

CANADIAN COMMERCIAL CORPORATION

Corporate Plan Summary 2020-21 to 2024-25

**Growing &
Diversifying
Canadian
Exports**



Canada's International Government-To-Government Contracting Agency

Mandate

The Canadian Commercial Corporation (CCC) is a Crown corporation of the Government of Canada established for the purpose of **assisting in the development of trade** between Canada and other nations.

Mission

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

Commitment

CCC is committed to being **a trusted partner** for acquisitions from Canada on a government-to-government basis. CCC offers its services where market access, risk mitigation and Canadian global competitiveness benefit from a government-to-government arrangement.

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Canadian Commercial Corporation
Corporation Commerciale Canadienne



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Executive Summary

The Canadian Commercial Corporation (CCC) is a federal Crown corporation mandated to assist in the development of trade between Canada and other nations. To do this, CCC focuses primarily on “government-to-government” (G2G) contracts, whereby it signs a contract with a foreign government and then subsequently signs a contract with a Canadian exporter to meet the requirements of the contract. CCC delivers the greatest value to Canadian exporters in higher risk, difficult markets. This enables them to compete successfully in the increasingly complex and highly competitive global marketplace, where commercial deals are often at the crossroads of international relations and foreign policy.

CCC’s Corporate Plan and key activities for 2020-21 are aligned with the direction provided by the Minister of International Trade Diversification, and are reflective of the financial challenges faced by the Corporation. In 2020-21, CCC will remain keenly focused on growing its business to help even more Canadian companies export their products and services through sales to foreign governments. Building on its fundamental work last year to diversify into new sectors, CCC will continue to broaden both the number of sectors it operates in and the number of Canadian companies it works with, with a particular focus on Small and Medium Sized Enterprises (SMEs). CCC’s goal is to enhance its relevance and impact for Canadian exporters and ensure it remains responsive to their evolving needs in the highly competitive global trade environment.

This plan is based on the following six objectives:



1. Sustainable Financial Business Model

The current business model is not financially sustainable, as CCC does not receive revenue from fees for the Defence Production Sharing Agreement (DPSA) to fund its bilateral defence trade agreement obligations. CCC administers the DPSA as a public policy function on behalf of the Government of Canada. The Corporation has taken prudent steps to address its financial pressures by constraining and limiting expenditures through deferring or cancelling non-core staff positions and moving forward with a strategic refocusing of its international presence to reduce expenditures.



2. Sector Diversification

CCC will continue to build on its new strategy by growing trade opportunities for Canadian exporters in support of Canada's diverse and inclusive trade priorities.



3. Focus on SMEs

SMEs are key drivers of Canada's economic activity and prosperity. As such, CCC's plan for 2020-21 will focus heavily on finalizing its SME Strategy that has been under development, with a view of growing the number of SME customers served. The Strategy, while still in a nascent stage will include elements such as channel partner collaboration for new product development and supporting existing programming. CCC will explore, test and evaluate new knowledge-based products and programs tailored to the needs of SMEs and focused on CCC's core international contracting expertise. While not yet fully developed, these may include: contract advisory services and specialized training (e.g. international contracting and contract risk management) that are unique within the trade ecosystem and complementary to existing Government of Canada SME programming. We will deliver these by working effectively with our partners through a whole-of-government approach.



4. Partnerships and Profile

CCC will continue its efforts to strengthen and build partnerships with both government and industry to expand CCC's reach and profile, and, as a result, serve more customers. CCC will emphasize its core competencies – Responsible Business Conduct and Risk Management – in its business approach.



5. Operational Effectiveness

CCC will ensure that its organizational structure, processes and tools leverage the use of digital technologies to support all key business processes and customer needs to improve the end-to-end customer experience. The Corporation will invest in more robust approaches to strengthen security systems and optimize workflows and organizational structures.



6. Enhanced Professional Capabilities

CCC will ensure it has the right people and the right skills to meet the challenges presented in this plan, while delivering the highest quality services in its business dealings at home and abroad. The Corporation will continue to invest in its people to meet the ever-changing needs of Canadian exporters and provide customers of all sizes the right support to succeed abroad. CCC will continue to embed lean thinking and continuous improvement into its culture to enable employees to evolve and improve their work across the organization.

As CCC approaches its 75th anniversary, the Corporation remains committed to efficiently and effectively serving Canadian exporters, supporting the growth of Canada's trade Canada's trade, and improving the nation's prosperity to the benefit of all Canadians. On September 6, 2019, the Minister of International Trade Diversification, requested Global Affairs Canada (GAC) to undertake a Comprehensive Review (Review) of CCC. The Review will inform CCC's future direction as part of Canada's trade support programming and its role in the international trade environment. CCC welcomes the Review and the significant opportunity it presents to ensure the Corporation remains relevant to Canadian exporters and continues to deliver significant value to Canada. CCC's ultimate goal is to remain a trusted expert and valued partner for Canadian exporters by helping them expand their business through sales to foreign governments, while remaining highly efficient in the delivery of its international contracting services and programs.



Corporate Overview

CCC is a parent Crown corporation under Schedule III Part I of the *Financial Administration Act* (FAA), and reports to Parliament through the Minister of Small Business, Export Promotion and International Trade. As a Government of Canada entity, authorized to execute commercial contracts with foreign government buyers, CCC is uniquely positioned to support Canadian exporters, and is focused on increasing Canada's trade footprint across diverse sectors and challenging markets. CCC is headquartered in Ottawa, Ontario.

Mandate and Public Policy Objective

Established in 1946, CCC was created by articles of incorporation under the *Canadian Commercial Corporation Act* (CCC Act)¹ with a mandate to assist in the development of trade between Canada and other nations. The CCC Act defines this role and provides the Corporation with a range of powers, particularly the ability to assist in the development of trade and the exporting of goods from Canada, either as a principal or as agent. The end result is that a greater number of exports occur because of CCC's trade mandate.

CCC delivers on this mandate by focusing on; five priority sectors (Aerospace, Infrastructure, Information and Communications Technology (ICT), Clean Technologies and Defence), administration of the DPSC, supporting SMEs and support for Government of Canada specialized procurement requirements. In all cases, CCC is providing a critical contract link that provides exporters with a G2G prime contract that enhances their value proposition to foreign government buyers.

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

The DPSA is a bilateral defence trade agreement administered by CCC on behalf of the Government of Canada since 1956. In accordance with the U.S. Defense Federal Acquisition Regulation Supplement (DFARS) 225.870, all contracts between the U.S. Department of Defense (DoD) and Canadian exporters are endorsed by and awarded to CCC. Through the DPSA, Canadian companies are able to compete for prime and subcontracts as part of the North American Defence Industrial Base. This regulatory and policy inclusion of CCC and Canada helps ensure that Canadian exporters have a level playing field when competing with U.S. based companies.

Comprehensive Review

On September 6, 2019, the Minister of International Trade Diversification issued a new Statement of Priorities and Accountabilities² (SPA) for CCC. The SPA announced the commencement of a Comprehensive Review (Review) to examine CCC's role in the international trade environment. The Review was initiated to address CCC's business model as not being financially sustainable as well as the need to optimize CCC and its role within the trade portfolio. To achieve this, the Review will assess the relevance and impact of CCC for today's exporters and stakeholders and support for CCC's role in important public policy programs, such as the DPSA. As a member of Canada's trade portfolio, the Review represents an opportunity to guide the Corporation's future

direction and to identify and assess the requirements needed to ensure CCC can achieve its full potential. The Corporation anticipates that the outcome of the Review may impact its future planned activities. Recognizing the possible implications on the Corporation's planned activities, CCC will take prudent and measured steps to maintain financial and operational flexibility throughout the planning period as it implements its corporate strategy pending the conclusion of the Review.

Mission and Statement of Commitment

CCC seeks to assist the Government of Canada in the development of trade through serving more exporters in different ways, with a view of expanding the number of Canadian companies who export and helping smaller companies scale-up faster. CCC does this principally by helping Canadian companies access government procurement markets of other nations through G2G contracting, and by providing these companies with transactional and contracting risk mitigation expertise and access to our experience in project management and responsible business practices. CCC is committed to serving more SMEs by facilitating access to international markets and by more effectively leveraging decades of international contracting experience for the benefit of SMEs planning to export.

2 Statement of Priorities and Accountabilities for the Canadian Commercial Corporation (September 6, 2019). See Appendix A.

Services

INTERNATIONAL CONTRACTING

The Corporation delivers on its mandate through the execution of prime contracts with foreign government buyers to provide goods and services available for export from Canada. The Corporation's international contracting service is fee based and involves the establishment of G2G contracts with foreign government buyers where CCC guarantees the terms and conditions of the contracts with the foreign government buyers. CCC mitigates 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.³ The Corporation works with Canadian exporters across a diverse cross-section of Canadian industrial sectors and focuses its efforts in five priority sectors: Aerospace; Clean Technology (cleantech); Construction and Infrastructure; Defence; and Information and Communications Technology (ICT).

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.

DEFENCE PRODUCTION SHARING AGREEMENT

CCC's role in the administration of the DPSA on behalf of the Government of Canada will continue to form an integral part of the Corporation's public policy purpose through the next planning period. The support CCC provides through this program aligns with the Government of Canada's

commitment to maintaining a constructive bilateral trade relationship with the United States. Canada's industry sectors include some of the world's leading innovative technologies and services. The DPSA program enables direct access to these world-class Canadian goods and services and fosters a strong North American Defence Industrial Base. In 2018-19, 86 Canadian exporters signed \$816 million of new contracts with the U.S. DoD through the DPSA in diverse industry sectors including health, infrastructure, ICT and defence, which directly supported more than 5,000 Canadian jobs. Often Canadian companies, and in particular Canadian SMEs, use the experience gained through their work within the DPSA to compete on an international scale.

CCC does not charge fees under the DPSA, as Section 225.78 of the U.S. Federal Purchase Guidelines and Instructions (PGI) states: "The Government of Canada will provide the following services under contracts with the Canadian Commercial Corporation without charge to DoD."

OTHER SERVICES AND ACTIVITIES

Sales to Cuban Buyers – CCC works closely with its partners within Canada's trade portfolio to support Canadian exporters providing goods and services to Cuba's sugar and tourism sectors, which are critical revenue-generating industries for the Cuban economy. The Corporation's fee-based contracts are structured as revolving agreements to streamline the procurement process by matching Cuban procurement needs with Canadian sources of supply.⁴ The majority of CCC's Cuba customers are SMEs (approximately 80%), for whom CCC plays a very active role forging connections with Cuban buyers.

