CCC

Canadian Commercial Corporation
Corporation Commerciale Canadienne

Growing and **Diversifying** Canadian Exports

Annual Report 2020–2021

75 YEARS | ANS

Canada

Canadian Commercial Corporation
Corporation Commerciale Canadienne

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Sign up to access the *Global Bid Opportunity Finder*
www.gbof.ca

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www.ccc.ca

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ABOUT THE CANADIAN COMMERCIAL CORPORATION

The Canadian Commercial Corporation (CCC) is a federal Crown corporation that is accountable to the Parliament of Canada through the Minister of Small Business, Export Promotion and International Trade.

Established in 1946 under the *Canadian Commercial Corporation Act,* CCC has helped Canadian companies sell goods and services to foreign governments and supported the Government of Canada's international trade objectives for 75 years.[1]

Our mandate

To develop trade between Canada and other nations.

Our mission

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

Our commitment

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

- We deliver value through a government-to-government (G2G) contracting arrangement that sees us enter into a prime contract with an international government buyer—guaranteeing delivery of goods and services—and into a simultaneous contract with a Canadian company to supply and fulfill the contractual terms and conditions. We manage all performance oversight and financial administration of these arrangements.
- We reduce risk to all parties involved in G2G arrangements by qualifying international leads and opportunities, performing due diligence on Canadian businesses, developing international pursuit plans, developing proposals, engaging in government advocacy, negotiating contracts and monitoring contract performance. We also embed environmental, social and governance (ESG) considerations in our contractual terms and conditions, with an emphasis on responsible business conduct.
- We partner with Government of Canada departments and agencies, industry associations and businesses to provide whole-of-government support for Canadian businesses in their international pursuits.

Partnering with Canadian businesses to win government contracts worldwide

We help Canadian businesses compete in the increasingly complex and competitive global government procurement marketplace, where commercial deals are often at the crossroads of international relations and foreign policy.

Delivering inclusive international trade

CCC delivers on the Government of Canada's commitment to inclusive international trade by helping small, medium and large Canadian companies across Canada to access, bid on and successfully compete for other nations' government contracts. This includes engaging in activities that aim to increase the number of Canadian companies that export goods and helping smaller companies scale up more quickly.

1 *An Act to Establish the Canadian Commercial Corporation* received Royal Assent on August 31, 1946. By March 31, 2021, CCC completed 75 fiscal years.

- We stimulate exports from industry sectors across Canada and deliver positive economic benefits to Canadian businesses and their employees through international revenue streams and by creating and maintaining Canadian jobs.

- By aligning commercial pursuits with Government of Canada economic priorities and trade objectives, we strengthen bilateral commercial relationships, diversify trade, and amplify competitive advantage for Canadian companies of all sizes, particularly small-and-medium-sized enterprises (SMEs).

- On behalf of the Government of Canada, we administer the Canada–U.S. Defence Production Sharing Agreement (DPSA), a bilateral treaty that ensures Canadian businesses can access U.S. DoD procurement opportunities as part of the integrated North American industrial base.

- We directly support the Government of Canada's commitment to international trade and humanitarian assistance by providing effective, efficient international procurement services for government departments in support of various initiatives and programs, including the management of 10 trade offices in China on behalf of Global Affairs Canada.

2020–21 PERFORMANCE HIGHLIGHTS

Canadian businesses exported

$2.92B

products and services through CCC contracts, supporting

12,000

jobs across Canada

$7M

personal protective equipment (PPE)

purchased to support the Government of Canada's COVID-19 international aid efforts.

$1.35B

in new export contracts signed, 941 new contracts, including

$922M

under the DPSA program

345

Canadian companies

served across Canada (64% of which were SMEs)

CCC launched the

Global Bid Opportunity Finder

an online shop exclusively for Canadian companies to find international contracting opportunities:

- 665,739 tenders from more than 200 foreign governments
- 1,104 Canadian users (90% SMEs and 35% self-identifying as women, BIPOC, under 35 or new Canadians)

GLOBAL BID OPPORTUNITY FINDER

Sign-up to access the Global Bid Opportunity Finder: www.gbof.ca

CCC AROUND THE WORLD

In 2020–21, Canadian companies from across industrial sectors exported $2.92 billion goods and services globally through CCC contracts. CCC was active in 79 countries across the world.[2]

// United States: CCC helped 79 Canadian companies to win new contracts with the U.S. Department of Defence (U.S. DoD) through the Canada-US Defence Production Sharing Agreement (DPSA).

// Cuba: CCC's long-standing presence in Cuba is a vital asset to Canadian businesses looking to export to this market, particularly small and medium-sized enterprises (SMEs). In 2020–21, CCC helped 29 Canadian exporters sign contracts to sell goods in Cuba's agricultural and tourism sectors.

// Peru: Festo Didactic, a world-leading provider of equipment and solutions for technical education, teamed up with CCC to help expand the skilled workforce of Moquegua, Peru.

// Chile: OSI Maritime Systems Ltd., based in Burnaby BC, won a government-to-government contract facilitated by CCC to provide the company's, Tactical Dived Navigation System, an advanced submarine solution, as part of a submarine upgrade program.

// Morocco: With help from CCC, Longview Aviation Services secured a USD $132 million purchase by the Kingdom of Morocco to combat forest fires. Located in Calgary, Alberta, Longview Aviation Services will provide the Royal Moroccan Air Force with three Viking CL-415EAF "Enhanced Aerial Firefighting" aircraft and will also provide training, spares, and in-country support services.

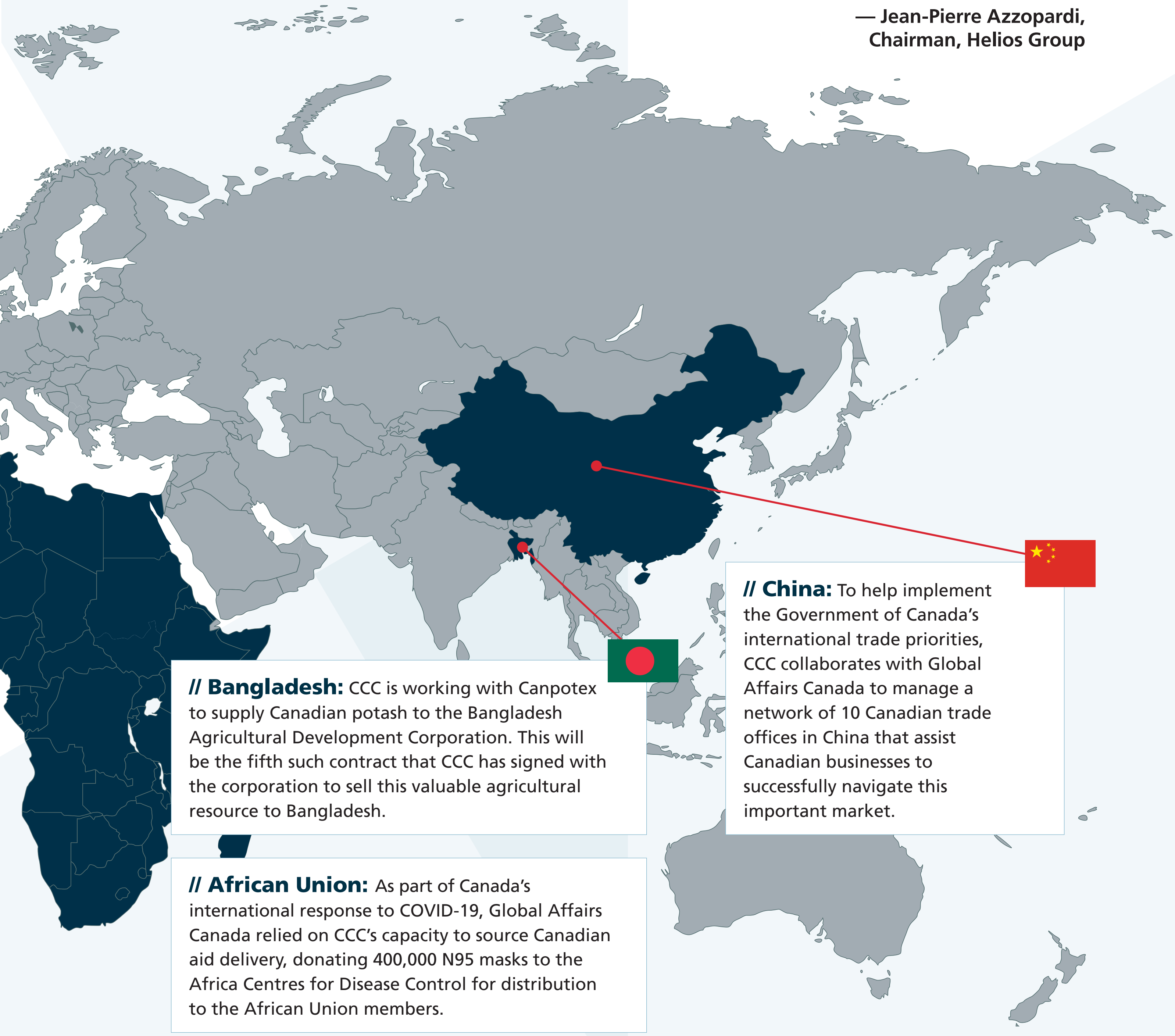
// Bermuda: In December 2020, Aecon completed the redevelopment of the L.F. Wade International Airport. Facilitated by CCC, the redevelopment features a new world class terminal that reflects Bermuda's unique identity and relies on Canadian state-of-the-art energy and water efficiency technologies.

// Ghana: JV Driver built Ghana's newest container handling and devanning port terminal. Commissioned by the Ghana Ports and Harbour Authority through a contract facilitated by CCC, the USD $110 million world class terminal allows the authority to increase its container handling capacity, expedite its services and bolster the entire Ghanaian economy.

2 Figure includes countries where CCC had active contracts and/or active qualified leads.

" CCC offers the most effective support service for Canadian companies in business development overseas."

— Jean-Pierre Azzopardi, Chairman, Helios Group



// Bangladesh: CCC is working with Canpotex to supply Canadian potash to the Bangladesh Agricultural Development Corporation. This will be the fifth such contract that CCC has signed with the corporation to sell this valuable agricultural resource to Bangladesh.

// African Union: As part of Canada's international response to COVID-19, Global Affairs Canada relied on CCC's capacity to source Canadian aid delivery, donating 400,000 N95 masks to the Africa Centres for Disease Control for distribution to the African Union members.

// China: To help implement the Government of Canada's international trade priorities, CCC collaborates with Global Affairs Canada to manage a network of 10 Canadian trade offices in China that assist Canadian businesses to successfully navigate this important market.

MESSAGE FROM OUR CHAIRPERSON

Fiscal year 2020–21 was extraordinary by every measure. The outbreak of the COVID-19 pandemic at the start of the year had an enormous impact on the global economy and caused widespread trade and supply-chain disruptions that continue to this day. Despite these challenges, CCC embraced change. We adapted our business practices and service offerings to continue doing what we do best: help Canadian businesses gain access to international opportunities, and in so doing, strengthen the Canadian economy and create jobs at home. We are by no means out of the woods yet: the COVID-19 pandemic continues to create business, personal and societal challenges at home and abroad. CCC will continue to support the Government of Canada's response to these unique and extraordinary circumstances.

Adapting to challenge is a central feature of CCC's international business approach. In 2020–21, despite the challenges of COVID-19, we were able to help more exporters reach new markets across a diverse range of industries, and we supported more than 12,000 Canadian jobs. These achievements are the direct results of our strategic direction in 2020–21, which focused business development efforts on priority sectors of the Canadian economy to grow and diversify Canadian export opportunities.

The COVID-19 pandemic prompted us to accelerate several strategic activities so we could respond quickly to our own operational requirements as well as the changing needs of Canadian exporters. We sharpened our response to exporter feedback and provided timely and insightful advice and contracting support tailored to unique business challenges. We also developed new products and services to enhance the support we provide to Canadian exporters, particularly SMEs, and to lay the foundation for future growth and a post-pandemic recovery by connecting more Canadian companies with export opportunities. For example, CCC's newest product, the Global Bid Opportunity Finder (GBOF), is an online shop available exclusively to Canadian companies looking for international contract opportunities. Launched in January 2021, by March 31 it had provided more than 1000 Canadian companies—the vast majority of which were SMEs—with access to more than 600,000 tender opportunities from 200 foreign governments.

The Board continued to focus on ensuring that we deliver on the Government of Canada's trade priorities, including our commitment to keeping environmental, social and governance (ESG) considerations top of mind in our strategic planning and operations. Integrating ESG into CCC's operations enables our business and deepens our understanding of how best to incorporate global challenges, such as climate change and inclusive trade priorities, into our plans and strategies. By prioritizing ESG and enhancing oversight in key areas, the Board is protecting the Corporation against potential risks while positioning to take advantage of emerging opportunities.

Change and renewal are an integral part of bringing fresh perspectives and relevant depth of experience to CCC's governance. Along those lines, I would like to welcome two new members to the CCC team. As the fiscal year ended, Bobby Kwon joined CCC as our new President and CEO. Bobby has served on CCC's Board of Directors since 2018. CCC also welcomed Julian Ovens as its newest Board member. I want to take this opportunity to thank both Bobby Kwon and Daniela Bassan, who completed their terms on the Board this year, for their significant contributions.

Meeting the ongoing challenges of the COVID-19 pandemic has required resilience, adaptability and, above all, a spirit of constructive collaboration with all stakeholders. I would like to thank all the directors for their commitment and diligence during one of the most challenging periods in recent history. On behalf of the entire Board, I want to thank the management team and all CCC staff for their hard work and dedication throughout this challenging period.

CCC was established on August 31, 1946 to help rebuild Canada's post-war economy through global trade. Seventy-five years later, we find ourselves emerging from an unprecedented global health crisis also calling for co-ordinated efforts to stimulate economic recovery. We remain committed to inclusively helping Canadian companies of all sizes to grow through exports, and to collaborating with the Government of Canada, Canadian businesses and global trade partners to support Canada's economic recovery from the COVID-19 pandemic.

Sincerely,

Douglas J. Harrison
Chairperson, Board of Directors

MESSAGE FROM OUR PRESIDENT AND CEO

It is an honour to have been appointed President and CEO of the Canadian Commercial Corporation (CCC). A central theme in fiscal year 2020–21 has been the disruptive impact of the COVID-19 pandemic on all facets of life, from how we live to how we do business. As an organization, we have met the challenge of this disruption with resilience, adaptability and a collaborative spirit to ensure we are positioned to support our stakeholders—Canadian businesses, the Government of Canada, global trade partners and our employees—through the crisis.

Throughout the year, we continued to take decisive steps to fulfill the key objectives of our Corporate Plan, including growing and diversifying our customer base and advancing inclusive international trade for Canadian companies of all sizes and ownership profiles. Through these efforts, we supported the Canadian economy, Canadian jobs and the Government of Canada's trade priorities.

Before highlighting our specific accomplishments for the year, I would like to thank CCC's management team and employees. They demonstrated exemplary dedication, professionalism and resilience in adapting to the unique challenges presented by the COVID-19 pandemic, both in their personal lives and in their business dealings.

Supporting the Canadian economy through COVID-19: Highlights

Despite the economic headwinds and global trade market disruptions caused by the COVID-19 pandemic, we took definitive steps to improve CCC's financial position by prudently managing expenditures and signing new contracts.

- Through CCC contracts, Canadian companies from across Canada exported $2.92B products and services globally, supporting an estimated 12,000 Canadian jobs.
- We signed export contracts totalling $1.35B, including $922M in DPSA contracts, surpassing our $900M DPSA target for the second consecutive year.
- Under our International Prime Contracting business line, we signed contracts totalling more than $400M and were active in 79 countries around the world.
- We continued our efforts to grow and diversify our customer base, serving more than 345 Canadian companies through a combination of active contracts, knowledge products and leads under business development. Of this number, we partnered with 153 exporters from across Canada with active contracts, 48% of which were SMEs.

- We directly contributed to the Government of Canada's international COVID-19 relief efforts through our Sourcing business line. Partnering with Global Affairs Canada, we procured personal protective equipment from international vendors for global distribution and worked to improve our trade partners' biological safety and security by procuring goods and services to enhance health infrastructure.

Adapting to change and positioning for recovery and growth

During the 2020–21 fiscal year, CCC adapted to meet the challenges of the emerging COVID-19 business reality. This included developing new products and services to reach more Canadian businesses, pivoting to enable our employees to work from home, and collaborating more closely with our trade portfolio partners.

Expanding our reach to more Canadian businesses of all sizes and ownership profiles is an important feature of our contribution to Canada's inclusive economic recovery and future growth. To this end, we established a dedicated SME team and developed new products and services aimed at supporting current and future exporters. The success of these enhanced offerings—such as knowledge products, concierge advisory services and the Global Bid Opportunities Finder—exemplify the strides we continue to make to reach more companies and align our solutions to the challenges that Canadian businesses face.

Supporting our employees throughout the pandemic has been critical to our ability to serve Canadian businesses. During the year, we rapidly deployed IT tools and infrastructure to enable employees to transition to remote work with minimal service disruption to Canadian businesses and our own business priorities. We also ensured that employees had uninterrupted access to support services to prioritize their physical and mental health and wellness during this challenging period of change and uncertainty.

In June 2020, CCC joined the Business, Economic and Trade Recovery Committee, established by the Honourable Mary Ng, Minister of Small Business, Export Promotion and International Trade. This is one example of the whole-of-government collaboration that is underway to support Canadian businesses and support Canada's economic recovery throughout the pandemic.

Looking ahead

We continue to work closely with government officials and trade portfolio partners to ensure our business efforts align with Government of Canada trade priorities, and to provide seamless interdepartmental trade support for Canadian companies. CCC's commitment to environmental, social and governance (ESG) best practices is an integral part of our focus on supporting inclusive trade and rigorously applying responsible business conduct in all our business dealings.

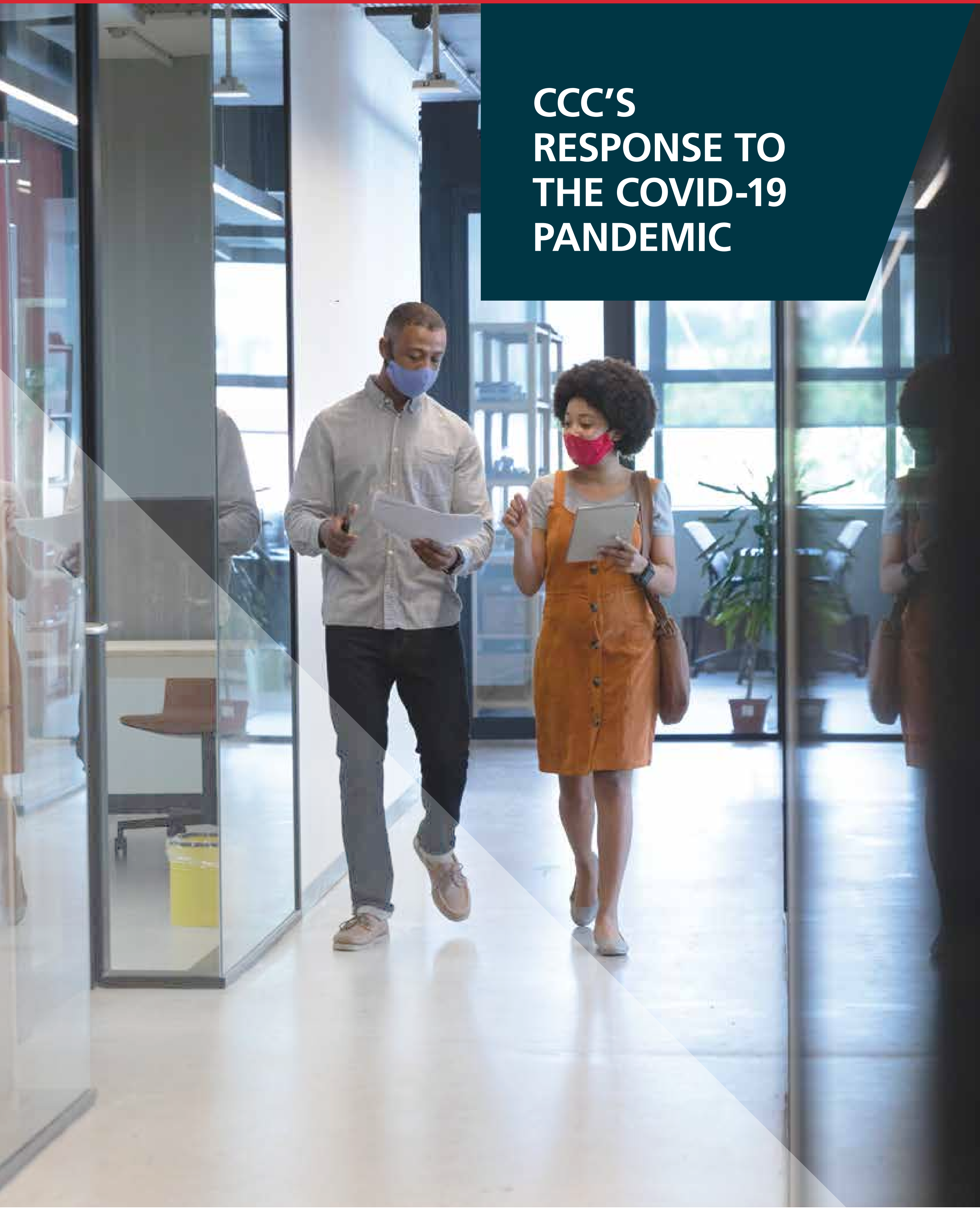
Strengthening Canada–U.S. bilateral defence trade is a key priority. As the custodian of the DPSA for Canada, we are uniquely positioned to help Canadian companies access this important trade relationship.

