Promoting Canadian Export Resilience & Recovery

Annual Report
2022–2023

2022–2023

Promoting Canadian Export Resilience & Recovery

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Unless otherwise indicated, all monetary values are in Canadian dollars.

Year at a glance

Impact on Canada's economy

CCC operates at the crossroads of commerce and international relations to help Canadian businesses succeed in complex, highly competitive foreign government procurement markets. The Corporation facilitates exports from diverse sectors to deliver positive economic benefits to Canadian businesses and their employees through international revenue streams and by creating and maintaining Canadian jobs.

In 2022–2023, CCC helped **over 750** Canadian businesses[1], of which **over 75% were small and medium-sized enterprises**, to secure **$2.26 billion** in new export contracts. The Corporation successfully exported **$3.55 billion** in goods and services from Canada to countries around the world, which contributed to the creation or sustainment of thousands of jobs (approximately 13,430) in Canada.

Overall impact

Value of contracts signed (VCS)

$2.26 billion

in new G2G contracts for Canadian businesses with foreign governments.

Commercial trading transactions (CTT)

$3.55 billion

in exports by Canadian companies through CCC's international contracts[2].

Jobs supported in Canada

13,434

Canadian businesses served

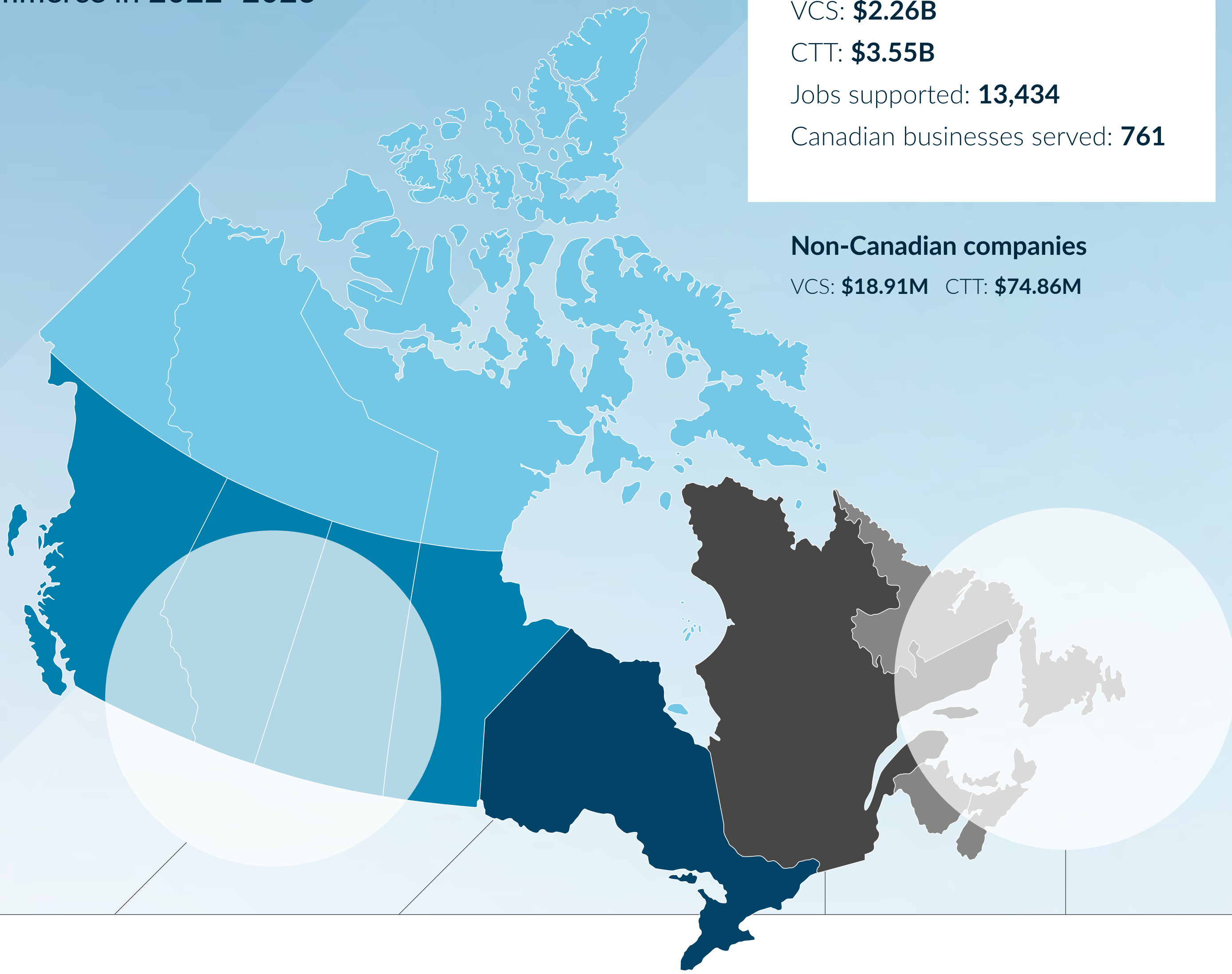
761

Businesses served refers to exporters under G2G contracts, businesses that CCC supported through various international pursuits but not yet under contract, as well as businesses to which CCC has provided a referral or an advisory service. Of Canadian businesses served, 75% are small and medium-sized enterprises.

1 This document refers to Canadian businesses and Canadian customers. CCC's reach to Canadian industry goes far beyond the Canadian customers it has under contract (143), several of which draw services from more than one CCC business line. The 750 Canadian businesses referenced includes exporters that CCC supported on various international pursuits not yet under contract, as well as Canadian companies to which CCC has provided a referral or an advisory service.

2 CTT includes deliveries on new contracts and on contracts that were in place on April 1, 2022.

CCC's impact on Canadian commerce in 2022–2023



Canada

VCS: **$2.26B**

CTT: **$3.55B**

Jobs supported: **13,434**

Canadian businesses served: **761**

Non-Canadian companies

VCS: **$18.91M** CTT: **$74.86M**

Western Canada

VCS: **$734.8M**

CTT: **$793.1M**

Jobs supported: **1,241**

Customers served[3]: **24**

Ontario

VCS: **$905M**

CTT: **$2,238M**

Jobs supported: **8,850**

Customers served[3]: **69**

Quebec

VCS: **$590M**

CTT: **$425M**

Jobs supported: **3,191**

Customers served[3]: **44**

Atlantic Canada

VCS: **$17.06M**

CTT: **$20.24M**

Jobs supported: **152**

Customers served[3]: **6**

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3 This document refers to Canadian businesses and Canadian customers. CCC's reach to Canadian industry goes far beyond the Canadian customers it has under contract (143), several of which draw services from more than one CCC business line. The 761 Canadian businesses referenced includes exporters that CCC supported on various international pursuits not yet under contract, as well as Canadian companies to which CCC has provided a referral or an advisory service.

Global reach

CCC is the only Canadian government agency offering international contracting expertise to forge commercial contracts between Canadian businesses and foreign governments, strengthening bilateral commercial relations between Canada and customer buying governments as a result. For more than 75 years, governments around the world have entrusted CCC to reliably deliver made-in-Canada solutions for projects of national importance. The Corporation simplifies and expedites acquisitions by foreign governments from Canadian companies across a wide range of sectors including aerospace, defence and security, information and communications technology, cleantech and energy, and public infrastructure. CCC was active in over **55** countries in 2022–2023.

Contributing to Canada's international agenda

CCC partners with Government of Canada departments and agencies by applying our international contracting expertise to help deliver in-kind foreign aid to governments around the world.

In 2022–2023, CCC collaborated with Global Affairs Canada and the Department of National Defence to source **$475.7 million** of goods and services for in-kind donation as part of Canada's commitment to support the Government of Ukraine in its efforts to retain sovereignty, territorial integrity and independence.

Business lines

- Defence Production Sharing Agreement (DPSA)
- International prime contracting (IPC)
- Sourcing for other government departments

Anguilla
Argentina
Bangladesh
British Virgin Islands
Cameroon
Chile
Colombia
Costa Rica
Cote D'Ivoire
Croatia
Cuba
Denmark
Dominican Republic
Ecuador
El Salvador
Fiji
France
Ghana
Greece
Guyana
Honduras
India
Italy
Jordan
Kenya
Lithuania
Malaysia
Mauritius
Mexico
Montenegro
Morocco
Netherlands
New Zealand
Nigeria
North Macedonia
Oman
Panama
Peru
Philippines
Portugal
Qatar
Saudi Arabia
Senegal
Sierra Leone
South Africa
Spain
St. Lucia
Thailand
Trinidad and Tobago
Turkey
Turks and Caicos Islands
Uganda
Ukraine
United States

Message from CCC's Board Chair

Despite a challenging global economy marked by widespread supply chain disruption and continuously evolving geopolitical contexts for much of 2022, CCC served over **750** Canadian companies and facilitated exports of **$3.55 billion** in goods and services to the United States and countries around the world. These exports created and sustained approximately **13,430** Canadian jobs across a variety of sectors. These strong results underscore the resilience of Canadian exports and the value of CCC's government-to-government procurement in driving Canada's international trade.

CCC is proud to have provided unwavering support to the Government of Canada's aid efforts for Ukraine throughout the last fiscal year. Together with other Government of Canada departments, CCC purchased **$475.7 million** of Canadian specialized equipment that reached the Ukraine in 2022–2023. We are ready to continue supporting Canada's efforts in the Ukraine, not only during the conflict but also in their efforts to rebuild.

CCC's resilience in 2022–2023 stems from its strategy to grow Canadian exports internationally; to deliver value to Canadian exporters through operational excellence; and to embed environmental, social, and governance (ESG) principles in everything that we do. This strategy aligns with the direction provided by the Government of Canada's July 2021 *Statement of Priorities and Accountabilities* and has renewed the Corporation's purpose. The Corporation's resilience also stems from our employees, who continued to deliver impressive results despite the difficulties the COVID-19 pandemic imposed on their personal and professional lives.

The Board was pleased to be able to return $1 million to the Government of Canada in 2022–2023 by way of a dividend on the success of CCC's performance in 2021–2022. Moreover, the Board strengthened its oversight of risk and business planning this year and CCC remained focused on upholding and promoting the highest standards of ESG in delivering on contractual commitments around the world.

I am pleased to report that CCC has been cited by the United Nations' Working Group on Business and Human Rights as an example for employing business practices in line with the > *UN Guiding Principles on Business and Human Rights*[4]. CCC is proud of its measured influence across the Canadian exporter community in support of Canada's commitments to minimize our impacts on the environment, uphold international respect for human rights, and to conduct business with integrity. The ESG strategy developed in 2022–2023 further encapsulates these commitments.

As the global environment, and by extension, international trade, become increasingly complex, I am confident that CCC will continue to deliver on our outstanding results from 2022–2023. In closing, I would like to recognize CCC's Board of Directors and the entire CCC team for their contributions to last year's strong results for Canadians. I would also like to thank Minister Ng for her ongoing support of CCC.

Douglas Harrison
Chairperson

4 > https://www.ohchr.org/en/documents/tools-and-resources/responsible-business-conduct-arms-sector-ensuring-business-practice

Message from CCC's President and CEO

CCC has been operating at the crossroads of commerce and international relations to deliver results for Canadian businesses, their government buyers, and the Government of Canada for over 75 years.

CCC delivered strong results for Canadians once again in 2022–2023, including:

- supporting Canadian businesses in exporting **$3.55 billion** in goods and services to governments around the world (an increase of more than 30% over the previous year);
- helping to create and sustain over 13,430 Canadian jobs as a result of these exports;
- signing new export contracts worth **$2.26 billion**: $885 million under the Canada-U.S. Defence Production Sharing Agreement and $903.8 million through the International Prime Contractor service, that actively supported Canadian companies in more than 50 markets around the world;
- supporting our Government of Canada partners at the Department of National Defence and Global Affairs Canada in purchasing more than **$475.7 million** of goods and services to be donated to Ukraine;
- serving **more than 750** Canadian companies across several sectors, including advanced manufacturing, aerospace, agriculture, cleantech and infrastructure. Approximately three-quarters (75%) of the companies served by CCC were SMEs; and
- bringing international public sector opportunities to Canadian exporters' desktops in both official languages with CCC's free Global Bid Opportunity Finder (GBOF). GBOF's searchable database featured over 2.7 million opportunities at the end of March 2023 and almost 3,000 registered users.

These achievements represent a small sample of CCC's enduring impact on Canada's exporter community. This impressive year would not have been possible without the support of our Board of Directors, collaboration with Government of Canada stakeholders and the deep expertise of our team at CCC.

Once again, Canadian exporters reported that they felt increasingly supported over the year in achieving their export goals. With a more robust approach to customer relationship management that continues to evolve, and taken together with actions to advance the environmental, social and governance (ESG) pillar of our strategy, CCC envisions broadening our influence across the exporter community as the Corporation strengthens its response to the Government of Canada's increasing commitments to environmental stewardship, human rights and conducting business with integrity — all with a view to enhancing the competitiveness of Canadian exporters in international markets.

The solid results outlined in this Annual Report are due in large part to our engaged and resilient workforce, who remained committed to CCC's mission despite the challenges in their personal and professional lives throughout the COVID-19 pandemic. A hybrid work policy introduced this year seeks to optimize employee flexibility by balancing work from home with collaboration in-office. CCC also looks forward to building on the strengths of our workforce with a new Collective Bargaining Agreement, ratified in March 2023, that secures flexibility and competitive remuneration for members of the Professional Institute of the Public Service.

CCC's corporate strategy is rooted in resilience and the determination to meet the evolving needs of Canadian exporters in an increasingly competitive global economy. I look forward to a future where CCC is serving hundreds more Canadian companies annually in delivering more of Canada to the world. I would like to take this opportunity to thank the Board of Directors for their support and guidance. I am also grateful to our management team and employees for their commitment to CCC's mission to help Canadian companies build successful relationships with governments around the world.

Bobby Kwon
President and CEO

G2G approach

Canada's government to government contracting agency

A unique entity of the Government of Canada, CCC signs commercial contracts with governments around the world for the purchase of goods and services available for export from Canada. In turn, CCC signs contracts with Canadian companies who deliver on the terms and conditions of the government-to-government contracts signed by CCC.

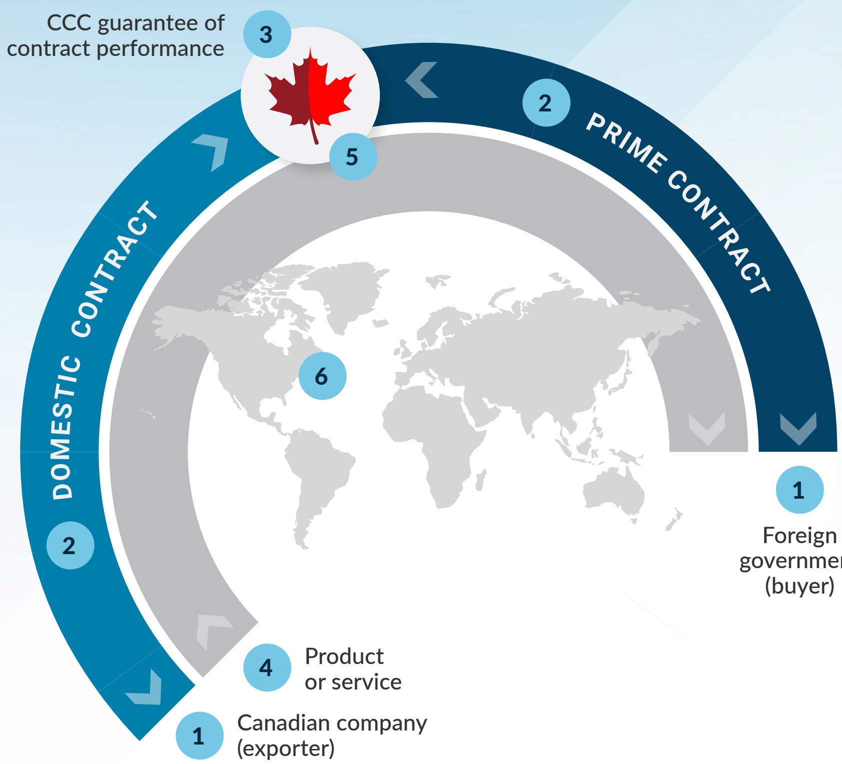
CCC's contracts with foreign governments are backed by the Government of Canada and as such, carry with them a guarantee that contract terms and conditions will be met. This guarantee helps mitigate the buyer's risk and helps enable procurement from Canada. Government-to-government projects can be large, complex, and politically sensitive, requiring expertise that only an organization like CCC can offer. This collaboration on important acquisitions deepens bilateral relationships, reduces procurement risks for the supplier and the foreign buyer, and can strengthen the bankability of certain projects.

Who uses G2G contracting?

- Ministries responsible for major public infrastructure in need of urgent acquisitions that are low-risk and free of bribery and corruption.
- Ministries responsible for national security or defence when competitive tendering is not feasible for urgency or national security reasons and exercising the national security exception to competitive tendering is feasible.
- State-owned enterprises and sub-national governmental entities when scaling up or transforming the delivery of public services and expertise and technology is not available in their domestic supply base.

What makes Canada's G2G unique?

Canada's G2G allows foreign government buyers to engage with the Government of Canada through CCC while helping Canadian exporters co-develop tailored solutions that meet foreign buyers' specific needs. The rigorous due diligence CCC carries out on its Canadian exporters includes integrity, technical, managerial and financial assessments to ensure the proposed Canadian supplier can successfully deliver on contract requirements. CCC takes on the role of prime contractor, negotiating contract terms and overseeing the exporter's performance through all phases of the contract. CCC's G2G contracts are backed by the Government of Canada, reducing risk and enabling the international sale of Canadian solutions.



Business lines

- Defence Production Sharing Agreement (DPSA)
- International prime contracting (IPC)
- Sourcing for other government departments

Additional Services

- Global Bid Opportunity Finder (GBOF)
- Knowledge products
- Advisory services

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

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

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

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

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

6. Through these commercial activities, CCC's contracts support the strengthening of bilateral ties between Canada and countries around the world.

