accrual of its employee severance benefits upon resignation or retirement and consequently, employees and executives no longer accumulate these severance benefits. The new collective agreement entitled employees who had less than ten years of continuous service as of the date of cessation of severance benefits to an immediate lump-sum payment of the previously accumulated total severance benefits. For employees with more than ten years of continuous service and for the executive group, employees were provided the option of receiving a single payment of all or part of the previously accumulated severance benefits, or leaving the balance to be paid upon retirement or resignation. Employees are still entitled to benefits if terminated for incapacity or upon death and consequently continue to accrue for these severance benefits.

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

The outstanding severance benefits obligation is actuarially valued annually by performing a full valuation every year.

iii) Employee sick leave benefits

Employees are entitled to accumulating, non-vesting sick leave benefits, as provided for under labour contracts and conditions of employment. The cost of this other long-term employee benefit is accrued as employees render the services necessary to earn them. The valuation of the liability is based on a discount rate determined by reference to market yields at the end of the reporting period on high quality corporate bonds. Actuarial gains or losses are considered workforce compensation and related expenses and are recognized as incurred in administrative expenses in the Statement of Comprehensive Income.

The outstanding sick leave benefits obligation is actuarially valued annually by performing a full valuation every year.

iv) Other employee benefits

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

(i) Provision and contingent liabilities

The need for a provision for contract remediation expenses is analyzed as at the date of the Statement of Financial Position and 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. Management uses judgment in determining whether a provision should be recognized or disclosed considering the probability that a payment will be required to settle the obligation and that a reliable estimate of the amount can be made. Management's estimate of the provision is subject to many uncertainties, including the timing and the actual amount of the payment. To the extent material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability. If it is determined that an outflow of resources is no longer probable to settle the obligation, then the provision will be reversed.

i) Contract re-procurement
The Corporation may incur contract re-procurement expenses should Canadian exporters fail to fulfill the terms and conditions of their contracts. The provision for contract re-procurement expenses represents the Corporation's best estimate of the incremental costs to fulfill the outstanding contractual obligations under the contract.

ii) Legal claims and expenses
The Corporation may be subject to legal claims and expenses as a result of lawsuits arising from its contracting activities. The provision for legal claims and expenses represents the Corporation's best estimate of the expenditure to settle the present obligation. The risks and uncertainties that surround the underlying event are considered in determining the provision.

iii) Onerous contracts
A provision is recognized if the expected economic benefits to be received by the Corporation under a contract are lower than the unavoidable costs of meeting the obligations of the contract. The provision for onerous contracts is recognised and measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Corporation will recognize any impairment loss on the assets associated with that contract.

(j) Impairment

i) Impairment of financial assets
For financial assets that are not classified as fair value through profit or loss, the Corporation assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of assets is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be reliably estimated. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Corporation on terms that the Corporation would not consider otherwise, or indications that a debtor or issuer will enter bankruptcy. Once impaired, financial assets not classified as fair value through profit or loss are re-valued and the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate with the amount of the impairment recognized in net profit or loss.

ii) Impairment of non-financial assets
Non-financial assets, including property and equipment and intangible assets with finite useful lives are reviewed for impairment at each reporting date to determine if there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognized to the extent the carrying amount of the asset exceeds the estimated recoverable amount. The recoverable amount is calculated as the higher of an asset's fair value less costs to sell and its value in use. Impairment losses recognized in prior periods are assessed at the end of each reporting period to determine if there is any indication that the impairment no longer exists or has decreased. If there is indication that it decreased or is eliminated then the Corporation will estimate the new recoverable amount and an impairment reversal will be recognized. The increased carrying amount attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset(s) in prior years. This reversal amount will be recognized in net profit or loss.

(k) Leases

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

(l) Future accounting changes

International Financial Reporting Standards

i) Standard adopted effective April 1, 2015

In September 2014, the IASB issued an amendment to *IAS 19 – Employee Benefits* (IAS 19), effective for annual periods beginning on or after January 1, 2016. The amendment, which clarifies the application of the discount rate requirements for currencies for which there is no deep market in high quality corporate bonds, was early adopted by the Corporation and had no impact on the financial statements.

ii) Standards and amendments not yet in effect

The following new standards, amendments and annual improvements issued by the International Accounting Standards Board (IASB) have been assessed as having a possible effect on the Corporation in the future. The Corporation is currently determining the impact, if any, of these standards and amendments on its financial statements.

In May 2014, the IASB issued *IFRS 15 – Revenue from contracts with customers* (IFRS 15), with further amendments issued in April 2016, establishing a comprehensive framework for the recognition, measurement and disclosure of revenue. The new standard supersedes the requirements in *IAS 11 – Construction Contracts*, *IAS 18 – Revenue*, *IFRIC 13 – Customer Loyalty Programmes*, *IFRIC 15 – Agreements for the Construction of Real Estate*, *IFRIC 18 – Transfers of Assets from Customers*, and *SIC 31* – Revenue – *Barter Transactions Involving Advertising Services*. In September 2015, the IASB deferred the effective date of IFRS 15. Consequently, IFRS 15 must be applied retrospectively for annual periods beginning on or after January 1, 2018, with early adoption permitted.

In July 2014, IASB published the final version of *IFRS 9 – Financial instruments* (IFRS 9) containing accounting requirements for financial instruments, replacing *IAS 39 – Financial Instruments: Recognition and Measurement* (IAS 39) and all previous versions of IFRS 9. The standard contains requirements for the classification and measurement of financial instruments, impairment of financial assets, hedge accounting and derecognition of financial assets and financial liabilities. IFRS 9 must be applied retrospectively for annual periods beginning on or after January 1, 2018, with early adoption permitted.

In September 2014, the IASB issued its Annual Improvements 2012–2014 cycle, resulting in minor amendments to *IFRS 7 – Financial Instruments: Disclosures* (IFRS 7). The amendment is generally intended to clarify requirements rather than result in substantive changes to current practice. The amendment is effective for annual periods beginning on or after January 1, 2016, with early application permitted.

In December 2014, the IASB issued amendments to *IAS 1 – Presentation of financial statements* (IAS 1) which clarifies the existing presentation and disclosure requirements including the presentation of line items, subtotals and notes and provides guidance to assist in applying judgement in determining what information to disclose and how that information is presented in financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016. Early adoption is permitted.

In January 2016, the IASB issued *IFRS 16 – Leases* (IFRS 16) that provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. It supersedes *IAS 17 – Leases* and its associated interpretive guidance. Significant changes were made to lessee accounting with the distinction between operating and finance leases removed and assets and liabilities recognized in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). In contrast, IFRS 16 does not include significant changes to the requirements for lessors. IFRS 16 is effective 1 January 2019 with earlier application permitted for companies that have also adopted *IFRS 15 – Revenue from Contracts with Customers.*

(in thousands of Canadian dollars, unless otherwise indicated)

4. CASH

As at March 31 cash included:

	2016		2015	
	ORIGINAL CURRENCY	CANADIAN DOLLARS	ORIGINAL CURRENCY	CANADIAN DOLLARS
Canadian dollars	**44,352**	**$ 44,352**	45,514	$ 45,514
U.S. dollars	**31,151**	**40,456**	14,859	18,821
Chinese renminbi	**2,990**	**601**	1,363	279
Euros	**176**	**261**	–	–
		$ 85,670		$ 64,614

Of the cash as at March 31, 2016, $29,958 (2015 – $45,945) represents advances and holdbacks received from foreign customers which will be remitted to Canadian exporters at later dates in accordance with contracts. Advances from foreign customers also include overpayments from foreign customers due to temporary timing differences in their liquidation methods and accounting for work performed. Where contracted, these funds may accrue interest to the credit of the Canadian exporter or foreign customer.