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

⁴ Since 1991, CCC's cumulative value of contracts with the Cuban sugar and tourism industries has reached more than \$1.5 Billion. Canadian exporters using CCC's Cuba Contracting Program benefit greatly from CCC's government-to-government contracting mechanism.

Support to Other Government Departments –

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. In this regard, CCC has supported a wide range of contribution and capacity building programs: providing urgent disaster relief support; helping foreign governments in their efforts to fight cross-border crime (i.e. fraud, corruption, human trafficking); supporting anti-terrorism efforts (both domestic and international); and facilitating Canada's contributions in other international endeavours (i.e. scientific or other collaborations).

Canadian Trade Offices – On behalf of 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.

Financial Position

In the three prior-year corporate plans, the cost of the DPSA was forecasted to be fully funded by a combination of growth in the international fee-generating business and through revenues from a significant project. Revenues from a significant project and CCC's international fee generating business were intended to fund DPSA and other expenses as the government appropriation was phased out. Over the past two years, CCC has experienced materially less growth than expected

due to a number of factors including geopolitical issues, diplomatic concerns, and buying government decisions to delay or cancel programs.

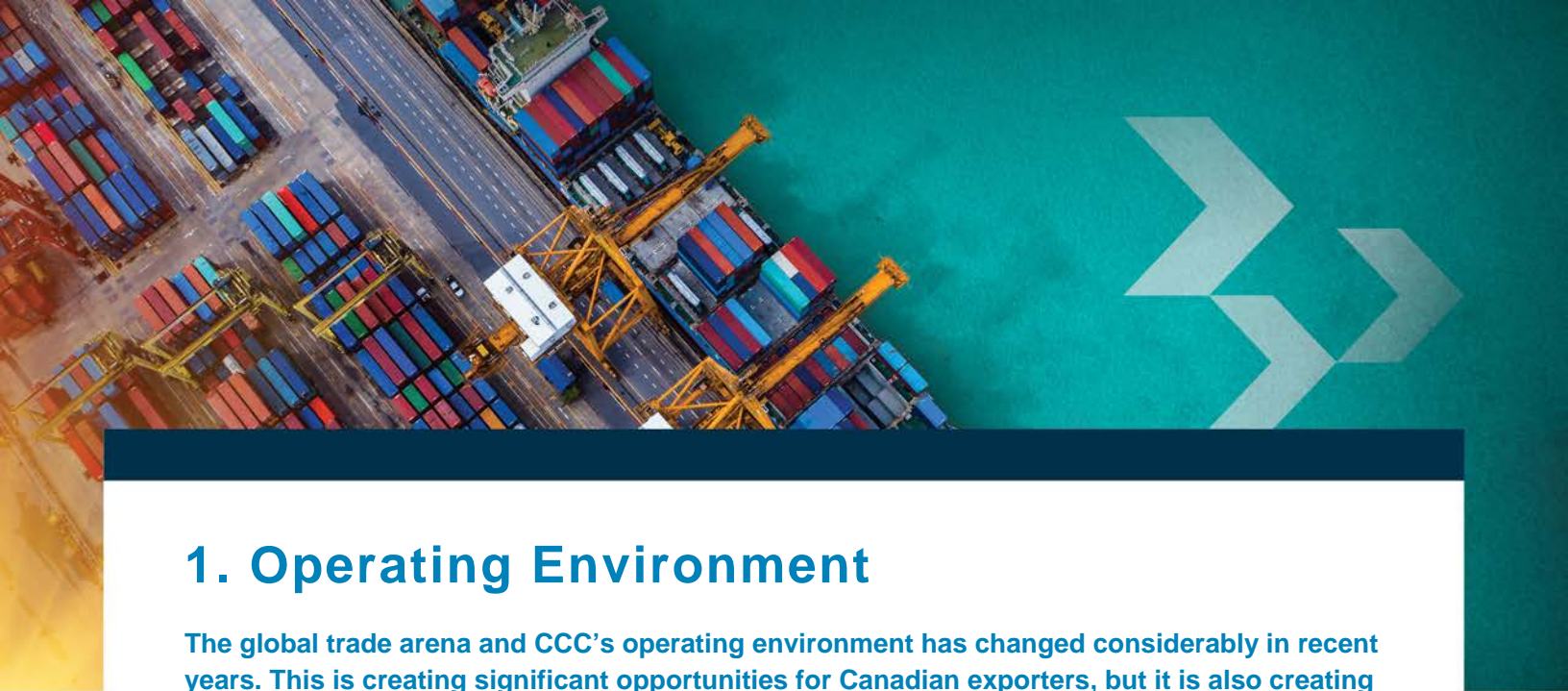
As a consequence, the requirement to generate sufficient revenues to fund expenses related to support the DPSA now much more materially impacts CCC's ability to effectively deliver on its mandate and constrains investment in people, systems and processes to better serve exporters. While the DPSA creates significant benefits to Canada relative to the cost of administering the program, the current financial business model requires CCC to utilize the revenue from its fee generating contracts to cover the operational costs of maintaining the DPSA program.⁵ CCC continues to pursue a larger pipeline of business with greater sector diversity to fund DPSA expenses, however, current and forecasted expenses exceed CCC's expected revenue required to fully support the program.

As a result, the current financial business model is not sustainable.

CCC signed \$1.3 billion in contracts in 2018-19, and was active in 74 countries supporting 14,250 value-added jobs for Canadians. These jobs create a multiplier effect on the Canadian economy through incremental corporate and personal income generated through these exports. The forecast for 2020-21 anticipates a deficit of \$7.4 million that will grow over the planning period reflecting several financial challenges facing the Corporation that are not limited to the costs of administering the DPSA, payment delays on a significant project and slower growth of CCC's fee generating business.

The 2018-19 Annual Report is posted at <https://www.ccc.ca/en/ccc/about-ccc/corporate-reports>.

⁵ CCC continues to fulfill its DPSA obligations without charging fees and at no cost to the Government of Canada. The annual cost of operating this program is approximately \$12.5 million.



1. Operating Environment

The global trade arena and CCC's operating environment has changed considerably in recent years. This is creating significant opportunities for Canadian exporters, but it is also creating considerable challenges. Shifting political landscapes, increasing competition from emerging market players and the global rise of protectionism are all changing the way companies do business around the world. As trade tensions and protectionism continues to rise and impact exporters through tariffs and other non-tariff measures (i.e. local standards and regulatory challenges, investment restrictions, and local content requirements), the importance of CCC being able to respond to the evolving needs of exporters has increased.

The following are the internal and external factors that have been considered in developing CCC's priorities, so that the Corporation can better execute against its mandate to help Canadian exporters do business in challenging global markets.

Internal Environment

A number of forces, including changes in the Corporation's key processes and systems, human resources initiatives, and alignment with government priorities, are shaping CCC's internal environment. The challenge facing CCC, and its customers, is to find innovative ways to grow and

support more exporters within this rapidly changing business environment. The outcome of the Review will also be a significant factor in considering CCC's operating environment, planned activities, financial commitments and resources throughout the planning period.

HUMAN RESOURCES OVERVIEW

With a current staff complement of approximately 130 people, the Corporation is proud of its achievements and the contribution it has made to the growth in Canada's international trade.

Approximately 75% are members of the Professional Institute of the Public Service of Canada. The balance of its employees are non-unionized. A new collective bargaining agreement was signed on March 18, 2019 and expires on June 19, 2022.

NOTABLE OPERATIONAL ACTIVITIES

Risk Management Program

In 2019, CCC made significant improvements to its risk management program and will continue to further enhance its risk management practices. With a focus on early stage risk identification and management, the Corporation's newly implemented Contract Risk Management Framework will provide an improved understanding and awareness of individual contract risks and allow for enhanced risk mitigation strategies that are particularly important for high risk and complex projects.

Doing business the right way is a competitive advantage for Canadian exporters, and is increasingly a prerequisite for deals abroad. CCC will work to promote Responsible Business Conduct (RBC) in tangible ways on international projects. We plan to sustain the momentum of our latest RBC review in close collaboration with GAC and the Department of Finance through the Corporation's Significant Project Instruction for review and oversight of large international projects.

Cyber Security Program

Cyber security threats are a growing risk for Canadian businesses, but through cyber security training, CCC is enhancing its cyber resiliency and employee awareness to ensure that critical information and corporate assets are properly safeguarded. The Corporation is also aligning with

the National Institute of Standards and Technology (NIST) Cyber Security Framework to enhance its processes and systems in order to adapt and respond to emerging threats. CCC is also committed to performing regular internal and external assessments to identify security risks and potentially vulnerable areas where efforts need to be focused.

Special Examination by the Office of the Auditor General of Canada

On March 19, 2019, the Office of the Auditor General of Canada ("OAG") completed a Special Examination of CCC. The report focused on CCC's systems and practices related to corporate management practices (including corporate governance, strategic planning and corporate risk management) and the management of business development and contracting. The Special Examination found that there were no significant deficiencies in CCC's systems and practices, and concluded that while there were areas for improvement, CCC had well-managed systems and practices for both corporate management and operations. The OAG's suggested areas of improvement centered on CCC's processes at the business unit level for planning operations and identifying risks, the inclusion of human rights issues in CCC's due diligence processes, better monitoring of costs against fees generated and to continue to seek approval of its Corporate Plan. CCC will ensure improvements will continue to be made to address the recommendations identified by the OAG. For example, CCC's recent implementation of its new Responsible Business Conduct Framework guarantees that human rights issues will always play a vital role in due diligence processes.

External Environment

As a trade dependent nation, Canada's continued economic growth is reliant on its ability to get exports into the global marketplace. Today, exports account for just over 30% of our country's GDP⁶. In fact, one in every five Canadian jobs is directly linked to exports. But as the international trade arena becomes more complex and competitive, Canadian exporters face significant hurdles in accessing both traditional and new markets.

The Government of Canada launched its Export Diversification Strategy in 2018, with a goal of increasing Canada's overseas exports by 50% by 2025.⁷ This strategy aims to significantly bolster export opportunities for Canadian businesses and diversify Canada's overseas trade by focusing on three key components: supporting trade by investing in infrastructure, providing Canadian businesses with resources to execute their export plans, and enhancing trade services for Canadian exporters.

CCC partners with Canadian companies who are financially, technically and managerially capable of delivering goods and services once an export contract is signed. The Corporation has taken several actions over the last couple of years to diversify and grow its export facilitation services within Canada by investing and organizing its resources. As a result, CCC has increased its supply chain of exporters across a more diverse cross-section of industrial sectors.