Business lines

DPSA: Canada's G2G channel for the U.S. Department of Defense

Canada and the United States have a unique G2G contracting relationship for military acquisitions from Canada anchored in the Canada-U.S. Defense Production Sharing Agreement (DPSA). The DPSA allows Canadian companies to compete for Department of Defense (DoD) business on equal footing with their US counterparts by virtue of Canada's inclusion in DoD procurement legislation as forming part of the US domestic supply base. As Canada's foreign military sales agency, CCC receives an appropriation from the Government of Canada to administer Canada's obligations under the DPSA at no charge to Canadian companies, the results of which:

- STRENGTHEN Canada-U.S. defence procurement cooperation under the U.S.-Canada Defence Production Sharing Agreement (1956);
- SUPPORT an expanded defence supply base and enhance the U.S. DoD's access to products and services from Canadian industry; and
- REDUCE barriers to the contracting process to help Canadian businesses sell their products and services to DoD.

For DoD buyers, the DPSA broadens their supply base by facilitating seamless access to Canadian industry and reduces their supply chain risk because CCC performs integrity, technical, managerial and financial due diligence on its Canadian exporters. CCC's DPSA service also reduces contract administration efforts, provides assurance of value for money, and carries with it the backing of the Government of Canada.

For Canadian companies, CCC's DPSA provides expertise and support to sell their products and services to the U.S. military, including assistance with interpreting DoD acquisition language and helping smaller companies navigate the large and complex DoD acquisitions system.

International Prime Contractor: Canada's G2G service for foreign governments

CCC's International Prime Contractor (IPC) service is designed to support Canadian business success in selling to foreign governments, providing an opportunity to strengthen Canada's bilateral commercial relationships. CCC achieves this by providing end-to-end service from contract negotiation to final delivery. The IPC service involves government buyers in a collaborative process with the Government of Canada that is supported by the expertise of the Canadian private sector in scoping a made-in-Canada solution to satisfy a foreign buyer requirement.

By the time CCC delivers an unsolicited proposal, the integrity, technical, financial and managerial capabilities of the Canadian vendor and their ability to successfully deliver on the contract have been fully assessed and vetted. This process significantly reduces procurement risks and increases successful project delivery. The pursuit arrangement offered by the IPC service allows CCC to advocate on behalf of Canadian businesses, to seek the right terms and conditions for contract success, and to troubleshoot throughout the process, from project development to final payment. CCC charges a fee for this service.

Sourcing: Supporting the Government of Canada's delivery of in-kind assistance

CCC is an executing agency for the Government of Canada's humanitarian and military in-kind foreign aid delivery. The Corporation leverages its international contracting expertise to support departments and agencies of the Government of Canada on a wide range of initiatives such as:

- delivering Canada's military aid contribution to Ukraine;
- providing urgent disaster relief support from Canada;
- equipping governments to fight cross-border crime, such as fraud and human trafficking;
- supporting international and domestic anti-terrorism efforts; and
- facilitating international endeavours, like scientific and medical collaboration programs.

Additional services

Global Bid Opportunity Finder

This service promotes Canadian participation in international tenders issued by governments around the world. It compiles tenders from 49 sources that aggregate opportunities from more than 200 countries and translates the requirements into English and French.

> gbof.ca

Advisory services

CCC's export advisors meet with Canadian businesses to learn about their products and services, understand their challenges, refer them to relevant services across the Government of Canada business support ecosystem and in some cases, work with them to find sales leads in government markets around the world.

Knowledge products

CCC publishes eBooks and blogs to increase Canadian export knowledge and capacities, with a focus on empowering small and medium-sized enterprises.

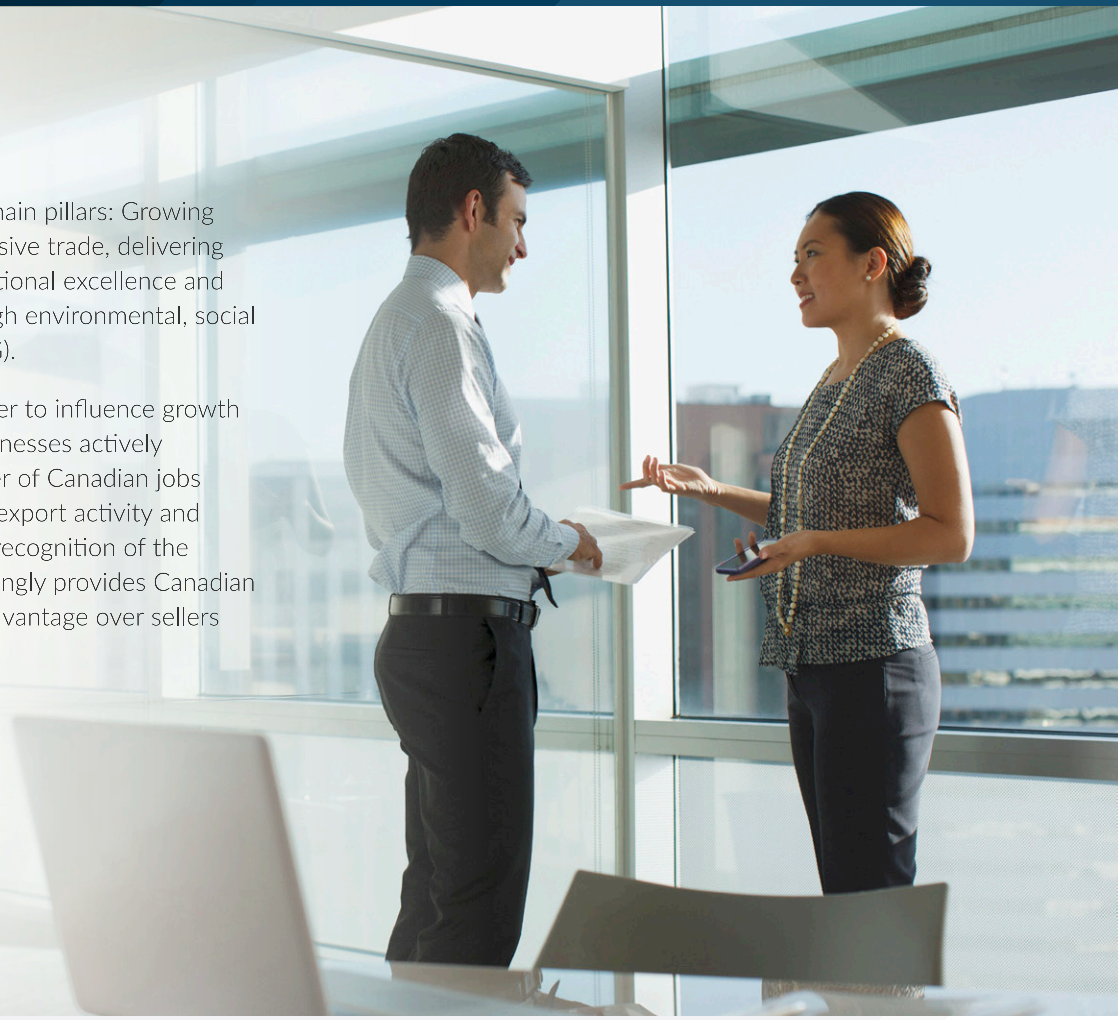
Foreign trade offices

CCC manages ten Canadian trade offices on behalf of Global Affairs Canada. Located in China's rapidly developing second-tier cities, the offices support Canadian companies seeking to enter the Chinese market.

Strategic pillars and results

CCC's strategy includes three main pillars: Growing Canadian exports through inclusive trade, delivering value to Canada through operational excellence and enhancing CCC'S impact through environmental, social and corporate governance (ESG).

These three pillars work together to influence growth in the number of Canadian businesses actively exporting, growth in the number of Canadian jobs created and sustained through export activity and the continued acceptance and recognition of the Canada brand so that it increasingly provides Canadian exporters with a competitive advantage over sellers of similar products or services.



PILLAR 1:
Growing Canadian exports through inclusive trade

Grow and maximize the benefits of the DPSA by working to strengthen industry awareness of the DPSA (and its companion agreement, the DDSA) and to improve coordination across the Government of Canada defence trade network so that Canada is able to leverage the DPSA to re-emphasize Canada's position as a strategic acquisitions partner to the U.S. Department of Defense, and reinforce the strength of the bilateral relationship and shared values that continue to underpin Canada-US trade.

Drive IPC demand in a targeted manner by working to enhance the customer relationship management approach, strengthen creative collaboration with partners and stakeholders, sharpen the Corporation's value proposition for buyers and exporters, make it increasingly easier for exporters to do business with CCC, and continue supporting Canadian small and medium-sized enterprises.

PILLAR 2:
Delivering value to Canada through operational excellence

Strive for execution excellence and continuous improvement by optimizing the remote and mobile workforce with workflow automation and business improvement tools. Improving and mitigating the risks of data sharing with a view to reduce paper waste and minimize information storage costs while enabling better analysis, planning and results reporting; generating savings through business process optimization; and implementing an accessible learning and development platform for employees.

Continue to evolve CCC's sustainable business model centered on customer engagement, targeted and disciplined business development pursuits, and increased service offerings where doing so makes economic sense.

PILLAR 3:
Enhancing CCC's impact through environmental, social and corporate governance (ESG)

Environmental: Support the Government of Canada's Greening Government Strategy by scoping and implementing an emissions reduction plan.

Social: Support inclusive economic participation by implementing measures to address CCC's own gender parity challenges and continue collecting and reporting data on the diversity of its exporter base.

Corporate governance: Promote responsible business conduct with Canadian exporters to uphold Canada's reputation by launching CCC's Code for Exporters and continue reporting the Corporation's transactional disclosures.

PILLAR 1:

Growing Canadian exports through inclusive trade

In 2022–2023, CCC's growth strategy centered on expanding the number of customers it supports through the Canada-US Defence Production Sharing Agreement (DPSA). The DPSA grew to 87 exporters this year and $885 million in the value of contracts signed. As Canada's custodian of the DPSA, helping Canadian businesses access opportunities to sell to the United States Department of Defense (U.S. DoD) is key to our mandate.

CCC also increased its outreach to foreign governments with a view to identifying more G2G opportunities for Canadian exporters, signing 12 new G2G contracts — a record year. In support of a "No Wrong Door" approach to accessing government services, CCC served the needs of small and medium-sized enterprises by continuously collaborating with other Government of Canada entities to provide accessible solutions to Canadian companies of all sizes.

Lastly, CCC ensured that its growth strategy aligned with Canada's inclusive trade priorities, which aim to ensure the benefits and opportunities that flow from trade are shared by all.

Overall results

Value of contracts signed

$2.26 billion

in new export contracts signed between Canadian businesses and governments globally, **up from** $1.4B in 2021–2022

Inclusive trade and economic opportunity for all Canadians

761

Canadian businesses served, of which 75% were SMEs

Commercial trading transactions

$3.55 billion

in exports by Canadian companies through CCC's international contracts, **up from** $2.5B in 2021–2022

Over 3,000

Canadian businesses used the Global Bid Opportunity Finder in 2022–2023:

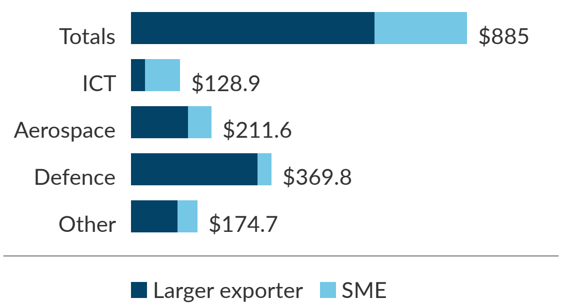
- 95% SMEs
- 30% of registered users self-identify as women, BIPOC (Black, Indigenous, People of Colour), under-35 or new Canadians

Growth through DPSA: Canada's G2G channel for the U.S. Department of Defense

VCS

$885 million

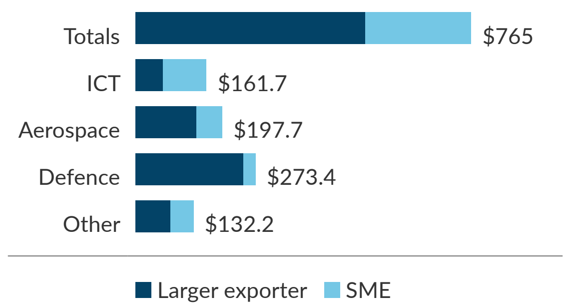
in new export contracts (VCS) in 2022–2023 compared to $868 million in 2021–2022



CTT

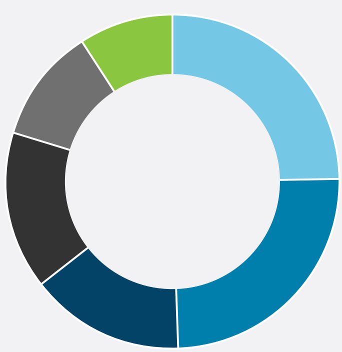
$765 million

in exports by Canadian companies in 2022–2023, compared to $804 million in 2021–2022



Approximately 5,700 Canadian jobs were supported in 2022–2023

Top US DoD buyers of Canadian goods and services through DPSA



	Total value of acquisitions
U.S. Army Contracting Command	$136.5 M
Armament Research, Development and Engineering Center	$135.4 M
Army Contracting CMD-APG	$82.2 M
U.S. Air Force	$83.3 M
DLA Aviation	$62 M
Naval Air Warfare Center	$49 M

Canadian businesses with US DoD contracts through DPSA

Valued less than $5 million

*(*may include multiple contracts)*

Exporter	Product Category
Arnprior Aerospace	Aircraft Parts & Auxiliary Equipment
Armatec Survivability	Defence Vehicles
CMC Electronics	Aircraft Navigational & Guidance Equipment Systems
DiPaolo Machine Tools	Machinery
DRS Technologies Canada	Aircraft parts and auxiliary equipment
General Dynamics Mission Systems – Canada	Related Aerospace Services, Defence Products
Goodrich Aerospace Canada	Aircraft R&O & Maintenance Services
Honeywell	Aircraft Parts and Auxiliary Equipment
International Civil Aviation Organization	Education & Training Equipment & Services
LR Tech	Measuring & Controlling Devices
NWI Precision Tube ULC	Aircraft Parts and Auxiliary Equipment
Reivax North America	Engineering Procurement Construction Management
Rheinmetall Canada	Aircraft Parts and Auxiliary Equipment
RTDS Technologies	Software & Information Equipment
Schaeffler Aerospace Canada	Aircraft Parts and Auxiliary Equipment
Shark Marine Technologies	Ocean Technologies
Standard Aero Limited, Winnipeg	Gas Turbine Engines & Parts
Telops	Imaging & Counter Measure Equipment

Valued between $5 million and $25 million

*(*may include multiple contracts)*

Exporter	Product Category
CaseWare Cloud	Software & information equipment
EMS Technologies Canada	Aircraft Parts & Auxiliary Equipment
Héroux-Devtek	Landing Gear
Kenn Borek Air	Other Related Aerospace Services
Patriot Forge	Other Related Defence Services
Uncharted Software	Software & information equipment

Valued above $25 million

*(*may include multiple contracts)*

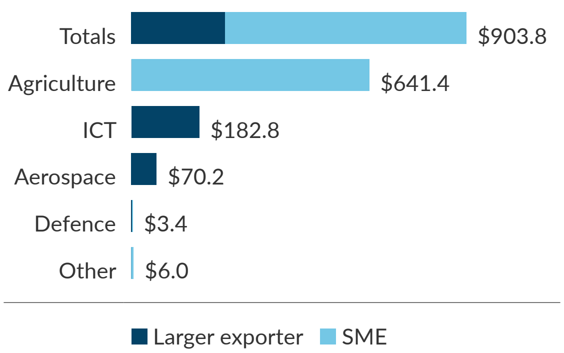
Exporter	Product Category
Emergent BioSolutions Canada	Pharmaceuticals & Medical Supplies
General Dynamics Land Systems – Canada	Defence Vehicles
General Dynamics OTS – Canada Valleyfield	Ammunition
Indal Technologies	Aircraft Parts and Auxiliary Equipment
Valcom Manufacturing Group	Information & Communication Technologies
Wescam	Imaging & Counter Measure Equipment

Growth through IPC: Canada's G2G service

VCS

$903.8 million

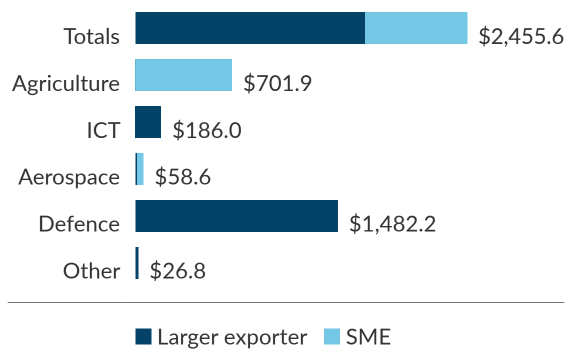
in new export contracts (VCS) in 2022–2023 compared to $466 million in 2021–2022



CTT

$2.45 billion

in exports (CTT) by Canadian companies in 2022–2023, compared to $1.6 billion in 2021–2022



5,135 Canadian jobs were supported in 2022–2023

49
exporters served

Increased Canadian exports of potash by more than 200% compared to previous year

12
new G2G contracts, a record year

These are some of the Canadian businesses with new export contracts through IPC:

Bell Textron Canada
Montenegro

CCC and the Ministry of Defence of Montenegro signed a G2G contract for Bell Textron Canada to provide maintenance and inspection services on its Bell 412 aircraft operated by the Montenegro Air Force. The aircraft have been used for emergency response operations, including firefighting, and Bell's services will ensure the aircraft's continued air worthiness.

Canadian Bank Note
El Salvador

Supported by Canada's Trade Commissioner Service, the Canadian Bank Note secured a long-term G2G contract through CCC to establish and operate a state-of the-art national electronic lottery for El Salvador. The lottery proceeds will be used to fund municipal infrastructure projects, support public health and education, and provide social assistance.

Canpotex
Bangladesh

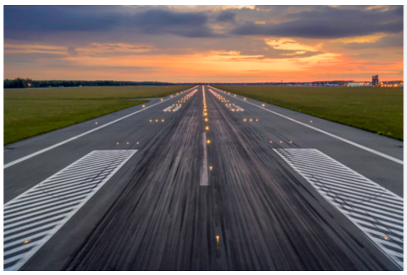
Through CCC, Canpotex agreed to increase the amount of Canadian potash supplied to Bangladesh in 2023. Last year, CCC facilitated the sale of over $500 million dollars of Canpotex's potash to the Bangladesh Agricultural Development Corporation. Almost all potash in Bangladesh is used as a nutrient to improve crop yields.