Fiscal year 2020–21 marks our 75th year in business. I would like to take this opportunity to thank the Board of Directors for its support and guidance. I am also grateful to our management team and employees for their commitment to CCC's mandate to help Canadian businesses succeed globally. As we navigate toward the end of the pandemic, we are well positioned to help Canadian companies contribute their expertise and ingenuity to the recovery on the horizon.

Sincerely,

Bobby Kwon
President and CEO

CCC'S RESPONSE TO THE COVID-19 PANDEMIC



Procuring products and services for Canada's international response to COVID-19

CCC supported the Government of Canada's response to COVID-19 by procuring critical supplies of personal protective equipment (PPE) for distribution as a part of Canada's international emergency aid and by procuring to support long-term investments in health infrastructure to strengthen biological security.

ENABLING CANADIAN SUCCESS

Project profile: PERSONAL PROTECTIVE EQUIPMENT

At the onset of the COVID-19 outbreak, the federal government, through Global Affairs Canada (GAC), provided 1.09 million N95 respirators and surgical masks to members of the Association of Southeast Asian Nations (ASEAN) and member states of the African Union. CCC assisted GAC in securing the suppliers and working at record speed to hold the supply, and the prices.

Early side effects of the pandemic included extraordinary global demand for supplies related to infectious disease detection, diagnosis and containment, and the proliferation of counterfeit PPE. Therefore, CCC and GAC worked to ensure tight security throughout the process to verify the authenticity and quality of the PPE and make sure the equipment reached its intended recipients in a timely manner.

ENABLING CANADIAN SUCCESS

Project profile: HEALTH INFRASTRUCTURE

The federal government worked through Global Affairs Canada (GAC), with CCC's assistance in procurement and contracting, to strengthen the capacities of member states of the Association of Southeast Asian Nations (ASEAN) to mitigate biological threats, by providing professional services, expert support and technical and scientific advice.

CCC also worked with GAC to support the Government of Canada's efforts to enhance the operational effectiveness and sustainability of Canadian-funded BioBanks and laboratories in Nigeria and Sierra Leone, to help strengthen Africa's biological safety and security, and to mitigate threats posed by high consequence pathogens.

Collaborating with Canadian companies and foreign governments to minimize the COVID-19 impact to export contracts

CCC worked collaboratively with Canadian companies and foreign governments to identify and address any impacts to contractual terms and conditions from the COVID-19 pandemic, facilitate resolutions and minimize service impacts.

> *"In fall 2020, RB Railway was facing financial penalties for a late shipment that occurred because of COVID-19. CCC stepped in to facilitate a financial settlement that included payment to RB Railway in full without penalties."*
>
> **— Eriq Beaudin, Principal Managing Partner, RB Railway**

Preparing for the post-COVID-19 recovery

CCC has been an active participant in the Business, Economic and Trade Recovery (BETR) Committee, working with trade portfolio partners to co-ordinate resources and provide a "no wrong door" approach to supporting Canadian businesses in their export activities. Through the committee, CCC has co-led several initiatives to advance infrastructure development throughout the Association of Southeast Asian Nations (ASEAN) market, seeking opportunities that will highlight Canadian innovation and strengths, particularly in green infrastructure programs.

ENABLING CANADIAN SUCCESS

Spotlight: BUSINESS, ECONOMIC AND TRADE RECOVERY (BETR) COMMITTEE

BETR was established in June 2020 by the Honourable Mary Ng, Minister of Small Business, Export Promotion and International Trade. Composed of assistant deputy minister-level representatives from departments and agencies in the trade portfolio, the committee aims to help deliver on Government of Canada plans to support Canada's economic recovery by assisting Canadian businesses in their efforts to export to foreign markets.

BETR is a cross-functional working group whose members include:

Export Development Canada (EDC), Business Development Bank of Canada (BDC), Invest in Canada (IIC), Canadian Commercial Corporation (CCC), Innovation, Science, and Economic Development Canada (ISED), The Trade Commissioner Service (TCS) from Global Affairs Canada (GAC) and the National Research Council's Industrial Research Assistance Program (IRAP).

BETR's vision:

Achieving a robust economic recovery, and longer-term inclusive growth, will depend on Canadian businesses having access to a suite of timely and seamless federal trade and business development services. Firms must be able to navigate and leverage these strategic levers easily to scale-up and to compete in global markets.

Supporting our employees

In 2020–21, CCC took specific steps to support the health and well-being of all employees during a period of unprecedented personal and professional challenge. These steps included:

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

ENABLING CANADIAN SUCCESS

Spotlight: THE CCC COVID-19 RETURN AND REMOTE TEAM

The COVID-19 pandemic has had both acute and long-term implications for our people, the Canadian businesses we support and the Government of Canada. In response to the onset of the COVID-19 pandemic and to facilitate the continued adaptation to the realities of living and working during an unprecedented global health crisis, CCC created the COVID-19 Remote and Return Team.

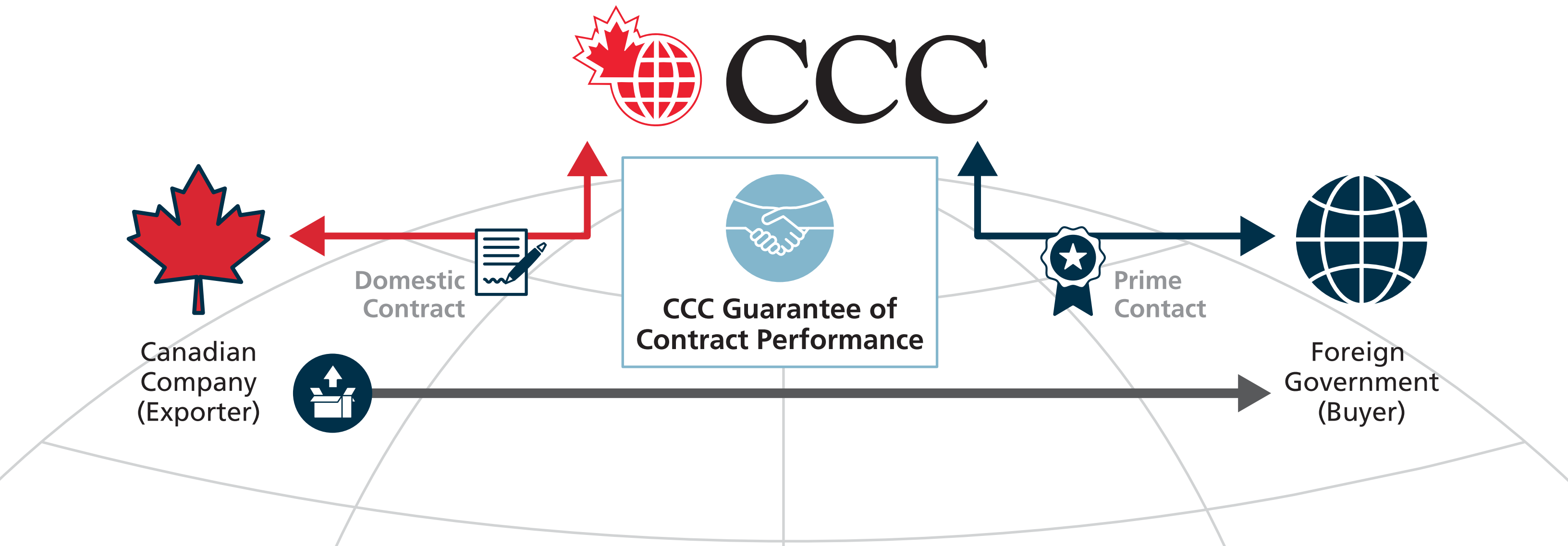
Led by the Assistant Vice-President of Corporate Services, the team meets weekly and is made up of representatives from every department. It works to:

- Reach out to employees to gather information on topics such as challenges related to the pandemic, working from home, providing seamless service to Canadian businesses, and how to maintain health and wellness and a safe work environment
- Develop actionable solutions to address concerns on timely basis
- Gather information from external sources to summarize and share across the organization in response to shifting developments
- Create a return-to-work plan based on stakeholder feedback
- Ensure that the Senior Management Committee is briefed regularly on the challenges faced by employees and on any proposed solutions to them

OVERVIEW OF OUR BUSINESS

CCC's government-to-government (G2G) contracts facilitate trade and reduce transactional risk between Canadian companies and foreign governments.

Environmental, social and governance



(ESG) considerations are central to CCC's support for Canadian companies

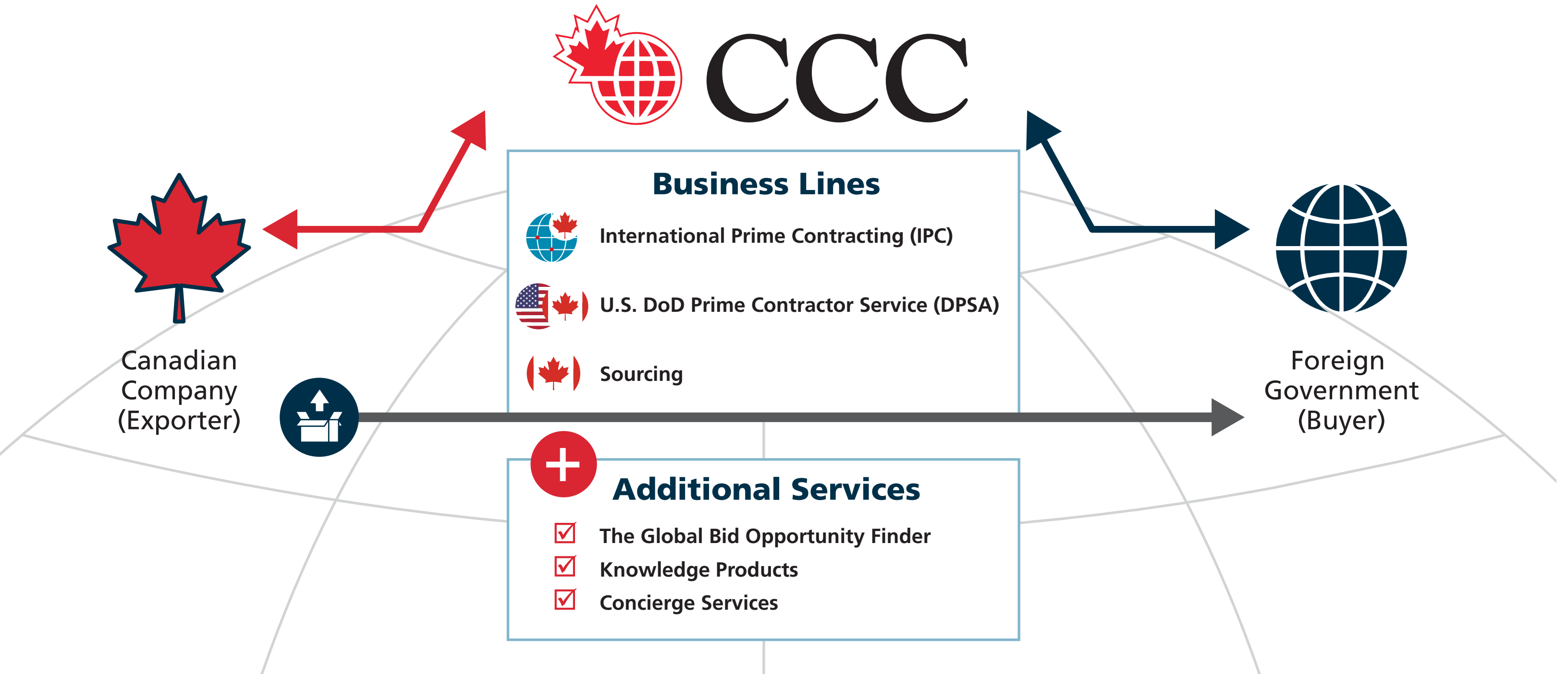
- CCC integrates ESG considerations into our business practices and rigorously applies responsible business conduct to support Canadian companies of all sizes
- CCC supports Canadian companies, including many small and medium-sized enterprises (SMEs), enabling them to access new export opportunities that might not otherwise be open to them.
- For Canadian exporters in diverse sectors, CCC's government-to-government (G2G) contracting approach is an additional tool that can be used in increasingly competitive global markets.

" CAE is grateful for the hard work and dedication of CCC's Business Development team as we collaboratively pursued an opportunity to provide a comprehensive pilot training program to a military customer in Europe. CAE is undoubtedly well positioned for future successes with CCC as our trusted government partner."

— Marc-Olivier Sabourin, Vice President Global Defence & Security, CAE

CCC's business lines

CCC has three business lines that engage the exporting capabilities of small, medium and large companies from across diverse sectors of the Canadian economy. In 2020–21, CCC developed and launched additional services to meet the evolving needs of Canadian companies.



International prime contracting (IPC)

- CCC's international contracting business is a fee-based service that involves establishing G2G contracts with foreign government buyers. Through G2G contracting arrangements, CCC mitigates the government buyers' acquisition risk, cost and time while providing an added incentive to purchase from Canadian companies.

- For Canadian companies, international prime contracting enables access to challenging markets backed by the Government of Canada through CCC's guarantee of contract performance. This arrangement lends additional market credibility to Canadian companies that sell goods and services abroad and provides support throughout the execution of the contract.

U.S. DoD prime contractor service (DPSA)

- DPSA is a bilateral defence trade agreement with the U.S. that CCC has administered on behalf of the Government of Canada since 1956.[3]

- DPSA enables Canadian companies to compete for contracts as part of the U.S. DoD's domestic supply base, which includes the U.S. and Canada. This helps maintain Canada's privileged relationship as a trusted acquisition partner of the U.S. DoD.

3 In accordance with the U.S. Defence Federal Acquisition Regulation Supplement (DFARS) 225.870, most contracts between the U.S. Department of Defence (DoD) and Canadian exporters that surpass the U.S. DoD's minimum acquisition threshold must be endorsed by and awarded to CCC.

- CCC's role as prime contractor helps ensure that key tenets of this long-standing bilateral framework continue to underscore this critical strategic partnership.

Sourcing

- CCC helps Government of Canada departments and agencies fulfill complex purchasing needs related to a various international commitments and programs, such as:
  - Providing urgent and emergency disaster relief support
  - Helping foreign governments fight cross-border crime (e.g., fraud, corruption, human trafficking)
  - Supporting domestic and international anti-terrorism efforts
  - Facilitating Canada's contributions in other international endeavours (e.g., scientific or other collaborations)
- On behalf of Global Affairs Canada (GAC), CCC also manages all non-trade support services for 10 Canadian trade offices in China. These offices, located in China's rapidly developing second-tier cities, support Canadian companies looking to enter the Chinese market, while also providing a cost-effective trade promotion platform for Canada's Trade Commissioner Service. CCC charges a fee to recover the costs of managing the Sourcing program.

Additional services

- In 2020–21, CCC introduced three additional services to help Canadian companies find export opportunities. These services include:
  - ☑ The Global Bid Opportunity Finder (GBOF)
  - ☑ Knowledge Products
  - ☑ Concierge Services
- See the "**Helping Canadian companies of all sizes export**" section for a full description of additional services.

> *"CCC offers our company the assurance of a smooth contract negotiation, and our customers the peace of mind that comes from knowing they are protected and receiving the best product."*
>
> **— Karla Arias, Vice-President, Weatherhaven Panama, Weatherhaven Global Resources, Ltd.**

International prime contracting priority sectors

CCC provides services to companies from across Canada's diverse industries, including the following priority sectors defined in our corporate strategy.

International prime contracting priority sectors

- **Aerospace**
- **Clean Technology**
- **Construction & Infrastructure**
- **Defence**
- **Information & Communications Technology (ICT)**
- **Other**
  Other sector includes advanced manufactured goods & services, agriculture, health, tourism, training

CCC'S IMPACT ON THE CANADIAN ECONOMY

Export activity in 2020–21: Commercial trading transactions

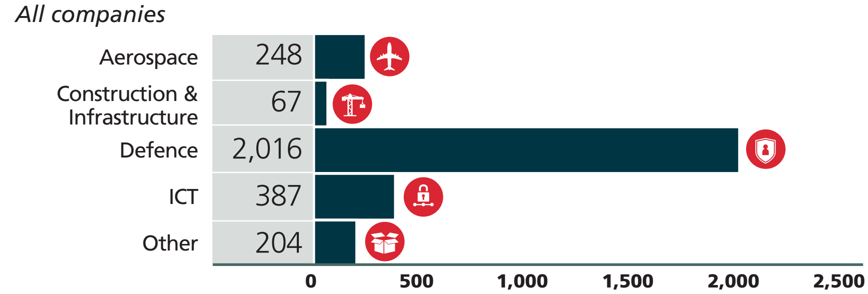
- Canadian companies under contract with CCC exported $2.92B products and services globally,[4] including $77M exported by SMEs.
- These exporting activities supported 12,000 Canadian jobs[5] across diverse Canadian industrial sectors, including: Aerospace, Construction & Infrastructure, Information and Communications Technology (ICT), Defence and Other (includes advanced manufactured goods and services, agriculture, health, tourism and training).

$2.92B

Goods and services exported by **Canadian companies of all sizes**—under contract with CCC

Exports by Canadian industrial sector (in $millions)

All companies



Exports by business line

70% through IPC

29% through DPSA

1% through Sourcing

4 Commercial trading transactions (CTTs). $2.92B includes sourcing activities under which CCC contracts with both Canadian and foreign companies to meet Government of Canada procurement needs. Sourcing makes up approximately 1% of total CTTs.