However, the ultimate decision or demand for the purchase of the Canadian product rests with the foreign government buyer that is required to balance its priorities and budget spending. Generally, G2G contracts often involve procurements of a large value of goods or services.

Given that these types of acquisitions are usually highly complex, politically sensitive, and require the commitment of large budget dollars, the timing and certainty of contract signing is very difficult to forecast. The gestation period for large contracts, to go from the pursuit stage to contract signing, can often extend into multiple years.

As a result of the Corporation's reliance on large sized projects, variations in the Value of Contracts Signed (VCS) may occur and cause irregular or uneven results year-over-year. Also, given the nature, size, complexity and variation of goods and services across numerous industrial sectors, and the constantly changing foreign buyer requirements, CCC does not generally generate repeat sales year-over-year.

Over the next five years, CCC will continue to focus on implementing its new strategy to support the government's trade priorities. By working together to diversify into new industry sectors and support more SMEs, CCC is confident it can increase the number of Canadian exporters, which in turn will bolster trade, and create jobs for Canadians. CCC's corporate strategy and strategic objectives for 2020-21 to 2024-25 aim to support Canadian exporters to better manage risks and to take advantage of opportunities in new markets.

EXTERNAL ENVIRONMENT RISKS

The key risks the Corporation will face to its external environment over the coming years include: (1) the rise of trade tensions and global economic conditions; (2) megatrends in climate change and urbanization; and (3) a further rise in the number of G2G mechanisms that compete with CCC and Canada's approach to economic diplomacy.

6 <https://www.investorsfriend.com/canadian-gdp-canadian-imports-and-exports/>

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



Trade Tensions and Changes in Global

Economic Conditions: In 2019, global trade tensions worsened, with the U.S. and China escalating their trade conflict and with the continued emergence of populist and protectionist government policies across the globe. While recent progress has been made with the announcement of an initial phase of a China-US trade agreement, these tensions have begun to slow global trade, and the manufacturing sector in particular has seen the biggest decline in growth.⁸ Improvements are expected over the planning period, however the Bank of Canada notes in its January 2020 Monetary Policy Report that disruptions to supply chains from past trade actions, elevated uncertainty and ongoing geopolitical tensions continue to weigh on global economic activity. As global trade tensions and uncertainty remains, CCC will continue to play an important role in securing foreign government contracts for exporters to ensure Canada is a relevant player in international trade.

Megatrends in Climate Change and

Urbanization: There continues to be a strong global commitment to initiatives related to environmental sustainability and climate change. The need for sustainable solutions may well be at odds with the need for resources to fuel growth and feed populations – leading to resource scarcity. This has caused the demand for sustainable energy sources and cleantech products to rise exponentially. In fact, according to projections from the International Energy Agency, renewables will meet 12.4% of global energy demand by 2023⁹. Renewables will also account for 40% of the global energy consumption growth by 2023. These trends show that CCC's services in the cleantech sector will become more significant.

8 The Bank of Canada, Monetary Policy Report, January 2020, Accessed at: <https://www.bankofcanada.ca/wp-content/uploads/2020/01/mpr-2020-01-22.pdf>

9 International Energy Agency, Market Report Series: Renewables 2018. Accessed at: <https://www.iea.org/reports/renewables-2018>

Urbanization is powering significant economic, social and environmental changes and continues to give rise to megacities in every part of the world. The growth of megacities will require a planned approach to sustainable urbanization. This will require major investment in infrastructure, such as roads, water and sewer systems, and railways. Green and smart solutions will become important features of sustainable and competitive cities. This suggests that CCC's efforts to prioritize the infrastructure, cleantech and ICT sectors will be a significant driver in future growth.

Competition: Government-to-government contracting is a niche contracting approach that is used by countries to achieve policy objectives in trade, economic growth, and bilateral relationship development. Traditionally, it has been most frequently used in the defence sector, where G2G is relatively common for major players such as the U.S., France, and Russia. However, as mentioned in previous sections, it is increasingly prevalent in other sectors as well, most notably infrastructure, where countries like Spain, Korea, and the U.K. are increasingly active.

In 2019, CCC initiated a project to analyze the competitive landscape for G2G transactions. The study revealed the following:

- Many countries are active in G2G contracting (unlike in past studies), and the number and scope of transactions is increasing.
- Competition in G2G is increasing as barriers to entry have been reduced, and many countries have developed organizations and mechanisms to support G2G transactions, including the ability to sign contracts and provide sovereign guarantees, as done by CCC.
- There are multiple "levers" that are used to facilitate G2G trade. Countries that coordinate these levers well are most effective. Within the Canadian trade portfolio CCC provides several critical levers but not all.

In all cases, it should be noted that the winning conditions that must be in place for a G2G contract to succeed include the focused political will of senior government leaders. CCC is renewing efforts to grow and deepen partnerships across the Government of Canada's trade support organizations to maximize the effectiveness of the support provided to Canadian companies through G2G contracting.

ALIGNMENT WITH GOVERNMENT PRIORITIES

Minister of Small Business, Export Promotion and International Trade Statement of Priorities and Accountabilities (SPA): The Minister's SPA of September 6, 2019 noted CCC's progress to date in diversifying its contracting partners and enabling more Canadian companies to benefit from CCC's capacity to leverage the Canadian brand. The SPA called on CCC to continue its efforts to help more companies from more sectors secure a wider variety of international procurement contracts through a continuation of CCC's business development and diversification efforts, while ensuring the best use of available resources. The SPA emphasized the importance of helping SMEs to scale-up through trade and helping SMEs reach new markets and customers by developing strategies to make CCC's services even more accessible to SME businesses. Finally, the SPA called on CCC to sustain the momentum achieved in the area of RBC and look to continually reassess and strengthen its RBC frameworks.

Support Canada's Trade Diversification

Strategy: Trade diversification is about securing more opportunities for Canadian exporters and investors to compete and succeed in thriving and fast-growing global markets and sectors. Outside of the U.S., CCC is focused on accelerating its new strategy in developing and emerging markets where it accompanies and helps Canadian exporters to access riskier markets where exporters are reluctant to go alone.

Expanding Support for SMEs: CCC has a rich history of supporting SMEs and currently boasts nearly 40% of its direct clients to be SMEs. The Corporation's plans to expand support for SMEs will focus on increasing the accessibility to CCC's unique value offerings and services, the export promotion for SMEs, and the alignment and collaboration within the Canadian export support system.

Respecting Responsible Business Conduct:

In the past year, the Corporation implemented an enhanced Responsible Business Conduct Framework, a new *Code of Conduct and Business Ethics*, and a new Human Rights Policy, to ensure that Canada's international human rights obligations were better incorporated into its

international transactions. CCC also established a new Human Rights Committee (HRC) to ensure positive human rights outcomes were reviewed as part of CCC's transaction due diligence. The implementation of the enhanced Responsible Business Conduct Framework serves to ensure that human rights, transparency and RBC are core guiding principles for CCC. It will also help to ensure that all transactions comply with Canada's international human rights obligations, such as its recent ascension to the Arms Trade Treaty ("ATT"), and its commitments set out in the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.





2. Strategic Pillars, Activities and Results

CCC aims to continue to play a critical role in helping Canadian exporters navigate today's complex global markets—and to help them to mitigate the risks of doing business abroad. This plan also demonstrates the Corporation's commitment to implementing strategies that are in line with the Government of Canada's trade agenda.







In particular, CCC will continue to focus on increasing its impact on trade by supporting the diversification of Canadian exports. Through CCC's ongoing Diversification Strategy (which began in 2016-17), the Corporation is helping a wider variety of companies move into new markets. CCC is reaching out to exporters in cleantech, ICT and infrastructure, in addition to aerospace and defence. In 2018, CCC recognized the need to enhance this strategy with different approaches to helping smaller exporters. Today, CCC is exploring significant new investments in developing new SME programming that would allow the G2G model to be effective in a low-touch, low cost framework for SMEs and building new distribution channels with partners to bring these ideas to market. The SME strategy is in its early stages but will leverage the experiences of the Government of Canada and will include elements such as channel partner collaboration for new product development

and supporting existing programming. CCC will explore and evaluate new knowledge-based products and programs tailored to the needs of SMEs and focused on CCC's core international contracting expertise. While not yet fully developed, these may include: contract advisory services and specialized training (e.g. international contracting and contract risk management) that are unique within the trade ecosystem and complementary to existing Government of Canada SME programming.

In addition, CCC is focusing on taking advantage of digital technologies to simplify and streamline its services for exporters. The Corporation is also looking to its workforce to ensure CCC has the staff with the skills and expertise needed to provide the best possible value to its customers in the years to come.

All of these pillars align with the government’s priorities, and are aimed at providing Canadian exporters and investors with the support they need to succeed in today’s thriving and fast-growing global markets. A summary of pillars and performance measures are shown below:

Corporate Strategic Pillars and Activities

CCC Strategic Pillars	Description	Performance Indicator
 <p>Sustainable Financial Business Model</p>	<p>Financial sustainability is critical to CCC’s ability to help Canadian companies grow internationally and to deliver on its mandate and Canada’s international commitments.</p>	<p>Operating Results</p> <p>Value of Contracts Signed</p>
 <p>Sector Diversification</p>	<p>CCC, through its new strategy, will grow trade opportunities for Canadian exporters in support of Canada’s diverse and inclusive trade agenda.</p>	<p>Total Customers Served</p> <ul style="list-style-type: none"> • Customers with Contracts • Customers with Leads • Knowledge Customers <p>Percentage of customers served from new priority sectors</p>
 <p>Focus on SMEs</p>	<p>CCC will better serve the needs of SMEs through product innovation, channel partner collaboration and leveraging corporate expertise and core competencies.</p>	<p>Number of SMEs Served</p> <ul style="list-style-type: none"> • SMEs with Contracts • SMEs with Leads • Knowledge Customers <p>Percentage of customers that are SMEs</p>
 <p>Partnerships and Profile</p>	<p>CCC will seek to extend its collaboration with federal partners and other key stakeholders to increase the number of SME product distribution channels available.</p>	<p>Stakeholder Engagement and Satisfaction</p> <p>Percentage of new pursuits sourced through partnerships</p>
 <p>Operational Effectiveness</p>	<p>CCC will continue to modernize its key services through a new Information Management (IM) project and pursuing the digitalization of core functions to increase operational productivity to ensure continued relevancy in the international trade environment.</p>	<p>Net Promoter Score</p> <p>Operational Productivity</p> <ul style="list-style-type: none"> • Total Contracts under Management / Total Number of Contract Management (CM) Employees • Total Invoices Processed / Total Number of Financial Operations (FO) Employees <p>DPSA Value of Contracts Signed / DPSA Program Costs</p>
 <p>Enhanced Professional Capabilities</p>	<p>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.</p>	<p>Employee Engagement Score</p>



STRATEGIC PILLAR 1:
Sustainable Financial Business Model

The Corporation's current financial business model is not sustainable, as CCC cannot generate sufficient revenue to fund the costs associated with the DPSA that it administers as a public policy function on behalf of the Government of Canada. CCC is committed to working with the Government of Canada to achieve a sustainable financial business model that is critical to creating a winning platform for success and that ensures the Corporation's financial model and mandate are in accord. The Corporation has taken prudent steps to constrain and limit expenditures and expenditure growth in the interim.