5. TRADE RECEIVABLES AND TRADE PAYABLES AND ACCRUED LIABILITIES

Trade receivables are based on normal trade terms and are generally non-interest bearing. The currency profile of the Corporation's trade receivables as at March 31 was as follows:

	2016		2015	
	ORIGINAL CURRENCY	CANADIAN DOLLARS	ORIGINAL CURRENCY	CANADIAN DOLLARS
Canadian dollars	**65,551**	**$ 65,551**	66,395	$ 66,395
U.S. dollars	**50,229**	**65,228**	79,647	100,881
Chinese renminbi	**–**	**–**	575	117
		$ 130,779		$ 167,393

Trade payables and accrued liabilities are due on normal trade terms. The currency profile of the Corporation's trade payables and accrued liabilities as at March 31 was as follows:

	2016		2015	
	ORIGINAL CURRENCY	CANADIAN DOLLARS	ORIGINAL CURRENCY	CANADIAN DOLLARS
U.S. dollars	**71,313**	**$ 92,663**	79,085	$ 100,130
Canadian dollars	**70,032**	**70,032**	71,337	71,337
Chinese renminbi	**135**	**27**	345	70
		$ 162,722		$ 171,537

Credit, market and liquidity risks relating to trade receivables and to trade payables and accrued liabilities are disclosed in Note 11.

(in thousands of Canadian dollars, unless otherwise indicated)

6. PROPERTY AND EQUIPMENT

FOR THE YEAR ENDED MARCH 31, 2016	FURNITURE AND EQUIPMENT	LEASEHOLD IMPROVEMENTS	INFORMATION SYSTEMS-HARDWARE	TOTAL
COST				
Balance, March 31, 2015	$ –	$ 1,792	$ 435	$ 2,227
Additions	890	2,658	53	3,601
Disposal	–	(1,814)	(232)	(2,046)
Balance, March 31, 2016	**$ 890**	**$ 2,636**	**$ 256**	**$ 3,782**
ACCUMULATED DEPRECIATION				
Balance, March 31, 2015	$ –	$ 1,526	$ 188	$ 1,714
Depreciation	31	362	91	484
Disposal	–	(1,814)	(232)	(2,046)
Balance, March 31, 2016	**$ 31**	**$ 74**	**$ 47**	**$ 152**
CARRYING AMOUNTS				
As at March 31, 2015	$ –	$ 266	$ 247	$ 513
As at March 31, 2016	**$ 859**	**$ 2,562**	**$ 209**	**$ 3,630**

FOR THE YEAR ENDED MARCH 31, 2015	FURNITURE AND EQUIPMENT	LEASEHOLD IMPROVEMENTS	INFORMATION SYSTEMS-HARDWARE	TOTAL
COST				
Balance, March 31, 2014	$ –	$ 1,792	$ 254	$ 2,046
Additions	–	–	181	181
Balance, March 31, 2015	$ –	$ 1,792	$ 435	$ 2,227
ACCUMULATED DEPRECIATION				
Balance, March 31, 2014	$ –	$ 996	$ 173	$ 1,169
Depreciation	–	530	15	545
Balance, March 31, 2015	$ –	$ 1,526	$ 188	$ 1,714
CARRYING AMOUNTS				
As at March 31, 2014	$ –	$ 796	$ 81	$ 877
As at March 31, 2015	$ –	$ 266	$ 247	$ 513

Included in administrative expenses was $484 (2015 – $545) of depreciation related to the Corporation's property and equipment.

(in thousands of Canadian dollars, unless otherwise indicated)

7. DEFERRED LEASE INCENTIVES

The Corporation has received lease incentives from its landlord in the form of free rent periods and reimbursements for leasehold improvements. The aggregate benefit of these incentives is recognized as a reduction of operating expenses on a straight line basis over the term of the lease. A total of $2,690 is expected to be recognized as a reduction of operating expenses more than 12 months after March 31, 2016 (2015 – nil).

8. 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 employees' required contribution. The Corporation's current contribution rates effective at year end were 1.15 times the employees' contribution to the Plan for plan members who were participating in the plan prior to January 1, 2013 (2015 – 1.28 times) and 1.11 times for plan members who were participating in the plan on or after January 1, 2013 (2015 – 1.28 times). The Corporation's total contributions for 2016 of $1,928 (2015 – $1,986) were recognized as workforce compensation and related expenses under administrative expenses in the Statement of Comprehensive Income in the year when employees have rendered service.

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2% of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

(b) Employee benefits

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

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

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

	2016			2015		
	SICK LEAVE	SEVERANCE	TOTAL BENEFITS	SICK LEAVE	SEVERANCE	TOTAL BENEFITS
Total employee benefits	**$ 1,343**	**$ 667**	**$ 2,010**	$ 1,384	$ 673	$ 2,057
Less: current portion	**(132)**	**(111)**	**(243)**	(112)	(107)	(219)
Non-current portion	**$ 1,211**	**$ 556**	**$ 1,767**	$ 1,272	$ 566	$ 1,838

(in thousands of Canadian dollars, unless otherwise indicated)

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

	SICK LEAVE BENEFITS		SEVERANCE BENEFITS	
	2016	**2015**	**2016**	**2015**
ACCRUED BENEFIT OBLIGATIONS				
Balance at beginning of year	**$ 1,384**	$ 1,350	**$ 673**	$ 659
Current service cost	**134**	138	**11**	11
Interest cost	**47**	59	**15**	22
Benefits paid	**(28)**	(111)	**(127)**	(118)
Actuarial losses (gains)	**(194)**	(52)	**95**	99
Total accrued benefits obligations at end of year	**$ 1,343**	$ 1,384	**$ 667**	$ 673
ECONOMIC ASSUMPTIONS				
Accrued benefit obligations as of March 31				
Discount rate	**3.41%**	3.24%	**2.75%**	2.49%
Rate of economic salary increase	**1.00%**	1.00%	**1.00%**	1.00%
Benefit costs for year ended March 31				
Discount rate	**3.24%**	4.34%	**2.49%**	3.76%
Rate of economic salary increase	**1.00%**	2.00%	**1.00%**	2.00%

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

Included in administrative expenses as workforce compensation and related expenses was a recovery of $13 (2015 – expense of $33) for sick leave benefits and an expense of $26 (2015 – $259) for severance benefits related to the change in liability of these benefits in the reporting period and changes in management estimates.

At March 31, 2016, the net cumulative actuarial losses on employee severance benefits obligation recognized in other comprehensive income were immediately transferred to retained earnings, totalled $687 (2015 – $592).

9. CAPITAL MANAGEMENT

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

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

(in thousands of Canadian dollars, unless otherwise indicated)

The model is consistent with that of the prior fiscal year and operates as follows:

Operational risk:

- 15% of average revenues for the past three years

Performance risk:

- Contract liability multiplied by the ten-year average contract remediation expense ratio

Credit risk:

- Residual credit risk which is calculated using total credit risk net of insurance, holdbacks and other acceptable securities

The Corporation is not subject to externally imposed capital requirements and has not changed its approach to capital management during the year.