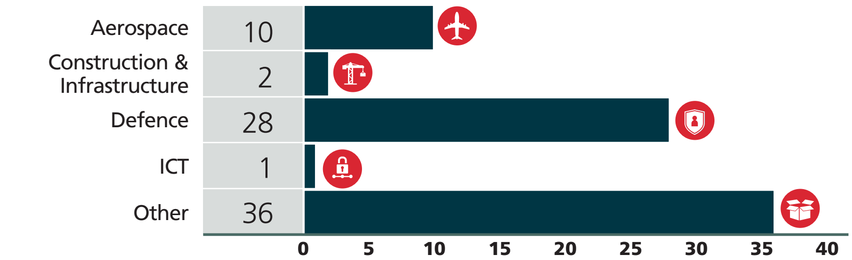
5 Estimated as 7,500 jobs per $1B CTTs

$77M

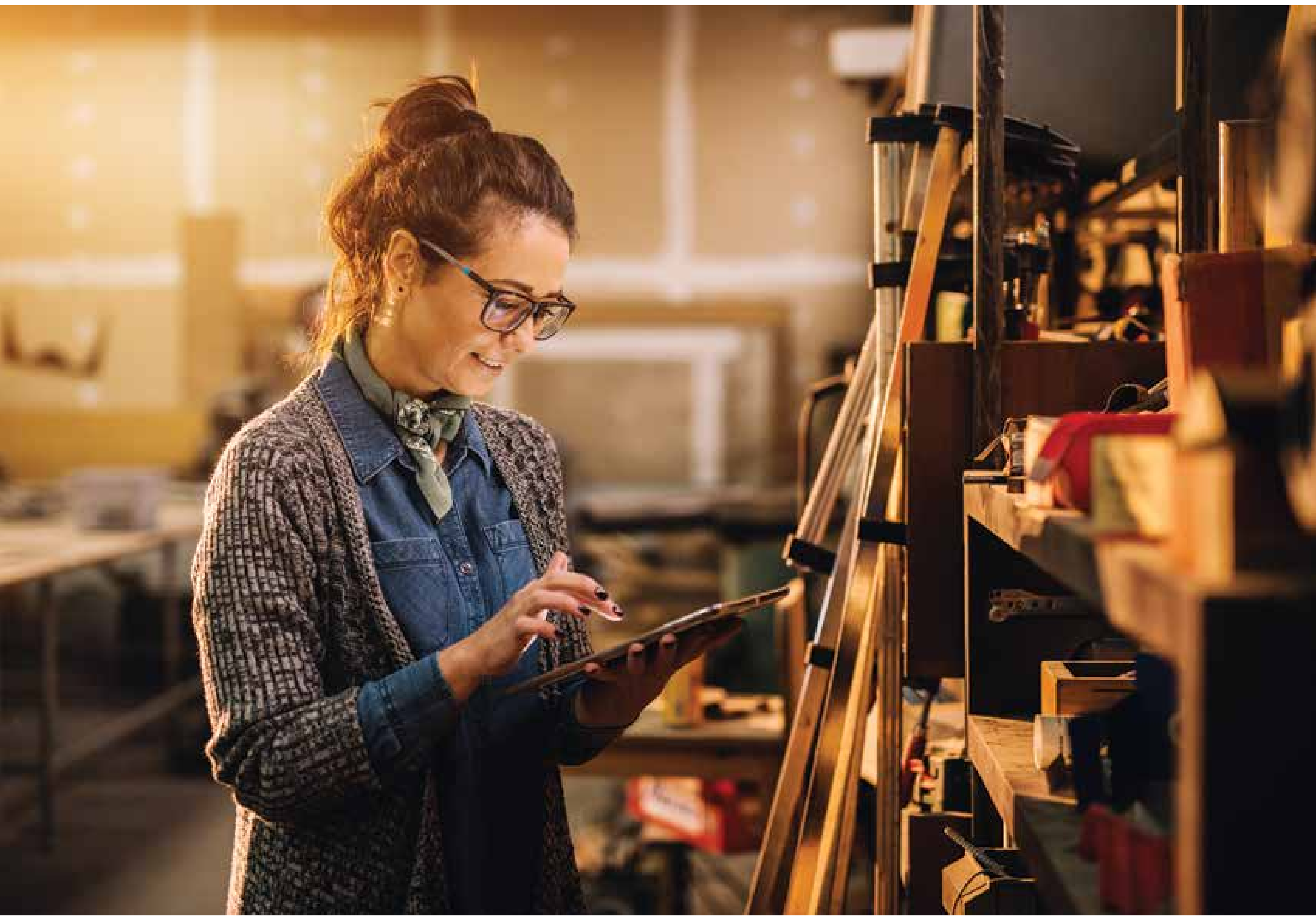
Goods and services exported by Canadian **SMEs (only)**

Exports by Canadian industrial sector (in $millions)

SMEs (only)



SME exports by business line



Geographic distribution of countries where CCC was active[6]

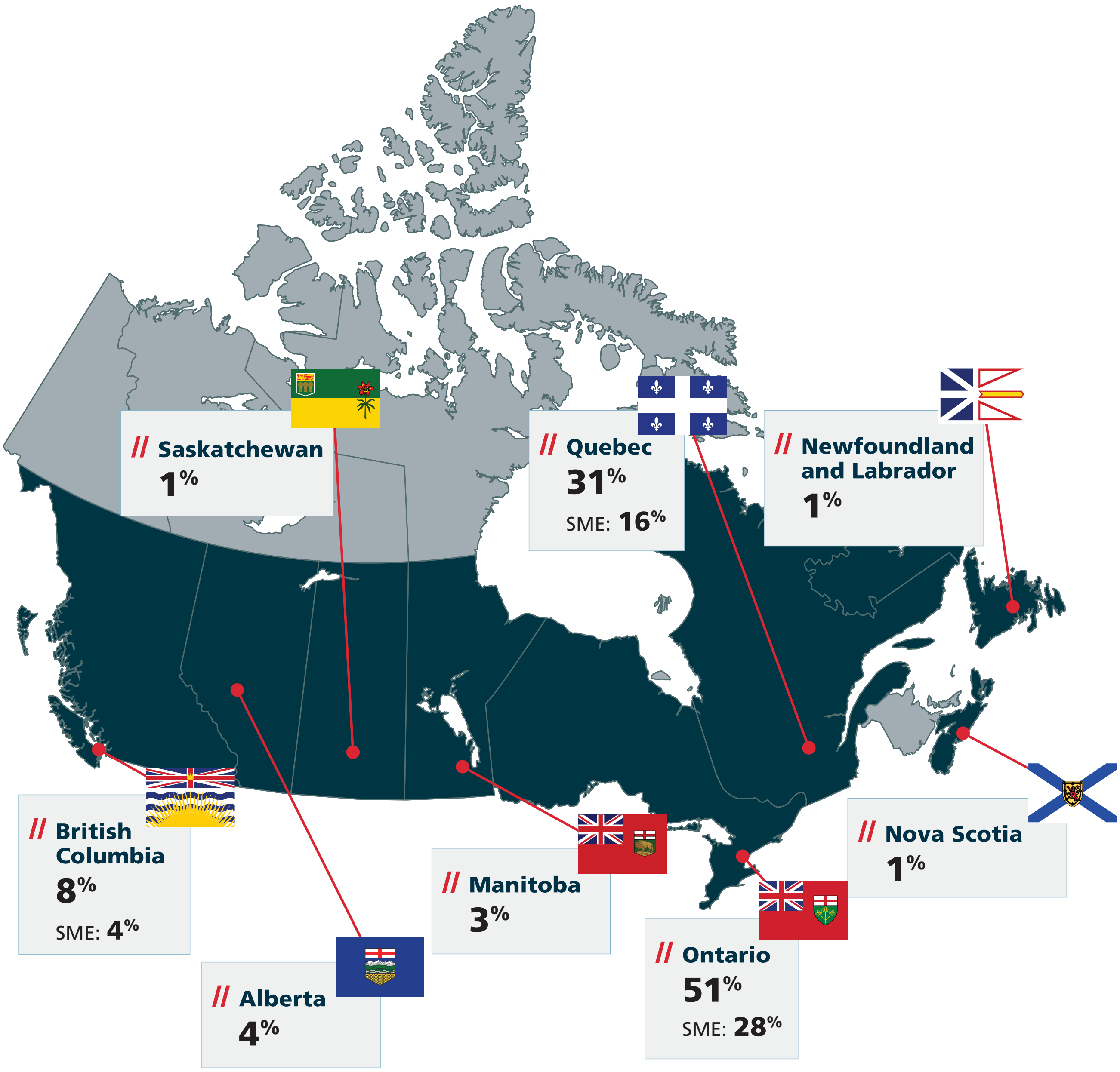
- In 2020–21, CCC was active in 79 countries around the world.

1. Anguilla
2. Antigua & Barbuda
3. Argentina
4. Armenia
5. Austria
6. Azerbijan
7. Bahamas
8. Bangladesh
9. Barbados
10. Belize
11. Benin
12. Bermuda
13. Bolivia
14. Bosnia
15. British Virgin Islands
16. Cameroon
17. Canada
18. Chile
19. China
20. Colombia
21. Costa Rica
22. Cote D'Ivoire
23. Cuba
24. Czech Republic
25. Denmark
26. Dominican Republic
27. Ecuador
28. Egypt
29. El Salvador
30. Ethiopia
31. France
32. Ghana
33. Greece
34. Grenada
35. Guyana
36. Haiti
37. Honduras
38. India
39. Indonesia
40. Jamaica
41. Japan
42. Jordan
43. Korea
44. Kuwait
45. Latvia
46. Lebanon
47. Malaysia
48. Mexico
49. Montenegro
50. Morocco
51. New Zealand
52. Nicaragua
53. Nigeria
54. North Macedonia
55. Pakistan
56. Panama
57. Peru
58. Philippines
59. Portugal
60. Qatar
61. Romania
62. Saudi Arabia
63. Senegal
64. Sierra Leone
65. Sint Maarten
66. Slovakia
67. South Africa
68. Spain
69. Suriname
70. Tanzania
71. Trinidad and Tobago
72. Tunisia
73. Turkey
74. Uganda
75. Ukraine
76. United Arab Emirates
77. United Kingdom
78. United States
79. Uruguay

6 Figure includes countries where CCC had active contracts and/or active qualified leads.

Geographic distribution of Canadian companies served by CCC

- In 2020–21, CCC served 345 Canadian companies. 153 had contracts under management, of which 48% were SMEs.[7]



7 Small and medium size enterprises, defined as Canadian companies with < 500 employees, <$50M in revenue and with a SME parent (if applicable).

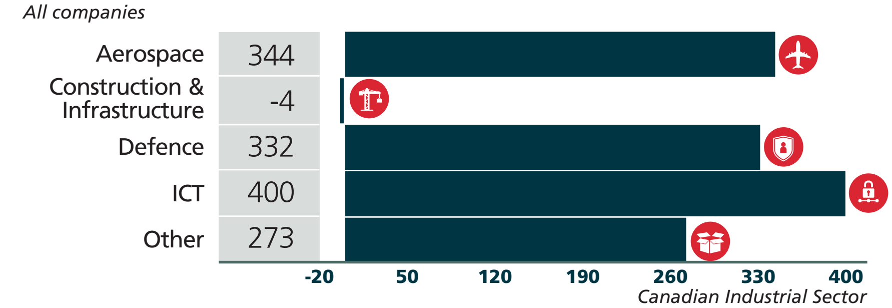
New export contracts signed by CCC in 2020–21: Value of contracts signed

- In 2020–21, CCC signed 2,322 export contracts[8] with Canadian companies, totaling $1.35B[9], including $60M signed with SMEs.
- "Other" includes advanced manufactured goods and services, agriculture, health, tourism, and training.

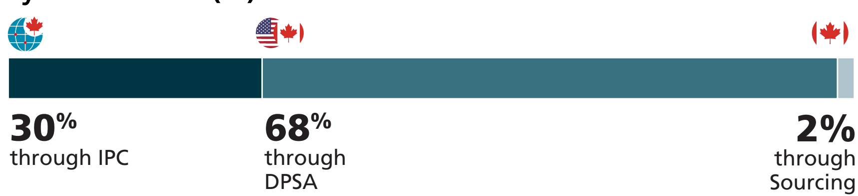
$1.35B

New export contracts signed **with Canadian companies of all sizes** to provide goods and services abroad.

New export contracts signed in 2020–21 (in $millions)
All companies



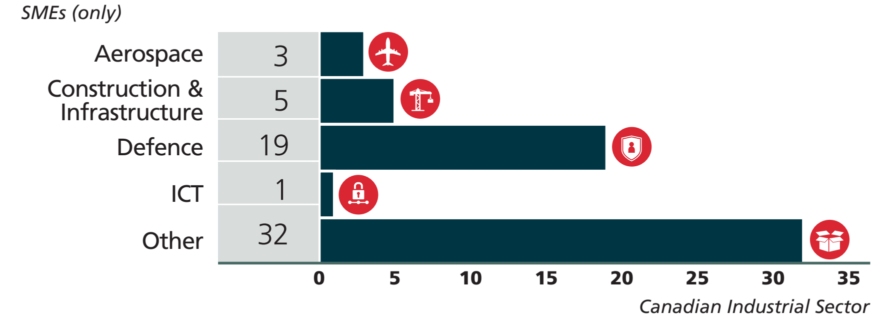
By business line (%)



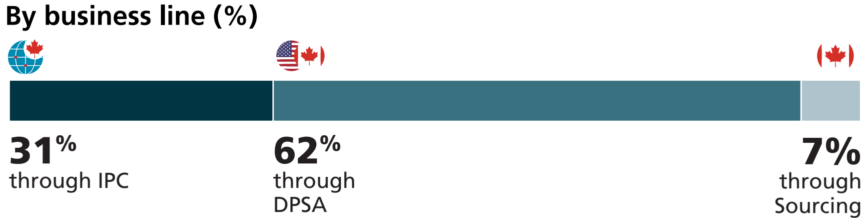
$60M

New export contracts signed **with** Canadian **SMEs.**

New export contracts signed in 2020–21 (in $millions)
SMEs (only)



By business line (%)



8 2,322 contracts and amendments were signed by CCC in 2020–21 (941 new contracts and 1381 contract amendments).

9 Value of contracts signed (VCS). $1.35B includes sourcing activities under which CCC signed contracts with both Canadian companies and foreign companies to meet Government of Canada procurement needs. Sourcing makes up approximately 2% of total VCS.

Spotlight: DPSA

The Canada–U.S. Defence Production Sharing Agreement (DPSA) is a unique economic and national security partnership that aligns with the Government of Canada's commitment to maintaining a bilateral defence trade relationship with the U.S. and benefits Canadian companies of all sizes.

" CCC has been assisting Cascade Aerospace Inc. for years, providing guidance, assistance and multilevel support with government-to-government opportunities. Because of this healthy, ever-growing relationship, CCC and Cascade Aerospace Inc. have secured a steady influx of important aerospace and defence work that has benefited Canada's economy. CCC staff are focused, knowledgeable, and always ready to assist—including afterhours and on weekends. Cascade Aerospace Inc. looks forward to many more years of professional relationship with CCC and encourages all qualified Canadian companies to work with CCC as we build our country's economy stronger."

— Aleksandar Petic, Manager, Contracts, Cascade Aerospace Inc.

Fiscal year 2020–21 is the second consecutive year in which CCC has signed more than $900M in new contracts under DPSA.

In 2020–21, CCC signed

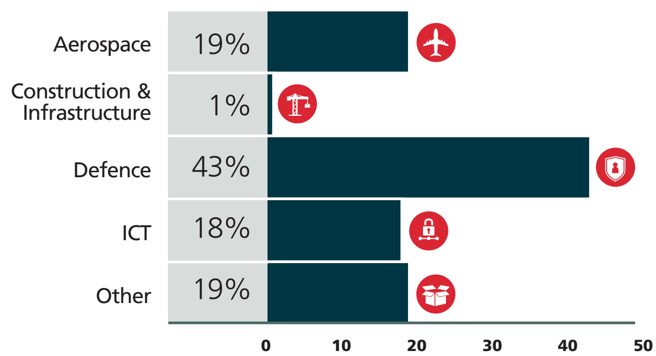
$922M

new export contracts with Canadian companies to deliver goods and services under DPSA.

$37M

were signed with SMEs.

DPSA new export contracts signed, by sector



Note: 'Other' includes advanced manufactured goods, health, clothing, education.

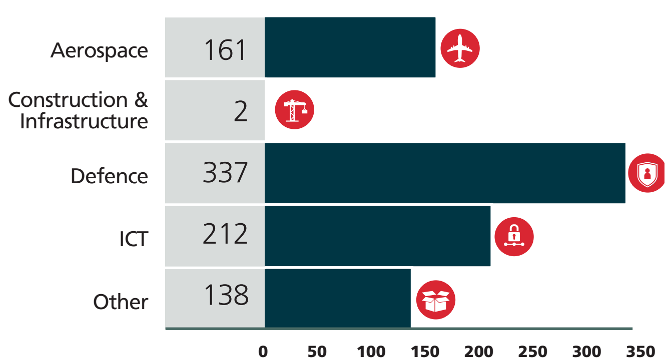
- The U.S. Department of Defence (U.S. DoD) is the world's largest government buyer. Under DPSA, CCC acts as prime contractor for U.S. DoD contracts awarded to Canadian suppliers.
- Because of DPSA, Canadian companies are able to compete for U.S. DoD contracts on the same basis as U.S. companies.

DPSA export activity and impact on Canadian jobs

In 2020–21, CCC exported **$850M goods and services** ($50M through SMEs) through **76 Canadian companies** (32% SMEs).

This supported an estimated **6,000 Canadian jobs**.

DPSA exports, by sector (in $millions)



ENABLING CANADIAN SUCCESS

Company profiles: SUPPORTING CANADIAN COMPANIES OF ALL SIZES THROUGH DPSA

Marathon Watch Company is a Canadian owned and run family business established in 1939. Marathon began its military heritage in 1941, manufacturing field watches and stopwatches for the Canadian War Department and sending watches overseas for the Canadian Armed Forces. Marathon has been working with CCC since the 1980s, providing an array of precision timepieces and optical equipment to the U.S. military. Over the last two years alone, CCC has supported Marathon Watch in more than a quarter million dollars in sales to a range of military aviation, land and maritime services.

Lockheed Martin Canada, headquartered in Ottawa, is the Canadian-based arm of Lockheed Martin Corporation, a global security and aerospace firm. Lockheed Martin Canada employs more than 1,000 people and has been Canada's trusted defence partner for more than 80 years, specializing in the development, integration and sustainment of advanced technology systems, products and services. In the past year, CCC worked with Lockheed Martin Commercial Engine Solutions, located in Montreal, Quebec, for the U.S. Air Force's F108 engine overhaul, an important update to the KC-135R Stratotanker aircraft.

ENABLING CANADIAN SUCCESS

Project profile: NORTH WARNING SYSTEM (NWS) – JOINT DEFENCE AND INCLUSIVE TRADE THROUGH DPSA

The North Warning System (NWS) is key to North America's continental security. Spanning 5,000 km across the vast Canadian North-from the Yukon to Labrador, with 47 radar sites and five logistic support sites—its's a challenging undertaking to maintain and operate. A critical piece of this undertaking is the all-weather transportation provided by Indigenous owned and operated companies like Canadian North.

Canadian North is an Inuit wholly owned air transportation company that connects people and delivers essential goods throughout Canada's North. It operates 25 destinations within the Northwest Territories, Nunavik and Nunavut, from its Southern gateways of Ottawa, Montreal and Edmonton, with a versatile fleet of Boeing 737 and ATR 42 aircraft.

HELPING CANADIAN COMPANIES OF ALL SIZES EXPORT

CCC's expanded service offering

In 2020–21, CCC developed additional service offerings to help Canadian companies find and act on global business opportunities. These services include:

- **The Global Bid Opportunity Finder**
- **Knowledge Products**
- **Concierge Services**

- We have developed these services to support the Government of Canada's inclusive trade agenda and strengthen the export capacity of Canadian companies, particularly SMEs and underrepresented sectors of the Canadian business ecosystem.

- We encourage Canadian companies of all sizes to take advantage of these new services to expand their international business reach. CCC is here to help.

The Global Bid Opportunity Finder

The Global Bid Opportunity Finder (GBOF) is a free web application exclusively for Canadian companies that provides opportunities from more than 200 countries in a single window to search, evaluate, and act upon.

- Leveraging government procurement expertise, the application was launched in January 2021 to help Canadian companies recover from the economic impacts of the COVID-19 pandemic and seize opportunities to flourish in a post COVID-19 world.

- The web application consolidates and delivers 5,000 to 7,000 opportunities daily, in both official languages from more than 32 sources across the world.

- GBOF helps Canadian companies:
  - Save time and money by eliminating the need to visit multiple e-tendering websites
  - Eliminate language barriers in identifying international opportunities
  - Receive daily alerts about bid opportunities directly to their inboxes

"What an innovative idea! We don't have time to go through five or ten different tendering sites, each with their own separate logins to manage and interfaces to learn, but with GBOF we have everything in one place."

— Theodora Alexakis, Vice President, Business Development, Terragon Environmental Technologies Inc.

"I'm thrilled that this tool is exclusively available to Canadian companies so international competitors can't use it to get the jump on us."

— Greg Burton, CD, MDS,
Senior Director,
Strategic Business Development,
DEW Engineering & Development

"I trust GBOF. Some of the other aggregators are just not credible. They feature open tenders that are often junk, or teasers that require you to pay to access the entire solicitation document."

— Jeff Killin, CD,
Director, International
Custom Products Inc.

GLOBAL BID OPPORTUNITY FINDER

On March 31, 2021, GBOF had:

665,739
tenders from more than

200
countries around the world

1,104
registered Canadian users

Sign up to access the Global Bid Opportunity Finder: www.gbof.ca

Diversity profile of GBOF users:

Among the 1,104 total GBOF users, 412 respondents (37%) completed CCC's diversity questionnaire. The table below summarizes the results.

Canadian companies owned or led by a:	# of respondents	% of respondents (412)	% of GBOF users (1,104)
Woman	180	44%	16%
New Canadian	104	25%	8%
Youth (under 35 years)	52	13%	5%
Racialized person	23	6%	2%
Black person	19	5%	2%
Indigenous person	17	4%	2%
LGBTQ2+ person	9	2%	1%
Person with disabilities	8	1%	1%
	412	**100%**	**37%**

Knowledge Products

Knowledge Products are free web-hosted informational products that help grow the export capabilities of Canadian companies, with a specific focus on empowering SMEs.

- We developed these products to share relevant information about a variety of export topics as well as tools to help SMEs at different stages of their export journey.
- The products are often in the form of written reports, working papers or short videos.
- They provide actionable information for the reader on topics such as, how to become eligible to sell to U.S. DoD, how to effectively find relevant public opportunities with the Global Bid Opportunity Finder (GBOF), and how to prepare a winning bid.
- Like the GBOF, they provide opportunities for SMEs to engage with CCC representatives for additional information and, if necessary, to connect to other relevant stakeholders in the Government of Canada's SME support ecosystem.

"Thanks for taking the time to connect us with the right person to help us understand and navigate the United States' Defense Federal Acquisition Regulation (DFARS). That was super helpful."

— Ryan Wallace,
AI & Innovation Strategy Consultant

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

https://info.ccc.ca/en/guide-us-defence-2020

Concierge Services

The Concierge Service is a free service where CCC professionals meet with Canadian businesses to understand their needs, provide key information and connect them directly to relevant parts of the Government of Canada business support ecosystem. The Concierge Service offers:

- Customized support provided through scheduled meetings between CCC professionals and customers to understand their needs
- A "no wrong door" approach for Canadian businesses looking to understand and access Government of Canada business services
- Direct connections to relevant Government of Canada departments and agencies

> *"Thanks to your Concierge Service and expert guidance, I have learned a great deal and I am certainly better prepared to move forward regardless of where our business takes us. For this I am profoundly grateful!"*
>
> **— Lesley Holmes, President, Trillys Systems**

Contact us for Concierge Services at:
1-800-748-8191 (Canada)
info@ccc.ca

ENABLING CANADIAN SUCCESS

Spotlight: SMALL AND MEDIUM SIZED ENTERPRISES

In 2020–21, CCC worked with more than 2,600 SMEs, both directly, through CCC contracts and services, and indirectly, through our prime contracts with larger Canadian companies which include SMEs throughout their supply chains.