STRATEGIC PILLAR 2:
Sector Diversification

If CCC is to be relevant and contribute to supporting the diversification of exports, the Corporation needs to look for, and capitalize on, new market opportunities. That is why CCC continues to optimize the use of G2G contracting to diversify Canada's trade. Through its new strategy, the Corporation will be able to secure more opportunities for Canadian exporters and investors to help them succeed in today's thriving and fast-growing global markets.

In recent years, CCC has been focusing on helping a wider variety of companies move into new markets by expanding the work CCC does with infrastructure, cleantech, ICT, aerospace and defence exporters. CCC will continue this work going forward. To further fuel growth and diversify trade, the Corporation is also building stronger partnerships with industry associations and other

key stakeholders in its priority sectors as part of its Diversification Strategy. The Corporation is already seeing the results of this investment in the sector breakdown of new leads coming into the G2G deal pipeline. In October 2019, leads and qualified opportunities in the pipeline (excluding the U.S.) were with infrastructure exporters (41%), aerospace exporters (25%), cleantech exporters (13%), defence exporters (13%) and ICT exporters (7%).

CCC is also implementing a new strategy to ease Canadian exporters' access to financing solutions through improved financing expertise and closer collaboration with EDC, international banks, and other financial institutions. While CCC will not fund projects directly, the Corporation's involvement can aid Canadian companies in accessing financing for projects in new markets and provide them with more options and pathways to fuel their growth. The Corporation is adding additional functional skills to better manage financial institution relationships and support more complex project structuring.



STRATEGIC PILLAR 3:
Focus on SMEs

CCC has demonstrated its commitment to continually evolve in order to meet the changing needs of Canadian exporters. The Corporation believes that by better understanding the priorities of the Canadian Government and the needs of Canadian exporters as well as the ongoing changes in the global marketplace, CCC is well positioned to provide its customers with the support they need to successfully do business in countries around the world.

As detailed in CCC's SPA, the Corporation is broadening its focus to help Canadian SMEs access key markets in a sustainable way, recognizing that supporting more SME partners has implications for its resourcing and risk-management model. Leveraging its contracting expertise for new product development and expanding the contracting and knowledge customers supported, CCC can unlock more opportunities for more exporters. CCC's plans include establishing a dedicated SME team to develop and launch a detailed SME Business Plan to accelerate the growth of the existing SME operations, as well as new pilot projects directed at smaller exporters. For instance, this past year CCC launched a pilot project with the World Trade Centre (Toronto) in a SME scale-up accelerator program to provide support to over 300 SMEs over the next several years and plans are underway to launch a new specialized credibility product in the first year of the plan. This approach is opening new avenues for smaller exporters looking to do business overseas in higher risk markets. In fact, in 2019, almost 40% of companies that won contracts through CCC were SMEs and another 1,400 SMEs are part of the supply chains of larger companies in its portfolio.

CCC is working more closely with EDC, BDC and other financial institutions through joint products and regular pipeline reviews. For example, in 2020, the Corporation plans on holding partnership events with EDC and BDC with a focus on supporting SMEs.



STRATEGIC PILLAR 4:

Partnerships and Profile

CCC recognizes that maintaining strong coordination and collaboration with other key government partners and stakeholders directly leads to the success of Canadian exporters abroad. In the next planning period, CCC aims to leverage its partnerships to expand its reach and

profile, which will support Canadian companies in winning new foreign government business. CCC will continue to hold events with EDC, the Trade Commissioner Service (TCS), BDC, and other federal and trade partners, which will focus on SMEs. These events will tighten coordination between all trade partners, and will be a crucial factor in ensuring that more SMEs choose to export in emerging markets.

Strengthening creative collaboration with other trade partners and stakeholders will be a key activity in achieving CCC's objective of expanding the Corporation's reach and profile. CCC plans to better leverage TCS to promote closer and more frequent interactions with international buyers. This has consistently proven to directly lead to more deals being made between Canadian exporters and foreign governments. Collaboration with the TCS will be heightened through negotiations of a new Memorandum of Understanding (MOU), which is planned to occur in 2020-21. CCC will also work to strengthen its partnership with BDC through the development of joint products and ideas.

Finally, last year, CCC concluded a market study on refreshing its brand through refocused marketing and communications efforts that will help achieve greater success for Canadian exporters in winning new foreign government business. The study suggested a need for the rebranding of CCC and the development of a brand strategy that recommended moving CCC to operate under a new brand name. CCC would adopt a brand positioning anchored in procurement risk reduction and international contracting expertise and relaunch a refreshed brand to Canadian exporters, foreign government buyers in diversified markets and its partners with whom it shares clients. CCC has completed the initial phase of the brand research and Brand Strategy Roadmap. The next phase is on hold until the end of the Review but may include; brand naming, value propositions and messaging. Subject to the outcome of the Review, CCC is planning to roll-out a campaign in January 2021 to support CCC's 75th anniversary year.



STRATEGIC PILLAR 5:

Operational Effectiveness

CCC will implement an effective digital strategy to ensure it has efficient and effective systems in place to improve the end-to-end customer experience. This will allow the Corporation to optimize workflows and organizational structures, as well as improve its information and security systems.

By investing in this digital strategy, CCC aims to create a more customer-focused culture that will help build a stronger, more effective organization. The Corporation is currently identifying process improvements that will use its resources more effectively, and ultimately, maximize value to customers. To inform these changes, the Corporation continues to look to feedback from its customers. This feedback is driving CCC's efforts to transform the organization into a more client-centric, technology enabled professional services firm—one that plays a pivotal supporting role in Canada's trade ecosystem.

CCC will maximize efficiencies so it can manage future business growth and provide its clients with enhanced service, particularly for SMEs. To this end, CCC has upgraded its Enterprise Resource Planning (ERP) system. CCC also aims to complete a full move of the Corporation's IT systems to the Cloud by April 2022.

In keeping with the Government of Canada's digital transformation agenda, CCC is evolving its use of technology to better leverage opportunities for improved end-to-end customer experiences and revenue growth, cost effectiveness and efficiencies, and managing risk. CCC's customers' expectations of its services are not static and efforts to innovate and improve operations using technology are being evaluated or are underway.

List of key activities:

- Digitalize the DPSA processes and information management
- Improve web presence through social media and website enhancements
- Enhance data management to support collaboration, enable analytics, and reduce risk
- Enable employee mobility
- Complete transition to Cloud computing



STRATEGIC PILLAR 6:

Enhanced Professional Capabilities

CCC's ability to execute this plan relies on the expertise of a diverse team of professionals equipped with the right tools to support Canadian exporters in today's complex and challenging marketplace. CCC remains focused on ensuring it has the most qualified staff to respond to the ever-changing demands of our customers. Through targeted hiring, the organization is working to ensure it has the right talent, with the skills needed to deliver on its plan. The Corporation is also providing staff at all levels with the training to ensure their skills are aligned with the needs of CCC's customers. In particular, CCC is focusing on developing and implementing learning plans (by classification level) to address any key gaps in skill sets, drive focus and improve overall performance. The Corporation will also conduct active performance management, to ensure development of its employees consistent with the skills required to support CCC's strategic objectives.

CCC is also changing its communications approach to increase employee input and engagement with staff. CCC's town halls and employee events will have a greater focus on two-way communications and will provide employees with more input in the organization's plans and priorities to ensure a more collaborative approach.

Performance Indicators

CCC is focused on ensuring that the Corporation is measuring and achieving against its objectives. The following performance measures are critical to demonstrating value for Canada and for CCC’s customers.

An important update to CCC’s measurement system starting in 2020-21 will be the addition of “knowledge” customers. These are companies for whom the Corporation is developing new knowledge based products and programs tailored to their needs and focused on CCC’s core international contracting expertise. The following are descriptions of CCC’s performance indicators:

Operating Result	This measures CCC’s profitability for a period.	
Value of Contracts Signed	This measure provides the amount of international business CCC has signed with foreign buyers and Canadian exporters. The Corporation tracks the value of contracts signed by sectors, region, country and exporter. This data provides an indication of the Corporation’s effectiveness and allows for trend analysis of its portfolio.	
Customers Served	This measure represents the total number of: 1) exporters with CCC contracts in a reporting period; 2) new exporters with leads under development, and 3) knowledge customers, as defined above. This will track CCC’s efforts to build a growing list of customers and buyers.	
Percentage of Customers Served from New Priority Sectors	This measure represents the percentage of CCC customers from exporters in each priority sector: (1) defence, (2) infrastructure, (3) aerospace, (4) ICT, (5) cleantech, and (6) other.	
SMEs Served	This measure represents the number of: 1) SMEs with CCC contracts in a reporting period; 2) new SMEs with leads under development, and 3) knowledge customers.	
Percentage of Customers That are SMEs	This measure represents the percentage of CCC customers that are SMEs.	
Stakeholder Engagement and Satisfaction	This is a measure of satisfaction of CCC’s Government of Canada partners.	
Percentage of New Pursuits Sourced Through Partnerships	This is a measure of the percentage of CCC’s new pursuits that are generated through its partnerships.	
Net Promoter Score	This is a measure of satisfaction of CCC’s customers and the likelihood that a Canadian exporter would recommend CCC’s services to another company.	
Operational Productivity	These measures CCC’s efficiency in meeting its contractual obligations and resource utilization, including the number of contracts managed per employee and number of invoices processed per employee.	
Employee Engagement Score	This measure assesses the level of employee engagement to the organization based on the result of a survey conducted on an annual basis.	