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; optimizing interest income. The Corporation may be required to return to the Government of Canada any part of capital deemed to be in excess of the amount required for the purposes for which the Corporation was constituted.

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

	2016	2015
Contributed surplus	**$ 10,000**	$ 10,000
Retained earnings	**18,669**	10,701
	$ 28,669	$ 20,701

10. COMMERCIAL TRADING TRANSACTIONS, FEES FOR SERVICE, OTHER INCOME AND SOURCING SERVICES TRANSACTIONS

The Corporation facilitates sales of Canadian goods to foreign customers including governments, international agencies and other buyers and receives revenues from commercial trading transactions related to prime contracts, fees for service and other income. The Corporation also engages in transactions related to sourcing services for support of international programs.

For the year ended March 31, the profile by geographic region is as follows:

	2016			2015		
	REVENUES*	SOURCING SERVICES TRANSACTIONS	TOTAL	REVENUES*	SOURCING SERVICES TRANSACTIONS	TOTAL
Asia	**$ 1,759,181**	**$ 5,439**	**$ 1,764,620**	$ 1,431,622	$ 4,433	$ 1,436,055
United States	**667,892**	**–**	**667,892**	595,251	–	595,251
Central America & Caribbean	**342,522**	**394**	**342,916**	303,583	1,816	305,399
South America	**93,271**	**–**	**93,271**	130,902	–	130,902
Europe	**933**	**20,170**	**21,103**	1,085	28,048	29,133
Africa	**4,190**	**880**	**5,070**	190	5,588	5,778
Canada	**1,641**	**571**	**2,212**	1,506	1,933	3,439
Other	**4,258**	**–**	**4,258**	62	–	62
	$ 2,873,888	**$ 27,454**	**$ 2,901,342**	$ 2,464,201	$ 41,818	$ 2,506,019

* Revenues include revenue related to Commercial Trading Transactions, Fees for Service and Other Income.

Revenues for the year ended March 31, 2016 include $1,572,130 (2015 – $1,293,281) of accrued unbilled revenues. Value of contracts signed is distinct from revenues. During the year ended March 31, 2016, the value of contracts and amendments which were signed and became effective amounted to $991.9 million (2015 – $1,261.0 million).

11. 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 including the development of an Enterprise Risk Management program which involves establishing corporate risk tolerance, identifying and measuring the impact of various risks and developing risk management action plans to mitigate risks that exceed corporate risk tolerance.

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

The following is a description of 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 and arises principally from the Corporation's cash and trade receivables from customers. The carrying amount of financial assets recorded in the financial statements represents the maximum exposure to credit risk.

Cash

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 is minimized through compliance with the Corporation's Board of Directors approved investment policy which includes approved investment instruments and portfolio limits. The Corporation invests cash in highly liquid temporary deposits with a reputable 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)

Trade receivables

The Corporation's exposure to credit risk associated with trade receivables are influenced mainly by the demographics of the Corporation's customer base. The Corporation generally manages foreign customer credit risk by extending open account terms to parties with a Moody's credit rating of at least AAA, and seeks security where the rating falls below this threshold. During the year ended March 31, 2016, 25% (2015 – 40%) of the Corporation's trade receivables were from AAA credit rated customers.

(in thousands of Canadian dollars, unless otherwise indicated)

As at March 31, the maximum exposure to credit risk for trade receivables by geographic region was as follows:

	2016	2015
Central America and Caribbean	**$ 62,272**	$ 54,734
United States	**30,510**	59,366
Asia	**23,760**	34,122
South America	**12,369**	10,924
Canada	**1,167**	3,401
Europe	**701**	862
Other	**–**	3,984
	$ 130,779	$ 167,393

Trade receivables are based on normal international trade terms and are generally non-interest bearing. The maturity profile of the Corporation's trade receivables as at March 31 was as follows:

	2016	2015
< 1 year	**$ 130,539**	$ 167,393
> 1 and < 3 years	**240**	–
	$ 130,779	$ 167,393

Trade receivables are considered past due when the payor has failed to make the payment by the contractual due date. The aging profile of the Corporation's past due trade receivables as at March 31 was as follows:

	2016	2015
< 30 days	**$ 17,916**	$ 567
> 30 days and < 180 days	**24,135**	19,857
> 180 days	**1,516**	2,330
	$ 43,567	$ 22,754

Advances and progress payments to Canadian exporters

Credit risk exposure related to advances and progress payments to Canadian exporters is mitigated by the back to back nature of the Corporation's contractual obligations and supplemented by collateral held.

Collateral

With respect to managing credit risk related to its outstanding contractual obligations, the Corporation has contractual recourse that consists, in all material respects, of corresponding contractual obligations against Canadian exporters in the same amount. In addition, in order to further mitigate its overall credit risk exposure, depending upon the results of its due diligence, the Corporation may supplement this recourse by requiring 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.

(in thousands of Canadian dollars, unless otherwise indicated)

The profile of the Corporation's total collateral held with respect to its contractual obligations in the unlikely event of contractual non-performance by Canadian companies, as at March 31 was as follows:

	2016	2015
Holdbacks	**$ 5,970**	$ 7,720
Bank guarantees	**$ 30,452**	$ 33,730
Surety bonds	**$ 26,864**	$ 104,798
Parent guarantees	**$ 17,535,138**	$ 17,172,356
Other	**$ 6,590**	$ 4,570

The above amounts approximate the fair values of collateral held.

(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 other price risk. The Corporation has no significant derivatives or embedded derivatives that require recognition as an asset or liability on the Statement of Financial Position.

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

ii) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation's exposure to fair-value interest rate risk arises from investing cash. The risks associated with fluctuations in interest rates are minimized by investing in highly liquid temporary deposits with a reputable chartered bank.

As directed by the Minister of International Trade, during the year ended March 31, 2014, the Corporation developed an approach to transfer its Cuba trade financing activities to a related Crown Corporation which eliminates related risks to the Corporation while continuing to ensure support to the Canadian exporters.

Under a specific series of contracts, included in trade payables and accrued liabilities, the Corporation owed $34,355 as at March 31, 2016 (2015 – $51,962) which bears interest at the cost of funds plus 0.25% (2015 – 0.25%).

The figures below illustrate the effect as at March 31 of an increase/decrease of 25 basis points in interest rates:

	2016				2015			
	+25BPS		-25BPS		+25BPS		-25BPS	
	INCOME	EQUITY	INCOME	EQUITY	INCOME	EQUITY	INCOME	EQUITY
Financial assets Cash	**$ 212**	**$ 212**	**$ (212)**	**$ (212)**	$ 100	$ 100	$ (100)	$ (100)
Financial liabilities Payables and other liabilities	**$ (86)**	**$ (86)**	**$ 86**	**$ 86**	$ (130)	$ (130)	$ 130	$ 130

(in thousands of Canadian dollars, unless otherwise indicated)

(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 is invested in highly liquid temporary deposits with a reputable financial institution in order to meet financial obligations on a timely basis.