Breakdown of SMEs served directly and indirectly by CCC in 2020–21:

SME classification	# of SMEs	Comment
Direct SMEs		
Under contract	**73**	All SMEs with contractual commitments with CCC as of March 31, 2021. Total value of contracts signed (VCS) with SMEs during the year totalled $60M.
Additional Services		
GBOF	**962**	
Knowledge products	**126**	
Concierge	**44**	
Direct SMEs	**1,205**	
Indirect SMEs	**1,400+**	More than 1,400 SMEs are beneficiaries of the supply chains supported through CCC contracts.
Total SMEs	**2,600+**	

OUR ESG COMMITMENT IN INTERNATIONAL BUSINESS DEALS

At the core of CCC's value to Canadian exporters is our ability to embed environmental, social and governance (ESG) considerations into business deals, and to help with risk mitigation to make it safer and easier for exporters to pursue significant opportunities in challenging global markets. As prime contractor, CCC implements risk-reducing strategies that create the conditions for Canadian exporters to fulfill contracts while satisfying foreign government buyers.

One of the enduring risks that exporters face is managing payments and cash flows. To reduce these risks, CCC administers all payments and cash flows throughout contract execution so exporters can focus on delivering against contractual terms.

ENABLING CANADIAN SUCCESS

Project profile: MITIGATING PAYMENT RISKS

In 2020, CCC worked with foreign buyer ARCAZ to facilitate the sale and delivery of 10,000 tons of Canadian potash to Cuba. Acting as a prime contractor, CCC managed complex multifaceted negotiations to secure the sale and facilitate the delivery of potash. The success of the transaction strengthened the business relationship between our two countries and provided a critical product to support the growth of sugar cane in Cuba. CCC has been successfully matching Cuban customers with Canadian exporters since 1991, resulting in a cumulative contract value of more than $1 billion.

Pursuing contracts in complex government procurement markets can be simpler with CCC.

ENABLING CANADIAN SUCCESS

Project profile: PROCUREMENT PROCESS RISKS

In 2018, Canadian aircraft manufacturer De Havilland Aircraft of Canada Limited teamed up with CCC to sell three Dash 8-400 aircraft to Biman Bangladesh Airlines Ltd., the national flag carrier airline of Bangladesh. CCC made it possible for De Havilland Canada to close the deal, and avoid the risk of lost opportunity, through a simplified procurement process that would not have been possible without a government-to-government contract. In 2020, De Havilland Canada delivered the first of the three aircraft. The Dash 8-400 is helping to fill a critical need in Biman's domestic routes, where the airline relies on larger aircraft to provide the service. The customized internal configuration of the aircraft also meets Biman's requirement for added luggage compartments to better serve its passengers.

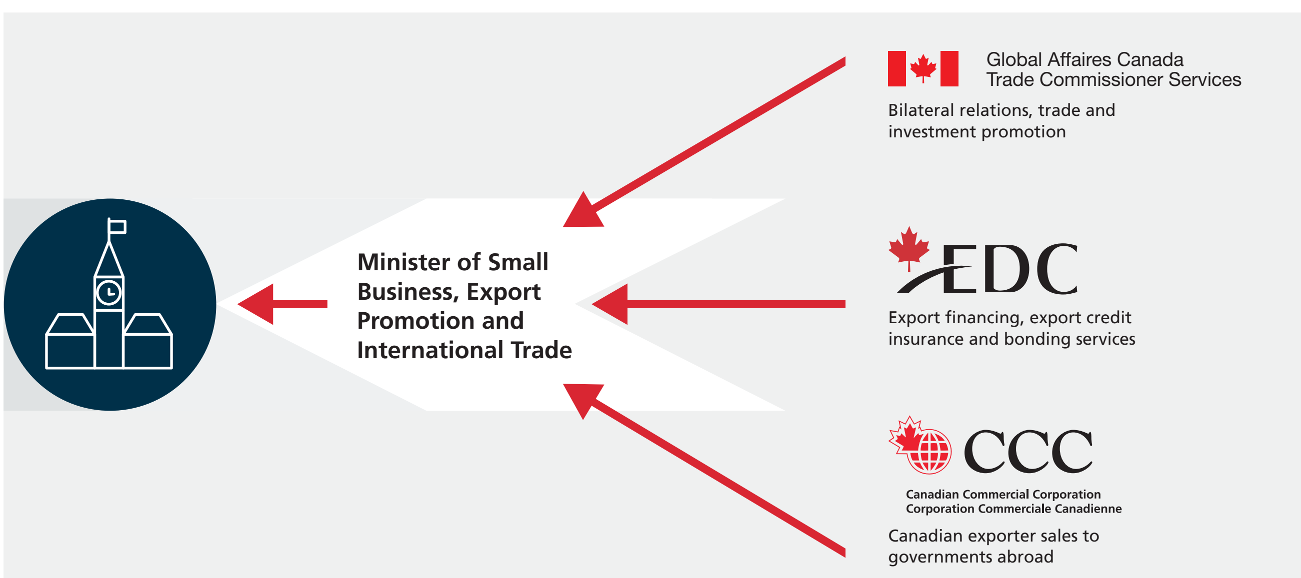
WHOLE OF GOVERNMENT APPROACH TO SERVING CANADIAN BUSINESSES

CCC seeks opportunities to partner with Government of Canada departments and agencies, industry associations and Canadian businesses. This enables us to better support Canadian businesses in their international business pursuits while also aligning with Canada's economic and trade priorities.

CCC is part of the International Trade Portfolio and collaborates with Trade Commissioner Service (TCS) and Export Development Canada (EDC) to help enble global trade opportunities for all sizes of Canadian businesses.

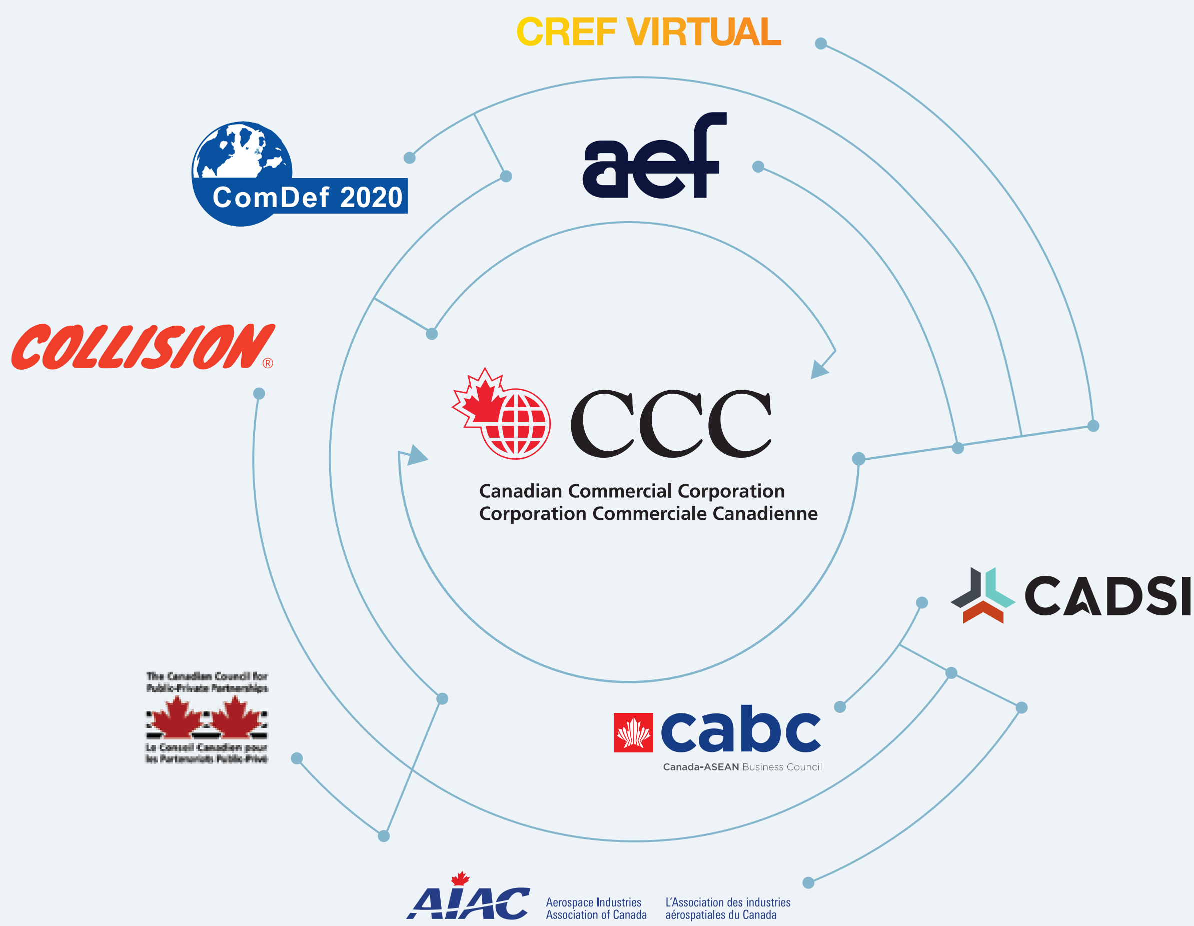
In 2020–21, CCC:

- Collaborated with Global Affairs Canada (GAC) on sourcing initiatives and on aligning CCC business deals on Government of Canada priorities.
- Joined the Business, Economic and Trade Recovery (BETR) Committee, created by the Honourable Mary Ng, Minister of Small Business, Export Promotion and International Trade.
- Partnered on 53 joint customer engagements with members the Government of Canada trade ecosystem to provide advisory services and facilitate customized solutions for Canadian companies doing international business.
- Held 38 GBOF demonstrations at virtual conferences for Government of Canada partners and industry associations to show how the GBOF web application can be leveraged to seek out new international business opportunities.



Spotlight: OUR INDUSTRY PARTNERS

In addition to partnering with Government of Canada departments and agencies, CCC works across industry to identify and participate in opportunities to support Canadian business.



Industry partners

AEF: Africa Energy Forum https://www.africa-energy-forum.com/

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

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

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

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

Collision: Technology Conference https://collisionconf.com/

COMDEF: An international defence cooperation conference organized by IDEEA Inc. https://ideea.com/comdef20/

CREF: Caribbean Renewable Energy Forum https://newenergyevents.com/cref/

INTEGRATING ESG PRACTICES IN EVERY DEAL WE DO

CCC is committed to operating in an environmentally, socially and ethically responsible manner consistent with Canada's international commitments including respect for human rights and combatting bribery. CCC views environmental, social and governance (ESG) as fundamental to operating successfully and sustainably.

The Government of Canada believes in the importance of responsible business conduct (RBC) and the duty of Canadian corporations to operate responsibly, both in Canada and abroad. CCC's commitment to RBC is a vital part of our work with Canadian exporters, their supply chains, foreign government buyers and our shareholder, the Government of Canada.

Prior to entering any transaction

- CCC conducts robust due diligence on RBC risks, working with Canadian exporters to prevent or mitigate adverse impacts and integrate risk management processes into their business operations to better position them for success in international markets.
- CCC provides guidance with respect to specific markets and issues and strives to increase understanding and awareness on the significance of RBC.

Transparency and accountability

- CCC recognizes transparency as a core guiding principle of sound corporate governance because it allows stakeholders and the public to hold us accountable.
- As part of the Responsible Business Conduct Framework, CCC has adopted a Transparency and Accountability Policy that solidifies our commitment to making certain that transactional information about business activities is accessible to the public.

CCC conducts a robust due diligence process on Canadian suppliers and government buyers, including anti-bribery and corruption and human rights assessments based on triggers.

Before entering into a contract, CCC gains a comprehensive understanding of relevant risks and develops a plan to manage or mitigate them.

Improved due diligence practices and risk assessments

- CCC continues to improve and strengthen its due diligence practices through cross-functional committees that undertake risk-based due diligence.

- These committees work closely with CCC project officers to build linkages that enable the operationalization of ESG in light of the particulars of the transaction to ensure a more holistic approach to risk.

- CCC has increased and improved its research, analysis, and consultation on risk assessments with respect to human rights, consulting with the relevant divisions at Global Affairs Canada (GAC) on projects that trigger human rights concerns.

- CCC continues to strengthen its analysis of the relevant product, end-user and country risk when conducting assessments and consulting with Global Affairs Canada (GAC) about those risks.

- Building upon its due diligence and risk assessments, CCC also strives to address specific risks and embed risk management and mitigation into the terms and conditions of its contracts.

INVESTING IN OUR PEOPLE AND CAPABILITIES

Our people

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

- We offer rewarding professional challenges to employees in a fast-paced, entrepreneurial, team-oriented environment.
- We are committed to employment equity, and actively encourage applications from women, Indigenous Peoples, persons with disabilities and members of visible minority groups.
- We invest in our employee's professional and career development and offer competitive compensation packages.
- We support employee wellness and offer a health and wellness allowance, free access to an on-site fitness center with online classes, and an exceptional Employee and Family Assistance Program.

Our People

111 staff and management

56% females

44% males

- **23%** of CCC employees self-identify as a member of a visible minority group
- **81** employees are members of the Professional Institute of the Public Service of Canada.

Our management

33% females

67% males

- **15%** of CCC management self-identify as an Indigenous person or member of a visible minority group

Our senior management committee

40% females

60% males

Our capabilities

In 2020–21, CCC made significant investments in IT equipment, processes and capabilities to enable all employees to work from home full-time. We also introduced IT tools to develop new ways of collaborating and working productively.

- Every CCC employee was provided with a comprehensive package of equipment to enable working from home on a full-time basis, including: Laptop, cell phone, second monitor, mouse, keyboard, office chair (where requested), and guidance on ergonomic home office set-up.
- We also made long-term strategic investments to enable forward-thinking workplace transformation while maintaining the confidentiality, integrity and availability of corporate information in compliance with legislation and policy. These initiatives helped us reduced corporate risk by securely storing and classifying corporate information and respecting limits on the volume of information retained by the corporation. Investments included:
    - The completion of an external cybersecurity assessment, which confirmed our alignment with the National Institute of Standards and Technology Cyber Security Framework and verified that there were no major gaps in the CCC cybersecurity program
    - The launch of a new internal portal to facilitate greater communication and collaboration
    - The continued rollout of our cloud migration strategy, including the migration of business documents to Microsoft SharePoint Online and the implementation of the electronic document and records management system
    - The removal of all CCC legacy applications, and introduction of new tools to improve collaboration, efficiency and enhanced reporting such as: Microsoft Teams, Policy Suite Management System and Microsoft PowerBI

PERFORMANCE AGAINST CORPORATE OBJECTIVES

CCC's Performance Scorecard measures the Corporation's progress against its corporate strategy. It contains a set of high-level indicators that strike a balance between financial and non-financial measures, aligning with broader Government of Canada priorities. The results for fiscal year 2020–21 are compared to the targets contained in the CCC 2020–21 to 2024–25 Corporate Plan. The 2020–21 to 2024–25 Corporate Plan has been approved by CCC's Board of Directors, but has not yet been approved by the Government of Canada.

Customer focus

CCC will continue to modernize key services through a new information management project and pursuing digitalization of core functions to increase operational productivity to ensure continued relevancy in the international trade environment.

CCC will extend its collaboration with federal partners and other key stakeholders to increase the number of SME product distribution channels available.

OBJECTIVE	PERFORMANCE MEASURE	TARGET	RESULT	COMMENT
Operational Effectiveness	Net Promoter Score	40	**56**	The proportion of customers likely to promote CCC to colleagues grew year over year and resulted in an overall NPS over target and which exceeds our industry median benchmark of 51. This reflects CCC's continued focus on serving Canadian companies by accumulating feedback, identifying opportunities for action, and implementing targeted responses. During the year, CCC introduced personalized customer experience interviews at key project milestones which enable Canadian companies to provide CCC with ongoing project feedback. As well, CCC launched the Customer Experience Response Team to lead responses to customer feedback.
	Operational Productivity			
	Total contracts under management/ total number of contract management employees	9	**6.53**	CCC continues to provide contracting expertise and contract management services to Canadian companies exporting around the world. This year, CCC saw a reduction in the overall number of contracts under management relative to expectations prior to COVID-19, in both Cuba and the U.S. COVID-19 was a factor in CCC's overall contracting activity in Cuba as the tourism sector was under pressure throughout the year due to international travel constraints. While U.S exports remained relatively immune to the impact of COVID-19, U.S. buyers made larger, but fewer purchases throughout the year reducing the levels of overall contracting activity.

OBJECTIVE	PERFORMANCE MEASURE	TARGET	RESULT	COMMENT
Operational Effectiveness	Total invoices processed/ total number of financial operations employees	65	**59.1**	A slight decrease in invoicing activity was commensurate with the decreased level of contracts as discussed above.
	DPSA value of contracts signed / DPSA program costs	>65	**76.75**	CCC supports a large and growing number of exports to the U.S. through its role as the custodian of DPSA, benefitting exporters across a number of diversified sectors. CCC has grown the value of contracts signed relative to the cost of administering the program and surpassed the target for the year.
Partnerships and Profile	Stakeholder engagement and satisfaction	80%	**N/A**	Planned in person stakeholder events for 2020–21 were cancelled due to COVID-19.
	Percentage of new pursuits sourced through partnerships	10%	**10%**	CCC has made good progress in its outreach activities and continues work to expand its partner network and strengthen ties with the TCS and EDC to increase the impact the corporation has on exporters. CCC met its objective despite the challenging environment.

People and financial

Engagement of CCC's workforce and capacity building will be a priority focus to ensure we are able and equipped to support the exporters of tomorrow.

Financial stability is critical to CCC's ability to help Canadian companies grow internationally and deliver on its mandate and Canada's international commitments.

OBJECTIVE	PERFORMANCE MEASURE	TARGET	RESULT	COMMENT
Enhanced Professional Capabilities	Employee Engagement Score	55%	**62%**	CCC conducted a full Employee Engagement Survey in 2020–21, comprised of 78 questions, with a participation rate of 79%. The overall Employee Engagement is 62%, over target of 55%. All attributes surveyed showed improvement, reflecting CCC's investments in employee and management training, and CCC's focus on continuous improvement, teamwork, mental health and workplace safety. CCC continues to utilize employee engagement feedback to inform managerial decision making.
Sustainable Financial Business Model	Value of Contracts Signed – $B	1.34	**1.35**	VCS results slightly exceeded target due to contracting activity in DPSA and IPC Aerospace and Other sectors (i.e. advanced manufacturing, agriculture, and health). These were offset by reduced activity in all other IPC sectors with large reductions in contracting activity observed in Construction & Infrastructure, ICT and Defence.
	Operating Results – $K	(-7,392)	**(-1,837)**	CCC recorded a net loss of $1.8M, which exceeded target by $5.5M. Reductions in fees earned during the year from reduced exporting activity in international prime contracts were offset by prudent cost containment measures as CCC continuously seeks to improve alignment between the Corporation's resources and operational activities. CCC also had lower travel expenditures in the year as a result of pandemic travel restrictions. The operating results were bolstered by a $4M transfer from the Government of Canada.

Sector diversification

CCC will grow trade opportunities for Canadian exporters in support of Canada's diverse and inclusive trade agenda.

OBJECTIVE	PERFORMANCE MEASURE	TARGET	RESULT	COMMENT
Sector Diversification	Customers Served	225	**345**	CCC supports companies looking to provide a G2G solution in difficult markets. As the international operating environment gets more challenging and risks increase, more companies are looking to CCC to help navigate these risks. CCC saw a rise in exporters seeking its support in the period and surpassed its target for the year, reflecting growth in the number of companies accessing our suite of products.
	with Contracts	150	**153**	The number of customers with contracts under management exceeded target despite the difficult world-wide working environment.
	with Active Leads	50	**51**	Lead generation is a primary indicator of future contract signings. Customers with active leads were slightly above target and spanned across all CCC's priority sectors.
	Knowledge Customers	25	**141**	CCC exceeded its target of knowledge customers and has made significant progress growing the number of exporters utilizing services through new SME programming.
	Percentage of customers served from new priority sectors	55%	**39%**	CCC was able to generate leads and sign contracts in the traditional G2G sectors of Aerospace, Defence and Infrastructure, however opportunities in the Cleantech and ICT sectors were limited.

Public policy

CCC will serve the needs of SMEs through product innovation, channel partner collaboration and leveraging corporate expertise and core competencies.