PERFORMANCE MANAGEMENT TABLE

Customer Focus				People and Financial			
Performance Measure	Forecast 2019-20	Target 2020-21	Target 2024-25	Performance Measure	Forecast 2019-20	Target 2020-21	Target 2024-25
Net Promoter Score	35	40	>50	Value of Contracts Signed - \$B	1.17	1.34	1.60
Operational Productivity*							
• Contracts under Management / Total CM Employees	N/A	TBD	TBD				
• Invoices / Total FO Employees	N/A	TBD	TBD				
DPSA Value of Contracts Signed / Program Costs	TBD	>65	>69				
Stakeholder engagement and satisfaction	75%	80%	85%	Operating Result - \$K	1,298	(7,392)	(11,969)
Percentage of New Pursuits Sourced Through Partnerships	N/A	10%	20%	Employee Engagement Score	50	55	>70
Sector Diversification				Public Policy			
Performance Measure	Forecast 2019-20	Target 2020-21	Target 2024-25	Performance Measure	Forecast 2019-20	Target 2020-21	Target 2024-25
Customers Served	200	225	500	SMEs Served	75	150	380
With Contracts	150	150	200	With Contracts	75	85	130
With Active Leads	50	50	150	With Active Leads	N/A	40	100
Knowledge Customers	N/A	25	150	Knowledge Customers	N/A	25	150
Percentage of Customers Served Through New Priority Sectors	50%	55%	65%	Percentage of Customers that are SMEs	38%	67%	75%

(*) Operational Productivity measures and targets are currently under review and are expected to be finalized in March 2020.

Risk Management

CCC is exposed to a variety of risks in delivering on its mandate that could impact the achievement of its strategic objectives. CCC considers the following to be the key risks to achieving the Corporate Plan objectives:

1. Financial risks:

Structural risk: The DPSA services are delivered by CCC on a no-fee basis with all associated costs being funded by CCC through its fee generating business.

Concentration risk: This risk arises due to CCC's relative reliance on fees earned from a small number of large dollar value transactions. As a result, changes in scope or delivery expectations may result in changes to CCC's revenues.

Capital adequacy: CCC's capital adequacy model measures the financial risk of unexpected losses related to its export transactions, operational risk and credit risk. As of October 31, 2019, the model's calculated risk exposure is adequately covered by CCC's equity position of approximately \$22.8 million.

2. Business environment risk: Given that the Corporation operates in challenging markets where government budgets are dynamic, subject to frequent change, and political risk, achieving G2G export sales is a challenging objective. Moreover, with the global trade environment under pressure as a result of protectionism and populism, the relevance of the G2G model and Canada's desirability as a partner of choice may fluctuate in some markets.





3. Financial Overview

The current CCC financial business model requires the Corporation to generate approximately \$30 million in revenue annually to cover its annual operating expenses. Included in the annual operating expenses is approximately \$12 million related to the DPSA which CCC administers on behalf of Canada.

Of the \$30 million annual operating expenses, approximately \$5 million is funded from consistent revenue sources, such as support to other government departments, sales to Cuban buyers and Canadian trade offices managed on behalf of GAC. The remaining \$25 million of annual operating expenses must be funded from international contracting business services.

In the immediate future, a significant project will contribute an average approximately \$10 million per year in the first three years of the plan, decreasing to \$7 million in year

four, corresponding with the latest delivery schedule and \$300 thousand thereafter as the service/ maintenance portion of the contract remains. Revenue from the international fee generating business is forecast to increase from \$8 million in year one of the plan to \$11 million in year five of the plan.

Based on the above, the plan anticipates annual losses as lower than required revenues to fund the DPSA are generated.

Appendix A

➤ Ministerial Mandate Letter

CCC is operating in accordance with the guidance expressed in the Minister of International Trade Diversification's Statement of Priorities and Accountabilities (SPA) for CCC dated September 6, 2019.



Minister of
International Trade Diversification



Ministre de la
Diversification du commerce international

Ottawa, Canada K1A 0G2

SEP 06 2019

Mr. Douglas J. Harrison
Chairperson, Board of Directors
Canadian Commercial Corporation
700-350 Albert Street
Ottawa ON K1A 0S6

Dear Mr. Harrison:

For nearly 75 years, the Canadian Commercial Corporation (CCC) has helped Canadian exporters sell their goods and services to foreign-government buyers. The \$1.3 billion in new export contracts signed by the CCC in 2018/19 is a testament to the organization's continuing impact for Canadian innovation, jobs and prosperity.

A principal goal of this government is ensuring that Canadian businesses have the support they need to succeed in a highly competitive global marketplace. It is critical that all federal trade services have the right mandates, structures and tools to deliver maximum benefit to Canadian exporters.

As the CCC approaches its ninth decade of operation, it is important that we reflect on the organization's role in today's rapidly evolving international environment and look to renew our vision for its future. For this reason, I have asked Global Affairs Canada to undertake a comprehensive review of the CCC.

A comprehensive review will explore how the federal government can most effectively help exporters win international procurement contracts, while ensuring that Canadian values such as openness, transparency and respect for human rights are upheld. Key themes for the review will include the CCC's:

- mandate, governance and functions;
- impact for exporters, including potential to support more small and medium-sized enterprises (SMEs);
- coordination and fit with other federal business development and trade services; and
- capacity to maintain alignment with the Government of Canada's international, defence and economic policy priorities.

A wide array of stakeholders will be invited to contribute to the review process, including exporters, industry associations, chambers of commerce and non-government organizations.

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I know that I can count on the CCC to cooperate fully with Global Affairs Canada in this important undertaking.

Statement of Priorities and Accountabilities

I am pleased to provide the following Statement of Priorities and Accountabilities to inform the CCC's ongoing operations and strategic direction while the comprehensive review is underway.

I ask that the CCC focus on the following priorities:

Support Canada's Trade Diversification Strategy

Expanding and diversifying Canada's trade is essential to the prosperity of all Canadians. The government's Trade Diversification Strategy is focused on helping more Canadian businesses—of all sizes and sectors—grow by taking advantage of commercial opportunities abroad, especially in markets made more accessible by Canada's new free trade agreements, including the Canada-European Union Comprehensive Economic and Trade Agreement and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership.

I recognize the CCC's progress to date in diversifying its contracting partners and enabling more Canadian companies to benefit from the CCC's capacity to leverage the Canadian brand. I encourage the CCC to continue its efforts to help firms from more sectors secure a wider variety of international procurement contracts. I welcome the CCC's commitment to strengthening relationships with partners in sectors such as aerospace; construction and infrastructure; information and communications technology; healthcare; clean technology, environment; energy; and defence. Greater diversity among the CCC's contracting partners will support Canada's trade and growth agenda, as well as the CCC's financial sustainability. I therefore ask the CCC to continue its business development and diversification initiatives, while carefully assessing the results to ensure the best use of available resources.

To support alignment with the Trade Diversification Strategy, I request that the CCC continue to provide Global Affairs Canada with quarterly updates on the CCC's planning, activities and results.

Support SME Exporters

SMEs constitute 99 per cent of all businesses in Canada and employ more than 10 million Canadians. These firms often embody the best of Canadian entrepreneurship, innovation and high-growth potential. However, only 11.7 per cent of them export. In order to maximize Canada's economic growth and expand the middleclass, we need more of our SMEs to scale up through trade.

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Canada's Trade Diversification Strategy is dedicated to helping SMEs reach new markets and customers, and in turn, create new jobs. I commend the CCC on increasing the number of its transactions with SMEs in the last fiscal year, as well as the development of strategies to make the CCC services even more accessible to these businesses. I encourage the CCC to continue exploring effective and sustainable means to implement proposed SME initiatives, recognizing that supporting more SME partners has implications for the CCC's resourcing and risk-management model.

As the CCC moves to increase its service offering for SMEs, I request that the CCC include in future annual reports the following information: a disaggregation of the number of SMEs supported directly and indirectly by the CCC services; the geographic distribution of these companies in Canada; and a breakdown of the markets in which these SMEs are active.

I also ask that the CCC gather information and/or conduct analysis to better understand how its services are benefitting members of groups under-represented in trade, such as women and Indigenous peoples. Businesses owned by members of these groups have tremendous potential to contribute to Canada's prosperity. It is important to understand how federal trade services can be more supportive of their international business development.

Build on the CCC's Responsible Business Conduct and Human Rights Review

In September 2018, I directed the CCC to undertake a thorough review of its risk assessment and transaction due diligence procedures, with the aim of ensuring that the CCC's activities reflect Canada's international commitments to promoting human rights and corporate social responsibility (CSR).

I thank the CCC for its June 2019 report outlining the review's outcomes and resulting enhancements to the CCC's CSR policies. In particular, I commend the creation of the CCC's Responsible Business Conduct Framework and its alignment with Canada's international commitments to responsible business practices, including those set out in the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. In light of Canada's pending accession to the Arms Trade Treaty (ATT), I am also glad to see measures designed to ensure the CCC transactions are consistent with ATT requirements. The CCC's new Human Rights Policy and Transparency and Accountability Policy are likewise positive developments.

I congratulate the CCC on its hard work to develop and implement these policies. They represent a significant step in the right direction. That being said, it will be critical for the CCC to sustain the momentum of this most recent review and look to continually reassess and strengthen its CSR frameworks. Recent appointees to the CCC's Board of Directors bring with them extensive CSR experience, and I trust that their perspectives will help contribute to an enduring and robust CSR culture at the CCC.

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Close and proactive consultation with Global Affairs Canada will be key to ensuring the effective operation of the CCC's enhanced CSR policies. I am pleased to see that the CCC is reaching out to Global Affairs Canada to discuss prospective transactions early on, and to draw on Global Affairs Canada's knowledge and expertise. Global Affairs Canada's Office of Human Rights, Freedoms and Inclusion should be a particularly valuable resource for the CCC in this regard. I am also glad that the CCC has engaged with the Advisory Body on Responsible Conduct and the recently appointed Canadian Ombudsperson for Responsible Enterprise. I ask the CCC to maintain strong relationships with these partners as the CCC puts its new CSR policies into practice.

Share Information as Directed

The Government of Canada has a responsibility to ensure that the CCC meets the high expectations that Canadians have for federal organizations. As the Minister responsible for the CCC, it is important that my office and my officials have a full and up-to-date awareness of the CCC's activities and strategic initiatives, including major projects in the CCC's business development pipeline. I am pleased to see more frequent meetings between the CCC leadership and my office, as well as senior officials at Global Affairs Canada and the Department of Finance Canada, and ask that this regular and open interchange continue.

To further enhance information sharing between the CCC and my department, I request that the CCC provide me with materials related to meetings of the Board of Directors, including agendas and minutes. I make this request pursuant to Part X, Section 149(1) of the Financial Administration Act, which states that the CCC shall provide the Minister of International Trade Diversification with "accounts, budgets, returns, statements, documents, records, books, reports or other information" as he or she may require.

In closing, I would like to congratulate the CCC on its performance in the previous fiscal year and ask that the CCC continue to support Canadian export growth and diversification, while also leading in the promotion of transparency and corporate social responsibility.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jim Carr".