Coulson
Argentina

CCC helped Coulson Aircraft access the government procurement market of Argentina for the first time. With a G2G contract with the Argentine Ministry of Environment and Sustainable Development, Coulson will supply aerial firefighting services. Coulson will provide the services of a CH-47 Chinook helicopter that can drop 10,000 litres of water on a single pass, enabling the government to quickly respond to large scale wildfires.

Davie
Chile

As part of a G2G contract between CCC and the Chilean Navy, Davie Canada will use its maritime expertise to provide procurement and consulting services. Davie will secure an ice-capable offshore support vessel to help the Chilean Navy navigate the country's complex coastlines and deliver personnel transportation and rescue services.



ITPS
Netherlands

CCC partnered with the International Test Pilot School (ITPS) for a pilot training contract with the Royal Netherlands Air Force. ITPS will provide approximately 500 hours of lectures and 120 hours of flight test demos in simulators. The training will be conducted at the ITPS facility in London, Ontario.

GDMS
Portugal

With a CCC contract, General Dynamics Mission Systems–Canada will be helping the Portuguese Air Force modernize its fleet of P-3C aircraft. General Dynamics will provide upgrades to equipment and technology that support maritime patrol and reconnaissance activities. The upgrades to Portugal's P3-C fleet are modeled on modernizations that General Dynamics provides to the Royal Canadian Air Force.

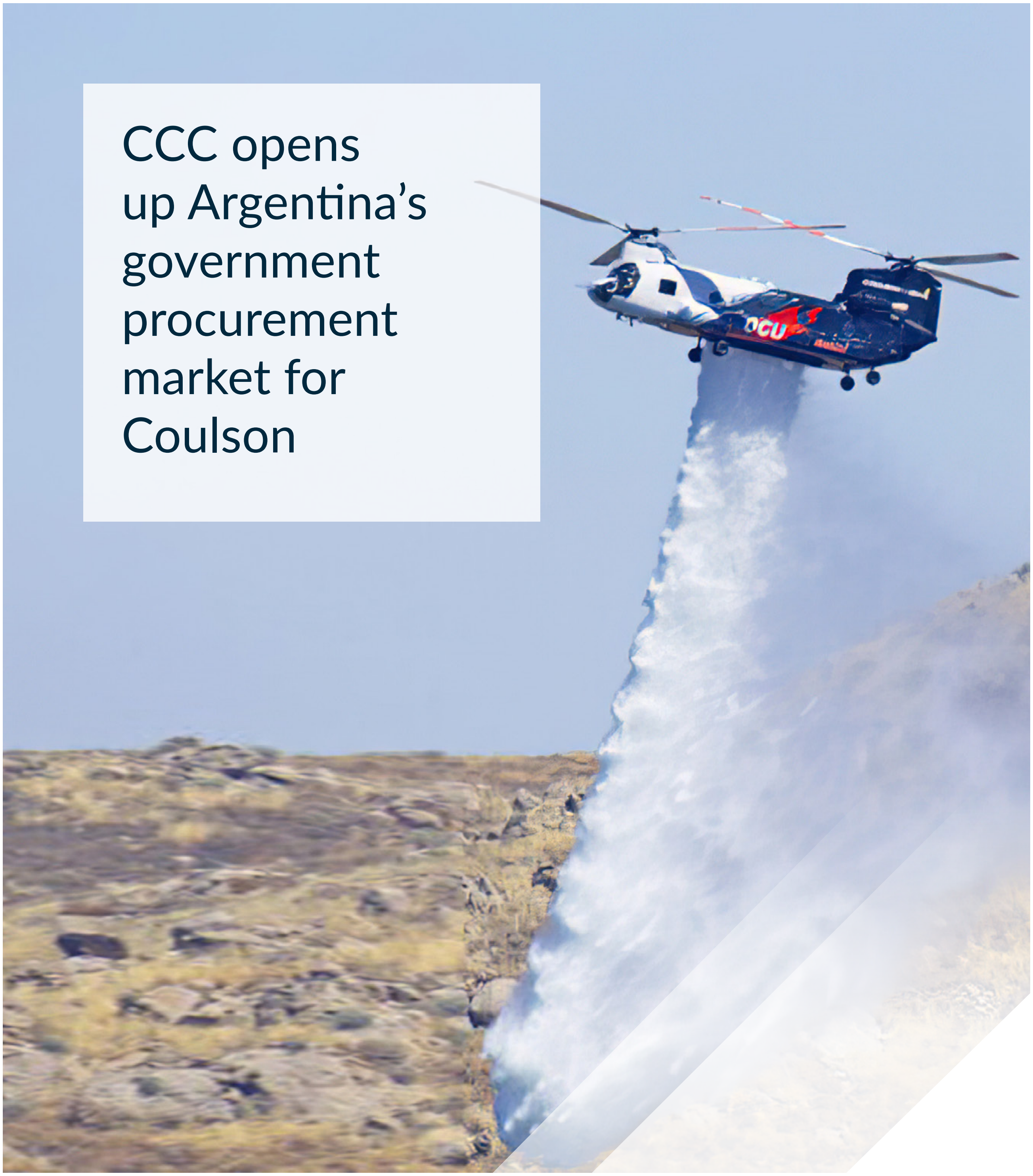
OSI
Chile

CCC facilitated a follow-up G2G contract for OSI Maritime Systems to supply tactical dived navigation systems for two of the Chilean Navy's SCORPÈNE-class submarines. The first contract, signed in 2020, provided upgrades to the navigation capability of two THOMPSON class submarines.

Raytheon ELCAN
Chile

With the help of CCC, Raytheon ELCAN will provide tactical rifle sights to the Chilean navy.

CCC opens up Argentina's government procurement market for Coulson



Chinook CH-47D, Coulson Group

An increasing number of forest fires in recent years — exacerbated by drier conditions resulting from climate change — are causing devastating economic and environmental losses in Argentina. These blazes primarily occur in the Chaco region, where the forests are home to diverse wildlife and play an essential role as carbon sinks. The Government of Argentina is investing in the country's firefighting capabilities to mitigate these forest fires.

Crew members from Coulson Aviation prepare two Sikorsky S-61 helicopters at an airfield in Los Leones, Chihuahua, Mexico for overseas flight to South America. Source: Coulson Group Ltd.

In 2022, CCC signed a memorandum of understanding with the Ministry of Environment and Sustainable Development of Argentina (MAyDS) to help the Argentine government benefit from Canada's firefighting expertise and technology. The agreement enabled MAyDS to acquire or rent firefighting equipment, goods, supplies, tools and training from Canada and it secured Coulson Aircraft's first-ever contract with the Government of Argentina.

Originally founded in 1960 as Coulson Forest Products in Port Alberni, B.C., this family business grew into a conglomerate of companies now known as the Coulson Group. Now, as a global aviation company and world leader in aerial firefighting and heavy lift operations, Coulson has a diverse fleet ranging from air tankers to large helicopters.

In September 2019, CCC partnered with Coulson to provide aerial firefighting capabilities to Bolivia. CCC signed a government to government (G2G) contract with the Government of Bolivia for Coulson to provide 18 crew members and three helicopters — two Sikorsky S-61 helicopters and a custom Chinook CH-47D. At that time Coulson achieved another first by becoming the first Canadian company to send aircraft to help fight fires in the Amazon.

Building on the success of the firefighting G2G contract with Bolivia, CCC connected Coulson with neighbouring Argentina. In 2023, CCC signed a $6.8 million-dollar G2G contract with Argentina's MAyDS so that Coulson could supply the services of a CH-47 Chinook helicopter to meet the country's urgent firefighting needs. The CH-47 can drop loads of 10,000 litres of water on a single pass, helping the Argentine government quickly respond to large-scale wildfires.

PILLAR 2:

Delivering value to Canada through operational excellence

CCC implemented a more robust customer relationship management approach by proactively strategizing with Canadian companies to better leverage the G2G model in their business development efforts in select markets around the world.

CCC also developed its HR strategy to ensure its workforce has the skills to satisfy evolving exporter needs in an increasingly competitive international trade environment, with a view to building a results-oriented, diverse and engaged workforce.

The Corporation also worked towards modernizing operations to make it easier for exporters to do business with CCC. Customers reported increasing satisfaction over the course of the year, awarding CCC a Net Promoter Score (NPS) of 71. The NPS is a rolling 365-day-average measure of customer loyalty. This year's score of 71 is a promising improvement over last year's score of 64.

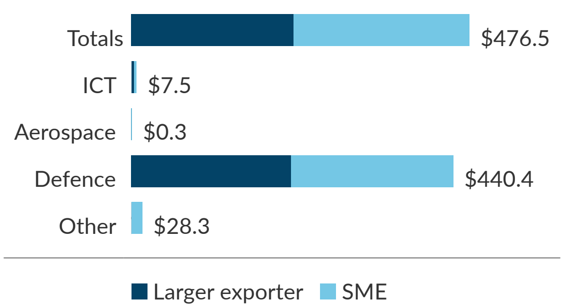
The Corporation's drive for efficiency not only strengthened customer satisfaction, it also supported Canada's international commitments. CCC's Sourcing service quickly and efficiently delivers in-kind Canadian aid to foreign governments. Last fiscal year, CCC partnered with Global Affairs Canada and the Department of National Defence to procure **$475.7 million dollars** in Canadian assistance to the Ukrainian government.

Fulfilling Canada's international commitments

VCS

$476.5 million

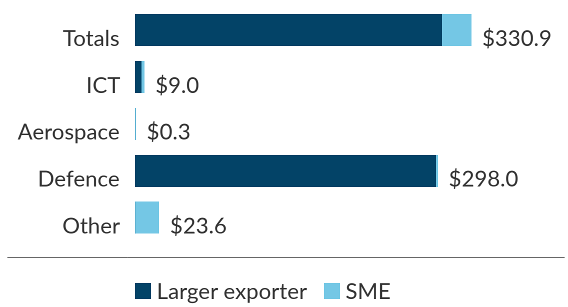
of in-kind aid procured on behalf of other Government of Canada entities **through Sourcing**.



CTT

$330.9 million

of in-kind aid delivered on behalf of Government of Canada entities **through Sourcing**.



Approximately 5,700 Canadian jobs were supported in 2022–2023

Spotlight

CCC helps supply Canadian winter gear to Ukraine's Armed Forces

Canadian military plane loading in-kind aid for Ukraine. Source: DND

Canada has been a strong supporter of Ukraine since the country's independence in 1991, and this support has continued throughout the ongoing conflict with Russia. Since February 2022, Canada has committed over $1 billion in military assistance to the Ukrainian government. A significant portion of this aid is being procured and delivered by CCC.

CCC's procurement expertise, international trade experience and ability to undertake due diligence on Canadian suppliers gives the Corporation the necessary skills and expertise to fulfill complex purchasing needs in rapidly changing environments. As a result, in the fall of 2022, Canada's Minister of National Defence, Anita Anand, called on CCC to help purchase over $10 million in winter gear and clothing to Ukraine's armed forces. CCC successfully delivered the in-kind donations, supplying Ukrainian armed forces with 500,000 items, including jackets, pants, boots, gloves, parkas, portable heaters, thermal blankets and sleeping bags.

CCC contracted eleven Canadian businesses to procure these items and help sustain the Ukrainian armed forces through the winter.

PILLAR 3:

Enhancing CCC'S impact through environmental, social and corporate governance (ESG)

Focusing on ESG helps CCC and exporters maintain long-term competitive success and reflects the values that contribute to a strong global brand for Canada.

This year, CCC developed a plan to align with the Greening Government Strategy to guide and measure the Corporation's progress in reducing its greenhouse gas emissions, with a view to contributing positively in future years to the Government of Canada's net-zero by 2050 target.

In the spirit of the Government of Canada's inclusive trade priorities, CCC continued to collect, analyze and report on the diversity of Canadians who benefit most directly from CCC's services. Since 2021–2022, approximately 60% of CCC's customers have provided responses to a survey seeking to determine the proportion of its customer base that is owned or led by a member of an under-represented group. As part of CCC's Diversity, Equity and Inclusion commitments, the Corporation established relationships with several associations serving under-represented groups, including the Canadian Council for Aboriginal Business (CCAB). CCC employees were joined by CCAB representatives in September 2022 to mark the importance of Canada's National Day for Truth and Reconciliation, and worked together to encourage the consideration of more Indigenous businesses in CCC's G2G trade approach.

This year CCC also introduced its own Code for Exporters, which sets clear expectations and performance standards with respect to labour and human rights, health and safety, environmental protection, transparent and responsible supply chains, and compliance with international laws prohibiting bribery and corruption.

Finally, following a 2021–2022 report by Women in Governance on gender parity at CCC, the Corporation scoped and implemented a mentorship program for employees belonging to one or more under-represented groups. The pilot cohort of this new *Promotabilities* program was launched in February 2023.

Lieutenant-General Frances Allen, Canadian Armed Forces Vice Chief of the Defence Staff, joined CCC's team to mark International Women's Day and to share her leadership insights during a discussion panel.

Discussion panelists from left to right:

Karen McMullen,
Director Information Management and Technology

Q. N. Peea,
Export Advisor

Suzanne Wilkinson,
Director, DPSA

Lieutenant General Frances Allen,
Vice Chief of the Defence Staff

Cristina Amiama,
Senior Account Manager,
Global Business Development

Georgia Fox,
Project Manager,
Digital Demand Generation

CCC's export support

761 **Canadian businesses served through CCC's services, 75% of which were SMEs**

- **143** Canadian businesses under G2G contract
- **GBOF** users
  - **95%** SME
  - **30%** owned or led by persons self-identifying as women, BIPOC (Black, Indigenous, People of Colour), under 35, new Canadian, person with a disability, or LGBTQI2+

CCC's workforce

108 **employees including staff, management and senior executives**

52% female **48% male**

- **1%** of CCC employees self-identify as Indigenous
- **30%** of CCC employees self-identify as a member of a visible minority group
- **6%** of CCC employees self-identify as a person with a disability
- **73** employees are members of the Professional Institute of the Public Service of Canada

Staff

57% female **43% male**

- **39%** of CCC staff self-identify as a member of a visible minority group or person with a disability

Management (All executive levels)

35% female **65% male**

- **23%** of CCC management self-identify as an Indigenous person or member of a visible minority group

Senior management committee

60% female **40% male**

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

Board of directors

56% female **44% male**

CCC introduces its Code for Exporters

An effective environment, social and governance (ESG) strategy is essential for businesses in today's global economy. Implementing a successful ESG strategy can help businesses reduce the risks and costs associated with environmental damage or reputational issues, while also being socially responsible and creating value for stakeholders. According to a 2021 study conducted by Ipsos, 65% of respondents said that ESG factors play an influential role in their investment strategies and purchasing decisions.

As part of CCC's ESG strategy, the Corporation introduced the **Code for Exporters, a resource for all Canadian exporters**. It outlines CCC's expectations of Canadian companies using its services with respect to labour and human rights, health and safety, environmental protection, transparent and responsible supply chains, and compliance with laws, including those prohibiting bribery and corruption, and reinforcing the importance of responsible business conduct (RBC) principles in all business dealings.

When Canadian businesses operating abroad reflect the values for a strong, sustainable, and competitive economy, they can gain access to new market opportunities, strengthen relationships with Canada's trade partners, and improve lives and livelihoods of people both at home and abroad[5]. > Read the code

5 > https://www.international.gc.ca/trade-commerce/rbc-cre/strategy-2022-strategie.aspx?lang=eng

Management's discussion and analysis

Executive summary

CCC's financial results are grounded in the three-pillar strategy articulated in the Corporate Plan. The corporate strategy positions CCC to continue providing Canadian exporters with services that support the expansion of their international revenue streams, align business deals with the Government of Canada's international priorities, and conduct business while adhering to the highest standards of ethical business conduct.

Pillar 1: Growth

CCC achieved growth in the value of contracts signed, commercial trading transactions, and fee for service revenues. A key driver of these results was CCC's continued assistance to Ukraine and the facilitation of key agricultural exports from Canada in response to disrupted supply chains from the conflict. These activities highlight CCC's ability to respond to geopolitical developments and support the Government of Canada's trade and foreign policies.

In 2022–2023, CCC:

- signed $2.3 billion of new business contracts, exceeding Corporate Plan targets (by $905.3 million) and prior year results (by $872.0 million);
- delivered $3.6 billion in commercial trading transactions, reflecting goods and services under CCC contracts in the year, exceeding both corporate plan and prior year results by $1.1 billion respectively; and
- earned $27.5 million in Fees for service revenues, exceeding Corporate Plan targets (by $12.4 million) and prior year results (by $13.4 million).

Pillar 2: Operational excellence

The sales cycle for international government contracting is often measured in years and is impacted by foreign political, economic and geopolitical events. To monitor and manage uncertainties and ensure CCC's financial sustainability, CCC continually assesses opportunities to improve financial processes, systems and results.

In 2022–2023, CCC:

- achieved net profit of $20.5 million, exceeding Corporate Plan targets (by $19.2 million) and prior year results (by $17.6 million). This result was driven by $27.5 million in fees earned on contract deliveries, and was bolstered by the timing of cash receipts and the rising interest rate environment, which resulted in higher interest earned of $6.9 million on cash balances held by CCC. This increased retained earnings to $34.6 million and enabled CCC's Board of Directors to declare a dividend of $4.0 million;
- implemented a Financial Management Policy to augment monitoring and decision-making for long-term financial sustainability in the face of shifting business realities;
- ratified a new collective bargaining agreement with the Professional Institute of the Public Service of Canada (PIPSC), addressing a key component of CCC's largely fixed-cost structure for the next two years; and
- continued to make strides to enhance operational effectiveness through strategic investments in innovation and workplace transformation.

Pillar 3: Environmental, Social and Governance (ESG)

ESG considerations and initiatives underscore all aspects of CCC's business model. CCC continues to implement and execute best practices in risk management, responsible business conduct, and internal governance, and strives to be an employer of choice.