OBJECTIVE	PERFORMANCE MEASURE	TARGET	RESULT	COMMENT
Focus on SMEs	Number of SMEs served	150	**221**	CCC strives to help a growing number of SMEs export by taking a no wrong door approach to supporting their business. CCC, through its enhanced BD efforts, partnership outreach and development and expansion of its suite of product offerings has surpassed its target.
	with Contracts	85	**73**	This year, CCC focused its efforts on growing its capacity and strengthening its understanding of the needs of SMEs in the G2G arena. While these efforts have proven positive to reach more SMEs, it has not translated into contract signings at the pace that was targeted.
	with Active Leads	40	**22**	A strong and growing pipeline of leads is a key success factor in growing the number of companies securing G2G contracts. CCC did not meet its target of SME leads despite its targeted outreach efforts.
	Knowledge Customers	25	**126**	CCC continues to enhance its understanding of the evolving needs of SMEs and is developing new products to expand its reach for a greater impact on this market. This new measure has allowed CCC to capture exporters benefitting from additional services, where they benefit from CCC's 75 years of contracting experience.
	Percentage of customers that are SMEs	67%	**64%**	The number of SMEs that CCC supports has grown relative to its overall customer count, however the portfolio composition of SMEs fell slightly below target as leads and knowledge customers did not convert into signed contracts as planned.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table of Contents

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, 2021. All amounts presented are in Canadian dollars unless otherwise specified.

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

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

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

For presentation purposes, fiscal years ended March 31, 2020 and March 31, 2021 are referred to as 2020 and 2021 respectively.

Business Line Reporting Structure

CCC has three business lines which support Canadian companies in a variety of industries and sectors in order to gain access to markets around the globe.

International Prime Contracting (IPC)

The Corporation's International Prime Contracting ("IPC") business line is a fee-based service involving the establishment of government to government ("G2G") contracts with foreign government buyers where CCC guarantees the terms and conditions of the contracts. The IPC business line includes Core IPC, Concessions (formerly referred to as "Lotteries") and the ABP contract. CCC helps to mitigate the buyers' risk and provides an added incentive to procure from Canada and then enters into contracts with Canadian exporters to fulfill the requirements of these G2G contracts. The Corporation works with Canadian exporters of all sizes, across a diversified number of Canadian industrial sectors and focuses its efforts in five priority sectors: Aerospace, Clean Technology ("Cleantech"), Construction & Infrastructure, Defence and Information and Communications Technology ("ICT"). These growth sectors reflect priority areas for foreign buyers and align with the Government of Canada's progressive trade and investment agenda. The goal of these business activities is to increase the number of exporters that CCC serves while also supporting a wide range of Government of Canada priorities.

Canadian exporters are internationally recognized as leaders in Aerospace and have specialized Cleantech expertise in areas of public utilities, transportation and water management systems. Construction and Infrastructure is focused on international projects in emerging and developing markets and Defence relates to the export of goods and services for global defence and security. ICT includes Concessions contracts which include Lotteries established by a Canadian exporter on behalf of foreign governments which generate revenues used to help relieve poverty and support social programs abroad. The business activities from all other industries are classified as Other which includes the export of products from the agriculture industry. Additionally, within the IPC business line, CCC manages the ABP contract which has been presented separately in certain sections of the MD&A due to its magnitude.

Small and Medium Enterprises ("SMEs") are a critically important part of CCC's IPC activities. From a contracting perspective, CCC directly supports SMEs in a variety of international markets and across a broad range of industrial sectors. CCC plays a key role forging connections between SME exporters and foreign buyers to lower transactional risks and help them access new and emerging markets.

Defence Production Sharing Agreement (DPSA)

CCC supports Canadian exporters' (including SMEs) significant business activities under the Defence Production Sharing Agreement ("DPSA"). The DPSA program is an important Public Policy program for Canada, which provides equal access for Canadian exporters and other competitors in the U.S. Department of Defence ("DoD") market and generates hundreds of millions in exports annually from Canada. The accompanying jobs and economic benefits that flow from these exports are significant. CCC signed over $921 million of export contracts under the DPSA in 2021. CCC does not charge Fees for services provided under the DPSA.

Sourcing

CCC assists Government of Canada departments and agencies in efficiently and effectively fulfilling urgent and complex procurement needs. Completing this work involves sourcing goods and services to meet a variety of international commitments or programming needs, whereby CCC charges a fee to cover its costs to manage the program.

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

Value of Contracts Signed

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

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

The tables below present the VCS by business line for 2021 and 2020.

VCS BY BUSINESS LINE ($000'S)	FOR THE YEAR ENDED MARCH 31, 2021	2020	$ CHANGE	% CHANGE	% OF TOTAL 2021	% OF TOTAL 2020
IPC						
Core IPC	**$ 237,961**	$ 81,947	$ 156,014	>100%	**18%**	7%
Concessions	**164,284**	224,654	(60,370)	(27%)	**12%**	18%
DPSA	**921,685**	927,874	(6,189)	(1%)	**68%**	74%
Sourcing	**21,739**	15,160	6,579	43%	**2%**	1%
Total	**$ 1,345,669**	$ 1,249,635	$ 96,034	8%	**100%**	100%

The above figures include VCS with SMEs as follows:

SME VCS BY BUSINESS LINE ($000'S)	FOR THE YEAR ENDED MARCH 31, 2021	2020	$ CHANGE	% CHANGE	% OF TOTAL 2021	% OF TOTAL 2020
IPC						
Core IPC	**$ 18,520**	$ 44,424	$ (25,904)	(58%)	**31%**	28%
DPSA	**37,367**	109,514	(72,147)	(66%)	**62%**	69%
Sourcing	**4,496**	4,409	87	2%	**7%**	3%
Total	**$ 60,383**	$ 158,347	$ (97,964)	(62%)	**100%**	100%

Total VCS increased by $96.0 million or 8% compared to the prior year. The increase was the net result of:

- $156.0 million in higher contracts signed in the Core IPC business line which was primarily attributable to a $142.2 million increase in VCS in the Aerospace sector and a $25.4 million increase in the Other sector. These increases were offset by a combined net decrease in VCS of $11.6 million in the Cleantech, Construction and Infrastructure, Defence and ICT sectors in the Core IPC business line.
- $6.6 million in higher contracts signed in Sourcing.
- These results were partially offset by decreases in VCS of $60.4 million in Concessions and $6.2 million in DPSA.

VCS with SMEs decreased by $98.0 million or 62% across Core IPC and DPSA while remaining comparable to prior year levels for Sourcing.

The table below presents the VCS by business line and sector for 2021.

VCS BY BUSINESS LINE / SECTOR ($000'S)	AEROSPACE	CLEANTECH	CONSTRUCTION/ INFRASTRUCTURE	DEFENCE	ICT	OTHER	TOTAL	% OF TOTAL
IPC								
Core IPC	$ 167,301	$ –	$ (8,476)	$ 1,294	$ 734	$ 77,108	**$ 237,961**	**18%**
Concessions	–	–	–	–	164,284	–	**164,284**	**12%**
DPSA	177,136	–	4,932	398,256	166,654	174,707	**921,685**	**68%**
Sourcing	–	–	–	201	99	21,439	**21,739**	**2%**
Total	**$ 344,437**	**$ –**	**$ (3,544)**	**$ 399,751**	**$ 331,771**	**$ 273,254**	**$ 1,345,669**	**100%**
% of Total	**25%**	**0%**	**(0%)**	**30%**	**25%**	**20%**	**100%**	

Of the total VCS of $1.35 billion, Core IPC contributed $238.0 million or 18% across Aerospace, Construction and Infrastructure, Defence, ICT and Other which includes a reduction in VCS of $9.2 million from Construction and Infrastructure from a reduction in scope of a contract. Concessions contributed $164.3 million or 12% in the ICT sector. DPSA contributed $922.0 million or 68% across Aerospace, Construction and Infrastructure, Defence, ICT and Other. Finally, Sourcing contributed $21.7 million or 2% primarily in the Other sector.

The table below presents the VCS by business line and region for 2021.

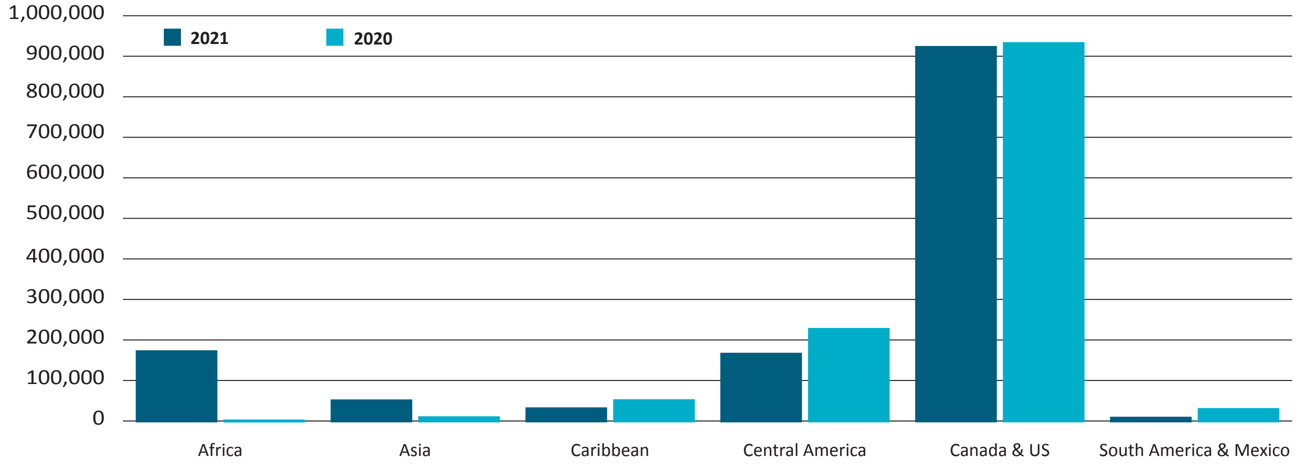
VCS BY BUSINESS LINE / REGION ($000'S)	AFRICA	ASIA[1]	CARIBBEAN	CENTRAL AMERICA	EUROPE	CANADA & US	SOUTH AMERICA & MEXICO	TOTAL	% OF TOTAL
IPC									
Core IPC	$ 158,294	$ 45,563	$ 30,343	$ 734	$ 2	$ –	$ 3,025	**$ 237,961**	**18%**
Concessions	–	–	–	164,284	–	–	–	**164,284**	**12%**
DPSA	–	–	–	–	–	921,685	–	**921,685**	**68%**
Sourcing	12,903	4,391	–	–	–	300	4,145	**21,739**	**2%**
Total	**$ 171,197**	**$ 49,954**	**$ 30,343**	**$ 165,018**	**$ 2**	**$ 921,985**	**$ 7,170**	**$ 1,345,669**	**100%**
% of Total	**13%**	**4%**	**2%**	**12%**	**<1%**	**69%**	**<1%**	**100%**	

[1] Asia includes the Middle East

Of the total VCS of $1.35 billion, there was $171.2 million in Africa related to Core IPC ($158.3 million primarily from the Aerospace sector) and Sourcing ($12.9 million). VCS from Asia totaled $50.0 million related to Core IPC ($45.6 million primarily from the sale of potash in the Other sector) and Sourcing ($4.4 million). There was $30.3 million of VCS from the Caribbean in Core IPC primarily related to business activities in support of the agricultural and tourism sectors. VCS of $165.0 million from Central America was primarily related to Concession contracts in the ICT sector. VCS of $922.0 million from the Canada & US region were primarily related to DPSA contracts. Finally, VCS of $7.2 million in South America & Mexico were from the Aerospace sector ($3.0 million) related to Core IPC and Sourcing ($4.2 million).

The graph below presents a comparison of significant changes in VCS by region for 2021 and 2020.

VCS by Region ($000's)



For 2021, the most significant VCS increase compared to prior year was of $171.1 million from Africa primarily related to Aerospace with additional increases of $41.6 million in Asia primarily related to the sale of potash in Core IPC. These increases were offset by a reduction in contracts signed in Central America of $61.2 million primarily from the ICT sector in Concessions, in the Caribbean of $20.0 million primarily from Core IPC related to business activities in support of the agricultural and tourism sectors, in South America & Mexico of $21.4 million primarily from Aerospace in Core IPC, in the Canada & US region of $9.4 million primarily related to DPSA contracts and Sourcing and in Europe of $4.7 million from Core IPC in the Defence sector.

Contract obligations remaining as at March 31, 2021

As prime contractor, the Corporation is contractually obligated to complete contracts with foreign buyers ensuring that the terms of the contracts are fulfilled regardless of performance by the Canadian exporter. The value of the Corporation's total contract portfolio remaining to be fulfilled as at March 31, 2021 is $9.4 billion (March 31, 2020 – $12.4 billion), of which approximately 85% (March 31, 2020 – 88%) relates to the ABP contract.

Commercial Trading Transactions

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

The tables below reflect CTT by business line for 2021 and 2020.

CTT BY BUSINESS LINE ($000'S)	FOR THE YEAR ENDED MARCH 31,					
	2021	2020	$ CHANGE	% CHANGE	% OF TOTAL 2021	% OF TOTAL 2020
IPC						
Core IPC	**$ 212,242**	$ 350,623	$ (138,381)	(39%)	**7%**	11%
Concessions	**164,284**	224,654	(60,370)	(27%)	**6%**	7%
DPSA	**850,043**	738,942	111,101	15%	**29%**	23%
Sourcing	**20,117**	19,114	1,003	5%	**<1%**	<1%
Total excluding ABP	**$ 1,246,686**	$ 1,333,333	$ (86,647)	(6%)	**43%**	42%
ABP	**1,674,629**	1,837,498	(162,869)	(9%)	**57%**	58%
Total including ABP	**$ 2,921,315**	$ 3,170,831	$ (249,516)	(8%)	**100%**	100%

The above figures include CTT with SMEs as follows:

SME CTT BY BUSINESS LINE ($000'S)	FOR THE YEAR ENDED MARCH 31,					
	2021	2020	$ CHANGE	% CHANGE	% OF TOTAL 2021	% OF TOTAL 2020
IPC						
Core IPC	**$ 22,575**	$ 53,594	$ (31,019)	(58%)	**29%**	52%
DPSA	**49,973**	41,731	8,242	20%	**65%**	40%
Sourcing	**4,275**	8,350	(4,075)	(49%)	**6%**	8%
Total	**$ 76,823**	$ 103,675	$ (26,852)	(26%)	**100%**	100%

Total CTT decreased by $249.5 million or 8% in 2021 compared to prior year. The decrease was the net result of:

- Lower CTT of $162.9 million from the ABP program;
- Lower CTT of $138.4 million from the Core IPC business line primarily as a result of decreases in CTT from Construction and Infrastructure ($106.2 million), ICT ($9.6 million), Aerospace ($6.3 million) and Other ($21.1 million) which were partially offset by a net increase in CTT of $4.8 million in Defence and Cleantech;
- Lower CTT of $60.4 million from Concessions;
- These results were partially offset by increases in CTT of $111.1 million from DPSA and $1.0 million from Sourcing.

CTT with SMEs decreased by $26.9 million or 26%. This was the net result of a combined decrease of $35.1 million in CTT with SMEs across Core IPC and Sourcing which was partially offset by an of increase of $8.2 million in CTT with SMEs from DPSA.

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

The table below presents the CTT by business line and sector for 2021, excluding ABP.

CTT BY BUSINESS LINE/SECTOR ($000'S)	AEROSPACE	CLEANTECH	CONSTRUCTION/ INFRASTRUCTURE	DEFENCE	ICT	OTHER	TOTAL	% OF TOTAL
IPC								
Core IPC	$ 87,397	$ –	$ 64,304	$ 4,404	$ 3,931	$ 52,206	**$ 212,242**	**17%**
Concessions	–	–	–	–	164,284	–	**164,284**	**13%**
DPSA	160,506	–	2,340	336,976	211,762	138,459	**850,043**	**68%**
Sourcing	–	–	–	361	6,730	13,026	**20,117**	**2%**
Total	**$ 247,903**	**$ –**	**$ 66,644**	**$ 341,741**	**$ 386,707**	**$ 203,691**	**$ 1,246,686**	**100%**
% of Total	**20%**	**0%**	**5%**	**28%**	**31%**	**16%**	**100%**	

Of the total CTT of $1.25 billion (excluding ABP), CTT from Core IPC was $212.2 million or 17% across Aerospace, Construction and Infrastructure, Defence, ICT and Other. Concessions contributed $164.3 million or 13% from the ICT sector. DPSA contributed $850.0 million or 68% across Aerospace, Construction and Infrastructure, Defence, ICT and Other. Sourcing contributed $20.1 million or 2% primarily across ICT and Other.

The table below presents the CTT by business line and region for 2021, excluding ABP.

CTT BY BUSINESS LINE/REGION ($000'S)	AFRICA	ASIA[1]	CARIBBEAN	CENTRAL AMERICA	EUROPE	CANADA & US	SOUTH AMERICA & MEXICO	TOTAL	% OF TOTAL
IPC									
Core IPC	$ 49,805	$101,495	$ 46,087	$ 3,931	$ 2,713	$ –	$ 8,211	**$ 212,242**	**17%**
Concessions	–	–	–	164,284	–	–	–	**164,284**	**13%**
DPSA	–	–	–	–	–	850,043	–	**850,043**	**68%**
Sourcing	3,373	10,798	178	–	–	224	5,544	**20,117**	**2%**
Total	**$ 53,178**	**$112,293**	**$ 46,265**	**$ 168,215**	**$ 2,713**	**$ 850,267**	**$ 13,755**	**$ 1,246,686**	**100%**
% of Total	**4%**	**9%**	**4%**	**13%**	**<1%**	**68%**	**1%**	**100%**	

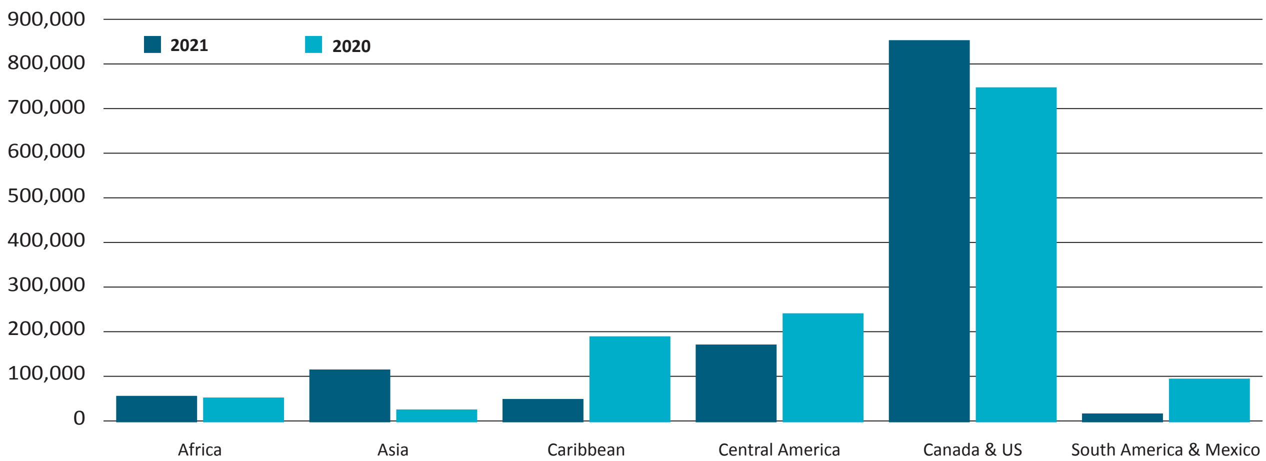
[1] Asia includes the Middle East

Of the total CTT of $1.25 billion (excluding ABP):

- $53.2 million was in Africa which includes $49.8 million from Core IPC related to the Construction and Infrastructure sector for the development of a parking complex in the Port of Tema, Ghana and $3.4 million from Sourcing primarily related to the provision of personal protective equipment following the emergence of COVID-19.
- $112.3 million was in Asia which includes $101.5 million from Core IPC in Bangladesh in the Aerospace sector related the sale of aircraft and in the Other Sector related to the supply of potash and $10.8 million from Sourcing related to the provision of personal protective equipment following the emergence of COVID-19 as well as other procurement services performed on behalf of the Government of Canada for international end users.
- $46.3 million was in the Caribbean primarily from Core IPC which includes $31.6 million in the Other sector related to business activities in support of the agricultural and tourism sectors in Cuba and $14.5 million in the Construction and Infrastructure sector related to progress on the expansion and rehabilitation of the L.F. Wade International Airport in Bermuda.
- $168.2 million was in Central America from the ICT sector primarily related to Concessions contracts of $164.3 million in Honduras and Nicaragua as well as $3.9 million in Core IPC related to security contracts in Honduras and Panama.
- $2.7 million in Europe related to Defence contracts in Core IPC.
- $850.3 million in Canada & US region primarily relate to DPSA contracts.
- $13.8 million in South America & Mexico included $8.2 million in Core IPC primarily related to the Aerospace and Defence sectors and Sourcing of $5.5 million related to various procurement services performed on behalf of the Government of Canada for international end users.

The graph below presents a comparison of the significant changes in CTT by region for 2021 and 2020, excluding ABP.

CTT by Region ($000's)



There was a total decrease in CTT of $86.6 million in 2021 compared to prior year, excluding the decrease of $162.9 million from the ABP. The net result was due to a combined decrease of $288.3 million in the Caribbean, Central America and the South America & Mexico regions which was partially offset by a combined increase of $201.7 million in Africa, Asia, Europe and the Canada & US regions.