With respect to outstanding contractual obligations to foreign customers, the Corporation has contractual recourse that consists of, in all material respects, back to back contractual obligations against Canadian exporters in the same amount. Under contract terms, payments to exporters usually are not made in advance of receipt of payment from foreign customers. In addition, in order to further mitigate its overall liquidity risk exposure, depending upon the results of its due diligence, the Corporation may supplement this recourse by requiring commercial securities including holdbacks, bank guarantees, surety bonds, parent guarantees, insurance assignments, property liens and shareholder cash held in trust with the Corporation.

The *Canadian Commercial Corporation 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 (2015 – $20.0 million) Canadian or its U.S. dollar equivalent. Indebtedness under this agreement is unsecured and this credit facility has no expiry date. As at March 31, 2016, there were no draws on this line of credit (2015 – nil).

In addition, the Corporation enters into credit arrangements up to a maximum of $70.0 million (2015 – $70.0 million) where transactions are fully insured by a related Crown Corporation with a Moody's credit rating of AAA, thereby mitigating all liquidity risk related to the Cuba contracting program. The Corporation incurred expenses of $3,493 (2015 – $2,494) related to the Cuba contracting program.

Trade payables and accrued liabilities

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

	2016	2015
< 1 year	**$ 162,722**	$ 171,537
	$ 162,722	$ 171,537

Under a specific series of contracts, related to the Cuba contracting program included in trade payables and accrued liabilities the Corporation owed $34,355 as at March 31, 2016 (2015 – $51,962) which bears interest at the cost of funds plus 0.25% (2015 – 0.25%) and the Corporation has offered as security certain foreign trade receivables under certain conditions. The amount of outstanding trade receivables which are fully insured by a related Crown corporation under these arrangements was $34,355 as at March 31, 2016 (2015 – $52,733) and was profiled as follows:

	2016	2015
< 1 year	**$ 34,115**	$ 52,733
> 1 and < 3 years	**240**	–
	$ 34,355	$ 52,733

No onerous contracts have been identified as at March 31, 2016 and March 31, 2015.

(in thousands of Canadian dollars, unless otherwise indicated)

12. ADMINISTRATIVE EXPENSES

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

	2016	2015
Workforce compensation and related expenses	**$ 19,328**	$ 18,918
Rent and related expenses	**3,886**	3,156
Contract management services	**2,427**	2,900
Travel and hospitality	**1,703**	1,798
Consultants	**1,571**	1,084
Software, hardware and support	**563**	452
Depreciation	**484**	545
Corporate communications	**378**	350
Other expenses	**975**	801
	$ 31,315	$ 30,004

13. FINANCE INCOME, NET

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

	2016	2015
Financial assets		
Finance income earned on cash	**$ 445**	$ 403
Financial liabilities		
Finance cost on payables and other liabilities	**(91)**	(88)
	$ 354	$ 315

14. PARLIAMENTARY APPROPRIATION

The appropriation authorized by the Parliament of Canada is included in the Statement of Comprehensive Income for the year ended March 31, 2016 in the amount of $8,880 (2015 – $14,240).

15. 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 amounts due from and to these parties included in trade receivables and trade payables and accrued liabilities respectively as at March 31 were as follows:

	2016	2015
Trade receivables	**$ 426**	$ 1,101
Trade payables	**$ 215**	$ 1,042

(in thousands of Canadian dollars, unless otherwise indicated)

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

(a) Public Services and Procurement Canada

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

	2016	2015
PSPC	**$ 2,427**	$ 2,900
	$ 2,427	$ 2,900

(b) PPP Canada Inc.

The Corporation has a Memorandum of Understanding with PPP Canada Inc. for the provision of shared services primarily in the areas of information technology, human resource management, finance and procurement, legal services, research and communications, governance and facilities management. This arrangement generates savings through economies of scale for both organizations. The revenue related to the provision of these services for the year ended March 31 is included in fees for service as follows:

	2016	2015
PPP Canada Inc.	**$ 563**	$ 750
	$ 563	$ 750

(c) Other Government of Canada departments, agencies and Crown corporations

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

	2016	2015
Global Affairs Canada	**$ 9,913**	$ 17,263
Transport Canada	**211**	–
	$ 10,124	$ 17,263

The Corporation also participates in employee interchange programs with Global Affairs Canada formerly the Department of Foreign Affairs, Trade and Development.

(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. The supply contract transactions with related Canadian exporters for the year ended March 31 were as follows:

	2016	2015
Weatherhaven Global Resources Ltd.	**$ 6,230**	$ 1,924
Blue Drop Performance Learning Inc.	**37**	37
	$ 6,267	$ 1,961

(in thousands of Canadian dollars, unless otherwise indicated)

The total contract portfolio value remaining to be fulfilled involving related Canadian exporters for the year ended March 31 were as follows:

	2016	2015
Weatherhaven Global Resources Ltd.	**$ –**	$ 7,608
Blue Drop Performance Learning Inc.	**–**	30
	$ –	$ 7,638

No amounts were due from and to these related Canadian exporters as at March 31, 2016 (2015 – nil).

(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, paid sick 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 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:

	2016	2015
BOARD OF DIRECTORS		
Short-term benefits	**$ 154**	$ 158
	$ 154	$ 158
CORPORATE OFFICERS		
Short-term benefits	**$ 1,198**	$ 1,444
Post-employment benefits	**346**	422
Other long-term benefits	**–**	32
	$ 1,544	$ 1,898
	$ 1,698	$ 2,056

16. LEASE COMMITMENTS

On September 26, 2014, management exercised its right to terminate the fifteen-year lease agreement in effect at the time for office space, effective September 30, 2015.

In November 2014, the Corporation entered into a fifteen-year lease agreement for office space in a new location. The lease payments will commence on December 1, 2016 and the lease expires at the end of November 2031.

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

(in thousands of Canadian dollars, unless otherwise indicated)

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

	2016	2015
< 1 year	**$ 494**	$ 990
> 1 and < 5 years	**6,038**	4,704
> 5 years	**18,235**	18,807
	$ 24,767	$ 24,501

17. CONTINGENCIES AND GUARANTEES

(a) Contingencies

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

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

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

(b) Guarantees

As prime contractor, the Corporation is contractually obligated to complete contracts with foreign customers ensuring that the terms of the contract are fulfilled regardless of the quality of performance by the Canadian exporter. The Corporation also engages in the fulfilment of contractual obligations related to sourcing services for support of international assistance programs.

The total prime and sourcing services contract portfolio value remaining to be fulfilled as at March 31 was as follows:

	2016	2015
< 1 year	**$ 861,011**	$ 922,284
> 1 and < 3 years	**6,522,408**	2,342,986
> 3 and < 5 years	**9,244,089**	9,699,879
> 5 years	**1,695,523**	5,296,627
TOTAL CONTRACT PORTFOLIO	**$ 18,323,031**	$ 18,261,776

18. COMPARATIVE FIGURES

The Corporation changed the method of presentation of the Statement of Cash Flows from the direct method to the indirect method. This resulted in a reclassification of balances and line item descriptions included within the cash flows from operating activities section of the Statement of Cash Flows. Certain comparative figures for 2015 have been reclassified to conform to the 2016 presentation. This change had no impact on the total amounts presented in the comparative figures for cash provided by (used in) operating activities or investing activities in the Statement of Cash Flows, and did not impact any other statements or note disclosures.