- CCC's strong foundations in responsible business conduct, particularly human rights due diligence, continues to develop. In an August 2022 report by the United Nations' Working Group on Business and Human Rights[6], CCC was mentioned for applying UN guiding principles (UNGPs) to the defence sector, and for adopting a human rights due diligence questionnaire for defence companies that complies with the UNGPs.

Basis of preparation and disclosure

The following management's discussion and analysis (MD&A) should be read in conjunction with the Corporation's audited annual financial statements and accompanying notes for the year ended March 31, 2023. All amounts presented are in Canadian dollars unless otherwise specified.

Forward-looking statements

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

International financial reporting standards

The financial statements have been prepared in accordance with International Financial Reporting standards (IFRS), as issued by the International Accounting Standards Board (IASB), as reference for Generally Accepted Accounting Principles (GAAP). Under IFRS, the Canadian Commercial Corporation's (CCC or the Corporation) financial results are presented on an agent basis. However, as a prime contractor, CCC remains contractually obligated to ensure completeness of contracts with foreign buyers, ensuring that the terms of the contract are fulfilled regardless of performance by the Canadian exporter.

Non-GAAP measures

In the following discussion, the Corporation also uses certain non-GAAP financial measures to evaluate its performance. Non-GAAP measures are defined and qualified when presented.

6 > https://www.ohchr.org/sites/default/files/2022-08/BHR-Arms-sector-info-note.pdf

Large material contracts

Historically, large contracts have materially affected the Corporation's financial statements, causing significant variations in certain year-over-year amounts on the Statement of Financial Position and the Statement of Comprehensive Income (Loss). The most significant of these contracts is the multi-billion-dollar multi-year Armoured Brigade Program (ABP) contract. Due to the magnitude of this contract, the ABP is presented separately in certain sections of the MD&A.

Foreign exchange

The Corporation's contracts with foreign buyers are currency matched to offset contracts with Canadian exporters. This matching of currency for contractual receipts and payments limits CCC's foreign exchange risk. In cases where payment between parties is made in different currencies, the Corporation may enter forward contracts. The majority of CCC transactions are conducted in U.S. dollars (USD). Since CCC's reporting currency is the Canadian dollar, reported results may be impacted due to fluctuations in foreign exchange rates.

Business line reporting structure

CCC operates three main lines of business and works with exporters from across Canada's industrial sectors.

Defence Production Sharing Agreement (DPSA)

CCC supports significant Canadian export activity under the Defence Production Sharing Agreement (DPSA). The DPSA enables Canadian exporters to compete for contracts as part of the United States Department of Defense (DoD) domestic supply base. Enabling access in this manner provides Canadian exporters with business opportunities that drive exports and jobs in Canada, while generating economic benefits in both Canada and the United States.

The DPSA continues to help underpin the collective security of Canada and the United States by leveraging each country's industrial and technological strengths in meeting respective defence procurement needs. Cross-border trade linked to the DPSA also offers important opportunities for firms in some of Canada's most innovative sectors.

CCC does not charge fees for services provided under the DPSA business line. Federal Budget 2021 reinstated an annual appropriation of $13.0 million to administer the DPSA.

International Prime Contracting (IPC)

The Corporation's International Prime Contracting (IPC) business line is a fee-based service that involves establishing government-to-government (G2G) contracts with foreign government buyers, and concurrent contracts with Canadian exporters. The Corporation works with Canadian exporters of all sizes, across diverse Canadian industrial sectors. The goal of these business activities is to increase the volume of exports and the number of exporters that CCC serves while also supporting a wide range of Government of Canada priorities. Every contract is unique, and CCC's guarantee of contract performance provides added incentive for foreign governments to procure Canadian expertise for priority strategic projects (e.g., food security, transportation, infrastructure, national security, and others).

Concessions contracts provide electronic lotteries by a Canadian exporter in various countries.

Sourcing services for other Government of Canada Departments (Sourcing)

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

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

Canadian industrial sectors

CCC disaggregates its contracts with Canadian exporters into the following industrial sectors: Advanced Manufactured Goods and Services, Aerospace, Agriculture, Cleantech, Construction/Infrastructure, Defence, Information Communications Technology (ICT), and Other.

Value of contracts signed (VCS)

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

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

For the 2022–2023 fiscal year, CCC responded to the conflict in Ukraine and to shifting economic and geo-political contexts by continuing to work with Canadian exporters to support both global security and critical agricultural supplies.

Year-over-year comparison

Total VCS for the year ended March 31, 2023, is $2.3 billion, an increase of $871.8 million (approximately 63%) when compared to $1.4 billion for the year ended March 31, 2022.

The increase is due to:

- higher VCS in IPC ($448.3 million), primarily attributable to an increase in VCS from the agriculture sector to support global food security;
- higher VCS in Sourcing ($417.0 million), attributable to CCC's support for the Government of Canada's international assistance to Ukraine, primarily from the defence sector; and
- higher VCS in DPSA ($17.2 million), attributable to increases in VCS from the advanced manufactured goods and services sector and the defence sector.

Increases in VCS were partially offset by:

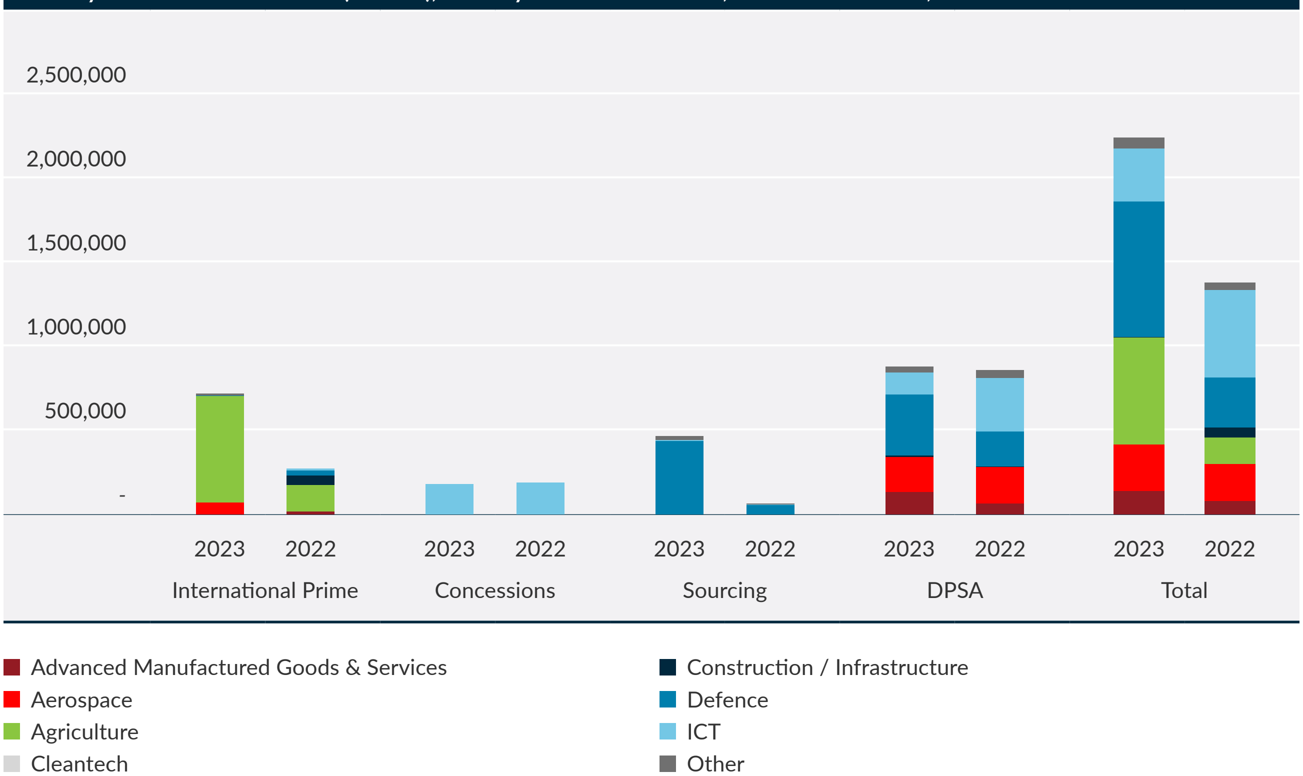
- lower VCS in the IPC Cuba program due to contract de-obligation ($3.1 million); and
- lower VCS in Concessions ($10.3 million), which is valued based on gross ticket sales of the Lottery Program, due to the termination of a lottery contract.

The table below presents the VCS by business line for the year ended March 31, 2023, and March 31, 2022.

	For the year ended March 31,					
					% of Total	
VCS by business line ($000s)	**2023**	**2022**	**$ Change**	**% Change**	**2023**	**2022**
International Prime	**$ 721,913**	$ 273,631	$ 448,282	>100%	**32%**	20%
Concessions	**181,893**	192,144	(10,251)	(5%)	**8%**	14%
Sourcing	**476,500**	59,903	416,597	>100%	**21%**	4%
DPSA	**884,989**	867,839	17,150	2%	**39%**	62%
Total	**$ 2,265,295**	$ 1,393,517	$ 871,778	63%	**100%**	100%

The chart below presents VCS by business line and sector for the year ended March 31, 2023, and March 31, 2022.

VCS by business line and sector (in '000s), for the year ended March 31, 2023 and March 31, 2022



Commercial trading transactions (CTT)

Commercial Trading Transactions (CTT) is a non-GAAP measure of economic activity used by the Corporation that represents the value of goods and services delivered under contract during the reporting period. Given the Corporation's status as an agent for reporting under International Financial Reporting Standards (IFRS), CTT is not recognized as revenue. The Corporation continues to capture CTT data as a measure of the Corporation's impact on the Canadian economy and as a main driver of the Fees for service revenue. CCC's Fees for service revenues are generally commensurate with CTT, and the variance explanations detailed in the section below also apply to the Fees variance discussion.

Year-over-year comparison

Total CTT for the year ended March 31, 2023, is $3.6 billion, an increase of $1.1 billion (approximately 45%) when compared to $2.4 billion for the year ended March 31, 2022.

The increase is due to:

- higher CTT in IPC ($614.5 million) from deliveries in the agriculture sector to support global food security;
- higher CTT in Sourcing ($270.8 million) driven by the Government of Canada's international assistance to Ukraine, primarily from the defence sector; and
- timing of deliveries and billing activities related to the ABP program ($270.0 million).

Increases in CTT were partially offset by:

- lower CTT in Concessions ($10.3 million), due to the termination of a lottery contract; and
- lower CTT in DPSA ($39.0 million), based on the timing of deliveries and consistent with lower VCS in the comparative period.

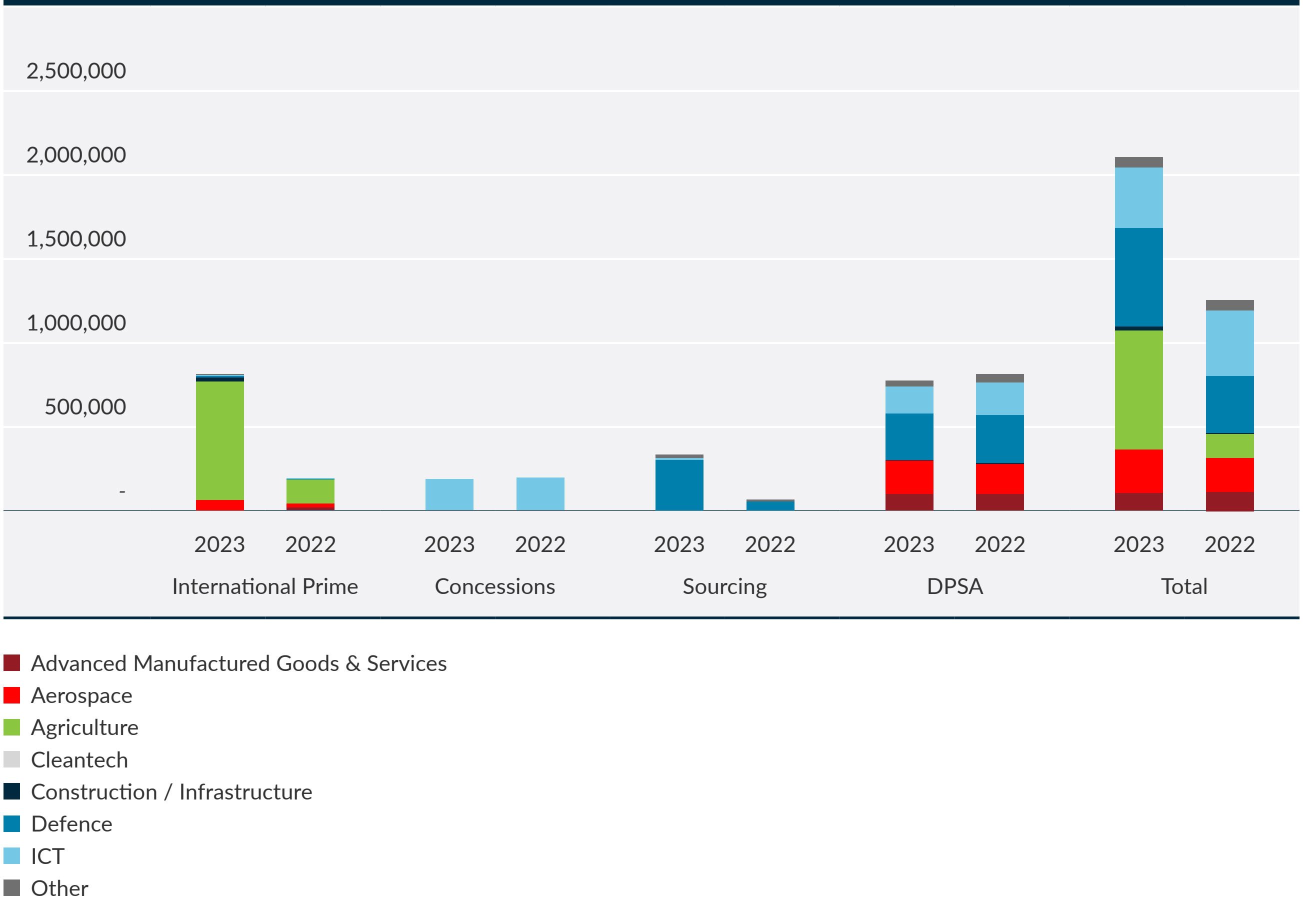
Significant variations in CTT are expected when comparing period-over-period results given the timing of specific contract requirements and associated delivery schedules.

The table below presents CTT by business line for the year ended March 31, 2023 and March 31, 2022.

	For the year ended March 31,					
					% of Total	
CTT by business line ($000s)	**2023**	**2022**	**$ Change**	**% Change**	**2023**	**2022**
International Prime	$ **802,881**	$ 188,335	$ 614,546	>100%	**23%**	8%
Concessions	**181,893**	192,217	(10,325)	(5%)	**5%**	8%
Sourcing	**330,969**	60,212	270,758	>100%	**9%**	2%
DPSA	**764,928**	803,913	(38,984)	(5%)	**22%**	33%
Total excluding ABP	**$ 2,080,671**	$ 1,244,677	$ 835,995	67%	**59%**	51%
ABP	**1,470,830**	1,200,810	270,020	22%	**41%**	49%
Total including ABP	**$ 3,551,501**	$ 2,445,487	$ 1,106,015	45%	**100%**	100%

The chart below presents CTT (excluding ABP) by business line and sector for the year ended March 31, 2023, and March 31, 2022.

CTT (excluding ABP), by business line and sector (in '000s), for the year ended March 31, 2023 and March 31, 2022



Summary of financial results

In 2022–2023, the Corporation exceeded Corporate Plan targets as well as prior year financial results due to significant IPC and Sourcing business line volume and activity.

Financial Management Policy

The sales cycle for international government contracting is often measured in years and is impacted by geopolitical and economic events. As a result, CCC plans for financial sustainability and manages surpluses and deficits across multi-year time horizons.

During fiscal year 2022–2023, CCC's Board of Directors approved a Financial Management Policy that defines the requirements to maintain a financial self-sustainability model over the long term. This policy requires that CCC maintain sufficient equity to meet its commitments and undertake appropriate capital investments to ensure operational effectiveness and efficiency and to sustain the Corporation's workforce, facilities, systems and processes. The framework considers four factors for managing capital and monitoring financial sustainability: the timing of contractual revenues and expenses, net results of operations, working capital requirements, and equity position.

Comprehensive Income discussion

For the year ended March 31, 2023, the Corporation recorded a net profit of $20.5 million, an increase of $17.6 million compared to the prior year's net profit of $3.0 million. The favourable variance was primarily attributable to higher VCS and CTT, as outlined in the previous sections, which resulted in higher Fees for service revenue ($27.5 million) when compared to the prior year.