The Honourable Jim Carr, P.C., M.P.

Appendix B: **Financial Statements
and Budgets****COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

The Corporation adopted the new accounting standard IFRS 15 on April 1, 2018. All statements and numbers presented and discussed in the Corporate Plan, including comparison data to the last TBS approved 2017-18 Corporate Plan, are reflected in accordance with the new accounting standard.

KEY PLANNING ASSUMPTIONS FOR THE 2020-21 TO 2024-25 CORPORATE PLAN

- **International Relations:** As government-to-government (G2G) contracting is dependent upon Canada's international relations with other nations, changes in diplomatic relations may have a material impact on key pursuits and contracts.
- **Global Economic and Geopolitical Conditions:** Evolving market conditions, availability of financing, geopolitical considerations, debt sustainability concerns, and leadership changes may impact the tenable pipeline in certain key countries. These influences are exacerbated where there is pipeline concentration.
- **CCC's Dual Role:** Balancing CCC's public policy mandate with operating on a purely commercial basis impairs CCC's ability to achieve financial sustainability.
- **Diversification:** Continues to drive business growth, though at a slower rate than modelled in the 2017-18 Corporate Plan.
- **Financial Concentration:** The financial model assumes no impairment to significant projects. Although the Corporation has recently and continues to experience cash flow challenges resulting from outstanding and overdue accounts receivable, the plan assumes that this situation will be resolved by the end of FY 2019-20 and the contract will resume to completion in accordance with the information provided by the supplier.
- **Expense controls:** Expenses increase on average by 2% annually. This includes normal inflation, collective bargaining requirements and restricted investments in new SME programming, enhancing workforce skills and improved information technology, offset by 13% operational efficiencies primarily from career transitioning and normal attrition over the plan period.

VALUE OF CONTRACTS SIGNED

Value of Contracts Signed (VCS) represents the value of contracts and amendments signed in a given fiscal year. It measures the total value of goods or services to be delivered over the entire duration of a contract and hence, includes the full contract value at the time of signature. An analysis of recent trends indicates that approximately 10% of leads result in a signed contract, emphasizing the importance of relationship-building and lead generation. Business growth assumptions are anchored in CCC's VCS estimates, which are forecasted to grow by 37% over the planning period, from \$1.17 billion in 2019-20 to \$1.60 billion in 2024-25.

COMMERCIAL TRADING TRANSACTIONS

Commercial Trading Transactions (CTT) measure CCC's value of contracted goods and services delivered in a given fiscal year. As such, the CTT forecast is based on a series of aggregated assumptions, which consider factors associated with the timing of contract signing, contract duration and the number of specific deliverables or milestones contemplated by the contract. CTTs (excluding a significant project) are expected to grow by 9% over the planning period, from \$1.40 billion in 2019-20 to \$1.52 billion in 2024-25.

Note: The lower level of CTTs (excluding a significant project) from \$1.49 billion in 2018-19 to \$1.37 billion in 2021-22 resulted from deliveries and work coming to completion on significant sized contracts signed prior to 2018-19. CTTs starts to increase in the outer years of the plan as forecast VCS increase over the planning period.

FEES FOR SERVICE

Fees for individual projects are established based on CCC's Pricing Policy that considers value, risk and administrative costs for individual contracts. Fee rates are applied to the estimated value of goods and services to be delivered or progress work to be performed, which aligns with the CTT forecast. The model forecasts fees (excluding a significant project) for service to grow by 15% over the planning period, from \$14.06 million in 2019-20 to \$16.13 million in 2024-25.

While a significant amount of business development effort may not generate fees, CCC's collaborative involvement is highly valued by Canadian exporters in their attempts to secure business in complex and challenging markets. Many pre-contract pursuit costs are risk-shared with the Canadian exporter pending the successful signing of the contract.

OTHER INCOME

Other income is comprised of fees earned on discounted early payments, payment wiring to Canadian exporters and other miscellaneous activities. The relatively high-level of discounting activity that occurred in 2018-19 is not expected to reoccur in 2019-20. Accordingly, other income is budgeted at traditional levels of \$0.5 million annually.

FINANCE (INTEREST) INCOME

Interest is earned on the Corporation's equity and excess cash flows generated from daily business transactions. Actual interest rates on corporate balances are earned based on the terms of the current banking agreement with the Bank of Nova Scotia.

The Plan shows lower interest earned during the planning period compared to 2019-20 resulting from forecasted lower cash balances.

GAIN (LOSS) ON FOREIGN EXCHANGE

Gains or losses on foreign exchange are not budgeted. The Corporation's contracts with foreign buyers are currency matched to offset contracts with Canadian exporters. CCC's contracts require receipts and payments to be made in the same currency to avoid foreign exchange risk. As a result, CCC has a natural hedge against foreign exchange gains or losses that would otherwise impact the net results of operations and comprehensive income. Unhedged foreign exchange balances are monitored and kept at negligible levels.

CONTRACT REMEDIATION EXPENSES

The Corporation is not budgeting for any contract remediation expenses over the planning period given that CCC has not incurred any contract remediation expenses over the last several years, primarily due to the Corporation's focus on risk management.

ADMINISTRATIVE EXPENSES

In the 2020-21 Corporate Plan, administrative expenses increase from \$28.20 million in 2019-20 to \$29.61 million in 2024-25 over the course of the planning period. This represents a total increase of approximately 5% over the duration of the Corporate Plan or 1% annually. Increases due to inflation and step movements within pay scales on salaries and benefits, and the implementation of new SME programs are offset by a number of cost efficiencies. These efficiencies include reductions resulting from resource re-deployment, natural attrition, and the refocusing of CCC's international presence to better leverage the TCS and their global networks. In addition, one-time strategic investment expenses are required in years one and two of the plan to enable these efficiencies. The strategic investment expenses are related to enhancing workforce skills and improvements in information management and technology.

Compared to the last TBS approved 2017-18 Corporate Plan, planned administrative expenses have been reduced by a total of \$17 million over the planning period from 2017-18 to 2021-22, or an average of over \$3 million per year.

CCC continuously assesses staff levels to achieve cost efficiencies where possible. It does this by reviewing and improving its alignment between the Corporation's resources and operational activities. Budgets are set with assumptions regarding capacity required to deliver the Corporation's forecasted business volume. Budgets are managed on a continuous basis from the outset of the year with a view to controlling expenditures relative to revenues earned throughout the year.

SCHEDULE A – STATEMENT OF FINANCIAL POSITION*(in thousands of dollars)*

	Actual 2018-19	Forecast 2019-20	Corporate Plan 2020-21 to 2024-25				
			2020-21	2021-22	2022-23	2023-24	2024-25
ASSETS							
Current Assets							
Cash	58,481	50,084	51,904	47,622	46,131	39,150	22,612
Accounts receivables	28,006	40,379	18,569	19,111	18,362	18,495	18,457
	86,487	90,462	70,473	66,733	64,493	57,645	41,068
Non-current assets							
Property and equipment	2,645	2,144	2,469	2,645	2,170	1,695	1,171
Total Assets	89,132	92,606	72,943	69,377	66,663	59,341	42,239
LIABILITIES							
Current Liabilities							
Accounts payables and accrued liabilities	42,684	39,964	29,737	30,537	29,846	25,534	16,615
Advances from foreign customers	20,076	25,070	23,200	27,200	31,200	35,200	39,200
Deferred lease incentives	265	265	265	265	265	265	265
Employee benefits	1,454	1,642	1,753	1,818	1,883	1,948	2,012
	64,478	66,941	54,955	59,820	63,194	62,947	58,092
Non-current liabilities							
Deferred lease incentives	3,091	2,826	2,561	2,296	2,031	1,766	1,501
Employee benefits	213	192	173	155	140	126	113
Total Liabilities	67,782	69,959	57,688	62,272	65,365	64,839	59,706
SHAREHOLDER'S EQUITY							
Contributed surplus	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Retained earnings	11,349	12,647	5,254	(2,894)	(8,702)	(15,498)	(27,467)
Total Equity	21,349	22,647	15,254	7,106	1,298	(5,498)	(17,467)
Total Liabilities and Shareholder's Equity	89,132	92,606	72,943	69,377	66,663	59,341	42,239

SCHEDULE B – STATEMENT OF COMPREHENSIVE INCOME (LOSS) AND CHANGES IN EQUITY

(in thousands of dollars)

	Actual 2018-19	Forecast 2019-20	Corporate Plan 2020-21 to 2024-25				
			2020-21	2021-22	2022-23	2023-24	2024-25
Value of contracts signed	1,296,742	1,171,064	1,341,000	1,391,000	1,461,000	1,531,000	1,601,000
Commercial trading and sourcing transactions	3,415,663	2,876,559	2,851,899	2,931,514	2,865,177	2,451,267	1,594,998
REVENUES							
Fees for service							
Fees for service	28,391	23,524	23,286	21,933	23,508	21,462	16,488
Other income	1,741	586	500	500	500	500	500
Finance income, net	822	1,018	727	684	536	592	650
Revenues	30,954	25,129	24,513	23,117	24,544	22,555	17,638
EXPENSES							
Administrative expenses							
DPSA expenses	11,521	11,941	12,023	11,917	12,291	12,255	12,511
SME program expenses	727	1,105	2,515	3,502	3,649	3,708	3,801
Other operating expenses	14,757	15,154	15,367	15,347	14,412	13,388	13,295
Strategic Investment expenses	-	-	2,000	500	-	-	-
	27,005	28,200	31,905	31,266	30,352	29,351	29,606
Contract remediation expenses	-	-	-	-	-	-	-
Expenses	27,005	28,200	31,905	31,266	30,352	29,351	29,606
Gain (loss) on foreign exchange	167	(131)	-	-	-	-	-
Net results of operations before transfer from Government of Canada	4,116	(3,202)	(7,392)	(8,149)	(5,808)	(6,796)	(11,969)
Transfer from Government of Canada	-	4,500	-	-	-	-	-
Net results of operations	4,116	1,298	(7,392)	(8,149)	(5,808)	(6,796)	(11,969)
Actuarial loss on employee benefits obligation	1	-	-	-	-	-	-
Total comprehensive income (loss)	4,117	1,298	(7,392)	(8,149)	(5,808)	(6,796)	(11,969)
Equity at beginning of the year	17,232	21,349	22,647	15,255	7,106	1,299	(5,498)
Equity at year end	21,349	22,647	15,255	7,106	1,299	(5,498)	(17,466)