Management has concluded that the indirect method will result in more relevant and reliable information about the Corporation's cash flows and a more practical approach to derive and present cash flows from operating activities based on the nature of the Corporation's business activities and financial accounting system.

CORPORATE **GOVERNANCE**

Established in 1946, CCC is a federal Crown corporation mandated to facilitate international trade on behalf of Canadian industry, particularly with governments of foreign countries.

CCC's mandate is described in the *Canadian Commercial Corporation Act* as follows:

The Corporation is established for the following purposes:

a. *to assist in the development of trade between Canada and other nations;*

b. *to assist persons in Canada*
   i. *to obtain goods and commodities from outside Canada, and*
   ii. *to dispose of goods and commodities that are available for export from Canada;*

c. *to exercise or perform, on behalf and under the direction of the Minister, any powers or functions vested in the Minister by any other Act that authorizes the Minister to employ the Corporation to exercise or perform them; and*

d. *to exercise or perform any other powers or functions conferred on it by any other Act or for the exercise or performance of which it may be employed under any other Act.*

In 1956, CCC became the custodian of the Canada-U.S. DPSA, responsible for administering the agreement on behalf of the Government of Canada. Under the DPSA, the U.S. DoD requires that defence and security purchases from Canada be contracted through CCC when their value exceeds $150,000 (USD). Since 1960 a similar agreement has been in place for the supply of goods and services from Canadian sources to NASA. The DPSA is an important component of the maintenance of the North American Defence Industrial Base.

The Corporation's business lines are structured to support Canadian companies contracting in a variety of industries and sectors in markets around the globe. CCC negotiates and executes bilateral government-to-government contracting arrangements, thereby facilitating export transactions for Canadian exporters.

CCC is headquartered in Ottawa, Ontario, and employs approximately 140 people. While CCC regularly seeks skilled contracting and procurement professionals to deliver its unique services, normal attrition and nominal turnover have allowed the Corporation's staff complement to remain relatively stable over the last two years.

Most of CCC's employees are members of the Professional Institute of the Public Service of Canada's (PIPSC) CCC Group. PIPSC is the only union with members at CCC. The Corporation's workforce is comprised of 102 (74%) unionized employees and 36 (26%) excluded employees and executives. The Corporation's workforce is representative of Canada's multi-cultural society and exhibits a diverse set of skills, knowledge and language capabilities that allows CCC to effectively manage contracts with foreign government buyers from many parts of the world.

THE GOVERNMENT OF CANADA'S INTERNATIONAL TRADE PORTFOLIO

The International Trade Portfolio offers services to meet the needs of Canadian companies seeking to do business abroad. These services include the provision of market advice, business contact information, and advocacy through Global Affairs Canada's TCS; financing, guarantees, and insurance through EDC; and arrangements with foreign governments that enable contract structuring, negotiations, government-to-government contracting, and procurement from Canada through CCC.

CCC, Global Affairs Canada and EDC have furthered their collaboration through the development of MOUs. The Government of Canada has an ambitious trade agenda and is deeply committed to increasing the number of free trade agreements (FTAs) with foreign countries. CCC complements the Government's international trade agenda as it maintains or creates market access in areas that are typically excluded from trade agreements, such as defence and security, as well as in new markets where Canada does not yet have an FTA.

CCC's contracting and procurement expertise supports the trade promotion and financial services provided by Global Affairs Canada and EDC respectively, and directly lead to exports through the execution of government-to-government contracts in priority markets. CCC, working collaboratively with partners and stakeholders, enhances the competitiveness of Canadian exporters, including SMEs.

GOVERNANCE

CCC is a parent Crown corporation under Schedule III Part I of the FAA, and reports to Parliament through the Minister of International Trade. It has two main funding sources: the appropriation voted by the Parliament of Canada and fees generated by service offerings. 2016–2017 will mark the third year of a three-year plan to reduce the parliamentary appropriation to zero. CCC's single largest source of funding relates to the fees for services charged to its clients.

The CCC Act governs the Corporation, defining its role and the governance structure of CCC's Board of Directors. The CCC Act also provides the Corporation with a range of powers, including the ability to export goods from Canada either as a principal or as agent.

In addition to the CCC Act and the FAA, the Corporation adheres to the following federal legislation as well as any new legislation, regulation, or policy which is extended to corporations under Schedule III Part I of the FAA:

- *Privacy Act*
- *Access to Information Act*
- *Federal Accountability Act*
- *Public Servants Disclosure Protection Act*
- *Official Languages Act*
- *Corruption of Foreign Public Officials Act*
- *Canadian Environmental Assessment Act*[4]

CCC maintains a high standard of corporate governance in order to ensure prudent management of resources entrusted to it by the Government of Canada. As a Crown corporation, CCC is wholly owned by the Government of Canada and is governed by an independent Board of Directors. In addition, the Corporation strives to continually enhance transparency and improve shareholder and stakeholder involvement. As such, CCC holds annual public meetings to provide an opportunity for the public to engage with and learn more about the Corporation. On December 15, 2015, CCC held its eighth annual public meeting in Ottawa, Ontario.

CCC has publicly and proactively disclosed travel expenses incurred by its Board of Directors and senior executives on a quarterly basis since April 1, 2004 via CCC's public website. This disclosure has historically taken the form of aggregate declarations of total travel and total hospitality expenses for the reporting period pertaining to the Chair of the Board, Board members, the President and CEO, and members of the Senior Management Committee.

CCC's Board and Senior Management Committee ensure that the Corporate Plan is aligned with Government of Canada priorities, as communicated by the Minister of International Trade's annual Statement of Priorities and Accountabilities (SPA) for CCC. The SPA of December 8, 2014, which informed the preparation of the 2015–2016 Corporate Plan, directed CCC to continue to promote Canadian capabilities and increase Canadian exports to established and emerging markets by aligning with key Government of Canada international trade priorities and by collaborating with the Corporation's International Trade Portfolio partners.

BOARD OF DIRECTORS

Pursuant to the CCC Act and Part X of the FAA, the stewardship of the Corporation is the responsibility of the Board of Directors. The Board is accountable for the affairs of the Corporation and ensures the proper delivery of public policy on behalf of the Government of Canada through the provision of leadership and guidance to the Corporation's management team, and by setting the

4 As per the reporting requirements of section 71 of the *Canadian Environmental Assessment Act*, CCC had one applicable project in fiscal year 2015–2016. One Environmental Assessment was undertaken in fiscal 2015–2016, however, the project was not declared effective at year end and no work had been undertaken.

Corporation's long-term strategic direction in alignment with the Minister of International Trade's direction expressed in the annual SPA.

The Board reviews the Corporate Plan and the Annual Report, both of which are approved by the Minister of International Trade and tabled in Parliament. The Board also meets quarterly to review the Corporation's overall operations, receive Committee reports and discuss CCC's performance against objectives.

The Board is composed of a Chairperson, the President and CEO, and not more than nine or less than five Directors. The Chairperson and the President and CEO are appointed by the Governor in Council. The remaining Board Directors are appointed by the Minister of International Trade subject to approval by the Governor in Council. Directors hold office for a term not exceeding four years, while the Chair and CEO hold office for such term as the Governor in Council deems appropriate. The Minister of International Trade appoints Board members who represent the Canadian business community and the federal government, striving to balance sector, gender, linguistic and geographical representation.