	For the year ended March 31,			
Comprehensive Income ($000s)	**2023**	**2022**	**$ Change**	**% Change**
Fees for service revenue	$ **27,497**	$ 14,076	$ 13,421	95%
Finance and Other income	**7,053**	443	6,610	>100%
Government funding	**13,000**	13,000	–	0%
Expenses	**27,794**	24,457	3,337	14%
Gain (loss) on foreign exchange	**762**	(111)	873	>100%
Net profit	$ **20,518**	$ 2,951	$ 17,567	>100%
Other comprehensive income	**21**	30	(9)	(30%)
Total comprehensive Income	$ **20,539**	$ 2,981	$ 17,558	>100%

FEES FOR SERVICE REVENUE

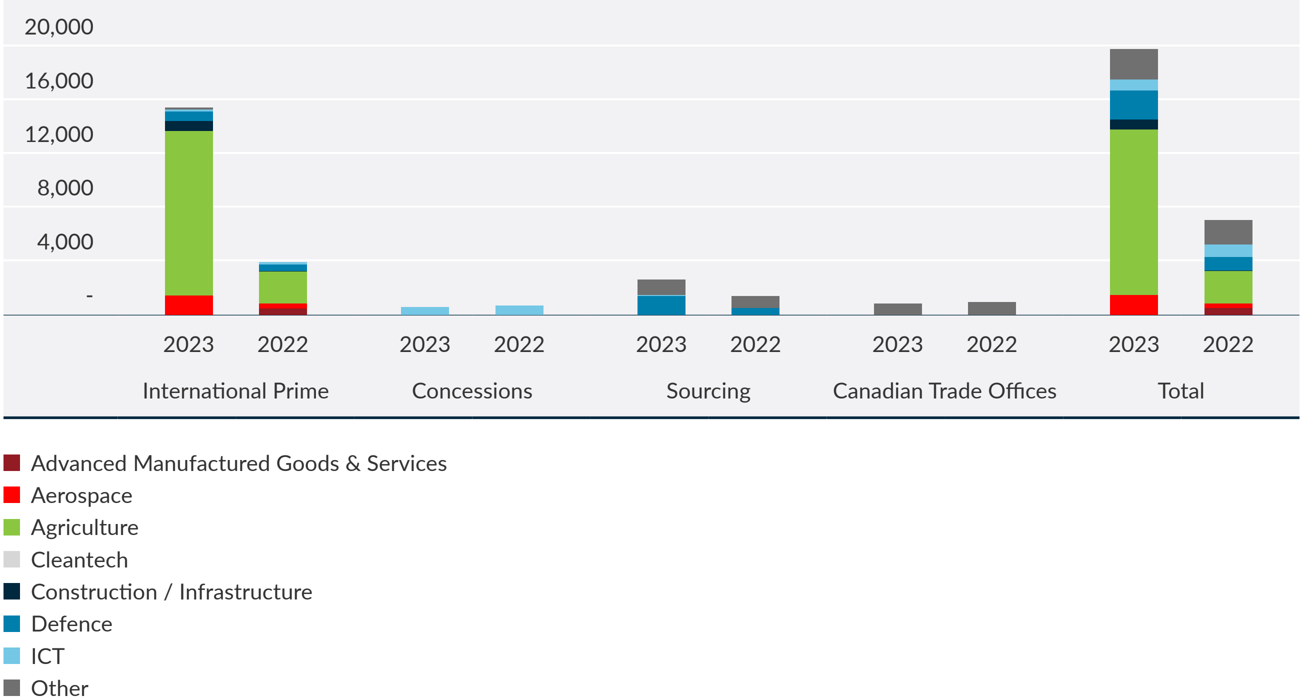
The Corporation charges Fees for service on all programs, except for the DPSA. For IPC, Fees are generally calculated as a percentage of the contract value. Fees are negotiated on a contract-by-contract basis, and, within an acceptable range, are generally reflective of a project's risk profile and competitive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

For the year ended March 31, 2023, Fees for service revenue of $27.5 million are $13.4 million higher compared to the prior year. Fees for service are generally commensurate with CTT, and the variance explanations detailed in the Commercial Trading Transactions section apply to the Fees variance discussion as well.

	For the year ended March 31,					
					% of Total	
Fees for service by business line ($000s)	**2023**	**2022**	**$ Change**	**% Change**	**2023**	**2022**
International Prime	**$ 15,567**	$ 4,058	$ 11,509	>100%	**57%**	29%
Concessions	**573**	737	(165)	(22%)	**2%**	5%
Sourcing	**2,725**	1,459	1,267	87%	**10%**	10%
Canadian Trade Offices	**864**	981	(117)	(12%)	**3%**	7%
Total excluding ABP	**$ 19,729**	$ 7,235	$ 12,494	>100%	**72%**	51%
ABP	**7,768**	6,841	928	14%	**28%**	49%
Total including ABP	**$ 27,497**	$ 14,076	$ 13,422	95%	**100%**	100%

The chart below presents Fees for service (excluding ABP) by business line and sector for the year ended March 31, 2023, and March 31, 2022.

Fees for service (excluding ABP), by business line and sector (in '000s), for the year ended March 31, 2023 and March 31, 2022



GOVERNMENT FUNDING

Federal Budget 2021 recognized the importance of CCC's role in administering the DPSA and restored an annual parliamentary appropriation of $13.0 million, commencing in fiscal year 2022–2023. As CCC does not receive Fees for service on DPSA contracts, this appropriation will serve to exclusively fund the administrative expenses incurred for the DPSA. In fiscal year 2021–2022, a one-time lump sum transfer from the Government of Canada was received for this purpose. For the year-ended March 31, 2023, the Corporation recognized government funding of $13.0 million, in line with $13.0 million for the prior year, as an offset to costs incurred for the administration of the DPSA.

ADMINISTRATIVE EXPENSES

The Corporation's total administrative expenses of $27.6 million for the year ended March 31, 2023, increased by $3.4 million compared to the previous year's level of $24.2 million. This increase was driven mainly by workforce compensation, consulting and communications, and travel expenditures. In the 2022–2023 fiscal year, CCC incurred increased workforce and compensation expenses ($812 thousand) due to filling staff vacancies and salary adjustments related to the ratification of a new collective agreement with the Professional Institute of the Public Service of Canada (PIPSC). CCC also incurred increased consulting and communications expenses ($1.6 million) related to the development of business growth strategies to bolster CCC's online marketing, information systems capabilities and security, and additional investments in digital transformation. As pandemic-related restrictions have eased, CCC has also incurred increased travel expenses ($780 thousand) to develop opportunities in the IPC business line.

	For the year ended March 31					
					% of Total	
Administrative expenses ($000s)	**2023**	**2022**	**$ Change**	**% Change**	**2023**	**2022**
Workforce compensation and related expenses	**$ 18,044**	$ 17,232	$ 812	5%	**66%**	71%
Consultants	**3,099**	1,667	1,432	86%	**11%**	7%
Contract management services	**2,192**	2,270	(78)	(3%)	**8%**	9%
Travel and hospitality	**1,028**	248	780	>100%	**4%**	1%
Rent and related expenses	**930**	923	7	<1%	**3%**	4%
Software, hardware and support	**820**	788	32	4%	**3%**	3%
Depreciation	**583**	585	(2)	>(1)%	**2%**	2%
Communications	**402**	258	144	56%	**1%**	1%
Other expenses	**479**	257	222	86%	**2%**	2%
Total	**$ 27,577**	$ 24,228	$ 3,349	14%	**100%**	100%

CCC continuously assesses expenditure levels to achieve cost efficiencies where possible. Budgets are managed on a continuous basis from the outset of the year with a view to controlling expenditures relative to forecasted business volumes and revenues. Additionally, CCC continues to strengthen its culture of innovation, invest in digital transformation and implement process changes to improve efficiency and increase the capacity of existing resources.

Statement of Financial Position discussion

Assets and liabilities include payments made to Canadian exporters prior to collecting from foreign buyers, and amounts received from foreign and other buyers that have not yet been transferred to Canadian exporters. As contractual performance obligations are fulfilled, balances for Cash, Accounts receivable, Accounts payable and accrued liabilities, which represent amounts at a specific point in time, can fluctuate widely (often on a daily basis).

ASSET AND LIABILITY POSITIONS

As at March 31, 2023, total assets of $268.3 million increased by $171.6 million, more than 100% from the prior year-end. The increase is mainly attributable to:

- an increase in Cash of $183.2 million, driven primarily by the receipt of advance payments from Government of Canada departments and foreign buyers. This was bolstered by timing differences between cash receipts from foreign buyers and the related payments to Canadian exporters, favourable exchange rate fluctuations on CCC cash balances, and higher yields earned on balances held on deposit; and
- this increase was offset by a decrease in accounts receivable of $11.2 million, from timing differences between payment to the Canadian exporter and a cash receipt from a foreign buyer, as explained above.

Total liabilities of $223.6 million increased by $152.1 million, or more than 100% from the prior year-end. This increase is primarily driven by:

- an increase in Advances of $164.5 million, primarily driven by advance payments received from Government of Canada departments; and
- this increase was offset by a decrease in Accounts payable and accrued liabilities of $12.5 million, from timing differences between cash receipts from foreign buyers and payments to Canadian exporters, as explained above.

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

EQUITY POSITION

Equity for the period increased by $19.5 million, reflecting year-to-date net profit of $20.5 million, reduced by the dividend of $1.0 million that was declared and paid during the year. The improved equity position will further support CCC's financial sustainability model.

As at ($000s)	March 31, 2023	March 31, 2022	$ Change	% Change
Total assets	**$ 268,263**	$ 96,676	$ 171,587	>100%
Total liabilities	**223,652**	71,604	152,048	>100%
Total equity	**44,611**	25,072	19,539	78%
Total liabilities and equity	**$ 268,263**	$ 96,676	$ 171,587	>100%

DIVIDEND DECLARATION

On June 7, 2023, in alignment with its Financial Management Policy and Dividend Policy, the Corporation's Board of Directors approved the issuance of a dividend of $4.0 million payable to its shareholder.

Corporate plan discussion

Beyond the DPSA, the Corporation operates in challenging global markets where government budgets are dynamic and subject to frequent changes. Demand for Canadian-made solutions varies with economic and geopolitical factors, which increases the complexity of G2G export sales and the duration of the sales cycle. In the face of these uncertainties, the Corporation is committed to a sustainable financial business model and plans for its fee-generating business lines to (at a minimum) break even each year. To this end, CCC engages in prudent financial management, strategically invests in critical capabilities, and focuses on creating value for Canadian stakeholders.

Comparison of financial results to 2022–2023 Corporate Plan

CCC's 2022–2023 to 2026–2027 Corporate Plan was approved by the Corporation's Board of Directors and submitted as required to the Minister of International Trade, Export Promotion, Small Business and Economic Development, and is pending approval.

The Corporation's favourable financial results for the year ended March 31, 2023, are due to increased IPC and Sourcing business line activity, stemming from the war in Ukraine. CCC recorded net profit of $20.5 million for the year, a favourable variance of $19.2 million compared to the Corporate Plan (Plan) budgeted net profit of $1.3 million.

Several factors contributed to these results:

- Favourable Fees for service variance ($12.4 million) in comparison to the Plan were due to increased deliveries in the agriculture and defence sectors. Fee-generating billing transactions can vary significantly due to the rapidly changing geopolitical business environment and the timing of contract signings and/or deliveries on CCC's large international contracts.
- The favourable Finance and other income variance ($6.6 million) in comparison to the Plan is the result of higher interest rates combined with larger than expected cash balances due to the timing of receipt of advances.
- The unfavourable non-DPSA expense variance ($196 thousand) in comparison to the Plan is primarily due to higher workforce compensation and related expenses, the higher than anticipated level of business travel and innovation-related expenses.
- Government funding is recorded as an offset to costs incurred related to the administration of the DPSA.
- The favourable gain on foreign exchange ($762 thousand).

The table below presents financial results compared to the Corporate Plan for the year ended March 31, 2023. It also presents a forward-looking view of the 2023–2024 Corporate Plan.

	2022–2023	2022–2023	Variance		2023–2024
	Actual	Plan	$	%	Plan
VCS ($000s)	**$ 2,265,295**	$ 1,360,000	$ 905,295	67%	$ 2,419,298
CTT ($000s)	**$ 3,551,501**	$ 2,439,212	$ 1,112,289	46%	$ 3,171,864

Net profit ($000s)	Actual	Plan	$	%	Plan
Revenues					
Fees for service	**$ 27,497**	$ 15,068	$ 12,429	82%	$ 22,100
Finance and other income	**7,053**	507	6,546	>100%	2,658
	34,550	15,575	18,975	>100%	24,758
Government funding	**13,000**	13,000	–	0%	13,000
Expenses					
DPSA expenses	**13,366**	13,000	(366)	(3%)	13,000
Non-DPSA expenses	**14,428**	14,232	(196)	(1%)	20,462
	27,794	27,232	(562)	(2%)	33,462
Gain on foreign exchange	**762**	–	762	>100%	–
Net profit	**$ 20,518**	$ 1,344	$ 19,174	>100%	$ 4,296

Looking forward: 2023–2024 Corporate Plan outlook

CCC's 2023–2024 to 2027–2028 Corporate Plan was approved by the Corporation's Board of Directors and submitted as required to the Minister of International Trade, Export Promotion, Small Business and Economic Development, and is pending approval.

In 2023–2024, CCC expects to meet Corporate Plan profit targets due to increased contract signings in IPC and Sourcing. Actual results achieved will be impacted by the changing geopolitical landscape and its impact on foreign buyer demand for Canadian solutions contracted through CCC. Finance and Other income are expected to be higher than the 2022–2023 Plan due to combined increases in yields and cash balances. Expenses are expected to be higher than 2022–2023 Plan as operations return to pre-pandemic levels, and as CCC invests in people, processes, and technology as a part of a larger commitment to grow Canadian exports. Management will proactively monitor and control expenditures relative to revenue forecasts throughout the year.

Historical Information

The five-year trends in selected financial metrics (VCS, CTT and Fees for service) presented below are followed by five-year trends in Comprehensive Income and Equity.

VCS, CTT and Fees for service

Over the five-year period starting April 1, 2018, and ending March 31, 2023, CCC signed $7.6 billion in new export contracts with Canadian companies and facilitated the delivery of $15.5 billion in goods and services from Canada to governments around the world. During the period, CCC earned $112.4 million in Fees for service. Of note, CCC's fees from the ABP program account for $48.2 million (43%) of the total fees earned over the period. As this program winds down, CCC will invest in targeted growth and efficiencies to offset the expected revenue loss.

Generally, trends in VCS and CTTs are correlated and subject to contract-by-contract timing differences between when contracts are signed and deliveries under contract are made. Trends in CCC's Fees for service are typically commensurate with CTT deliveries.

VCS, CTT, Fees for service ($000s)	Trend	2018–2019	2019–2020	2020–2021	2021–2022	2022–2023	5 Year Total
VCS		$ 1,296,742	$ 1,249,635	$ 1,345,669	$ 1,393,517	**$ 2,265,295**	$ 7,550,858
DPSA		816,154	927,874	921,685	867,839	**884,989**	4,418,541
International Prime		468,720	306,601	402,245	465,775	**903,806**	2,547,147
Sourcing		11,868	15,160	21,739	59,903	**476,500**	585,170
CTT		$ 3,415,663	$ 3,170,830	$ 2,921,315	$ 2,445,487	**$ 3,551,501**	$ 15,504,796
DPSA		711,371	738,942	850,043	803,913	**764,928**	3,869,197
International Prime		750,685	575,276	376,526	380,552	**984,774**	3,067,813
ABP Program		1,938,848	1,837,498	1,674,629	1,200,810	**1,470,830**	8,122,615
Sourcing		14,759	19,114	20,117	60,212	**330,969**	445,171
Fees for service		$ 28,391	$ 24,068	$ 18,400	$ 14,076	**$ 27,497**	$ 112,432
International Prime		14,571	9,412	6,619	4,795	**16,140**	51,537
ABP Program		11,591	12,337	9,666	6,841	**7,768**	48,203
Sourcing		2,229	2,319	2,115	2,440	**3,589**	12,692

Disaggregation of five-year total VCS

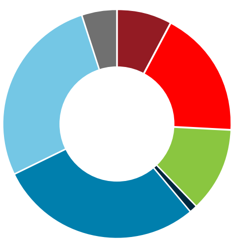
Over the five-year period beginning 2018–2019 and ending in 2022–2023, CCC signed new export contracts totalling $7.6 billion. These contracts were signed across CCC's three main lines of business, with exporters from across Canadian industrial sectors, to meet the needs of government buyers from around the world.

BY BUSINESS LINE

Business line	$ millions	%
International Prime	2,547	34%
Sourcing	585	8%
DPSA	4,419	58%
	7,551	**100%**

Over the five-year period, CCC signed 58% of new contracts (totalling $4.4 billion) under the DPSA business line, reflecting the enduring importance of the Canada-U.S. defence trade relationship. Of new business, 42% (totalling $3.1 billion) was conducted under the International Prime and Sourcing business lines with various governments around the world and with the Government of Canada.

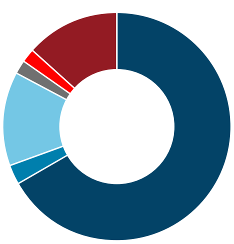
BY CANADIAN EXPORTER INDUSTRY SECTOR



Industry sector	$ millions	%
Advanced manufactured goods and services	631	8%
Aerospace	1,328	18%
Agriculture	919	12%
Construction / Infrastructure	67	1%
Defence	2,185	29%
Information Communications Technology	2,039	27%
Other	382	5%
	7,551	**100%**

CCC entered into export contracts with Canadian exporters from across Canada's industrial sectors, with 74% of new contracts (totalling $5.6 billion) concentrated in the Defence, Information Communications Technology and Aerospace sectors.

BY FOREIGN GOVERNMENT BUYER REGION



Buyer region	$ millions	%
North America	4,968	66%
North America (Caribbean)	226	3%
North America (Central America)	1,014	13%
South America	126	2%
Africa	170	2%
Europe	31	0%
Asia	1,015	13%
	7,551	**100%**

Buyers in North America and Asia accounted for the majority of new contracts signed during the five-year period. Buyers in North America accounted for 82% ($6.2 billion) and buyers in Asia accounted for 13% ($1.0 billion).

Comprehensive Income and Equity position

Over the five-year historical period, CCC earned positive Comprehensive Income in four of five years and increased its equity from $21.3 million in 2018–2019 to $44.6 million in 2022–2023. CCC aims to maintain an equity base that will withstand the effects of international business headwinds and contractual timing differences that can result in potential revenue shocks and/or operating losses. CCC's Board of Directors considers these matters and the Corporation's financial sustainability, working capital or cash position, and future financial requirements related to capital investments and risk coverage, when considering the issuance of a dividend to the Government of Canada.

Total comprehensive income (loss) ($000s)	Trend	2018–2019	2019–2020	2020–2021	2021–2022	2022–2023
Revenues						
Fees for service		$ 28,391	$ 24,068	$ 18,400	$ 14,076	**$ 27,497**
Finance and other income		2,563	1,584	395	443	**7,053**
		30,954	25,652	18,795	14,519	**34,550**
Government funding		–	4,500	4,000	13,000	**13,000**
Expenses						
Administrative expenses		27,005	27,279	23,746	24,228	**27,577**
Finance costs		–	343	228	229	**217**
		27,005	27,622	23,974	24,457	**27,794**
Gain (loss) on foreign exchange		167	47	(658)	(111)	**762**
Net profit (loss)		4,116	2,577	(1,837)	2,951	**20,518**
Other comprehensive income (loss)		1	(12)	14	30	**21**
Total comprehensive income (loss)		$ 4,117	$ 2,565	$ (1,823)	$ 2,981	**$ 20,539**

Equity ($000s)	Trend	2018–2019	2019–2020	2020–2021	2021–2022	2022–2023
Equity – beginning of the year		$ 17,232	$ 21,349	$ 23,914	$ 22,091	**$ 25,072**
Total comprehensive income (loss)		4,117	2,565	(1,823)	2,981	**20,539**
Dividends paid to Government of Canada		–	–	–	–	**(1,000)**
Equity – end of the year		$ 21,349	$ 23,914	$ 22,091	$ 25,072	**$ 44,611**

CCC's commitment to risk management

Risk management

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

A proactive approach to managing risk and opportunities is critical to ensure that the Corporation's overall objectives are met and that exporters receive the highest level of service and support. Limits to risks are monitored in part through CCC's Capital Allocation Model and through strong governance oversight from the Risk and Opportunities Committee (ROC), whose voting members include CCC's four vice-presidents.