CTT by business line and region have variations when comparing year-over-year results, which is reflective of the timing of specific contract requirements and associated delivery schedules. Furthermore, CTT for 2021 has been impacted by the Coronavirus 2019 (COVID-19) pandemic as some activities and deliveries were delayed due to disruptions in the supply chain and foreign buyers focusing on their domestic response to COVID-19.

Summary of Financial Results

A discussion of CCC's financial highlights for the year ended March 31, 2021 follows.

Statement of Comprehensive Income discussion

	FOR THE YEAR ENDED MARCH 31,			
NET PROFIT (LOSS) ($000'S)	2021	2020	$ CHANGE	% CHANGE
Revenues	**$ 18,795**	$ 25,652	$ (6,857)	(27%)
Government funding	**4,000**	4,500	(500)	(11%)
Expenses	**23,974**	27,622	(3,648)	(13%)
Gain (loss) on foreign exchange	**(658)**	47	(705)	(>100%)
Net profit (loss)	**$ (1,837)**	$ 2,577	$ (4,414)	(>100%)

For 2021, the Corporation recorded a net loss of $1.8 million, a decrease of $4.4 million from the prior year net profit of $2.6 million. This result was due to $6.9 million of lower revenues, a $500 thousand decrease in funding from the Government of Canada and the effect of changes in foreign exchange of $705 thousand which were partially offset by lower expenses of $3.7 million compared to prior year levels.

CCC's contracts with foreign buyers and Canadian exporters are generally in the same currency, resulting in a natural hedge against foreign exchange gains or losses that would otherwise impact the net results of operations and comprehensive income (loss). However, there is foreign exchange risk exposure resulting from timing differences between the recognition of Fees for service revenue and actual receipt of cash from certain contracts.

Revenues

REVENUES ($000'S)	FOR THE YEAR ENDED MARCH 31, 2021	2020	$ CHANGE	% CHANGE	% OF TOTAL 2021	% OF TOTAL 2020
Fees for service	**$ 18,400**	$ 24,068	$ (5,668)	(24%)	**98%**	94%
Other income	**258**	655	(397)	(61%)	**1%**	3%
Finance income	**137**	929	(792)	(85%)	**<1%**	3%
Total	**$ 18,795**	$ 25,652	$ (6,857)	(27%)	**100%**	100%

For 2021, total revenues of $18.8 million were $6.9 million or 27% lower compared to prior year. The decrease is due to lower Fees for service of $5.7 million, other income of $397 thousand and finance income of $792 thousand.

Fees for Service by Business Line

FEES FOR SERVICE BY BUSINESS LINE ($000'S)	FOR THE YEAR ENDED MARCH 31, 2021	2020	$ CHANGE	% CHANGE	% OF TOTAL 2021	% OF TOTAL 2020
IPC						
Core IPC	**$ 5,917**	$ 8,586	$ (2,669)	(31%)	**32%**	36%
Concessions	**702**	826	(124)	(15%)	**4%**	3%
Sourcing	**2,115**	2,319	(204)	(9%)	**11%**	10%
Total excluding ABP	**$ 8,734**	$ 11,731	$ (2,997)	(26%)	**47%**	49%
ABP	**9,666**	12,337	(2,671)	(22%)	**53%**	51%
Total including ABP	**$ 18,400**	$ 24,068	$ (5,668)	(24%)	**100%**	100%

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

For 2021, total Fees for service of $18.4 million were $5.7 million or 24% lower compared to prior year. The period-over-period decrease was due to a decrease of $2.7 million in Fees for service from ABP and a combined decrease of $3.0 million from all other business lines.

The table below presents the Fees for service by business line and sector for 2021, excluding ABP.

FEES FOR SERVICE BY BUSINESS LINE/ SECTOR ($000'S)	AEROSPACE	CLEANTECH	CONSTRUCTION/ INFRASTRUCTURE	DEFENCE	ICT	OTHER	TOTAL	% OF TOTAL
IPC								
Core IPC	$ 2,291	$ –	$ 1,824	$ 249	$ 182	$ 1,371	**$ 5,917**	**68%**
Concessions	–	–	–	–	702	–	**702**	**8%**
Sourcing	–	–	–	22	8	2,085	**2,115**	**24%**
Total	**$ 2,291**	**$ –**	**$ 1,824**	**$ 271**	**$ 892**	**$ 3,456**	**$ 8,734**	**100%**
% of Total	**26%**	**0%**	**21%**	**3%**	**10%**	**40%**	**100%**	

Of the total Fees for service from contracts under management of $8.7 million (excluding ABP), Core IPC contributed $5.9 million or 68% across Aerospace, Construction and Infrastructure, Defence, ICT and Other. Concessions contributed $702 thousand or 8% from the ICT sector. Sourcing contributed $2.1 million or 24% primarily in the Other Sector.

The table below presents the Fees for service by business line and region for 2021, excluding ABP.

FEES FOR SERVICE BY BUSINESS LINE/ REGION ($000'S)	AFRICA	ASIA[1]	CARIBBEAN	CENTRAL AMERICA	EUROPE	CANADA & US	SOUTH AMERICA & MEXICO	TOTAL	% OF TOTAL
IPC									
Core IPC	$ 2,132	$ 1,929	$ 1,328	$ 182	$ 86	$ 74	$ 186	**$ 5,917**	**68%**
Concessions	–	–	–	702	–	–	–	**702**	**8%**
Sourcing	185	880	(5)	–	–	969	86	**2,115**	**24%**
Total	**$ 2,317**	**$ 2,809**	**$ 1,323**	**$ 884**	**$ 86**	**$ 1,043**	**$ 272**	**$ 8,734**	**100%**
% of Total	**27%**	**32%**	**15%**	**10%**	**<1%**	**12%**	**3%**	**100%**	

[1] Asia includes the Middle East

Of the total Fees for service from contracts under management of $8.7 million (excluding ABP):

- $2.3 million was from Africa which includes $2.1 million from Core IPC related to Construction and Infrastructure and Aerospace and $185 thousand from Sourcing.
- $2.8 million was from Asia which includes $1.9 million from Core IPC related to Aerospace and the sale of potash in the Other sector and $880 thousand from Sourcing.
- $1.3 million was from the Caribbean from Core IPC related to business activities in the support of the agricultural and tourism sectors and Construction and Infrastructure.
- $884 thousand was from Central America from the ICT sector which includes $182 thousand from Core IPC and $702 thousand from Concessions.
- $86 thousand was from Europe related to Defence contracts in Core IPC.

- $1.0 million was from the Canada & US region which included Sourcing of $969 thousand and Core IPC of $74 thousand related to the Defence sector.
- $272 thousand was from South America & Mexico which included $186 thousand from Core IPC across the Aerospace, Defence and Other sectors and Sourcing of $86 thousand.

Expenses

Administrative expenses

ADMINISTRATIVE EXPENSES ($000'S)	FOR THE YEAR ENDED MARCH 31,					
	2021	2020	$ CHANGE	% CHANGE	% OF TOTAL 2021	% OF TOTAL 2020
Workforce compensation and related expenses	**$ 16,654**	$ 18,681	$ (2,027)	(11%)	**70%**	67%
Contract management services	**2,222**	2,348	(126)	(5%)	**9%**	9%
Consultants	**1,440**	1,315	125	10%	**6%**	5%
Rent and related expenses	**1,090**	1,295	(205)	(16%)	**5%**	5%
Software, hardware and support	**780**	715	65	9%	**3%**	3%
Depreciation	**729**	728	1	<1%	**3%**	3%
Communications	**368**	351	17	5%	**2%**	1%
Travel and hospitality	**32**	1,402	(1,370)	(98%)	**<1%**	5%
Other expenses	**431**	444	(13)	(3%)	**2%**	2%
Total	**$ 23,746**	$ 27,279	$ (3,533)	(13%)	**100%**	100%

For 2021, administrative expenses of $23.7 million were $3.5 million or 13% lower compared to prior year levels. This was the net result of lower expenses totaling $3.7 million across workforce compensation and related expenses, contract management services, rent and related expenses, travel and hospitality and other expenses which was partially offset by a combined increase of $208 thousand in expenses related to consultants, software, hardware and support, depreciation and communications.

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

Contract remediation expenses

Contract remediation expenses may be recorded by the Corporation if the Canadian exporter fails to fulfill its domestic contract obligations to the Corporation. Contract remediation expenses are recorded as actual amounts are incurred or can be reasonably estimated. For 2021 and 2020, no contract remediation expenses were incurred. This result is a reflection of the Corporation's due diligence processes, robust contract management and Enterprise Risk Management ("ERM") practices.

Statement of Financial Position discussion

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

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

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

Assets

ASSETS ($000'S) AS AT	MARCH 31, 2021	MARCH 31, 2020	$ CHANGE	% CHANGE	% OF TOTAL	
					MARCH 31, 2021	MARCH 31, 2020
Cash and cash equivalents	**$ 49,448**	$ 65,818	$ (16,370)	(25%)	**62%**	67%
Accounts receivable	**23,834**	26,333	(2,499)	(9%)	**30%**	27%
Other assets	**567**	781	(214)	(27%)	**<1%**	<1%
Property and equipment	**2,098**	2,404	(306)	(13%)	**3%**	2%
Right-of-use assets	**3,257**	3,570	(313)	(9%)	**4%**	4%
Total assets	**$ 79,204**	$ 98,906	$ (19,702)	(20%)	**100%**	100%

As at March 31, 2021, total assets of $79.2 million decreased by $19.7 million or 20% from the prior year end. This is primarily driven by decreases in cash and cash equivalents of $16.4 million and accounts receivable of $2.5 million.

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

Liabilities

LIABILITIES ($000'S) AS AT	MARCH 31, 2021	MARCH 31, 2020	$ CHANGE	% CHANGE	% OF TOTAL	
					MARCH 31, 2021	MARCH 31, 2020
Accounts payable and accrued liabilities	**$ 26,847**	$ 40,568	$ (13,721)	(34%)	**47%**	54%
Holdbacks and deferred revenue	**405**	5,550	(5,145)	(93%)	**<1%**	7%
Advances	**22,140**	20,754	1,386	7%	**39%**	28%
Employee benefits	**1,303**	1,284	19	1%	**2%**	2%
Lease liabilities	**6,418**	6,836	(418)	(6%)	**11%**	9%
Total liabilities	**$ 57,113**	$ 74,992	$ (17,879)	(24%)	**100%**	100%

As at March 31, 2021, total liabilities of $57.1 million decreased by $17.8 million or 24% from the prior year end. This is primarily driven by decreases in accounts payable and accrued liabilities of $13.7 million and in holdbacks and deferred revenue of $5.1 million which were partially offset by increases in advances of $1.4 million.

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

Statement of Cash Flows discussion

CASH FLOWS ($000'S)	FOR THE YEAR ENDED MARCH 31,					
	2021	2020	$ CHANGE	% CHANGE	% OF TOTAL	
					2021	2020
Operating activities	**$ (12,898)**	$ 6,437	$ (19,335)	(>100%)	**79%**	88%
Investing activities	**(110)**	(173)	63	(36%)	**<1%**	(2%)
Financing activities	**(418)**	(404)	(14)	3%	**3%**	(6%)
Effect of exchange rate changes on cash and cash equivalents	**(2,944)**	1,477	(4,421)	(>100%)	**18%**	20%
Changes in cash and cash equivalents	**$ (16,370)**	$ 7,337	$ (23,707)	(>100%)	**100%**	100%

During the year ended March 31, 2021, the net decrease in cash and cash equivalents of $16.4 million was lower by $23.7 million compared to the prior year net increase of $7.3 million. The decrease of $23.7 million was primarily due to a higher level of cash outflows across operating and financing activities totaling $19.3 million compared to prior year levels as well as the effect of changes in exchange rates of $4.4 million.

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

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

Comparison of financial results to budget

The financial results for 2021 are compared to budget as follows:

NET LOSS ($000'S) FOR THE YEAR ENDED MARCH 31, 2021	ACTUAL	BUDGET	$ CHANGE	% CHANGE
Revenues				
Fees for Service	**$ 18,400**	$ 18,466	$ (66)	(0%)
Other Income	**258**	500	(242)	(48%)
Finance Income	**137**	727	(590)	(81%)
	18,795	19,693	(898)	(5%)
Government funding	**4,000**	–	4,000	0%
Expenses	**23,974**	27,076	(3,102)	(11%)
Loss on foreign exchange	**(658)**	–	(658)	0%
Net loss	**$ (1,837)**	$ (7,383)	$ 5,546	(75%)

The Corporation recorded a net loss of $1.8 million in 2021, which resulted in a favourable variance of $5.5 million compared to the budget loss of $7.4 million. The favourable result was due to the receipt of Government funding of $4.0 million and a favourable variance in expenses of $3.1 million which were partially offset by unfavourable variances in Fees for service of $66 thousand, in Finance and Other income of $832 thousand and foreign exchange of $658 thousand.

Fees for service revenue are comparable to budget while the unfavourable variance of $590 thousand related to Finance income compared to budget was due to significantly lower investment balances and rates. Additionally, the unfavourable variance of $242 thousand in Other income is attributable to lower than planned discounting income.

The favourable variance of $3.1 million in Expenses is due to: (1) lower workforce compensation expenses ($2.3 million), stemming from staff vacancies; (2) lower than planned level of travel and hospitality ($767 thousand), a result of travel limitations due to the COVID-19 pandemic; (3) lower than planned expenditures related to contract management services from other Government of Canada departments ($337 thousand) and (4) several other expenditures being lower than planned ($334 thousand). These favourable variances were partially offset by higher consultant expenses ($635 thousand) primarily attributable to fees for professional services incurred in relation to contract management of certain export projects and related to recruitment costs to hire key executive and staff positions. Expense budgets are set based on capacity requirement assumptions related to the Corporation's forecasted contract activity. Expenditures are managed in a prudent manner and are controlled to the extent possible relative to revenues earned throughout the year.

2021–22 Corporate Plan Outlook

CCC's 2021–22 to 2025–26 Corporate Plan was approved by the Corporation's Board of Directors and submitted as required to the Minister of Small Business, Export Promotion and International Trade in January 2021.

For 2022, net revenues are forecasted to be lower than 2021. Revenues are forecast to be lower due to less fee generating contracts signed in 2021 due to the impact of the COVID-19 pandemic, combined with lower Fees for service earned on delivery obligations related to contracts currently under management that have extended delivery obligations to future years or are winding down to completion.

To offset the anticipated revenue shortfalls, Management will proactively reduce and control expenditures relative to forecasted revenues as required. This will be actively managed and continually evaluated during 2022.

In addition, the 2021 Federal Budget allocated $13.0 million for fiscal year 2021–22 to revitalize the CCC, specifically for the administration and support of the DPSA.

CCC's Commitment to Risk Management

Risk Management

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

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

Risk Governance

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

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

Categories of Risks

Enterprise-Wide Risks

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

Mandate Risk:

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

To mitigate this risk, the Corporation's Corporate Plan identifies all proposed business lines and major activities to be undertaken in the upcoming planning period. Further, the ROC reviews proposed transactions within the contract pipeline to ensure that CCC's mandate is respected. During the year, the Comprehensive Review of CCC's operations was completed by GAC which resulted in the inclusion in the 2021 Federal Budget of up to $13.0 million of annual funding beginning in fiscal 2021–22 in support of the DPSA program. The results of the Comprehensive Review are expected to be reflected in the Statement of Priorities and Accountabilities to be received by the Corporation.

Business Environment Risk:

This risk relates to changing economic, social, legal or environmental conditions that could result in decreased demand for CCC's services. The Corporation monitors environmental changes to manage this risk and adapts processes as necessary. Corporate Plan targets are set within the context of the expected business environment. During the year, business environment risk reflected a changing political environment in the

United States and the continued impact of COVID-19 on CCC's foreign buyer procurement requirements and CCC's exporter community.

Financial Risk:

This risk relates to the Corporation's financial capacity (as measured through its capital) to undertake its mandate and manage its financial obligations. The Corporation's Capital Allocation Model tracks exposures across Corporate, Performance and Credit risks and ensures there is an appropriate level of available capital to backstop these exposures. Results are reported to the Board of Directors on a quarterly basis. During the year, the Corporation continued to highlight the risk that projected future deficits could erode CCC's capital base below the Corporation's self-imposed minimum required threshold. Subsequent to the fiscal year-end, the Government of Canada announced new funding for CCC which will address the financial capacity risk.

Reputational Risk:

This risk relates to ensuring that the Corporation's fulfillment of its corporate activities does not tarnish its brand image with its shareholder and stakeholders. This risk is mitigated through strong transactional due diligence and focusing on business integrity issues. During the year, three of CCC's contracts experienced performance issues that has increased the risk of CCC's reputation with foreign buyers. Also, CCC's role in the sale of defence products and services internationally can lead to reputational issues with certain groups within civil society. The Corporation provided regular and open communication with all of its stakeholders and ensures its activities are aligned with the GoC international trade policy which is essential to managing reputational risk with CCC's key stakeholder.

Responsible Business Conduct Risk:

This risk relates to the possibility of undertaking activities in such a way that does not respect CCC's policies and commitments in regards to Responsible Business Conduct. Areas of concern relate to CCC participating in export transactions where there exists a connection between the proposed export and the negative consequences in the areas of human rights and humanitarian law, as well as where bribery and corruption is alleged to have occurred. Over the course of the year, the Corporation continued to mature its processes around Human Rights and Integrity Compliance. CCC's focus on exemplary due diligence and risk assessments is viewed as an effective approach to managing RBC risks as well as ensuring training of staff remains current in this area.

Corporate Risks

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

Information Management Risk:

This risk encompasses the Corporation's necessity to acquire timely and appropriate information for the purposes of business decision-making. Information that is gathered to inform the decision-making process is carefully maintained. During the year, a series of projects were undertaken to strengthen CCC's approach to information management and to react to the risks of working remotely due to COVID-19.

Information System Risk:

This risk relates to the Corporation's information system being unable to generate relevant data in an efficient and effective manner. The Corporation continued to focus on cyber risk throughout the year and to ensure systems and controls were appropriately in place to support CCC's staff as they adjusted to working remotely. Mandatory training was provided across the Corporation highlighting the key cyber risks that are proliferating during this pandemic situation. The IT team has also progressed work related to moving CCC's applications to the cloud, offering reduced risks and recovery time in the event of an information systems failure.

Security Risk:

This risk relates to the possibility of a negative event affecting CCC's employees, valued assets and capacity to delivery essential services. During the year, security risks presented in the form of increased cyber activity and information management issues given the sudden implementation of a remote workforce. The Risk Management team worked closely with Information Technology team and the Remote and Return to Work Committee to ensure that these risks were appropriately managed.

Policies and Processes Risk:

This risk relates to the possibility of financial losses or inefficient use of resources that may develop because of not having appropriate policies, systems and processes in place. The Internal Audit function reviews key areas of the Corporation to ensure that controls and practices are being followed as per approved policies and procedures. During the year, key risks in this area reflected those related to working remotely and were addressed through cybersecurity training, systems improvements and, the enforcement of controls or the development of new controls reflecting the changing work environment. The Corporation also made significant progress in terms of managing its policy suite. A new policy software was implemented that formalizes the management of policy updates and renewals.

Human Resources and Organizational Risk:

This risk reflects the possibility of not having the right corporate structure along with sufficient human resources and skill sets in place to meet client expectations, manage operational and transactional risks and to achieve overall corporate objectives. During the year, a number of positions became vacant leading to a higher than normal level of acting positions, some of which at the highest level within the organization. In addition, back filling these positions has been difficult, leading to a reduced headcount and increased strain on the remaining staff. The recent appointment of a new President will accelerate the backfilling at the senior levels while a renewed focus on required staff level hiring should alleviate other pressure points.

CCC monitors its employee engagement and satisfaction levels through annual employee surveys. The survey in 2020–21 showed improvement over the previous year, indicating that programs aimed at increasing engagement were having impact.

Contracting Risk:

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

Fraud Risk:

This risk relates to the possibility that the Corporation is the subject of internal or external fraud. Policies and procedures have been established along with internal controls to ensure that this risk is minimized. CCC's Internal Audit function reviews these practices and recommends improvements where warranted. During the year, Management updated its annual Fraud Self Risk Assessment and included the potential impact of COVID-19 from a fraud perspective. These findings were presented to the CCC Risk and Opportunities Committee.

Transactional Risks

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

Supplier Performance Risk:

This risk relates to the timely delivery of contracted goods and services and to ensure an exporter's failure to perform is mitigated. The Corporation's due diligence process reviews all companies to ensure that their financial, managerial, and technical capabilities are strong and that no integrity issues are present. During the year, supplier performance risk increased reflecting the impact of COVID-19 as CCC's suppliers are subject to possibly reduced sales volumes and unreliable supply chains. The severity of the COVID-19 impact on CCC's supplier base is uncertain as most are considered essential businesses and continue to operate. Those with significant business with the US DoD are likely less impacted than those with more international exposures. Ultimately, some companies may fail during this COVID-19 pandemic. Management is monitoring the portfolio closely.