The Board conducts its oversight function through a number of committees which include: the Operations Committee; the Governance and Human Resources Committee and the Audit Committee. The committees examine matters in their respective areas that come before the Board for consideration.

COMMITTEE MANDATES

Operations Committee

The Operations Committee oversees the Corporation's procurement and international contracting business. All capital projects and all projects valued in excess of $100 million or significant amendments to these projects, as well as any other projects that are referred by management to the Committee for consideration, are reviewed by this Committee. Upon review, the Committee then recommends the project to the Board of Directors for approval. The Committee also reviews on-going risk profiles of projects, approves proposed new business lines and products and, in conjunction with the Audit Committee, monitors operating processes.

Governance and Human Resources Committee

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

The Committee engages a third party to conduct an annual Board self-assessment, which helps to strengthen the Board of Director's governance and effectiveness. The Committee, when requested, identifies and recommends candidates for appointment to the Board of Directors, including Chairperson of the Board and President and CEO, for consideration by the Minister of International Trade. The Committee reviews and makes recommendations on corporate officer appointments and compensation. The Committee, together with the Board Chairperson, reviews the performance of the President and CEO and makes recommendations to the Minister of International Trade on compensation. Finally, the Committee examines and makes recommendations on HR policies to ensure the well-being of the Corporation and its employees.

Audit Committee

The Audit Committee's primary function is to ensure the Corporation is adhering to sound financial and risk management practices, that appropriate audit functions and accurate reporting processes are in place, and to oversee ethical financial conduct of the Corporation. The Committee oversees the annual financial audit, the internal audit function, and the requirements of the Office of the Auditor General (OAG). The Director of Internal Audit and representatives from the OAG attend all Audit Committee meetings.

The Audit Committee undertakes regular assessments of its own effectiveness and the contributions of each Director by means of an annual peer-review exercise designed to improve individual and collective performance. In addition, CCC's Internal Audit Group reports to the Audit Committee of the Board of Directors.

COMMITTEE MEMBERSHIP

As of March 31, 2016

BOARD MEMBER	AUDIT	OPERATIONS	GOVERNANCE AND HUMAN RESOURCES
Stephen Sorocky (Interim Chair)	*ex officio*	*ex officio*	Chair
Dwayne Lucas			X
Martin Gagné		Chair	
Claude Robillard	X		
Scott Player	Chair		
Derrick Rowe		X	
Andrew Saxton	X		X
Daniela Bassan		X	
Nicole Verkindt	X		
Martin Zablocki (President and CEO)		*ex officio*	*ex officio*

MEETING ATTENDANCE

As of March 31, 2016

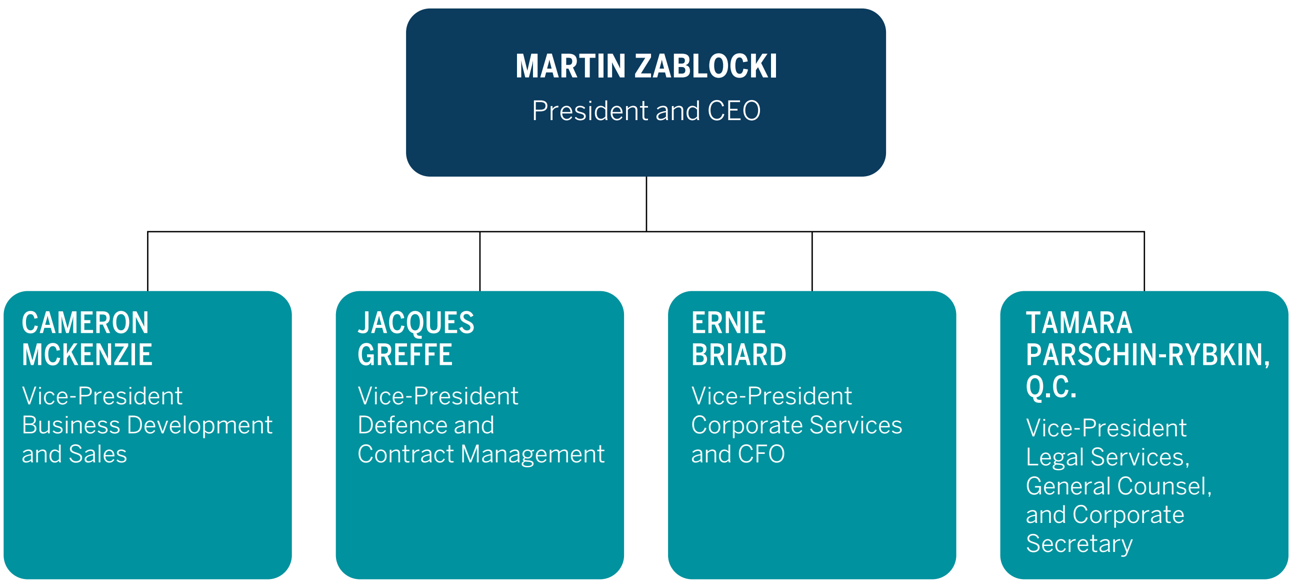
BOARD MEMBER	MAY 2015	SEPTEMBER 2015	JANUARY 2016	MARCH 2016
Ray Castelli (Former Chair)*	X	X	X	N/A
Stephen Sorocky (Interim Chair)**	X	X	X	X
Scott Player	X	X	X	X
Martin Gagné	X	X	X	X
Claude Robillard	X	X	X	X
Derrick Rowe	–	X	X	X
Andrew Saxton	X	X	X	X
Dwayne Lucas	X	X	X	X
Daniela Bassan	X	X	X	X
Nicole Verkindt	X	–	X	X
Martin Zablocki (President and CEO)	X	X	X	X

Note:
*Mr. Castelli stepped down as Chair of the Board on January 22, 2016.
**Mr. Sorocky was appointed Interim Chair, by way of a Board Resolution, on February 8, 2016.

SENIOR MANAGEMENT COMMITTEE

As the CEO, the President is accountable for the direction and management of Corporation's business. With the approval of the Board of Directors, the Senior Management Committee, comprised of the President and four Vice Presidents, sets corporate priorities to achieve strategic objectives consistent with the corporate mandate. Bound by CCC's *Code of Conduct and Business Ethics*, the Senior Management Committee adheres to the highest ethical standards of professional conduct. All senior executives, with the exception of the CEO, are paid within salary ranges which are aligned with the Public Service of Canada Executive salary bands for positions classified at EX-1 to EX-5 levels. Executive compensation policies are approved by the Board of Directors. CEO compensation is governed by the Performance Management Program for Order in Council appointees and approved by the Governor in Council on recommendation of the Board.

The Corporation has three operational business units and one corporate business unit. The three operational business units are: Business Development and Sales, Defence and Contract Management, and Legal Services. These business units position the Corporation to proactively assist Canadian exporters in generating sales, and enhance the provision of its core contract management services. The Corporation's single Corporate Services business unit ensures ongoing focus on CCC's strategy, and that the Corporation's resources, systems and risk management framework continue to support the operational and strategic needs of the business. Each business unit is led by a Vice-President accountable for corporate performance and results.