SCHEDULE C – STATEMENT OF CASH FLOW*(in thousands of dollars)*

	Actual 2018-19	Forecast 2019-20	Corporate Plan 2020-21 to 2024-25				
			2020-21	2021-22	2022-23	2023-24	2024-25
OPERATING ACTIVITIES							
Net profit	4,116	(3,202)	(7,392)	(8,149)	(5,808)	(6,796)	(11,969)
Adjustments to determine net cash from (used in) operating activities:							
Depreciation	451	501	425	575	725	725	775
Deferred revenue	96	-	-	-	-	-	-
Deferred lease incentives	(265)	(265)	(265)	(265)	(265)	(265)	(265)
Employee benefits	126	167	92	48	49	51	52
Gain on foreign exchange	62	-	-	-	-	-	-
Change in working capital from:							
Accounts receivables	21,492	(12,373)	21,808	(541)	748	(133)	39
Accounts payables and accrued liabilities	8,002	(2,719)	(10,228)	800	(691)	(4,312)	(8,919)
Advances from foreign customers	(18,892)	4,996	(1,870)	4,000	4,000	4,000	4,000
Cash provided by (used in) operating activities	15,188	(12,896)	2,570	(3,532)	(1,242)	(6,731)	(16,288)
INVESTING ACTIVITIES							
Transfer from Government of Canada	-	4,500	-	-	-	-	-
Acquisition of property and equipment	-	-	(750)	(750)	(250)	(250)	(250)
Cash used in investing activities	-	4,500	(750)	(750)	(250)	(250)	(250)
Effect of exchange rate changes on cash	(62)	-	-	-	-	-	-
Net increase (decrease) in cash	15,126	(8,396)	1,820	(4,282)	(1,492)	(6,981)	(16,538)
Cash at the beginning of period	43,355	58,481	50,084	51,904	47,622	46,131	39,150
Cash at the end of the period	58,48	50,084	51,904	47,622	46,131	39,150	22,612

SCHEDULE D - VARIANCE ANALYSIS, FORECAST COMPARED TO OPERATING BUDGET FOR THE YEAR ENDING MARCH 31, 2020

(in thousands of dollars)

	2019-20			Explanations
	Forecast	Budget	Variance	
REVENUES				
Fees for service	23,524	33,406	(9,882)	Fees for service are earned on deliveries and work performed. The unfavourable variance resulted as there were much fewer fee-generating delivery transactions than planned. Contract signing delays on government-to-government fee-generating business occurred due to many uncontrollable variables, thus impacting the Corporation's ability to sign and deliver contracts.
Other income	586	400	186	Other income is comprised of fees earned for providing discounted early payment and payment wiring to Canadian exporters, and other miscellaneous amounts. The favourable variance is due to a rise in discounted early payment activity in 2019-20.
Finance income, net	1,018	639	379	Finance income earned on the Corporation's cash balances was higher than planned due to higher levels of flow-through advances on CCC's international business.
Net revenues	25,129	34,445	(9,316)	
EXPENSES				
Administrative expenses	28,200	32,550	4,350	The favourable variance results primarily from savings realized due to staff vacancies at various times during the year and overall planned reduction in FTE levels from those approved in the 2017-18 Corporate Plan. Budgets are managed on a continuous basis from the outset of the year with a view to controlling expenditures relative to revenues earned throughout the year.
Contract remediation expenses	-	50	50	CCC will not incur any contract remediation expenses in 2019-20. The favourable forecast variance reflects the Corporation's robust risk and contract management practices and ERM framework.
Total expenses	28,200	32,600	4,400	
Gain (loss) on foreign exchange	(131)	-	-	CCC will realize a foreign exchange translation loss based on currency projections and the level of exposed U.S. funds. Gains or losses on foreign exchange are not budgeted.
Net results of operations before parliamentary appropriation	(3,202)	1,845	(4,917)	
Transfer from Government of Canada	4,500	-	4,500	
Total comprehensive income	1,298	1,845	(417)	

(*) The 2019-20 Forecast is compared to the budget developed three years ago. YEAR 3 of the 2017-18 to 2021-22 Corporate Plan was the last operating budget approved by Treasury Board.

SCHEDULE E – VARIANCE ANALYSIS, 2020-21 PROPOSED BUDGET COMPARED TO 2019-20 FORECAST

(in thousands of dollars)

	2020-21 Proposed Budget	2019-20 Forecast	Increase (Decrease)	Explanations
REVENUES				
Fees for service	23,286	23,524	(238)	Fees for service are earned on deliveries and work performed. The decrease is due to a lower level of Infrastructure sector activity signed in 2018-19 and 2019-20.
Other income	500	586	(86)	Discounted early payment activity is expected to return to historic levels in 2020-21.
Finance income, net	727	1,018	(291)	The decrease is due to lower usable cash balances.
Net revenues	24,513	25,129	(616)	
EXPENSES				
Administrative expenses	31,905	28,200	3,705	Increase due to: (1) dedicated SME program costs (\$0.7M); (2) inflation and incremental in pay scale increases related to salaries and benefits (\$0.5M); (3) travel with or on behalf of its client Canadian exporters for business development or to secure and manage the over \$2 billion in international contract activity (\$0.3M); (4) strategic investment expenses primarily to re-skill CCC's workforce (\$2.0M); and (5) other (\$0.2M).
Contract remediation expenses	-	-	-	The Corporation is not budgeting for any contract remediation expenses over the planning period due to CCC's exceptional results achieved over the last several years, primarily due to the Corporation's focus on risk management.
Total expenses	31,905	28,200	3,705	
Gain (loss) on foreign exchange	-	(131)	131	The Corporation does not budget for foreign exchange gains and losses. Unhedged foreign exchange balances are monitored and maintained at negligible levels.
Net results of operations before parliamentary appropriation	(7,392)	(3,202)	(4,190)	
Transfer from Government of Canada	-	4,500	(4,500)	
Total comprehensive income	(7,392)	1,298	(8,690)	

CAPITAL BUDGET

The acquisition of intangible assets in years 2020-21 to 2024-25 represent the capitalization of the investment costs to upgrade and enhance the Information and Financial systems on an on-going basis. Included in the Information Systems is the initiative to digitalize the business processes and continue the transition to the Cloud services. These amounts will be funded internally and amortized over the deemed useful lifespan of five years.

Specifically, in 2020-21 and 2021-22, CCC is planning annual investments of \$750k representing the estimated capital cost of implementing an Electronic Document and Records Management System (EDRMS), transitioning various systems to the Cloud and digitalization.

These system upgrades are crucial to CCC's growth, maturity and ability to do business in the ever-growing digital landscape and will provide long-term organizational efficiencies. The EDRMS initiative was delayed from 2019-20 due to the 2019-20 Corporate Plan (which include the 2019-20 capital budget requirement) not being approved.

At present, CCC documents and information are stored in various drives on its network, absent workflow and version control governance. Investments required to remedy this critical situation have been stalled by the unavailability of funds. This important investment is expected to generate immediate and lasting efficiencies in areas related to workflow, transparency and information accuracy and it will move the organization toward greater digitalization required to support the business strategy.

In the outer years, a capital budget of \$250k annually is required for normal maintenance of IT infrastructure and other capital costs such as standard purchases of equipment, furniture and fixtures. A table identifying anticipated capital budget investments for CCC for the period 2020-21 to 2024-25 follows:

<i>(in thousands of dollars)</i>	Corporate Plan 2020-21 to 2024-25				
	2020-21	2021-22	2022-23	2023-24	2024-25
Acquisition of intangible assets – IT investment	750	750	-	-	-
Acquisition of property and equipment – Including Facilities & Equipment, Leasehold Improvements and Information Systems	-	-	250	250	250
Total Capital Budget Request	750	750	250	250	250

Appendix C:

➤ Borrowing Plan

CCC's funding activities are governed by Section 11 of the CCC Act and Section 127 of the FAA. Under subsection 11(1.1) of the CCC Act, CCC is subject to a statutory borrowing authority constraint which limits the total amount outstanding at any time at \$90 million, or such amount as may be specified in an Appropriation Act.

In accordance with subsection 127(3) of the FAA, CCC requires the approval of the Minister of Finance to enter into a borrowing facility. The approval sets out the key terms and conditions for any resulting borrowing arrangement. In this Corporate Plan, CCC is seeking Ministerial approval to borrow up to \$40.0 million in Canadian currency or its U.S. dollar equivalent from various financial institutions to finance temporary working capital requirements. Consistent with previous years, CCC is requesting up to 120-day repayment terms. The Corporation expects to borrow Canadian currency at the Canadian prime rate and U.S. currency at the U.S. prime rate.

The Corporation's working capital requirements result from its facilitation of the DPSA program. CCC pays Canadian exporters on a select portion of DPSA contracts within 30 days of receipt of invoices, and requires access to an operating line of credit as a prudent safeguard in the event that the U.S. DoD does not pay their invoices from CCC within the same time period.

<i>(in millions of dollars)</i>	Corporate Plan 2020-21 to 2024-25				
	2020-21	2021-22	2022-23	2023-24	2024-25
Short-term borrowing (up to 120 days)	40	40	40	40	40
Total borrowing request	40	40	40	40	40

Appendix D:

Compliance with Legislative and Policy Requirements

The Government of Canada regulates CCC primarily through its enabling legislation, the *CCC Act*, and through the *FAA*. In addition, the Corporation is subject to the following federal legislation as well as any new legislation, regulation, or policy that is extended to Crown corporations:

ACCESS TO INFORMATION ACT

CCC is subject to the provisions of the *Access to Information Act*. In accordance with Section 72 of the Act, CCC's Annual Report to Parliament on the *Access to Information Act* is tabled in Parliament annually and is made available on CCC's website at: <https://www.ccc.ca/en/ccc/about-ccc/disclosure>. In addition, summaries of completed access to information requests by CCC are posted on the Government of Canada Open Government Portal.

PRIVACY ACT

CCC is subject to the provisions of both the *Privacy Act*. In accordance with the Act, CCC's Annual Report to Parliament on the Administration of the *Privacy Act* is tabled in Parliament annually and is made available on CCC's website at: <https://www.ccc.ca/en/ccc/about-ccc/disclosure>.

CONFLICT OF INTEREST ACT

The *Conflict of Interest Act*, created through the *Federal Accountability Act*, establishes the regime that governs the ethical conduct of public office holders, both during and after employment. CCC requires its employees to conduct business with honesty, integrity and fairness. CCC's *Code of Conduct and Business Ethics* defines the Corporation's commitment to ethical conduct, the environment and human rights. It also spells out the policies and procedures that govern the behaviour of employees of the Corporation including conflict of interest. All employees sign an annual statement confirming they are in compliance with the requirements set out in this Code.