Foreign Environment Risk:

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

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

Integrity and Human Rights Risk:

This risk refers to the possibility of bribery and corruption or of a connection between the exported product and negative consequences in the areas of human rights or humanitarian law. CCC has in place both an Integrity Compliance and a Human Rights Committee to perform due diligence and risk assessments that informs CCC's decision-making when considering an export transaction. During the year, CCC matured the operations of these two committees and simultaneously developing better linkages with GAC to ensure that CCC's operations align with the greater GoC international trade policy.

Project and Contractual Risk:

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

FINANCIAL STATEMENTS

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MANAGEMENT RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

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

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

BOBBY KWON

President and Chief Executive Office

ERNIE BRIARD

Vice-President of Corporate Services and Chief Financial Officer

Ottawa, Canada
June 23, 2021

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Canadian Commercial Corporation (the Corporation), which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive income (loss), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2021, 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.

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Report on Compliance with Specified Authorities

Opinion

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

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

Responsibilities of Management for Compliance with Specified Authorities

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

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

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

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

Ottawa, Canada
23 June 2021

(in thousands of Canadian dollars, unless otherwise indicated)

FINANCIAL STATEMENTS

Statement of Financial Position

AS AT	NOTES	MARCH 31, 2021	MARCH 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents	4	**$ 49,448**	$ 65,818
Accounts receivable	5 , 14	**22,699**	18,912
Other assets	6	**567**	781
		72,714	85,511
Non-current assets			
Accounts receivable	5 , 14	**1,135**	7,421
Property and equipment	7	**2,098**	2,404
Right-of-use assets	8	**3,257**	3,570
		6,490	13,395
Total assets		**$ 79,204**	$ 98,906
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	9 , 14	**$ 26,847**	$ 40,568
Holdbacks	20	**–**	5,003
Advances		**22,140**	20,754
Deferred revenue	10	**405**	547
Lease liabilities	11	**446**	417
Employee benefits	12	**1,111**	1,083
		50,949	68,372
Non-current liabilities			
Lease liabilities	11	**5,972**	6,419
Employee benefits	12	**192**	201
		6,164	6,620
Total liabilities		**57,113**	74,992
EQUITY			
Contributed capital		**10,000**	10,000
Retained earnings		**12,091**	13,914
Total equity		**22,091**	23,914
Total liabilities and equity		**$ 79,204**	$ 98,906
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 23, 2021

Douglas J. Harrison
Chair, Board of Directors

Claude Robillard
Chair, Audit Committee

(in thousands of Canadian dollars, unless otherwise indicated)

Statement of Comprehensive Income (Loss)

FOR THE YEAR ENDED MARCH 31	NOTES	2021	2020
REVENUES			
Fees for service	15	**$ 18,400**	$ 24,068
Other income	16	**258**	655
Finance income		**137**	929
		18,795	25,652
GOVERNMENT FUNDING			
Transfers from Government of Canada	17	**4,000**	4,500
		4,000	4,500
EXPENSES			
Administrative expenses	18	**23,746**	27,279
Finance costs		**228**	343
		23,974	27,622
Net profit (loss) before gain (loss) on foreign exchange		**(1,179)**	2,530
Gain (loss) on foreign exchange		**(658)**	47
Net profit (loss)		**$ (1,837)**	$ 2,577
OTHER COMPREHENSIVE INCOME ITEMS THAT WILL NOT BE RECLASSIFIED TO NET PROFIT (LOSS)			
Actuarial gain (loss) on employee benefits obligation	12	**14**	(12)
Total comprehensive income (loss)		**$ (1,823)**	$ 2,565

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, 2021	CONTRIBUTED CAPITAL	RETAINED EARNINGS	TOTAL
BALANCE MARCH 31, 2020	**$ 10,000**	**$ 13,914**	**$ 23,914**
Net loss		**(1,837)**	**(1,837)**
Actuarial gain on employee benefits obligation		**14**	**14**
Total comprehensive loss		**(1,823)**	**(1,823)**
BALANCE MARCH 31, 2021	**$ 10,000**	**$ 12,091**	**$ 22,091**

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

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	2021	2020
OPERATING ACTIVITIES			
Net profit (loss)		**$ (1,837)**	$ 2,577
Adjustments to determine net cash from (used in) operating activities:			
Depreciation property and equipment	7	**416**	414
Depreciation right-of-use assets	8	**313**	314
Employee benefit expense (recovery)	12	**115**	(212)
Employee benefit payments	12	**(82)**	(183)
(Gain) loss on foreign exchange		**2,944**	(1,477)
Change in working capital from:			
Accounts receivable	5 , 14	**2,499**	1,270
Other assets	6	**214**	(378)
Accounts payable and accrued liabilities	9 , 14	**(13,721)**	5,112
Holdbacks	20	**(5,003)**	(1,144)
Advances		**1,386**	678
Deferred revenue	10	**(142)**	(534)
Cash provided (used in) by operating activities		**(12,898)**	6,437
INVESTING ACTIVITIES			
Acquisitions of property and equipment	7	**(110)**	(173)
Cash used in investing activities		**(110)**	(173)
FINANCING ACTIVITIES			
Principal repayment of lease liabilities	11	**(418)**	(404)
Cash used in financing activities		**(418)**	(404)
Effect of exchange rate changes on cash and cash equivalents		**(2,944)**	1,477
Net increase (decrease) in cash and cash equivalents		**(16,370)**	7,337
Cash and cash equivalents at the beginning of the year		**65,818**	58,481
Cash and cash equivalents at the end of the year		**$ 49,448**	$ 65,818
Supplementary disclosure of cash flows from operating activities			
Amount of interest received		**$ 137**	$ 929
Amount of interest paid	11	**$ 205**	$ 218

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

NOTES TO THE FINANCIAL STATEMENTS

1. Nature, Organization and Funding

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

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

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

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

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

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

2. Basis of Preparation

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

These financial statements have been prepared in accordance with IFRS as issued in the Chartered Professional Accountant ("CPA") Canada Handbook – Accounting as at and for the year ended March 31, 2021.

(b) Basis of measurement

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

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

(c) Use of estimates and judgments

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

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

Key sources of estimation uncertainty

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

i) Impairment of accounts receivable and unbilled revenue

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

ii) Property and equipment

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

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

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

iv) Unsatisfied (or partially unsatisfied) performance obligations

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

v) Provision and contingent liabilities

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

vi) Impact of COVID-19

Management has assessed the impact of the Coronavirus 2019 (COVID-19) pandemic on the Corporation in the preparation of the financial statements based on available information without undue cost or effort and has not recognized any allowance for expected credit loss or provisions nor identified any contingent liabilities to disclose as a result of COVID-19 as at March 31, 2021. However, the increase in both the magnitude and duration of the pandemic may result in future changes in estimates that may affect the timing of future revenue recognition, the accounting and disclosure for provisions, contingent liabilities and allowance for expected credit losses. Further information on the impact of COVID-19 on the Corporation is disclosed in note 14(d).

Judgments

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

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

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

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

ii) Cost recovery transactions

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

iii) Impairment of accounts receivable and unbilled revenue

As explained in note 3(h), the Corporation measures a loss allowance on accounts receivable and unbilled revenue equal to the lifetime expected credit loss. The amount of expected credit loss is updated at each reporting date to reflect changes in credit risk and judgement is required in assessing whether the credit risk on a financial asset has increased or decreased significantly. In its assessment, management considers the risk of a default occurring on the accounts receivable and unbilled revenue at the reporting date by considering the Corporation's history of credit losses with the foreign buyer, the ageing of the accounts receivables, the impact of ongoing contract litigations and any unresolved disputes 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 in note 14(a).

iv) Right-of-use assets and lease liabilities

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

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

v) Provisions and contingent liabilities

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

(d) Functional and presentation currency

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

3. Significant Accounting Policies

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

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

(a) Contracts

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

Fees for service revenue

Performance Obligations

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

International Prime Contracts

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

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

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

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

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

  The transaction price for the lottery programs contains a fixed and variable consideration portion. The fixed portion is included in the transaction price at contract inception and recognized as revenue over time and measured on a straight-line basis. Since the variable consideration portions depend on future ticket sales performance and cannot be reliably estimated at contract inception, the revenues are assessed at the end of each reporting period and recognized as changes 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. Additionally, per terms and conditions of the DPSA agreement, the Corporation does not receive Fees for service on those contracts. However, the Corporation still reports the flow of funds between the foreign buyer and Canadian exporters under these contracts which may impact the Corporation's balances of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities at the end of a reporting period as a result of timing differences between the receipt of cash from the foreign buyer and payments being made to the Canadian exporters. Expenses incurred by the Corporation in administering the DPSA are included in administrative expenses.

Unbilled revenue assets and Deferred revenue liabilities

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

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

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

Holdbacks

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

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

Advances

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

(b) Transfers from the Government of Canada

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

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

(c) Other income and early payments made to exporters

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

(d) Finance income

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

(e) Finance costs

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

(f) Foreign currency translation

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

(g) Fair value measurement

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

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

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

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

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

(h) Financial instruments

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

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

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

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

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

Non-derivative financial instruments

i) Cash and cash equivalents

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

ii) Accounts receivable

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

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

iii) Accounts payable and accrued liabilities, holdbacks and advances

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

Derivative financial instruments

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

Impairment of accounts receivable and unbilled revenue

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

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

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

ii) Write-off policy

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

(i) Property and equipment

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

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

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

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

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

Impairment of property and equipment

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

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

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

Right-of-use assets

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

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

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

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

Lease liabilities

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

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

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

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

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

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

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

The Corporation has elected to apply the following practical expedients:

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

(k) Provision and contingent liabilities

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

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

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

(l) Pension and employee benefits

Pension benefits

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

Employee Severance Benefits

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

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

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

Employee sick leave benefits

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

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

Other employee benefits

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

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

Standards adopted effective April 1, 2020

Effective April 1, 2020, the Corporation adopted the *Amendments to IAS 1 — Presentation of Financial Statements* and *IAS 8 — Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments clarify the definition of 'material' and how it should be applied. In addition, the explanations accompanying the definition have been improved. The amendments ensure that the definition is consistent across all IFRS Standards. The adoption of the amendments had no significant impact on the Corporation's financial statements.

Standards and amendments not yet in effect

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

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

In May 2020, the IASB published *COVID-19-Related Rent Concessions (Amendment to IFRS 16 – Leases)* amending the standard to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification. The amendment requires lessees that apply the exemption to account for COVID-19-related rent concessions as if they were not lease modifications; requires lessees that apply the exemption to disclose that fact; and requires lessees to apply the exemption retrospectively in accordance with *IAS 8*, but not require them to restate prior period figures. The amendment is effective for annual periods beginning on or after June 1, 2020 and is currently not expected to have a significant impact on the Corporation's financial statements.

In March 2021, the IASB published *COVID-19-Related Rent Concessions Beyond June 30, 2021* (Amendment to *IFRS 16-Leases*). The amendment extends the availability of the exemption for COVID-19-related rent concessions by one year to June 30, 2022. This means that the exemption applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022, provided the other conditions in *IFRS 16* for applying the exemption are met. The amendment is effective for annual reporting periods beginning on or after April 1, 2021 and is currently not expected to have a significant impact on the Corporation's financial statements.

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

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

4. Cash and Cash Equivalents

Cash and cash equivalents balances include advances received from foreign buyers and others not yet paid to Canadian exporters and 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.

(in thousands of Canadian dollars, unless otherwise indicated)

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

	2021	2020
Cash	**$ 30,297**	$ 32,694
Short term investments	**13,613**	22,652
Notice deposits	**5,538**	10,472
Cash and cash equivalents	**$ 49,448**	$ 65,818

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

	2021		2020	
	ORIGINAL CURRENCY	CANADIAN DOLLARS	ORIGINAL CURRENCY	CANADIAN DOLLARS
U.S. dollars	**23,380**	**$ 29,381**	22,172	$ 31,067
Canadian dollars	**19,599**	**19,599**	33,435	33,435
Chinese renminbi	**2,440**	**468**	4,052	811
Euros	**–**	**–**	327	505
		$ 49,448		$ 65,818

The Corporation has demand deposits and invests in short-term deposits at a Canadian bank. At March 31, 2021, the average term to maturity of short-term deposits was one day (2020 — one day) and the portfolio yield to maturity was 0.50% as at March 31, 2021 (2020 — 1.26%).

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:

	2021	2020
Accounts receivable	**$ 23,884**	$ 25,507
Accrued receivables	**96**	826
Allowance for expected credit loss	**(146)**	–
	$ 23,834	$ 26,333

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

	2021	2020
Current	**$ 22,699**	$ 18,912
Non-current	**1,135**	7,421
	$ 23,834	$ 26,333

(in thousands of Canadian dollars, unless otherwise indicated)

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

	2021		2020	
	ORIGINAL CURRENCY	CANADIAN DOLLARS	ORIGINAL CURRENCY	CANADIAN DOLLARS
U.S. dollars	**18,343**	**$ 23,051**	18,065	$ 25,313
Canadian dollars	**783**	**783**	1,020	1,020
		$ 23,834		$ 26,333

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:

	2021	2020
Prepaid expenses	**$ 456**	$ 677
Unbilled revenues	**111**	104
	$ 567	$ 781

7. Property and Equipment

FOR THE YEAR ENDED MARCH 31, 2021	FURNITURE AND EQUIPMENT	LEASEHOLD IMPROVEMENTS	INFORMATION SYSTEMS-HARDWARE	TOTAL
Cost				
Balance March 31, 2020	**$ 1,001**	**$ 2,802**	**$ 478**	**$ 4,281**
Additions	**–**	**–**	**110**	**110**
Balance March 31, 2021	**$ 1,001**	**$ 2,802**	**$ 588**	**$ 4,391**
Accumulated depreciation				
Balance March 31, 2020	**$ 811**	**$ 766**	**$ 300**	**$ 1,877**
Depreciation	**169**	**174**	**73**	**416**
Balance March 31, 2021	**$ 980**	**$ 940**	**$ 373**	**$ 2,293**
Carrying amounts				
Balance March 31, 2020	**$ 190**	**$ 2,036**	**$ 178**	**$ 2,404**
Balance March 31, 2021	**$ 21**	**$ 1,862**	**$ 215**	**$ 2,098**

(in thousands of Canadian dollars, unless otherwise indicated)

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

8. Right-Of-Use Assets

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

	2021			2020		
	OFFICE SPACE	EQUIPMENT	TOTAL	OFFICE SPACE	EQUIPMENT	TOTAL
Balance at the beginning of the year	**$ 3,559**	**$ 11**	**$ 3,570**	$ 3,865	$ 19	$ 3,884
Depreciation	**(304)**	**(9)**	**(313)**	(306)	(8)	(314)
Balance at the end of the year	**$ 3,255**	**$ 2**	**$ 3,257**	$ 3,559	$ 11	$ 3,570

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:

	2021	2020
Accounts payable	**$ 24,216**	$ 37,415
Accrued liabilities	**2,631**	3,153
	$ 26,847	$ 40,568

(in thousands of Canadian dollars, unless otherwise indicated)

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

	2021			2020		
	ORIGINAL CURRENCY	CANADIAN DOLLARS		ORIGINAL CURRENCY	CANADIAN DOLLARS	
U.S. dollars	**18,534**	**$**	**23,293**	25,526	$	35,766
Canadian dollars	**3,486**		**3,486**	4,249		4,249
Chinese renminbi	**354**		**68**	329		66
Euros	**–**		**–**	315		487
		$	**26,847**		$	40,568

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

10. Deferred Revenue

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

	2021		2020	
Balance at the beginning of the year	**$**	**547**	$	1,081
Plus: additional deferred revenue, net of refunds		**107**		374
Less: amounts recognized as Fees for service or cost recovery		**(285)**		(924)
Impact of netting unbilled and deferred revenue from same contract		**36**		16
Balance at the end of the year	**$**	**405**	$	547

11. Lease Liabilities

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

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

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

	2021			2020		
	OFFICE SPACE	EQUIPMENT	TOTAL	OFFICE SPACE	EQUIPMENT	TOTAL
Balance at the beginning of the year	**$ 6,826**	**$ 10**	**$ 6,836**	$ 7,221	$ 19	$ 7,240
Interest expense	**205**	**–**	**205**	218	–	218
Lease payments	**(615)**	**(8)**	**(623)**	(613)	(9)	(622)
Balance at the end of the year	**$ 6,416**	**$ 2**	**$ 6,418**	$ 6,826	$ 10	$ 6,836

(in thousands of Canadian dollars, unless otherwise indicated)

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

	2021			2020		
	OFFICE SPACE	EQUIPMENT	TOTAL	OFFICE SPACE	EQUIPMENT	TOTAL
Current	**$ 444**	**$ 2**	**$ 446**	$ 409	$ 8	$ 417
Non-current	**5,972**	**–**	**5,972**	6,417	2	6,419
	$ 6,416	**$ 2**	**$ 6,418**	$ 6,826	$ 10	$ 6,836

Interest expense related to lease liabilities are included in finance cost. The Corporation's administrative expenses include $3 (2020 — $3) related to leases of low-value assets and short-term leases for which the recognition exemption has been applied and $810 (2020 — $826) related to variable lease payments not included in the measurement of lease liabilities.

The maturity profile of the Corporation's lease liabilities was as follows as at March 31, 2021:

	OFFICE SPACE	EQUIPMENT	TOTAL
Less than 5 years	**$ –**	**$ 2**	**$ 2**
5 to 12 years	**6,416**	**–**	**6,416**
	$ 6,416	**$ 2**	**$ 6,418**

The Corporation is exposed to estimated future cash outflows (undiscounted) of $8,781 related to variable lease payments and potential lease payments amounting to $8,192 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 1.01 times the employees' contribution to the Plan for plan members who were participating in the plan prior to January 1, 2013 (2020 — 1.01 times) and 1.0 times for plan members who were participating in the plan on or after January 1, 2013 (2020 — 1.0 times). The Corporation's total contributions for 2021 of $1,359 (2020 — $1,581) were recognized as workforce compensation and related expenses under administrative expenses within profit or loss in the Statement of Comprehensive Income (Loss) in the year when employees have rendered service.

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

(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:

	2021			2020		
	SICK LEAVE	SEVERANCE	TOTAL BENEFITS	SICK LEAVE	SEVERANCE	TOTAL BENEFITS
Current	**$ 1,085**	**$ 26**	**$ 1,111**	$ 1,044	$ 39	$ 1,083
Non-current	**–**	**192**	**192**	–	201	201
	$ 1,085	**$ 218**	**$ 1,303**	$ 1,044	$ 240	$ 1,284

The reduction in the employee sick leave benefits liability over the next twelve months is expected to be $74 (2020 — $93).

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	
	2021	2020	2021	2020
Accrued benefit obligations				
Balance at beginning of year	**$ 1,044**	$ 1,319	**$ 240**	$ 348
Current service cost	**124**	142	**13**	14
Interest cost	**40**	43	**8**	9
Benefits paid	**(53)**	(40)	**(29)**	(143)
Actuarial losses (gains)	**(70)**	(420)	**(14)**	12
Total accrued benefit obligations at end of year	**$ 1,085**	$ 1,044	**$ 218**	$ 240

Included in administrative expenses as workforce compensation and related expenses was an expense of $94 (2020 — recovery of $235) for sick leave benefits and an expense of $21 (2020 — expense of $23) 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 actuarial losses for the sick leave benefit plan are included within profit or loss in the Statement of Comprehensive Income (Loss) and the actuarial (gains) losses for the severance benefit plan are included in the other comprehensive income. The actuarial losses (gains) components recognized in the Statement of Comprehensive Income (Loss) were as follows:

	SICK LEAVE BENEFITS		SEVERANCE BENEFITS	
	2021	**2020**	**2021**	**2020**
Actuarial losses (gains) arising from:				
Changes in demographic assumptions	**$ 4**	$ (37)	**$ –**	$ –
Changes in economic assumptions	**67**	(95)	**11**	(10)
Experience adjustments	**(141)**	(288)	**(25)**	22
Total actuarial losses (gains)	**$ (70)**	$ (420)	**$ (14)**	$ 12

At March 31, 2021, the net cumulative actuarial losses on employee severance benefits obligation recognized in other comprehensive income that were transferred to retained earnings totalled $680 (2020 — $694).

	SICK LEAVE BENEFITS		SEVERANCE BENEFITS	
	2021	**2020**	**2021**	**2020**
Economic assumptions				
Accrued benefit obligations as of March 31				
Discount rate	**3.05%**	3.73%	**2.60%**	3.44%
Rate of economic salary increase	**2.50%**	2.50%	**2.50%**	2.50%
Benefit costs for year ended March 31				
Discount rate	**3.73%**	3.19%	**3.44%**	2.98%
Rate of economic salary increase	**2.50%**	1.50%	**2.50%**	1.50%

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	
	2021	**2020**	**2021**	**2020**
Effect of an increase of 1%				
Discount rate	**$ (103)**	$ (94)	**$ (13)**	$ (13)
Rate of economic salary increase	**$ 125**	$ 115	**$ 16**	$ 15
Effect of a decrease of 1%				
Discount rate	**$ 121**	$ 110	**$ 15**	$ 15
Rate of economic salary increase	**$ (108)**	$ (100)	**$ (14)**	$ (14)

This sensitivity analysis is hypothetical and must be used with caution. Changes in amount based on these variations in assumptions generally cannot be extrapolated because the relationship of the change in assumptions to the change in amounts may not be linear. The sensitivity analysis has been calculated independently of changes in other assumptions. Changes in one factor may result in changes in another, which could amplify or reduce certain sensitivities. Methods used in determining this sensitivity analysis are consistent with those used to determine the sick leave and severance benefit plans accrued benefit obligations in March 2021.