Risk governance

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

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

Key risks facing CCC

The key risks that could impact Corporate Plan objectives are highlighted below. These risks are regularly reviewed with the Board of Directors through the quarterly reporting process. At any time, escalation to the Board is required when risks surpass acceptable tolerance levels.

BUSINESS ENVIRONMENT RISK

This risk relates to "changes in economic, social, legal, or environmental conditions that could result in changes in demand for CCC's services"[7]. The Corporation sets its Corporate Plan targets in the context of the expected business environment and adapts strategies and processes as necessary in response to changes. During the year, business environment risk reflected the continued war in Ukraine, the impact of rising inflation and interest rates on exporters and foreign buyers, supply chain issues, and the tendency towards greater protectionism internationally.

REPUTATIONAL RISK

This risk relates to "CCC's actions or inactions result in tarnishing CCC's reputation with stakeholders, buyers and/or Canadian exporters". This risk is mitigated through strong transactional due diligence that integrates environmental, social and governance (ESG) best practices, including responsible business conduct (RBC). CCC's role in the sale of defence products and services internationally can lead to reputational issues with certain groups within civil society, therefore the Corporation communicates regularly with all stakeholders and ensures its activities are aligned with the Government of Canada's international trade policy.

HUMAN RESOURCES AND ORGANIZATIONAL RISK

This risk reflects the possibility of "not having a) the right corporate structure or b) the correct number of people and/or the required skill sets to meet client expectations and overall corporate objectives". The Corporation has already experienced the effects of higher retirement rates and a competitive labour market, leading to a loss of corporate knowledge and overall experience within CCC's workforce. This trend is expected to continue over the next five years. Staffing shortages can also contribute to execution risk as related to CCC's priorities. The Corporation has focused on developing a strategic three-year Human Resources plan to address foundational solutions. CCC also negotiated a renewed labour agreement that provides stability to the labour force going forward.

SECURITY RISK

This risk relates to potential failure regarding "safeguarding of the Corporation's people, valued assets (including information) and continued delivery of essential services". A hybrid workforce creates concerns regarding employees accessing CCC data and information remotely and handling paper documents outside CCC offices. Security risk also reflects the rise of malicious state and non-state actors in the wake of the ongoing crisis in Ukraine. Mandatory training was provided to all employees that highlights key information security risks, leveraging the timing of the Government of Canada's annual "Security Awareness Week". The Information Management and Technology team developed added guidance for staff related to the management and destruction requirements for paper-based information within the office and home office environments.

EXPORTER PERFORMANCE RISK

This risk relates to the potential "failure to deliver the promised goods and/or services to CCC under its responsibilities with respect to the domestic contract". The Corporation's due diligence process reviews all potential exporters to ensure that their financial, managerial and technical capabilities are strong and that no integrity issues are present. During the year, exporter performance risk remained elevated, reflecting the higher inflation and interest rate environment, and shortages in the labour market. In certain circumstances, CCC has worked with buyers and exporters on existing CCC contracts to renegotiate pricing or to find other solutions to help adjust for inflationary pressures.

7 All quotations related to risk definitions are sourced from the Corporation's Enterprise Risk Management Framework.

Remaining categories of risks

The following outlines the balance of the risk categories monitored through the Corporation's Enterprise Risk Management program.

ENTERPRISE-WIDE RISKS

The following enterprise-wide risks are those that may impede the Corporation's ability to meet its overall objectives.

Mandate risk

This risk relates to CCC operating "in activities beyond its mandate, or that its services do not adequately lead to the successful fulfillment of its mandate". Aligning CCC's activities with direction from its Minister through the *Statement of Priorities and Accountabilities* ensures operations remain within the scope of CCC's mandate. Transparency around this alignment is achieved through the Corporate Plan, which identifies proposed business lines and major activities for the planning period. Further, the ROC reviews proposed transactions within its pipeline of potential projects to ensure that CCC's mandate is respected.

Financial risk

This risk relates to "CCC's financial position not being strong enough to meet its liquidity or capital requirements given the risk exposure of the Corporation". The Corporation's Capital Allocation Model measures risk exposures across three risk portfolios: exporter performance, operational, and credit risk. The model compares the combined risk exposure of these three portfolios against CCC's available capital. Results are reported to the Board of Directors on a quarterly basis. During the year, CCC had no instances of capital deficiency. Based on current Corporate Plan projections, CCC will continue to have an appropriate capital position going forward.

In addition, during fiscal year 2022–2023, CCC's Board of Directors approved a Financial Management Policy that defines the key elements of long-term financial self-sustainability. This policy informs the Corporation's planning activities, including dividend decisions, and helps mitigate financial risks.

Responsible business conduct (RBC) risk

RBC risk relates to the possible "failure to act responsibly, mitigate issues related to bribery or corruption, ensure that human rights are respected and/or protect the environment from negative impacts that may result in poor public perception of the organization".

Areas of concern relate to CCC participating in export transactions where there is a connection between the proposed export and potentially negative consequences related to human rights and humanitarian law and/or where bribery and corruption is alleged to have occurred.

During the year, the Corporation developed and released a "Code for Exporters" based on CCC's commitment to ESG principles, and support for the UN Sustainable Development Goals. This Code applies to all exporters working with CCC, their employees, and subcontractors. CCC expects exporters to conduct business in a manner consistent with this Code by integrating responsible business practices throughout their operations and supply chains. CCC commits to working collaboratively with exporters to address aspects of this Code, recognizing that these values deliver confidence and high standards to exporters, the Government of Canada and foreign government buyers all while allowing exporters to mitigate risks, build resilience against disruptions and stay competitive and consistent with the Government of Canada's approach to inclusive trade and the Ten Principles of the UN Global Compact[8].

The Corporation continues to mature its processes around Human Rights and Integrity Compliance. Ongoing RBC training for employees ensures that ESG principles remain top of mind while the Corporation looks to undertake new export contracts.

CORPORATE RISKS

This is the second major risk category managed by CCC. It refers to risks related to the Corporation's information management, information systems, people, policies/procedures and business continuity planning. The following corporate risks are managed at the business and functional unit level and are the responsibility of the vice-presidents.

Information management and data governance risk

This risk relates to "information (electronic and paper based) not being securely managed so as to protect its integrity and safekeeping, leading to inefficient and ineffective decision-making". As a facilitator of international government-to-government trade for the Government of Canada, CCC is the custodian of sensitive information from foreign governments, Canadian customers and Government of Canada departments and agencies. CCC remained vigilant in 2022–2023 regarding the protection of its digital resources and aligning its security posture with the National Institute of Standards and Technology Cyber Security Framework. During the year, the Corporation focused on developing a renewed Data Management and Governance Roadmap to provide strategic direction to improvements and investments in IT. Further, the creation of a cross-functional IM/IT Steering Committee provides further oversight and ensures a holistic view of the IM/IT priorities is in place.

Information system risk

This risk relates to "appropriate information systems becoming unavailable or not adequately generating relevant data for decision-making in an efficient and effective manner". In 2022–2023, risk of unauthorized access to CCC's systems by sophisticated third parties increased, giving rise to the potential for breach. CCC's membership in the Canadian Centre for Cybersecurity Awareness ensures that the Corporation is notified of any threats, real or perceived, and amplifies CCC's ongoing evaluation and adaptation of its systems and processes. Growth of phishing and ransomware attacks also amplify cyber risk across the employee base; CCC's awareness-building and cyber security training program for employees helped mitigate cyber risk and helped maintain an incident-free IT environment in 2022–2023.

8 > The Ten Principles | UN Global Compact

Policies, processes and contracting risk

The risk of "financial losses or inefficient use of resources that may develop due to the lack of appropriate policies, systems and processes in place". The Internal Audit function reviews key areas of risk to the Corporation and reports findings related to adherence to policies, processes and the effectiveness of controls to management and the Board. During the year, key risks in this area continued to reflect those related to working remotely and were addressed through cyber security training.

Fraud risk

This risk relates to the possibility of the Corporation being the "target of an intentional deception made for personal gain". Policies and procedures have been established along with internal controls to ensure this risk is minimized. During the year, management updated its annual Fraud Risk Self-Assessment and notified staff as to the key areas of focus, including continued vigilance regarding the authenticity and accuracy of invoices related to CCC's export contracts and fraud via cybersecurity threats.

TRANSACTIONAL RISKS

This third major category of risk managed by CCC reflects the risks related to export transactions. The Corporation is sensitive to the need to protect its shareholder by effectively and prudently managing these risks. The following transactional risks are evaluated prior to entering export contracts.

Integrity and human rights risk

This risk refers to the possibility that "CCC's international projects result in: bribery or corruption; negative impacts on human rights; and/or, being out of alignment with the United Nations Guiding Principles on Business and Human Rights". CCC has an Integrity Compliance Committee and a Human Rights Committee in place to perform due diligence and risk assessments to inform decision-making relating to export transactions. As discussed earlier, the Corporation developed a "Code for Exporters" outlining CCC's expectations with respect to labour and human rights, health and safety, environmental protection, transparent and responsible supply chains, and compliance with laws, including those prohibiting bribery and corruption. The Code for Exporters is available on CCC's website[9].

Project, contractual and foreign environment risk

This risk refers to the unique risks related to "export transactions being considered or that are underway. Subcategories of this risk include in-country issues such as buyer credit capacity and behaviour, local legal framework, social and cultural differences".

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

9 > CCC Code for Exporters

Financial statements

Management responsibility for financial statements

The financial statements of the Canadian Commercial Corporation and all information presented in this annual report are the responsibility of management. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), 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 of the Board of Directors 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, conducts an independent audit of the financial statements in accordance with Canadian generally accepted auditing standards, and expresses an opinion on the financial statements.

Bobby Kwon President and Chief Executive Officer	**Juliet Woodfield** Vice-President of Corporate Services and Chief Financial Officer

Ottawa, Canada
June 7, 2023

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Canadian Commercial Corporation (the Corporation), which comprise the statement of financial position as at 31 March 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Compliance with Specified Authorities

Opinion

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

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

Responsibilities of Management for Compliance with Specified Authorities

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

- 4 -

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

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

Sophie Bernard, CPA
Principal
for the Auditor General of Canada

Ottawa, Canada
7 June 2023

(in thousands of Canadian dollars, unless otherwise indicated)

Statement of Financial Position

As at March 31	Notes	2023	2022
ASSETS			
Current assets			
Cash	4	**$ 250,037**	$ 66,814
Accounts receivable	5, 14	**13,070**	24,268
Other assets	6	**764**	752
		263,871	91,834
Non-current assets			
Property and equipment	7	**1,748**	1,893
Right-of-use assets	8	**2,644**	2,949
		4,392	4,842
Total assets		**$ 268,263**	$ 96,676
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9, 14	**$ 26,159**	$ 38,669
Advances		**189,557**	25,073
Deferred revenue	10	**1,360**	607
Lease liabilities	11	**521**	505
Employee benefits	12	**963**	1,110
		218,560	65,964
Non-current liabilities			
Lease liabilities	11	**4,946**	5,467
Employee benefits	12	**146**	173
		5,092	5,640
Total liabilities		**223,652**	71,604
EQUITY			
Contributed capital		**10,000**	10,000
Retained earnings		**34,611**	15,072
Total equity		**44,611**	25,072
Total liabilities and equity		**$ 268,263**	$ 96,676
Lease commitments	11		
Contingencies	20		

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

Authorized for issue by the Board of Directors on June 7, 2023

Douglas J. Harrison
Chair, Board of Directors

Guy Desrochers
Chair, Audit Committee

(in thousands of Canadian dollars, unless otherwise indicated)

Statement of Comprehensive Income

For the year ended March 31	Notes	2023	2022
REVENUES			
Fees for service	15	$ **27,497**	$ 14,076
Finance income		**6,851**	181
Other income	16	**202**	262
		34,550	14,519
GOVERNMENT FUNDING			
Parliamentary appropriation	17	**13,000**	–
Transfers from Government of Canada	17	**–**	13,000
		13,000	13,000
EXPENSES			
Administrative expenses	18	**27,577**	24,228
Finance costs	11	**217**	229
		27,794	24,457
Net income before gain (loss) on foreign exchange		**19,756**	3,062
Gain (loss) on foreign exchange		**762**	(111)
Net profit		$ **20,518**	$ 2,951
OTHER COMPREHENSIVE INCOME ITEMS THAT WILL NOT BE RECLASSIFIED TO NET PROFIT (LOSS)			
Actuarial gain on employee benefits obligation	12	**21**	30
Total comprehensive income		$ **20,539**	$ 2,981

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

(in thousands of Canadian dollars, unless otherwise indicated)

Statement of Changes in Equity

For the year ended March 31, 2023	Notes	Contributed Capital	Retained Earnings	Total
BALANCE MARCH 31, 2022		**$ 10,000**	**$ 15,072**	**$ 25,072**
Net profit			**20,518**	**20,518**
Actuarial gain on employee benefits obligation	12		**21**	**21**
Total comprehensive income			**20,539**	**20,539**
Dividend	13		**(1,000)**	**(1,000)**
BALANCE MARCH 31, 2023		**$ 10,000**	**$ 34,611**	**$ 44,611**

For the year ended March 31, 2022	Note	Contributed Capital	Retained Earnings	Total
BALANCE MARCH 31, 2021		$ 10,000	$ 12,091	$ 22,091
Net profit			2,951	2,951
Actuarial gain on employee benefits obligation	12		30	30
Total comprehensive income			2,981	2,981
BALANCE MARCH 31, 2022		$ 10,000	$ 15,072	$ 25,072

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

(in thousands of Canadian dollars, unless otherwise indicated)

Statement of Cash Flows

For the year ended March 31	Notes	2023	2022
OPERATING ACTIVITIES			
Net profit		$ 20,518	$ 2,951
Adjustments to determine net cash from (used in) operating activities:			
Depreciation property and equipment	7	278	277
Depreciation right-of-use assets	8	305	308
Employee benefit expense (recovery)	12	(93)	64
Employee benefit payments	12	(60)	(54)
(Gain) loss on foreign exchange		(2,350)	726
Change in working capital from:			
Accounts receivable	5, 14	11,198	(434)
Other assets	6	(12)	(185)
Accounts payable and accrued liabilities	9, 14	(12,510)	11,822
Advances		164,484	2,933
Deferred revenue	10	753	202
Cash provided by operating activities		182,511	18,610
INVESTING ACTIVITIES			
Acquisitions of property and equipment	7	(133)	(72)
Cash used in investing activities		(133)	(72)
FINANCING ACTIVITIES			
Principal repayment of lease liabilities	11	(505)	(446)
Dividend paid	13	(1,000)	–
Cash used in financing activities		(1,505)	(446)
Effect of exchange rate changes on cash		2,350	(726)
Net increase in cash		183,223	17,366
Cash and cash equivalents at the beginning of the year		66,814	49,448
Cash at the end of the year		$ 250,037	$ 66,814
Supplementary disclosure of cash flows from operating activities			
Amount of interest received		$ 6,601	$ 181
Amount of interest paid		$ 177	$ 199

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

1. Nature, organization and funding

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

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

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

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

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

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

2. Basis of preparation

a) Compliance with International Financial Reporting Standards (IFRS)

These financial statements have been prepared in accordance with IFRS as issued in the Chartered Professional Accountants (CPA) Canada Handbook – Accounting as at, and for, the year ended March 31, 2023.

b) Basis of measurement

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

- Accrued employee benefit liabilities for post-employment and other long-term employee benefit plans are recognized at the present value of the defined benefit obligations.

c) Use of estimates and judgments

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

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

KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

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

iv) Unsatisfied (or partially unsatisfied) performance obligations

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

v) Provisions and contingent liabilities

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

vi) Allocation of expenses to administer the DPSA

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

JUDGMENTS

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

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

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

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

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

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

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

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

- Whether a contract contains a lease or a service, and whether it conveys the right to control the use of an identifiable asset for a period of time in exchange for consideration. Factors used by management to determine whether a contract meets the definition of a lease include, but are not limited to:
  - Whether an identified asset exists – the asset may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset cannot be identified;
  - Whether a right exists to obtain substantially all the economic benefits, and;
  - Whether the Corporation has the right to direct the use of the asset. The Corporation has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.
- The appropriate lease term, in consideration of early termination or extension options, to be considered in measurement of the lease liability. In making this assessment, management considers a number of factors, including past practice, market conditions, recent leasehold improvements, the economic benefits of exercising the options and contract specific termination clauses. The Corporation reassesses whether or not an option would be reasonably certain to be exercised when a significant event or significant change in circumstances occur.