RISK AND OPPORTUNITIES COMMITTEE

This committee was established as an advisory body to the CEO to address matters impacting on the overall management and direction of the Corporation through a broad consultative process. The ROC reviews opportunities facing the Corporation against the Strategic, Operational and Transactional risk defined in CCC's ERM Framework. The committee has the following roles and responsibilities:

- Promote an appropriate balance between risk management and pursuit of opportunities in the context of CCC's risk appetite, largely through the review and assessment of project pursuits at various stages.
- Make recommendations regarding project pursuits including fees, and ensure resources are aligned with approved strategies.
- Assess and ensure alignment of corporate business objectives with CCC's ERM Framework.

INTEGRITY COMPLIANCE COMMITTEE (ICC)

This committee was established to address ethics and integrity issues that could impact CCC's business dealings with Canadian exporters. The committee is comprised of executives representing all business units within the Corporation. The committee's oversight mandate is closely linked with ROC, and its roles and responsibilities are as follow:

- Promote and uphold the highest ethical business practices in all the Corporation's business dealings.
- Ensure alignment of the Corporation's due diligence framework with international efforts to combat bribery and corruption of foreign government officials.
- Review the ethical and integrity profiles of Canadian exporters in the context of specific export opportunities, and make recommendations to ROC.

BOARD OF DIRECTORS

Stephen J. Sorocky
CEO
SkyTrac Systems Ltd.
Toronto, Ontario

Mr. Stephen Sorocky is CEO of Skytrac Systems Ltd., an avionics and data services company. He served previously as President & CEO and Board Director of LxData Inc., Virtek Vision International Inc. [TSE:VRK] and Dynacon Inc. He was Vice-President and General Manager, Space Robotics Division, Spar Aerospace Ltd., Vice-President, Manufacturing Industry Division of Electronic Data Systems, and founded Exigent Innovations Inc., a technology company development consultancy. Mr. Sorocky is an accomplished senior technology executive with broad experience in venture capital backed and public company environments. He has extensive senior management and business development experience in the technology and aerospace industry. He is a member of the Board of SkyTrac Systems and the Ontario Telemedicine Network. Mr. Sorocky was appointed to the Board of Directors of CCC on December 14, 2007 and reappointed May 2015. He was appointed Interim Chair, by way of a Board Resolution, on February 8, 2016.

Andrew Saxton
CHAIRMAN
King George Financial Corporation
Vancouver, British Columbia

Mr. Andrew Saxton has served as Executive Vice-President and Director of Laurentide Financial Corporation Ltd., President of Elite Insurance Company, Chairman of Grouse Mountain Resorts Ltd., Director of BC Television Broadcasting System Ltd., President of the Granville Island Hotel and Marina Ltd. and Chairman of King George Development Corporation. It is notable that he was a founding member of all these companies. His extensive private sector experience and business accomplishments have led to several appointments to the boards of federal and provincial Crown corporations and agencies including the Canadian Forces Liaison Council and the Insurance Corporation of BC, where he was a Director and Chairman of the Investment Committee. Mr. Saxton was most recently appointed to CCC's Board of Directors on December 14, 2010 and re-appointed on April 30, 2015.

Derrick Rowe
CHAIRMAN AND CEO
Name 3 Capital Inc.
St. John's, Newfoundland and Labrador

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

Martin Gagné

PRESIDENT
Martin Gagné Consulting Inc.
Laval, Quebec

Mr. Martin Gagné is a senior consultant for Strategy and Business Development in the field of Defence. Mr Gagné spent 17 years at CAE, a global leader in modelling, simulation and training for civil aviation and defence. At CAE, he has occupied various roles such as: Vice-President of Visual Systems, where he led the development of a new visual system based on Commercial "Off the Shelf" technology; Vice-President of Military Marketing and Sales, where he led a comprehensive strategic plan for growth which included a new business pursuit model; and Executive Vice-President of Civil Simulation and Training, where he was responsible for the business development, strategic planning, sales and marketing functions for the civil business segment of CAE. In 2009, Mr. Gagné was promoted to Group President for Military Simulation and Training, with full responsibility for profit and loss of CAE's worldwide military division, retiring from that role in 2012. Prior to joining CAE, he was a Major in the Canadian Armed Forces, serving as a senior aerospace engineering officer and in the CF-18 weapon software engineering unit. Mr. Gagné serves on the Board of Directors for CADSI and is a member of the Advisory Panel to the Assistant Deputy Minister, Materiel, of the Department of National Defence. Mr. Gagné was appointed to CCC's Board of Directors on February 7, 2013.

Scott Player

London, Ontario

Mr. Scott Player, now retired, is a former financial executive with Chief Financial Officer experience from 1997–2006, prior to which he acted in an international capacity as a European based Managing Director within the Molson Group. His corporate career spanned over 30 years with major international organizations, including Enbridge from 1999 to 2007, and previously with Unilever in the United States, The Molson Companies Limited, the Canadian arm of British based Rio Tinto Zinc, and the Bank of Montreal. He is a Certified Director (McMaster), with diverse Board experience of over 20 years, including both profit and not-for-profit organizations, representing multiple industries, as well as domestic and international geographies. Mr. Player was appointed to CCC's Board of Directors on February 7, 2013.

Dwayne Lucas

PRESIDENT
Lucas Aero Strategies Inc.
Abbotsford, British Columbia

Until June 2014, when he started his own company, Mr. Dwayne Lucas, P.Eng, OMM, CD2, BGen (ret), was the Executive Vice-President and Chief Operating Officer of Cascade Aerospace, a specialty aerospace and defence contractor focused on providing long-term integrated aircraft support programs for original equipment manufacturers, military, government and commercial customers. Mr. Lucas joined Cascade in 2006 as the Vice-President and General Manager of the Engineering and Products Group and was promoted to Senior Vice-President, Government and Military Programs and Strategic Business Development in 2009. Mr. Lucas was instrumental in the development of Cascade's military, government and business development programs, recently leading the winning bid for the C130 Hercules Avionics Program and the Mexican Air Force C130 Hercules aircraft upgrade program contributing to Cascade's long-term growth and profitability. Prior to joining Cascade, Mr. Lucas was a Brigadier General in the Canadian Armed Forces, serving a distinguished 36-year career in various roles, such as the Director General, Aerospace Equipment Program Management, where he led and implemented the new optimized weapon system support program, which is now one of the foundational initiatives for the government's in-service support acquisition programs. Mr. Lucas was integrally involved in the preparation of the Aerospace Review led by the Honourable David Emerson. He also led the inaugural 2013 Aerospace Defence and Security Exposition. Mr. Lucas has been highly involved in international sport and was Vice-President, Americas, for the International Military Sports Council and led the Sport and Peace initiative. Currently, he leads Lucas Aero Strategies Inc., a specialty consulting group focusing on aerospace development, planning and innovation. He is a board member (Director) for the Canadian Aviation Hall of Fame and the executive lead for research and development for the AIAC Pacific. Mr. Lucas was appointed to CCC's Board of Directors on June 14, 2013.