The weighted-average duration of the sick leave and severance accrued benefits obligations were 10.57 years (10.1 years for March 2020) and 6.6 years (5.9 years for March 2020) respectively.

13. Capital Management

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

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

The Corporation is not subject to externally imposed capital requirements.

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

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

	2021	**2020**
Contributed capital	**$ 10,000**	$ 10,000
Retained earnings	**12,091**	13,914
	$ 22,091	$ 23,914

14. Risk Management and Financial Instruments

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

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

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

(a) Credit risk

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

Cash and cash equivalents

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

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

Accounts receivable

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

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

As at March 31, 2021, 26% (March 31, 2020 — 17%) 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 and an assessment of both the current and forecasted direction of conditions at the reporting date.

(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*:

		2021
Balance at the beginning of the year	$	–
Net remeasurement of loss allowance		147
Gain on foreign exchange		(1)
Balance at the end of the year	$	146

The increase in allowance for expected credit loss is related to credit risk increases identified by the Corporation that are associated to individual accounts receivable balances. Changes in allowance for expected credit loss are included in the Other expenses component of Administrative expenses.

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

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

		2021		2020
Asia*	$	17,019	$	20,521
United States		5,445		2,912
Canada		772		1,592
Central America and Caribbean		554		777
South America		44		531
	$	23,834	$	26,333

* 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:

		2021		2020
< 30 days	$	390	$	644
> 30 days and < 180 days		4,495		2,655
> 180 days		1,115		1,068
	$	6,000	$	4,367

Except for the amounts included in allowance for expected credit loss, all overdue accounts receivable are considered fully collectable as at March 31, 2021.

Accounts receivable from the ABP contract covered by payments expected to be received beyond 12 months after the reporting period are presented as long term. These receivables are categorized as level 2 in the fair value hierarchy and the Corporation has determined that their fair value approximates their carrying value using the income approach.

(b) Market risk

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

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation is exposed to foreign currency risk on accounts receivable denominated in U.S. dollars due to timing differences between the recognition of Fees for service revenue and actual cash receipt for certain contracts. 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 loss as of March 31, 2021 by approximately $542 thousand. A hypothetical 5% weakening of the U.S. dollar against the Canadian dollar would have approximately the equal, but opposite effect. To address foreign exchange risks, contracts with foreign buyers and corresponding contracts with Canadian exporters are generally transacted in the same currency. In some cases where payment between parties is made in a different currency, the Corporation may enter into forward contracts. Generally, the Corporation uses these strategies to effectively transfer the currency risk to the Canadian exporter.

Interest Rate Risk

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

(c) Liquidity risk

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

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

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

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.

(in thousands of Canadian dollars, unless otherwise indicated)

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, 2020 — $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, 2021 subject to extension by the Minister of Finance or the approval of a corporate plan. As at March 31, 2021, the draw on this line of credit was nil (March 31, 2020 — 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:

	2021	2020
< 1 year	**$ 26,847**	$ 40,568
	$ 26,847	$ 40,568

(d) Risk associated to COVID-19

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

Business environment risk

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

Supplier performance risk

COVID-19 may impact exporters' capacity to meet their contractual obligations either through possible reduced sales volumes or impacted supply chains. Ultimately, some companies may fail during the pandemic. To manage this risk, the Corporation monitors the financial condition of its exporter portfolio and assesses whether any provision for contract remediation should be recognized or a contingent liability disclosed. As at March 31, 2021, the Corporation has not recognized any provisions nor identified any contingent liabilities to disclose as a result of COVID-19.

(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:

	2021	2020
International business	**$ 15,583**	$ 20,923
Lottery programs	**702**	826
	$ 16,285	$ 21,749
Government of Canada initiatives	**2,115**	2,319
	$ 18,400	$ 24,068

(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, 2021. 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.

	2021
< 1 year	**$ 11,279**
> 1 year	**27,117**
	$ 38,396

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

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:

	2021	2020
Discounting income	**$ 192**	$ 237
Miscellaneous income	**66**	418
	$ 258	$ 655

(in thousands of Canadian dollars, unless otherwise indicated)

17. Transfers from the Government of Canada

During the year ended March 31, 2021, the Corporation recognized revenue of $4.0 million (2020 — $4.5 million) received from the Government of Canada for operational expenditures. The amount received is unrestricted and is not repayable.

18. Administrative Expenses

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

	2021	2020
Workforce compensation and related expenses	**$ 16,654**	$ 18,681
Contract management services	**2,222**	2,348
Consultants	**1,440**	1,315
Rent and related expenses	**1,090**	1,295
Software, hardware and support	**780**	715
Depreciation	**729**	728
Communications	**368**	351
Travel and hospitality	**32**	1,402
Other expenses	**431**	444
	$ 23,746	$ 27,279

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

	2021	2020
Accounts receivable	**$ 758**	$ 863
Other assets	**$ 23**	$ 340
Accounts payable and accrued liabilities	**$ 928**	$ 922
Advances from Government of Canada departments and agencies	**$ 10,051**	$ 15,718
Deferred revenue	**$ 8**	$ 113

(in thousands of Canadian dollars, unless otherwise indicated)

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

(a) Public Services and Procurement Canada ("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:

	2021	2020
PSPC	**$ 2,222**	$ 2,348
	$ 2,222	$ 2,348

(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:

	2021	2020
Invest in Canada	**$ 142**	$ 137
	$ 142	$ 137

(c) Other Government of Canada departments and agencies

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

	2021	2020
Global Affairs Canada	**$ 1,973**	$ 2,108
National Research Council Canada	**–**	74
	$ 1,973	$ 2,182

In addition to the Fees for service mentioned above, the Corporation received a transfer for funding of $4.0 million (2020 — $4.5 million) from the Department of Finance Canada (see note 17).

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

	2021	2020
Global Affairs Canada	**$ 443**	$ 1,023
	$ 443	$ 1,023

During the year, the Corporation incurred administrative expenses and finance costs in the amount of $18 (2020 — $192) 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:

	2021	2020
Global Affairs Canada	**$ 9,434**	$ 15,101
Department of National Defence	**617**	617
	$ 10,051	$ 15,718

The Corporation also participated in employee interchange programs with Employment and Social Development Canada.

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

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

There were no transactions outstanding with Canadian exporters solely or jointly governed by key management personnel as of March 31, 2021 or March 31, 2020.

(e) Key management personnel compensation

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

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

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

	2021	2020
Board of Directors		
Short-term benefits	**$ 180**	$ 181
	180	181
Corporate Officers		
Short-term benefits	**1,163**	1,418
Post-employment benefits	**212**	287
	1,375	1,705
	$ 1,555	$ 1,886

(in thousands of Canadian dollars, unless otherwise indicated)

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, 2021 was $9.4 billion (March 31, 2020 — $12.4 billion).

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

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

	2021	2020
Holdbacks	**$ –**	$ 5,003
Bank guarantees	**$ –**	$ 8,852
Surety bonds	**$ –**	$ 11,560
Parent guarantees	**$ 8,852,878**	$ 11,646,028

The above amounts approximate the fair values of collateral held.

(b) Other contingent liabilities

As part of the normal course of business, management assesses the likelihood of any contingent liabilities. As of March 31, 2021, the Corporation has certain unresolved contract issues that are being actively managed towards resolution. Except for the amounts included in allowance for expected credit loss (note 14(a)), any financial impact on the Corporation, including the potential for future contract remediation expenses, cannot be reasonably estimated at this time.

21. Subsequent Event

On April 19, 2021, the Government of Canada released its Budget 2021 which includes a proposed funding for the Corporation of $13 million per annum from 2021–22 to 2025-26. The funding would be exclusively for the administration of the DPSA program. In May 2021, the Corporation received $13 million from the Department of Finance Canada for the 2021–22 fiscal year funding. The announcement of the funding has no impact on the financial statements of the Corporation for the year ended March 31, 2021.

CORPORATE GOVERNANCE

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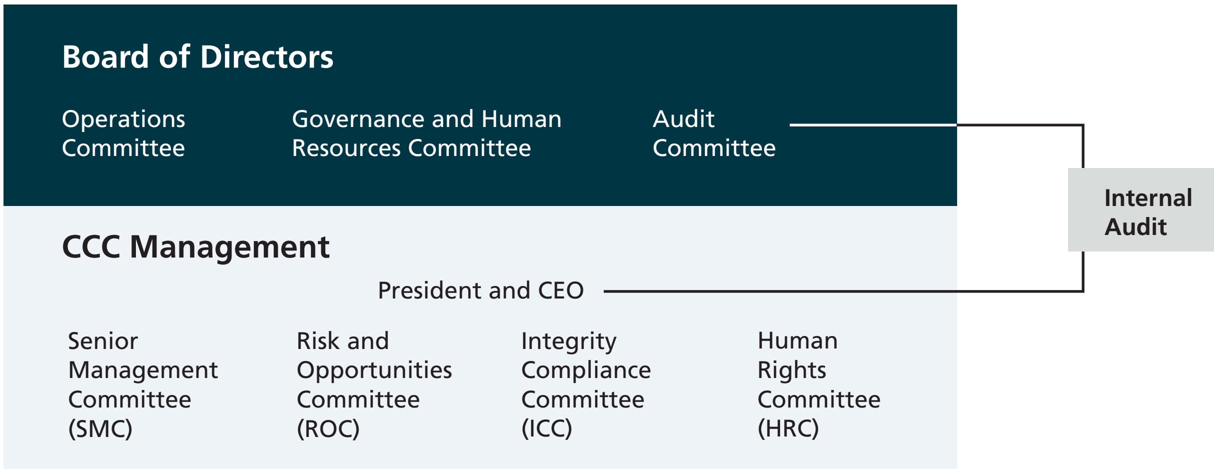
CCC maintains a high standard of corporate governance to ensure prudent management of the resources entrusted to it by the Government of Canada. As a Crown corporation, CCC is governed by a Board of Directors and is accountable to Parliament through the Minister of Small Business, Export Promotion and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

Corporate governance structure



Board of Directors

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

- The Board reviews the Corporate Plan and the Annual Report, and 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 annually reviews its performance using outside governance expertise and a defined assessment process.
- The Board has incorporated ESG considerations, specifically responsible business conduct and human rights into its governance and oversight responsibilities at both the committee and Board level.
- The Board conducts its oversight function through the Operations Committee, the Governance and Human Resources Committee and the Audit Committee.

Board membership

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

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

CCC's Board of Directors (2020–21), in alphabetical order (by first name)

Christa Wessel
Director

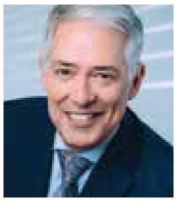
Toronto, Ontario
Term, period: 3 years, July 1, 2020

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

Claude Robillard
Director

Toronto, Ontario
Term, period: 3 years, June 13, 2014
Reappointed: June 25, 2018

Committee(s): Audit (Chair)



Douglas J. Harrison
Chair

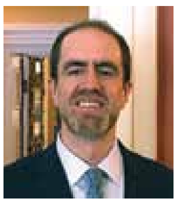
Burlington, Ontario
Term, period: 4 years, February 7, 2018

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

Dyanne Carenza
Director

Montreal, Québec
Term, period: 4 years, June 25, 2018

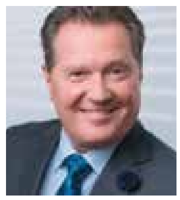
Committee(s): Operations



Julian Ovens
Director

Ottawa, Ontario
Term, period: 4 years, December 11, 2020

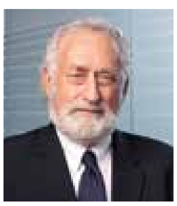
Committee(s): Operations



Martin Gagné
Director

Laval, Québec
Term, period: 3 years, February 7, 2013
Reappointed: June 25, 2018

Committee(s): Operations (Chair)



Michael Johnson
Director

Whitehorse, Yukon
Term, period: 4 years, July 1, 2019

Committee(s): Operations, Governance and Human Resources

Mora Johnson
Director

Ottawa, Ontario
Term, period: 3 years, July 1, 2019

Committee(s): Operations, Governance and Human Resources

Nicole Verkindt
Director

Toronto, Ontario
Term, period: 3 years, December 17, 2013
Reappointed: June 25, 2018

Committee(s): Operations

Robert (Bobby) Kwon
Toronto, Ontario

Director
Term, period: 4 years, June 25, 2018 to March 7, 2021

Committee(s): Audit

Director, President and CEO
Term, period: 5 years
Appointed: March 8, 2021 (note 2)

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

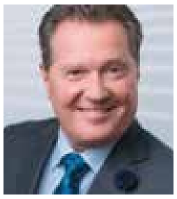
For complete Board member biographies, please see:
https://www.ccc.ca/en/about/leadership-and-governance/.

Notes:

1. Although the terms have expired, a director continues to hold office until his or her successor is appointed or until renewed.[10]
2. Robert Kwon was appointed by Governor in Council, pursuant to subsections 3.1(1) and 3.1(2) of the *Canadian Commercial Corporation Act*, to hold office at pleasure for a term of five years, effective March 8, 2021.
3. The Board appointed Carl Marcotte as President effective September 16, 2019, pursuant to section 3.2 (4) of the *Canadian Commercial Corporation Act*, and the Governor in Council appointed him effective December 16, 2019.[11] He resigned effective July 31, 2020.
4. Ernie Briard was appointed President by the Board effective August 4, 2020 pursuant to section 3.2 (4) of the *Canadian Commercial Corporation Act*, and was appointed by the Governor in Council on the recommendation of the Minister for International Trade, pursuant to subsections 3.2(4) and 3.1(2) of the act, to act as President of the Canadian Commercial Corporation and hold office at pleasure for a term of six months, effective November 3, 2020. This appointment was terminated when the Governor in Council appointed a President on March 8, 2021.

Board committees

OPERATIONS COMMITTEE



Chair:
Martin Gagné

Members:

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

Number of meetings: **11**

Committee duties:

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

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

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

GOVERNANCE AND HUMAN RESOURCES COMMITTEE

Chair:

Christa Wessel

Members:

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

Number of meetings: **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 further efficiencies
- Reviews and makes recommendations on corporate officer appointments and compensation
- Examines human resource policies to ensure the Corporation has an inclusive culture with an engaged and diverse workforce that promotes and ensures the health and wellness of its employees
- Develop a Board of Directors skills matrix to identify capabilities needed for effective governance and to inform Notice of Opportunity for future Directors.

AUDIT COMMITTEE

Chair:

Claude Robillard

Members:

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

Number of meetings: **6**

Committee duties:

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

Board compensation

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

- The annual retainer for all directors, including the Chairperson is $4,700; for committee chairs it is $1,500, provided that the committee shall meet at least twice per year to transact committee business.
- Per diems are paid at a rate of up to $375 for all directors, including the Chairperson and committee chairs, for time spent preparing for and attending meetings, as well as events such as conferences, courses and trade shows with durations 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.
- Total Board compensation for 2020–21 was $182,013.

Board compensation, committee membership and attendance for 2020–21[1]					
Board member	**Total compensation (retainer plus per diem payments)**	**Audit committee meeting**	**Operations committee meeting**	**Governance and human resources committee meeting**	**Board of directors meeting**
Daniela Bassan (*note 2*)	$14,450	4/4		5/5	8/8
Dyanne Carenza	$11,075		11/11		11/11
Martin Gagné	$25,700		11/11		10/11
Douglas J. Harrison (Chair) (*note 3*)	$27,400	5/6	6/11	6/6	10/11
Michael Johnson	$12,950		8/11	6/6	10/11
Mora Johnson	$13,700		8/11	6/6	11/11
Robert Kwon (*note 4*)	$15,575	5/6			10/11
Claude Robillard	$18,388	6/6			10/11
Nicole Verkindt	$11,075		11/11		11/11
Christa Wessel	$29,450	6/6		6/6	11/11
Julian Ovens (*note 5*)	$2,250		1/1		4/4
Total	**$182,013**	**N/A**	**N/A**	**N/A**	**N/A**

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.

Notes:

1. Interim presidents: Carl Marcotte acted as a Board member as President and CEO from April 1, 2020 to July 31, 2020. Ernie Briard acted as a Board member as President and CEO from August 4, 2020 to March 7, 2021. The Interim President and CEO or his delegate attended all committee and Board meetings.
2. Daniela Bassan's directorship ended effective December 11, 2020.
3. The Chair is a member of all committees. Because several committees run concurrently, decisions regarding which committee meeting to attend in the event of conflict are made based on agendas. Given scheduling, the Chair is not expected to attend all Committee meetings.
4. Robert Kwon acted as a Board member from June 25, 2018 until March 7, 2021. He was appointed President and CEO effective March 8, 2021. Prior to his appointment as President and CEO, Bobby Kwon was a member of the Audit Committee. With the exception of 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.
5. Julian Ovens' directorship began effective December 11, 2020. He was appointed to the Operations Committee on March 24, 2021.

Management team

Bobby Kwon
President and CEO

Kim Douglas
Acting Vice-president, Business Development and Sales

Jason Hann
Acting Vice-president, Operations and Head of Defense Sector

Michelle Taylor
Vice-president, Legal Services, General Counsel and Corporate Secretary

Ernie Briard
Vice-president, Corporate Services and CFO

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

Notes:

1. Carl Marcotte served as Interim President and CEO for the period September 16, 2019 to July 31, 2020.
2. Ernie Briard served as Interim President and CEO for the period August 4, 2020 to March 7, 2021.
3. Robert Kwon was appointed President and CEO on March 8, 2021.
4. Ian McLeod served as Vice-President, Business Development and Sales for the period May 1, 2018 to September 21, 2020.
5. Kim Douglas has served as Acting Vice-President, Business Development and Sales from since September 22, 2020 to present.
6. Jason Hann has served at Acting Vice-President, Operations and Head of Defence Sector in from since September 9, 2019 to present.

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).

SENIOR MANAGEMENT COMMITTEE (SMC)

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

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 the Public Service of Canada Executive salary bands and are paid within the following range: $178,915 to $210,396.
- The President and CEO's compensation is in the range of $226,000 to $265,800. It is governed by the Performance Management Program for Order in Council appointees and is approved by the Governor in Council on the recommendation of the Board.

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 Ernie Briard, 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 assess export transactions at various stages to ensure risk and opportunities are balanced and the Corporation's risk tolerance is respected, including as it pertains to integrity and human rights risks
- Review all fee-generating export transactions to ensure proposed fees cover expected resource requirements and risks

INTEGRITY COMPLIANCE COMMITTEE (ICC)

Within the broader context of ESG, CCC continues to enhance its approach to responsible business conduct (RBC), including the conduct of integrity and compliance due diligence, in its efforts to combat bribery and unethical business practices. The ICC's work helps ensure that ethical issues are identified at the earliest stage of business engagement between a foreign buyer and a potential Canadian exporter.

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 committee encourages Canadian exporters to develop and adopt adequate measures for preventing and detecting bribery and corruption, and to promote employee awareness of and compliance with policies through training programs.

The committee has the following key roles and responsibilities:

- Ensure alignment of the Corporation's integrity framework with corporate best practices
- Maintain the Corporation's integrity compliance due diligence processes against bribery and corruption of foreign public officials
- Review the integrity profiles of Canadian exporters and foreign buyers in the context of specific export opportunities and make recommendations to the ROC

HUMAN RIGHTS COMMITTEE (HRC)

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

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

Internal audit

Internal audit promotes sound risk management practices and exists to protect the organization by providing reasonable assurance that the internal controls put in place by management and the Board of Directors are adequate and effective. CCC's internal audit function is fully outsourced and completes its audit work based on a risk-based audit plan approved by the Audit Committee. At the conclusion of each audit, a report is issued that includes an opinion on the adequacy of controls, a summary of findings and recommendations for improvement. All work plans, audit findings and recommendations are presented to the Audit Committee.

GLOSSARY

BETR	Business, Economic and Trade Recovery
CCC	Canadian Commercial Corporation
CEO	Chief Executive Officer
CTTs	Commercial trading transactions
DPSA	Defence Production Sharing Agreement
ERM	Enterprise risk management
ESG	Environmental, social and governance
GAC	Global Affairs Canada
GBOF	Global Bid Opportunity Finder
ICT	Information and communications technology
NWS	North Warning System
OAG	Office of the Auditor General
OECD	Organisation for Economic Co-operation and Development
PPE	Personal protective equipment
RBC	Responsible business conduct
SMEs	Small and medium-sized enterprises
U.S. DoD	United States Department of Defence
VCS	Value of contracts signed

Canadian Commercial Corporation
Corporation Commerciale Canadienne

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