- The appropriate incremental borrowing rate (IBR) to discount the lease payments, when the interest rate implicit in the lease is not readily determinable. The IBR is the rate of interest that the Corporation would have to pay to borrow funds over similar terms and with similar security to obtain an asset of similar value to the underlying asset of the lease. The Corporation's IBR is based on the yields of zero-coupon Government of Canada bonds with durations approximating the lease term adjusted for the Corporation's financing spread.
- The appropriate term over which the right-of-use asset should be depreciated; and whether existing right-of-use assets are subject to impairment. Some indicators of impairment that management may consider include changes in the current and expected future use of the right-of-use asset and obsolescence or physical damage to the right-of-use asset. Further information on the Corporation's lease liabilities and right-of-use assets are provided in note 3(j).

vi) Provisions and contingent liabilities

In determining whether an item is recognized in the financial statements as a provision or disclosed as a contingent liability in the notes, management must exercise judgment. Such judgments include whether the obligation is a present obligation or a possible obligation, whether it is probable that an outflow of resources will be required to settle the obligation, and whether a reliable estimate of the obligation can be made. In making this determination, management may use past experience, prior external precedents and the opinion and views of legal counsel. Further information on the Corporation's provision and contingent liabilities are provided in note 3(k).

d) Functional and presentation currency

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

3. Significant accounting policies

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

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

a) Contracts

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

FEES FOR SERVICE REVENUE

Performance Obligations

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

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

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

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

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

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

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

Sourcing

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

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

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

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

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

DPSA

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

UNBILLED REVENUE ASSETS AND DEFERRED REVENUE LIABILITIES

Unbilled revenue are financial assets representing the Corporation's right to receive Fees for service for the completion of performance obligations that are not yet billed as at the reporting date. Unbilled revenue is included in Other Assets on the Statement of Financial Position.

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

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

ADVANCES

Advances are financial liabilities and represent funds received from foreign buyers and others being held by the Corporation for future payments to Canadian exporters and others. The Corporation recognizes the advances received from foreign buyers and others as advance liabilities which are reduced as amounts become payable to Canadian exporters and others.

b) Government funding

PARLIAMENTARY APPROPRIATION

A parliamentary appropriation that is not in the nature of contributed capital is recognized as revenue in the year for which it is appropriated, once authorized by the Parliament of Canada. An appropriation that is restricted by legislation and related to expenses of future periods is deferred and recognized as revenue in the period when the related expenses are incurred.

The parliamentary appropriation is to be used exclusively for expenses related to the administration of the DPSA. Any unused appropriation at the end of a fiscal year is to be returned to the government.

An authorized parliamentary appropriation used for the purchase of property and equipment is deferred and amortized on the same basis as the related asset.

TRANSFERS FROM THE GOVERNMENT OF CANADA

Transfers from the Government of Canada in 2021–2022 are funds received to be used exclusively for the administration of the DPSA.

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

c) Other income and early payments made to exporters

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

d) Finance income

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

e) Finance costs

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

f) Foreign currency translation

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

g) Fair value measurement

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

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

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

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

The fair value of accounts receivable, unbilled revenue, advances, and accounts payable and accrued liabilities approximates their carrying value due to their relative short-term nature.

h) Financial instruments

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

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

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

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

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

NON-DERIVATIVE FINANCIAL INSTRUMENTS

i) Cash and cash equivalents

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

ii) Accounts receivable

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

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

iii) Accounts payable and accrued liabilities, and advances

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

IMPAIRMENT OF ACCOUNTS RECEIVABLE AND UNBILLED REVENUE

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

i) Changes in credit risk

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

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

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

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

ii) Write-off policy

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

i) Property and equipment

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

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

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

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

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

IMPAIRMENT OF PROPERTY AND EQUIPMENT

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

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

j) Right-of-use assets and lease liabilities

RIGHT-OF-USE ASSETS

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

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

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

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

LEASE LIABILITIES

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

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

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

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

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

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

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

The Corporation has elected to apply the following practical expedients:

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

k) Provisions and contingent liabilities

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

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

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

l) Pension and employee benefits

PENSION BENEFITS

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

EMPLOYEE SEVERANCE BENEFITS

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

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

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

EMPLOYEE SICK LEAVE BENEFITS

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

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

OTHER EMPLOYEE BENEFITS

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

m) Application of new and revised International Financial Reporting Standards

STANDARDS ADOPTED EFFECTIVE APRIL 1, 2022

In May 2020, the IASB published Onerous Contracts — *Cost of Fulfilling a Contract (Amendments to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets)* amending the standard regarding costs an entity should include as the cost of fulfilling a contract when assessing whether a contract is onerous. The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts. The adoption of the amendments had no impact on the Corporation's financial statements since the Corporation did not have any contracts meeting the definition of onerous contracts.

In September 2020, the IASB issued an amendment to *IFRS 9 – Financial Instruments* regarding fees in the '10 per cent' test for derecognition of financial liabilities. The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The adoption of the amendment had no impact on the Corporation's financial statements since the Corporation does not have any long-term financial liabilities to which the 10 per cent derecognition test applies.

(in thousands of Canadian dollars, unless otherwise indicated)

STANDARDS AND AMENDMENTS NOT YET IN EFFECT

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

In May 2017, the IASB issued *IFRS 17 – Insurance Contracts*. The new standard requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. In June 2020, the IASB issued amendments to *IFRS 17* targeted to address implementation concerns and challenges raised by stakeholders. In September 2022, the IASB amended *IFRS 17* to add a transition option relating to comparative information about financial assets presented on initial application of *IFRS 17*. *IFRS 17* as amended is effective for annual periods beginning on or after January 1, 2023. The assessment of *IFRS 17* is in progress. Based on preliminary analysis, CCC is not expecting *IFRS 17* to have a significant impact on the Corporation's financial statements.

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

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

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

4. Cash

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

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

	2023		2022	
	Original currency	Canadian dollars	Original currency	Canadian dollars
Canadian dollars	**142,257**	**$ 142,257**	32,827	$ 32,827
U.S. dollars	**70,331**	**95,052**	26,793	33,478
Euros	**8,344**	**12,225**	–	–
Chinese renminbi	**2,553**	**503**	2,587	509
		$ 250,037		$ 66,814

(in thousands of Canadian dollars, unless otherwise indicated)

5. Accounts receivable

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

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

	2023	2022
Accounts receivable	$ 12,820	$ 24,329
Accrued receivables	250	11
Allowance for expected credit loss	–	(72)
	$ 13,070	$ 24,268

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

	2023		2022	
	Original currency	Canadian dollars	Original currency	Canadian dollars
U.S. dollars	8,603	$ 11,627	18,231	$ 22,779
Canadian dollars	1,443	1,443	1,489	1,489
		$ 13,070		$ 24,268

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

6. Other assets

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

	2023	2022
Prepaid expenses	$ 662	$ 657
Unbilled revenues	102	95
	$ 764	$ 752

(in thousands of Canadian dollars, unless otherwise indicated)

7. Property and equipment

For the year ended March 31, 2023	Furniture and Equipment	Leasehold improvements	Information systems-hardware	Total
Cost				
Balance March 31, 2022	$ 1,001	$ 2,802	$ 660	$ 4,463
Additions	–	–	133	133
Balance March 31, 2023	$ 1,001	$ 2,802	$ 793	$ 4,596
Accumulated depreciation				
Balance March 31, 2022	$ 998	$ 1,115	$ 457	$ 2,570
Depreciation	3	174	101	278
Balance March 31, 2023	$ 1,001	$ 1,289	$ 558	$ 2,848
Carrying amounts				
Balance March 31, 2022	$ 3	$ 1,687	$ 203	$ 1,893
Balance March 31, 2023	$ –	$ 1,513	$ 235	$ 1,748

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

(in thousands of Canadian dollars, unless otherwise indicated)

8. Right-of-use assets

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

	2023			2022		
	Office space	Equipment	Total	Office space	Equipment	Total
Balance at the beginning of the year	$ 2,949	$ –	$ 2,949	$ 3,255	$ 2	$ 3,257
Depreciation	(305)	–	(305)	(306)	(2)	(308)
Balance at the end of the year	$ 2,644	$ –	$ 2,644	$ 2,949	$ –	$ 2,949

9. Accounts payable and accrued liabilities

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

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

	2023	2022
Accounts payable	$ 22,187	$ 35,994
Accrued liabilities	3,972	2,675
	$ 26,159	$ 38,669

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

	2023		2022	
	Original currency	Canadian dollars	Original currency	Canadian dollars
U.S. dollars	10,136	$ 13,697	27,050	$ 33,799
Canadian dollars	12,437	12,437	4,831	4,831
Chinese renminbi	127	25	199	39
		$ 26,159		$ 38,669

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

(in thousands of Canadian dollars, unless otherwise indicated)

10. Deferred revenue

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

	2023	2022
Balance at the beginning of the year	$ 607	$ 405
Plus: additional deferred revenue	2,804	141
Plus: additional deferred revenue from cumulative catch-up adjustment	–	169
Less: amounts recognized as Fees for service	(2,041)	(209)
Impact of netting unbilled and deferred revenue from same contract	(10)	101
Balance at the end of the year	$ 1,360	$ 607

11. Lease liabilities

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

In November 2014, the Corporation entered into a fifteen-year lease agreement for office space at the Corporation's current location. The lease payments commenced on December 1, 2016, and the lease expires at the end of November 2031 with an option to extend the term of the lease for an additional five years. The option to extend the lease term is not included in the initial measurement of the right-of-use asset and lease liability, since at contract inception, CCC was not reasonably certain to exercise the option.

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

	2023			2022		
	Office space	Equipment	Total	Office space	Equipment	Total
Balance at the beginning of the year	$ 5,972	$ -	$ 5,972	$ 6,416	$ 2	$ 6,418
Interest expense	177	–	177	192	–	192
Lease payments	(682)	–	(682)	(636)	(2)	(638)
Balance at the end of the year	$ 5,467	$ -	$ 5,467	$ 5,972	$ –	$ 5,972

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

	2023		2022	
	Office space	Total	Office space	Total
Current	$ 521	$ 521	$ 505	$ 505
Non-current	4,946	4,946	5,467	5,467
	$ 5,467	$ 5,467	$ 5,972	$ 5,972

(in thousands of Canadian dollars, unless otherwise indicated)

Interest expense related to lease liabilities are included in finance cost. The Corporation's administrative expenses include $804 (2022 — $773) related to variable lease payments not included in the measurement of lease liabilities. For the year ended March 31, 2023 and March 31, 2022, there were no significant expenses related to leases of low-value assets and short-term leases for which the recognition exemption has been applied.

The maturity profile of the Corporation's lease liabilities was as follows as at March 31, 2023:

	Office space	Total
Less than 5 years	$ –	$ –
5 to 12 years	5,467	5,467
	$ 5,467	$ 5,467

The Corporation is exposed to estimated future cash outflows (undiscounted) of $7,598 related to variable lease payments and potential lease payments amounting to $8,459 in the event that it exercises the extension option on its head office lease. These amounts are not included in the measurement of the Corporation's lease liabilities.

12. Pension and employee benefits

a) Pension benefits

Substantially all of the employees of the Corporation are covered by the public service pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employee required contributions. The Corporation's current contribution rates effective at year end were 1.02 times the employees' contribution to the Plan for plan members who were participating in the plan prior to January 1, 2013 (2022 — 1.02 times) and 1.0 times for plan members who were participating in the plan on or after January 1, 2013 (2022 — 1.0 times). The Corporation's total contributions for 2023 of $1,464 (2022 — $1,488) were recognized as workforce compensation and related expenses under administrative expenses within profit 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.

(in thousands of Canadian dollars, unless otherwise indicated)

b) Employee benefits

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

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

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

	2023			2022		
	Sick Leave	Severance	Total Benefits	Sick Leave	Severance	Total Benefits
Current	$ 929	$ 34	$ 963	$ 1,075	$ 35	$ 1,110
Non-current	–	146	146	–	173	173
	$ 929	$ 180	$ 1,109	$ 1,075	$ 208	$ 1,283

The reduction in the employee sick leave benefits liability over the next twelve months is expected to be $63 (2022 — $74).

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

	Sick leave benefits		Severance benefits	
	2023	2022	2023	2022
Accrued benefit obligations				
Balance at beginning of year	$ 1,075	$ 1,085	$ 208	$ 218
Current service cost	129	132	13	14
Interest cost	44	34	8	6
Benefits paid	(32)	(54)	(28)	–
Actuarial gains	(287)	(122)	(21)	(30)
Total accrued benefit obligations at end of year	$ 929	$ 1,075	$ 180	$ 208

Included in administrative expenses as workforce compensation and related expenses was a recovery of $114 (2022 — expense of $44) for sick leave benefits and an expense of $21 (2022 —$20) for severance benefits related to the change in liability of these benefits in the reporting period and changes in management estimates.

(in thousands of Canadian dollars, unless otherwise indicated)

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

	Sick leave benefits		Severance benefits	
	2023	**2022**	**2023**	**2022**
Actuarial losses (gains) arising from:				
Changes in demographic assumptions	**$ (47)**	$ 2	**$ –**	$ (3)
Changes in economic assumptions	**(88)**	(38)	**(9)**	(8)
Experience adjustments	**(152)**	(86)	**(12)**	(19)
Total actuarial (gains)	**$ (287)**	$ (122)	**$ (21)**	$ (30)

At March 31, 2023, the net cumulative actuarial losses on employee severance benefits obligation recognized in other comprehensive income that were transferred to retained earnings totalled $629 (2022 — $650).

	Sick leave benefits		Severance benefits	
	2023	**2022**	**2023**	**2022**
Economic assumptions				
Accrued benefit obligations as of March 31				
Discount rate	**4.81%**	3.90%	**4.79%**	3.77%
Rate of economic salary increase	**2.00%**	2.00%	**2.00%**	2.00%
Benefit costs for year ended March 31				
Discount rate	**3.90%**	3.05%	**3.77%**	2.60%
Rate of economic salary increase	**2.00%**	2.50%	**2.00%**	2.50%

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.

(in thousands of Canadian dollars, unless otherwise indicated)

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

	Sick leave benefits		Severance benefits	
	2023	2022	2023	2022
Effect of an increase of 1%				
Discount rate	**$ (90)**	$ (103)	**$ (9)**	$ (11)
Rate of economic salary increase	**$ 113**	$ 127	**$ 9**	$ 12
Effect of a decrease of 1%				
Discount rate	**$ 107**	$ 122	**$ 10**	$ 12
Rate of economic salary increase	**$ (96)**	$ (109)	**$ (9)**	$ (11)

This sensitivity analysis is hypothetical and must be used with caution. Changes in amount based on these variations in assumptions generally cannot be extrapolated because the relationship of the change in assumptions to the change in amounts may not be linear. The sensitivity analysis has been calculated independently of changes in other assumptions. Changes in one factor may result in changes in another, which could amplify or reduce certain sensitivities. Methods used in determining this sensitivity analysis are consistent with those used to determine the sick leave and severance benefit plans' accrued benefit obligations in March 2023.

The weighted-average duration of the sick leave and severance accrued benefits obligations were 11.08 years (10.84 years for March 2022) and 5.3 years (5.6 years for March 2022) respectively.

13. Capital management

The Corporation's objective with respect to capital management is to operate on a financially self-sustaining basis and deliver on its legislated mandate as a going-concern. This objective, and the implementation of strategies to optimize operating surpluses, ensures that capital is available to meet commitments as they become due; undertake investments to ensure the efficiency and effectiveness of operations; sustain the Corporation's workforce, facilities, systems and processes; and ensure that the Corporation maintains sufficient capital to backstop financial exposures to potential losses related to operational, performance and credit risks.

The Corporation defines capital as its contributed capital received from the Government of Canada and its retained earnings.

The Corporation is not subject to externally imposed capital requirements.

CCC considers four factors in managing its capital and determining financial sustainability: The timing of contractual revenues and expenses, net results of operations, working capital requirements, and equity position. Key strategies used by the Corporation to manage its capital base include minimizing contract remediation expenses, balancing growth with operating expenses, minimizing foreign exchange exposure and optimizing interest income.

(in thousands of Canadian dollars, unless otherwise indicated)

On an annual basis, CCC's Board of directors considers the issuance of a dividend, or other forms of repatriation of capital, to the Government of Canada based on an analysis of CCC's financial sustainability, working capital or cash position, and future financial requirements for investments and risk coverage. As well, at the discretion of the Government of Canada, 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.

On June 7, 2023, the Corporation's Board of Directors approved the issuance of a dividend of $4.0 million payable to its shareholder.

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

	2023	2022
Contributed capital	$ 10,000	$ 10,000
Retained earnings	34,611	15,072
	$ 44,611	$ 25,072

14. Risk management and financial instruments

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

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

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

a) Credit risk

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

CASH AND CASH EQUIVALENTS

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

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

ACCOUNTS RECEIVABLE

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

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

As at March 31, 2023, 89% (March 31, 2022 — 63%) of the Corporation's accounts receivable were from AAA credit rated counterparties.

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

(in thousands of Canadian dollars, unless otherwise indicated)

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

	2023	2022
Balance at the beginning of the year	$ 72	$ 146
Net remeasurement of loss allowance	16	(32)
Amounts written off	(89)	(42)
Loss on foreign exchange	1	–
Balance at the end of the year	$ –	$ 72

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

The Corporation recognized a loss allowance for expected credit loss of $16 (2022 — $15) related to accounts receivable from foreign buyers and other entities arising from contracts with customers. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

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

	2023	2022
United States	$ 8,732	$ 14,032
Canada	2,949	1,329
Central America and Caribbean	594	484
Africa	519	192
South America	276	–
Asia *	–	8,231
	$ 13,070	$ 24,268

** Includes Middle East*

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

	2023	2022
< 30 days	$ 3,455	$ 1,277
> 30 days and < 180 days	2,245	1,344
> 180 days	1,738	2,941
	$ 7,438	$ 5,562

All overdue accounts receivable are considered fully collectable as at March 31, 2023 as it is normal for the Corporation to encounter delays in collecting certain accounts receivable as a result of the foreign environment in which it operates.

b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Corporation is not exposed to significant interest rate risk or other price risk, however, as noted below, does have currency risk exposure.

CURRENCY RISK

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation is exposed to foreign currency risk on its accounts receivable and accounts payable denominated in foreign currencies due to timing differences between their initial recognition and the actual receipt or payment of cash. Assuming that all other variables remain constant, a hypothetical 5% appreciation of the U.S. dollar against the Canadian dollar would decrease the Corporation's net income as of March 31, 2023 by approximately $104 (March 31, 2022 — $551). A hypothetical 5% weakening of the U.S. dollar against the Canadian dollar would have approximately the equal, but opposite effect. To address foreign exchange risks, contracts with foreign buyers and corresponding contracts with Canadian exporters are generally transacted in the same currency. In some cases where payment between parties is made in a different currency, the Corporation may enter into forward contracts. Generally, the Corporation uses these strategies to effectively transfer the currency risk to the Canadian exporter.