Daniela Bassan

PARTNER AND TRADE-MARK AGENT
Stewart McKelvey, Barristers & Solicitors
Halifax, Nova Scotia

Ms. Daniela Bassan is a litigation partner and trade-mark agent (Canada) at Stewart McKelvey, Barristers & Solicitors, a full-service law firm with offices throughout Atlantic Canada. Ms. Bassan works with clients in a variety of business disputes, including intellectual property disputes, cross-border proceedings, construction claims, and technology-based actions. She is also certified as a legal project manager. Prior to joining Stewart McKelvey, Ms. Bassan worked as a litigation associate at a large firm in Toronto, ON, where she practiced corporate commercial litigation at trial and appellate levels. During her training, she was a law clerk at the Supreme Court of Canada and research assistant at both Osgoode Hall Law School and Harvard Law School. During her career, she has been invited to sit on legal advisory boards for organizations in Canada and the United States, as well as participating in law reform initiatives in Canada and Europe. Ms. Bassan was appointed to CCC's Board of Directors on December 17, 2013.

Nicole Verkindt

DIRECTOR AND PRESIDENT
OMX
Toronto, Ontario

Ms. Nicole Verkindt is President of OMX (theomx.com), an international software platform for government contractors to manage offset commitments in the defence, aerospace and security industries, a company she founded in 2011. The company also tracks and reports on economic impacts from government procurements through its data analytics business. Prior to OMX, Ms. Verkindt held several positions at a Canadian defence SME: GMA Corp., including Vice-President of Sales and Marketing, Vice President of Business Development, and as President and CEO responsible for all operations, sales and finance of the company. Ms. Verkindt was the Founder and President of Tiburon, in Santo Domingo, Dominican Republic, a manufacturing business that serviced the U.S. DoD. She has also worked as a project manager for Big Media Group of Overpelt, Belgium, where she met with public and private sector leaders to produce economic reports for numerous international media agencies, and advised on attracting foreign direct investment through PR campaigns. Ms. Verkindt is the Founder of the Southern Ontario Defence Association and an active member of the CADSI SME & Industrial Participation committees, Global Offset and Countertrade Association, the Canadian Space Commerce Association and the Ontario Aerospace Council. She is also on the Advisory Board for the Munk School of Foreign Affairs MGA Program. Ms. Verkindt was appointed to CCC's Board of Directors on December 17, 2013.

Claude Robillard

MANAGING DIRECTOR, INVESTOR RELATIONS
West Face Capital
Toronto, Ontario

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

SENIOR MANAGEMENT COMMITTEE

Martin Zablocki
PRESIDENT AND CEO

Mr. Martin Zablocki was appointed as President and CEO in April 2014. Prior to this appointment, Mr. Zablocki held various senior-level executive positions within the Corporation, including Executive Vice-President and Chief Operating Officer (COO), Vice-President, Risk and Finance and Chief Financial Officer, and Vice-President, Strategy and Organizational Development. Throughout his extensive career, Mr. Zablocki has amassed a wealth of leadership experience, which includes more than 25 years with the Government of Canada, leading regional and national operations within the Canada Revenue Agency, Fisheries and Oceans Canada, and Industry Canada.

Mr. Zablocki is a Chartered Business Valuator, Certified Management Accountant, and Chartered Professional Accountant. He proudly serves on a variety of volunteer boards and committees.

Ernest Briard
VICE-PRESIDENT, CORPORATE SERVICES AND CFO

Mr. Ernie Briard joined CCC on January 7, 2016 as Vice-President of Corporate Services and CFO where he is responsible for developing and implementing corporate policies, strategies, initiatives, and new technologies. Mr. Briard brings with him a wealth of management experience and achievements, having led financial teams in both the private and public sectors. Most recently, Mr. Briard led the Standards Council of Canada as the Vice-President, Corporate Services and CFO, where he was responsible for financial management, human resources, investment planning and business analytics, information management and information technology, corporate administration and contracting, translation and travel. Prior to that, Mr. Briard had a successful career with Nortel and as an independent consultant.

Cameron McKenzie
VICE-PRESIDENT, BUSINESS DEVELOPMENT AND SALES

Mr. Cameron McKenzie joined CCC on October 1, 2015 as Vice-President of Business Development and Sales where he is responsible for working with Canadian exporters and foreign buyers to grow sales to governments around the world and for increasing CCC's customer facing presence internationally. Cameron has over two decades of extensive experience in systems engineering, program management and business development with CAE, Canada's largest training, modeling and simulation company. Following success leading CAE's Military Systems Engineering Group, Cameron gravitated into successively more senior business development and management roles. His most recent position was Vice-President and General Manager, Defence and Security for the Middle East Region.

Jacques Greffe

VICE-PRESIDENT DEFENCE PROCUREMENT AND CONTRACT MANAGEMENT

Mr. Jacques Greffe joined CCC in November 2009 as Vice-President, Defence Contract Management and Procurement. Prior to his appointment at CCC, he was the Director General, Commercial Acquisitions and Supply Management Sector at Public Works and Government Services Canada. Mr. Greffe has over 27 years procurement and contracting experience with the Canadian federal government, largely with the Department of National Defence and Public Works and Government Services Canada, and has been a special advisor on a number of departmental and inter-departmental procurement initiatives due to his extensive experience in procurement.

Tamara Parschin-Rybkin, Q.C.

VICE-PRESIDENT LEGAL SERVICES, GENERAL COUNSEL AND CORPORATE SECRETARY

Ms. Tamara Parschin-Rybkin was appointed Vice-President, Legal Services, General Counsel and Corporate Secretary in September 2006. Prior to this appointment, Ms. Parschin-Rybkin was a Senior Counsel with the Department of Justice, where her numerous responsibilities included being Lead Counsel for CCC from 1996–2006, and, prior to that, Lead Counsel for the Department of Transport during the commercialization of the Canadian Civil Air Navigation System to Nav Canada, General Counsel to the Internal Trade Negotiating Team at Industry Canada and at Natural Resources Canada, lead counsel on the Hibernia Development Project and on the negotiations of the Newfoundland and Nova Scotia Offshore Petroleum Accords.

GLOSSARY OF TERMS

AIAC	Aerospace Industries Association of Canada
ABP	Armoured Brigades Program
BCP	Business Continuity Planning
BWA	Barbados Water Authority
CADSI	Canadian Association of Defence and Security Industries
CCC	Canadian Commercial Corporation
CEO	Chief Executive Officer
CBRN	Chemical, Biological, Radiological, and Nuclear
CFO	Chief Financial Officer
CSR	Corporate Social Responsibility
CRM	Client Relationship Management
DND	Department of National Defence
DPSA	Defence Production Sharing Agreement
EDC	Export Development Canada
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
FAA	*Financial Administration Act*
FMS	Foreign Military Sales
FTA	Free Trade Agreement
GDS	Global Defence and Security
GDP	Gross Domestic Product

IASB	International Accounting Standards Board
ICB	International Commercial Business
ICC	Integrity Compliance Committee
ISED	Innovation, Science and Economic Development Canada
LAV	Light Armoured Vehicle
MOU	Memorandum of Understanding
NASA	National Aeronautics and Space Administration
NPS	Net Promoter Score
OAG	Office of the Auditor General of Canada
PIPSC	Professional Institute of the Public Service of Canada
PPP Canada	Public-Private Partnerships Canada
PSPC	Public Services and Procurement Canada
ROC	Risk and Opportunities Committee
SMEs	Small and medium-sized enterprises
SPA	Statement of Priorities and Accountabilities
TCS	Trade Commissioner Service
USD	United States Dollars
U.S. DoD	United States Department of Defense
VCS	Value of contracts signed