CANADIAN HUMAN RIGHTS ACT

CCC complies with the *Canadian Human Rights Act* by promoting a workplace free from discrimination and harassment as noted in its *Code of Conduct and Business Ethics* and *Anti-Harassment Policy*.

CORRUPTION OF FOREIGN PUBLIC OFFICIALS ACT

CCC views business ethics as fundamental to successful business practices as outlined in its *Code of Conduct and Business Ethics*, which reflects both the refreshed *Values and Ethics Code for the Public Sector* established by the Treasury Board as well as an organization-specific set of common values and ethics. Operating ethically means, at a minimum, conducting its affairs in accordance with the letter and spirit of the applicable laws of the countries in which CCC does business and complying with the *Canadian Corruption of Foreign Public Officials Act*. CCC is a contributor to the Annual Report submitted to Parliament as required under the *Corruption of Foreign Public Officials Act*. The Annual Report outlines activities undertaken by government departments and agencies in support of the Act's requirements.

CANADIAN ENVIRONMENTAL ASSESSMENT ACT

The *Canadian Environmental Assessment Act* requires federal departments, including Environment Canada, agencies, and Crown corporations to conduct environmental assessments for proposed projects where the federal government is the proponent or where the project involves federal funding, permits, or licensing. The purposes of the Act were set out as follows: (1) to achieve sustainable development that conserves environmental quality by integrating environmental factors into planning and decision-making process, (2) exercise leadership within Canada and internationally, and (3) to provide access to information and to facilitating public participation. CCC ensures compliance with the Act and reports on its activities annual in its Annual Reports.

EMPLOYMENT EQUITY ACT

CCC is committed to establishing equal opportunities in employment and has the goal of achieving and maintaining a representative workforce. To that end, CCC seeks to identify and remove any barriers in employment including its recruitment, hiring, training, and promotion practices.

OFFICIAL LANGUAGES ACT

In keeping with the *Official Languages Act* requirements, CCC has an Official Languages Policy that applies to all employees. CCC seeks to provide quality services to the general public and to its clients in both English and French and gives its employees the opportunity to work in the official language of their choice.

OFFICIAL LANGUAGES POLICY INSTRUMENTS

To facilitate the achievement of the objectives of its Official Languages Policy, CCC intends to provide for the appropriate operational environment by assigning linguistic requirements to all its positions in the spirit of the Policy on Official Languages issued by the Treasury Board of Canada.

DIRECTIVE ON TRAVEL, HOSPITALITY, CONFERENCE AND EVENT EXPENDITURES

The Corporation's approach to travel and hospitality is aligned with the Directive on Travel, Hospitality, Conference and Event Expenditures that took effect on April 1, 2017. The purpose of these directives is to provide for the reimbursement of reasonable expenses incurred during travel on government business. The rules and principles outlined in the CCC Travel, Hospitality, Conference and Event Expenditures Policy provide for the application of these directives.

CCC voluntarily reports, through its website, annual aggregate corporate expenses related to travel and business development activities as well as the travel and hospitality expenses for the President and CEO and senior executives. Expenses are reported by fiscal quarter and are reflected in the period during which they were reimbursed. Details on CCC's disclosure can be found here: <https://www.ccc.ca/en/ccc/about-ccc/disclosure>

PENSION PLAN REFORM DIRECTIVES

CCC is not subject to the Ministerial directive to comply with Section 89 of the FAA. The Corporation has a defined benefit pension plan that is in line with the Public Service Pension Plan.

INTEGRITY DIRECTIVE

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

TRADE AGREEMENTS

As a Government of Canada entity and authorized to execute commercial contracts with foreign government buyers, CCC is uniquely positioned to support Canadian exporters and to increase Canada's trade footprint in new and priority markets. While CCC is not involved in activities directly related to trade agreements, the Corporation does act as the custodian of the DPSA, which is one of a number of Canada-U.S. trade agreements. It complements other multilateral trade agreements, which normally do not cover defence goods and services. The agreement has effectively reduced trade barriers, increased the depth of the Canadian defence industry and provided high-value jobs for Canadians.

With respect to CCC's procurement practices and trade agreements, it should be noted that CCC operates in a niche space that must be assessed on a case-by-case basis looking at the specific treaty commitments and procurement rules applicable to the foreign country. In this regard, for World Trade Organization (WTO) members, while the General Agreement on Tariffs and Trade and General Agreement on Trade in Service establish the rules for government procurement, each signatory to the WTO lists its own exemptions for non-defence goods. Moreover, many foreign buyer countries, who are party to the WTO, are not parties to the Agreement on Government Procurement. Finally, the WTO rules make exceptions for certain situations, including where there are urgent needs, a unique technical offering or where there have been unsuccessful tenders.

EXPORT AND IMPORT PERMITS ACT

The *Export and Import Permits Act* (EIPA) governs transactions undertaken by commercial entities in Canada.¹⁰ As a result, Canadian exporters, even when working in conjunction with CCC, must comply with the export control regime established by the EIPA. In terms of responsibility for obtaining export permits, pursuant to Section 7 of EIPA, it is the exporter of record who is responsible for obtaining all required export permits. CCC does not obtain export permits on behalf of Canadian exporters.

¹⁰ *Export and Import Permits Act* (R.S.C., 1985, c. E-19)

Appendix E:

Government Priorities and Direction

Government-wide priorities are outlined in the *Speech from the Throne and the Budget Plan*.¹¹ This Appendix describes how CCC's priorities and activities align with government-wide priorities and highlights any notable activities in the following key areas:

TRANSPARENCY AND OPEN GOVERNMENT

Within the required timeframes, CCC openly publishes its public reports such as Annual and Quarterly Reports, Summary Corporate Plans, Travel and Hospitality Expenditures of the Board and Senior Management and *Access to Information Act* inquiries. The Corporation aims to respond in a timely manner to all information requests as well as reasonably address any associated concerns.

GENDER-BASED ANALYSIS PLUS / DIVERSITY AND EMPLOYMENT EQUITY

CCC is committed to building a diverse workforce and an inclusive environment. As part of the Government of Canada, CCC actively encourages employees to express themselves in both official languages, and all staff are provided access to financial resources and support to develop their abilities in this area. CCC's human resources employment policies and practices build on a commitment to employment equity, and encourage applications from women, Indigenous people, persons with disabilities and visible minorities. In order to promote and sustain a positive and inclusive workplace, CCC instituted an employee-led Diversity and Inclusion Committee. This Committee organizes training, information sessions, and activities, while also being a source of information and advice for employees and executive management. CCC also supports the Government of Canada's commitment to inclusion and diversity through its transparent and merit-based appointment processes to fill vacancies within CCC's Board of Directors. In this regard, CCC is fully supportive of the amendments proposed in Bill C-25, An Act to amend the *Canada Business Corporations Act*, the *Canada Cooperatives Act*, the *Canada Not-for-profit Corporations Act* and the *Competition Act*, which seek to expand diversity disclosure.¹²

¹¹ Government of Canada, Government priorities. Accessed at: https://www.canada.ca/en/government/system/priorities.html?_ga=2.73732242.1878693409.1510164989-216074105.1505315235

¹² Parliament of Canada, C-25. Accessed at: <https://www.parl.ca/LegisInfo/BillDetails.aspx?Language=E&billId=8433563>

INDIGENOUS ISSUES

As a Government of Canada entity authorized to execute commercial contracts with foreign government buyers, CCC is aware of the obligations outlined in the United Nations Declaration on the Rights of Indigenous Peoples and seeks to ensure that the concept of Free, Prior and Informed Consent is upheld when indigenous populations are impacted by a project.

SUSTAINABLE DEVELOPMENT AND GREENING GOVERNMENT OPERATIONS

Through its Greening CCC Policy and activities related to sustainable development, the Corporation promotes responsible activities respectful of the environment and the impact of its operations. In this regard, the Greening CCC Policy forms part of a Responsible Business Conduct Framework and suite of supporting policies and serves to guide all staff in fulfilling their duties in a manner that is responsive to this goal. All CCC staff are encouraged to be mindful of the environment and consider a “greener” approach to work. Principles such as “reduce, reuse and recycle” reflect the spirit of this policy. Through innovative thinking and leveraging the advantages of a modern office environment a significant reduction in energy usage, demand for traditional office supplies and real task efficiencies can be enjoyed without compromising the quality of meaningful work executed daily by CCC employees. In more measurable business terms, operating expenses can be reduced and new fiscal efficiencies can be realized, all while reducing the impact on the environment in which CCC operates.

SAFE WORKSPACES

CCC employees have the right to work in an environment where they are treated with respect, dignity and fairness. As a Crown corporation, CCC is committed to ensuring that its employees feel safe and welcome in their workplace and that harassment is never tolerated. CCC places an emphasis on harassment prevention through education and awareness training for all employees. This training is provided on a regular basis and is supported by CCC’s Anti-Harassment Policy. Managers and human resource employees are provided with additional manager-specific training that reflects their responsibilities and unique responsibilities in preventing and responding to harassment, including handling complaints and creating a culture of ethics and respect.

ACCESSIBILITY

CCC is committed to principles of equity and diversity in the workplace and ensuring equal opportunities and equitable representation in employment. By eliminating barriers in all our employment policies, procedures, and practices; CCC will ensure a wider pool of talent that CCC can draw upon and employees will have the necessary support to do their best work. CCC is assessing two priority areas to ensure it has the appropriate policy, procedures and overall strategy to improve recruitment, retention and promotion of persons with disabilities and ensure and enhance where necessary the accessibility of our workplace.

Glossary

BDC Business Development Bank of Canada

CCC Canadian Commercial Corporation

CEO Chief Executive Officer

CRM Customer Relationship Management

CTTs Commercial Trading Transactions

DPSA Defence Production Sharing Agreement

EDC Export Development Canada

ERM Enterprise Risk Management

EIP Export and Import Permits Act

FAA Financial Administration Act

G2G Government-to-government

GDS Global Defence and Security

HRC Human Rights Committee

ICB International Commercial Business

ICT Information and Communications Technology

ICC Integrity Compliance Committee

IFRS International Financial Reporting Standards

MOU Memorandum of Understanding

NATO North Atlantic Treaty Organization

OAG Office of the Auditor General

OECD Organization for Economic Co-operation and Development

ROC Risk and Opportunities Committee

SMEs Small and Medium-sized Enterprises

TCS Trade Commissioner Service

USD United States Dollar

U.S. DoD United States Department of Defense

VCS Value of Contracts Signed

WTO World Trade Organization