INTEREST RATE RISK

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

c) Liquidity risk

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

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

(in thousands of Canadian dollars, unless otherwise indicated)

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

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

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

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

The Corporation has a revolving credit facility providing access to funds in the amount of $40.0 million (March 31, 2022 — $40.0 million) Canadian or its U.S. dollar equivalent. The credit facility is used exclusively for the Corporation's working capital requirements to facilitate payments to Canadian exporters under the DPSA business line.

As per contractual terms in the DPSA business line, the Corporation commits to payments to Canadian exporters within thirty days on most contracts. For the International contracts, the Corporation commits to payments within two to five business days from receipt of payments from the foreign buyer. At times, collection of amounts from the foreign buyer on DPSA contracts can take more than thirty days. This can occasionally result in the Corporation using the credit facility in the normal course of operations. Indebtedness under this agreement is unsecured and this credit facility has an expiry date of June 30, 2023 subject to extension by the Minister of Finance or the approval of a corporate plan. As at March 31, 2023, the draw on this line of credit was nil (March 31, 2022 — nil).

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	2023	2022
< 1 year	$ **26,159**	$ 38,669
	$ **26,159**	$ 38,669

(in thousands of Canadian dollars, unless otherwise indicated)

15. Revenue from contracts with customers

a) Disaggregation of Fees for service revenue

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

	2023		2022	
International business	**$**	**23,334**	$	10,899
Lottery programs		**573**		737
	$	**23,907**	$	11,636
Government of Canada initiatives		**3,590**		2,440
	$	**27,497**	$	14,076

There was no cumulative catch-up adjustment for the year ended March 31, 2023. For the year ended March 31, 2022, a cumulative catch-up adjustment of $169 was recognized, reducing the Fees for service revenue and increasing deferred revenue.

b) Unsatisfied (or partially unsatisfied) performance obligations

Unsatisfied, or partially unsatisfied, contractual performance obligations are mostly due to services which are yet to be provided by the Corporation over the remaining duration of the contract. The following table sets out the estimated transaction prices allocated to unsatisfied, or partially unsatisfied contracted performance obligations of the Corporation to be met in the future and the estimated timing of revenue recognition as at March 31, 2023. Actual amounts may differ from these estimates due to a variety of factors, including the unpredictable nature of customer behaviour, industry regulation and the economic and political environments in which the Corporation operates.

	2023	
< 1 year	**$**	**16,389**
> 1 year		**11,273**
	$	**27,662**

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

(in thousands of Canadian dollars, unless otherwise indicated)

16. Other income

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

	2023	2022
Discounting income	$ 113	$ 113
Miscellaneous income	89	149
	$ 202	$ 262

17. Funding from the Government of Canada

A parliamentary appropriation of $13.0 million was authorized for the 2022-2023 fiscal year. This funding is provided through Global Affairs Canada (GAC) and is to be used exclusively for the costs of administration of the DPSA. DPSA costs amounted to $13.4 million for the 2022-2023 fiscal year.

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

18. Administrative expenses

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

	2023	2022
Workforce compensation and related expenses	$ 18,044	$ 17,232
Consultants	3,099	1,667
Contract management services	2,192	2,270
Travel and hospitality	1,028	248
Rent and related expenses	930	923
Software, hardware and support	820	788
Depreciation	583	585
Communications	402	258
Other expenses	479	257
	$ 27,577	$ 24,228

(in thousands of Canadian dollars, unless otherwise indicated)

The March 31, 2023, Workforce compensation and related expenses include provisions of $1.2 million resulting from the ratification of the new collective agreement and other employment benefits (2022 – nil).

19. Related party transactions

The Corporation is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business, under the same terms and conditions that apply to unrelated parties, and as such the transactions approximate fair value.

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

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

	2023		2022	
Accounts receivable	$	830	$	1,313
Other assets	$	–	$	12
Accounts payable and accrued liabilities	$	1,079	$	915
Advances from Government of Canada departments and agencies	$	121,318	$	15,797
Deferred revenue	$	974	$	8

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

a) Public Services and Procurement Canada (PSPC)

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

	2023		2022	
PSPC	$	2,192	$	2,270
	$	2,192	$	2,270

(in thousands of Canadian dollars, unless otherwise indicated)

b) Invest in Canada

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

	2023	2022
Invest in Canada	$ 141	$ 141
	$ 141	$ 141

c) Other Government of Canada departments and agencies

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

	2023	2022
Global Affairs Canada	$ 2,010	$ 1,949
Department of National Defence	1,439	350
	$ 3,449	$ 2,299

Administrative expenses include amounts resulting from the Corporation's utilization of services from other Government of Canada departments and agencies. These amounts are as follows for the year ended March 31:

	2023	2022*
Treasury Board of Canada Secretariat	$ 163	$ 176
Shared Services Canada	85	64
Office of the Superintendent of Financial Institutions	37	23
	$ 285	$ 263

**Comparative figures have been included to conform to the current year presentation*

The Corporation no longer has a regional office within Canadian Embassy, however, during the fiscal year ended March 31, 2022, Global Affairs Canada (GAC) provided support services to the Corporation in relation to the CCC's regional office within a Canadian Embassy in Asia. The cost of these services was included in administrative expenses and amounted to $137.

During the year, the Corporation incurred administrative expenses and finance costs in the amount of $41 (2022 — $31) with Canada Revenue Agency.

(in thousands of Canadian dollars, unless otherwise indicated)

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

	2023	2022
Department of National Defence	$ 106,547	$ 617
Global Affairs Canada	14,771	15,147
Export Development Canada	–	33
	$ 121,318	$ 15,797

During the fiscal year ended March 2023, the Corporation had no employee participating in an interchange program. However, during the fiscal year ended March 31, 2022, the Corporation participated in employee interchange programs with Employment and Social Development Canada.

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

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

There were no transactions outstanding with Canadian exporters solely or jointly governed by key management personnel as of March 31, 2023 or March 31, 2022.

e) Key management personnel compensation

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

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

(in thousands of Canadian dollars, unless otherwise indicated)

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

	2023	2022
Board of Directors		
Short-term benefits	$ **209**	$ 201
	209	201
Corporate Officers		
Short-term benefits	**1,592**	1,366
Post-employment benefits	**311**	314
	1,903	1,680
	$ **2,112**	$ 1,881

20. Contingencies

a) Collateral

The value of outstanding deliverables to be performed by Canadian exporters for which the Corporation, on behalf of the Government of Canada, has guaranteed performance to foreign government buyers as at March 31, 2023 was $7.2 billion (March 31, 2022 — $7.8 billion).

To manage performance risk of outstanding deliverables, the Corporation has contractual recourse that consists, in all material respects, of corresponding deliverables from Canadian exporters in the same amount. The collateral pledged by Canadian exporters is to mitigate counterparty risk to the deliverables guaranteed by the Corporation in the event of non-performance claims against the Corporation for reasons related to the Canadian exporter failing to perform per the terms and conditions of contracts. The types of collateral the Corporation may require the Canadian exporter to provide are various commercial securities including holdbacks, bank guarantees, surety bonds, parent guarantees, insurance assignments, property liens, personal guarantees and shareholder cash held in trust with the Corporation.

As at March 31, 2023, commercial securities that have been pledged to the Corporation as collateral by Canadian exporters in the unlikely event of their contractual non-performance are in the form of parent guarantees totalling $6.4 billion (March 31, 2022 — $7.2 billion in the form of surety bonds and parent guarantees) which approximate their fair value.

b) Other contingent liabilities

As part of the normal course of business, management assesses the likelihood of any contingent liabilities. As of March 31, 2023, the Corporation has certain unresolved contract issues that are being actively managed towards resolution. Any financial impact on the Corporation, including the potential for future contract remediation expenses, cannot be reasonably estimated at this time.

Corporate governance and leadership

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

Corporate governance structure

Board of Directors

- Operations Committee
- Governance and Human Resources Committee
- Environmental, Social and Governance (ESG) Committee (ad hoc)
- Audit Committee

Internal Audit

CCC Management

President and CEO

- Senior Management Committee (SMC)
- Risk and Opportunities Committee (ROC)
- Integrity Compliance Committee (ICC)
- Human Rights Committee (HRC)

Board of directors

The Board is responsible for the stewardship of the Corporation and ensures the delivery of its statutory mandate and public policy objectives on behalf of the Government of Canada. It provides leadership and guidance to the Corporation's management team and ensures that the Corporation's long-term strategic direction is in alignment with the Minister of International Trade, Export Promotion, Small Business and Economic Development's annual *Statement of Priorities and Accountabilities*.

- The Board reviews the Corporate Plan and the Annual Report and submits both to the Minister for review. The Corporate Plan is recommended for approval and once approved by the Treasury Board, the summary of the Corporate Plan and budgets are tabled in Parliament.
- The Board meets quarterly to review the Corporation's overall performance, receive committee reports and discuss CCC's results. The Board bi-annually reviews its performance using outside governance expertise and a defined assessment process.
- The Board has incorporated responsible business conduct considerations, including human rights, into its governance and oversight responsibilities at both the committee and Board level.

The Board has the legal responsibility to act in the best interests of the Corporation and to exercise due care and diligence. The conduct and actions of Board members are also governed by the > Ethical and Political Activity Guidelines for Public Office Holders. The Board conducts its oversight function through the Operations Committee, the Governance and Human Resources Committee, the Environmental, Social and Governance Committee, and the Audit Committee.

Board membership

The Board is composed of the Chairperson, the President and Chief Executive Officer (CEO), and up to nine directors. A majority of the directors appointed constitutes a quorum at the Board of Directors, and not less than two members constitutes a quorum at a committee.

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

CCC's Board of Directors (alphabetical by first name)

As at March 31, 2023

Douglas J. Harrison, Chair

Burlington, Ontario
February 7, 2018

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

Christa Wessel, Director

Toronto, Ontario
July 1, 2019

Committee(s): Audit, Governance and Human Resources (Chair)

Dyanne Carenza, Director

Montreal, Quebec
June 25, 2018

Committee(s): Operations

Guy Desrochers, Director

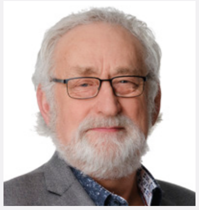
Candiac, Quebec
December 13, 2021

Committee(s): Audit (Chair)

Julian Ovens, Director

Ottawa, Ontario
December 11, 2020

Committee(s): Operations



Michael Johnson, Director

Whitehorse, Yukon
July 1, 2019

Committee(s): Operations, Governance and Human Resources

Mora Johnson, Director
Ottawa, Ontario
July 1, 2019

Committee(s): Operations, Governance and Human Resources

Mark Dienesch, Director

Burlington, Ontario
March 31, 2023

Committee(s): Operations

Mylène Tassy, Director
Montreal, Quebec
March 22, 2023

Committee(s): Operations

Nicole Verkindt, Director
Caledon, Ontario

December 17, 2013
Committee(s): Operations (Chair)

Bobby Kwon Director, President and CEO

Toronto, Ontario
March 8, 2021

Committees: Operations (ex officio), Governance and Human Resources (ex officio)

Board member biographies are available at > ccc.ca/en/about/leadership-and-governance/

Board committees

The Board conducts its oversight function through the following committees:

- Operations Committee
- Governance and Human Resources Committee
- Audit Committee
- Environmental, Social and Governance (ESG) Committee [AD HOC]

The Board of Directors has sharpened its focus on governance, risk management and strengthening the Corporation's focus on responsible business conduct to assist the Corporation in responding to the evolving risks and opportunities in the global marketplace. In this context, the Board has incorporated human rights into its governance and oversight responsibilities within all committees, as well as the governance oversight provided by the full Board of Directors.

As at March 31, 2023

Governance and Human Resources Committee

Chair

Christa Wessel

Members

Mora Johnson

Mike Johnson

Douglas Harrison *(ex officio)*

Bobby Kwon *(ex officio)*

Number of meetings

2022–2023: 6

Committee duties:

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

Operations Committee

Chair

Nicole Verkindt

Members

Dyanne Carenza

Julian Ovens

Mora Johnson

Mike Johnson

Douglas Harrison (*ex officio*)

Bobby Kwon (*ex officio*)

Number of meetings

2022–2023: 8

Committee duties:

- Oversees development of new commercial business initiatives, including new product lines and services
- Reviews all projects in excess of $100 million, as well as any other projects submitted by management for consideration
- Reviews risk profiles of ongoing projects, including human rights implications
- Makes recommendations to the Board of Directors for project approval
- Note: Significant Project Instruction approval by the Minister of Small Business, Export Promotion and International Trade with concurrence of the Minister of Finance is required for all infrastructure projects in excess of $100 million and for all projects of any nature in excess of $300 million

Audit Committee

Chair

Guy Desrochers

Members

Christa Wessel

Douglas Harrison (*ex officio*)

Number of meetings

2022–2023: 7

Committee duties:

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

Environmental, Social and Corporate Governance (ESG) Committee (ad hoc)

Co-Chairs

Christa Wessel

Diane Montambault
(Management)

Board Members

Mora Johnson

Dyanne Carenza

Julian Ovens

Nicole Verkindt

Members of Management:

Michel Chartrand

Jason Hann

Susannah Denovan-Fortier

Number of meetings

2022–2023: **11**

Committee duties:

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

Board compensation, committee membership and attendance for fiscal 2022–2023

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

- The annual retainer for all directors is \$4,000–\$4,700. An additional retainer of \$800–\$1,500 is provided to directors that chair a committee. The Chairperson receives an annual retainer of \$8,000–\$9,400.
- Per diems are paid at a rate of up to \$375 for all directors, including the Chairperson and committee chairs, for time spent preparing for and attending meetings, as well as events such as conferences, courses and trade shows with durations exceeding two hours. Half per diems were introduced in 2020.
- Board members are also reimbursed for expenses related to travel, accommodation and meals while performing their duties. These expenses are posted monthly on CCC's website.

Board compensation, committee membership and attendance for 2022–2023 (Note 1)

Board member (alphabetical by first name)	Total compensation (retainer plus per diem payments)	Audit Committee meeting	Operations Committee meeting	Governance and Human Resources Committee meeting	Environmental, Social and Corporate Governance (ESG) Committee meeting	Board of Directors meeting
Christa Wessel	$ 36,387.50	7	n/a	6	10	12
Douglas J. Harrison (Chair) (note 3)	$ 25,475.00	7	2	5	n/a	12
Dyanne Carenza	$ 16,562.50	n/a	7	n/a	9	11
Guy Desrochers	$ 24,297.50	7	n/a	n/a	n/a	12
Julian Ovens	$ 17,825.00	n/a	8	n/a	10	12
Michael Johnson	$ 16,512.50	n/a	6	5	n/a	9
Mora Johnson	$ 17,075.00	n/a	8	5	8	11
Nicole Verkindt	$ 29,637.50	n/a	7	n/a	10	10
Bobby Kwon	n/a	n/a	8	6	n/a	12
Total	**$ 183,772.50**	**7**	**8**	**6**	**11**	**12**

Notes:

1. The denominator in each of the boxes above represents the maximum number of meetings each respective member could have attended in accordance with the dates on which they joined or left the Board.
2. Includes two full-day strategy sessions.
3. The Chair is a member of all committees. Because several committees run concurrently, decisions regarding which committee meeting to attend in the event of conflict are made based on agendas. Given scheduling, the Chair is not expected to attend all Committee meetings. Except for the Audit Committee, the President is a member of all committees. Because several committees run concurrently, decisions regarding which committee meeting to attend in the event of conflicts are based on agendas. Given scheduling, the President is not expected to attend all committee meetings.

Management team

The individuals in the chart below hold key senior executive positions within the Corporation. In addition to overseeing day-to-day operations, CCC's management team plans and executes the business strategy as outlined in the Corporate Plan.

Management committees

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

As at March 31, 2023

Bobby Kwon
President and Chief Executive Officer

Diane Montambault
Vice-President,
Contract Management
and Operations

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

Kim Douglas
Vice-President,
Business Development
and Marketing

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

Management team biographies are available at > ccc.ca/en/about/leadership-and-governance/

Senior Management Committee

The Senior Management Committee is composed of the President and CEO and four vice-presidents. With the approval of the Board of Directors, the committee sets the corporate strategy and related strategic objectives. Bound by CCC's *Code of Conduct and Business Ethics*, the committee adheres to the highest ethical standards of professional conduct. The Committee is chaired by the CEO and meetings are held weekly.

Integrity Compliance Committee (ICC)

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

Key roles and responsibilities include:

- Ensuring alignment of the Corporation's integrity framework with corporate best practices in the area of anti-bribery and corruption;
- Maintaining the Corporation's integrity compliance due diligence processes against bribery and corruption of foreign public officials; and
- Reviewing the integrity profiles of Canadian exporters and foreign buyers in the context of specific export opportunities and making recommendations to the ROC.

In addition, and in keeping with the Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, as adopted by the Government of Canada, the ICC encourages Canadian exporters to develop and adopt policies and processes aimed at preventing and detecting bribery and corruption, and to promote employee awareness of and compliance with policies through training programs.

Risk and Opportunities Committee (ROC)

The ROC was established as an advisory body to the President and CEO to ensure that prudent risk management practices are in place and reflect the Corporation's operational needs. It balances business opportunities against the risks they present and provides a forum for discussion. The ROC reviews issues at the entity-wide, corporate and transactional risk levels, as defined by the Corporation's enterprise risk management framework. The committee is chaired by the Chief Financial Officer, with meetings held weekly.

The committee has the following key roles and responsibilities:

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

Human Rights Committee (HRC)

The HRC is a cross-functional committee that completes due diligence assessments for human rights risks and reports its findings to the ROC. The members of the HRC are from the risk, business development, legal and contract management teams. The HRC reviews transactions and provides recommendations on projects, acting as an advisory function within the Corporation for these issues. This review involves identifying and assessing transactional risks and proposing measures to mitigate those risks throughout the project lifecycle, in line with the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The committee is chaired by the Legal Manager-Compliance, and meets on a bi-weekly basis, or more frequently depending on business circumstances.

Executive compensation

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

- All senior executives, with the exception of the President, are aligned with market comparators for the private and public sectors and are paid within the following range: $182,300 to $236,000.
- The President and CEO's compensation is in the range of $244,800 to $287,900. It is governed by the Performance Management Program for Order in Council appointees and is approved by the Governor in Council on the recommendation of the Board.

Internal audit

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

Glossary

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

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