



Freshwater Fish Marketing Corporation

Corporate Plan FY2019/20 to FY2023/24

TABLE OF CONTENTS

1. Executive Summary.....	3
2. Overview.....	4
3. Operating Environment	6
4. Objectives and Performance Measures, Expected Results and Performance Indicators, Risks	8
5. Financial Overview.....	9
Annex 1 – Ministerial Direction	12
Annex 2 – Corporate Governance Structure.....	13
Annex 3 – Financial Statements	15
Annex 4 – Risk and Risk Responses	18
Annex 5 – Government Priorities and Direction.....	20
Annex 6 – Compliance with Legislative and Policy Requirements.....	22

EXECUTIVE SUMMARY

Freshwater Fish Marketing Corporation (herein referred to as 'Freshwater', 'the organization', 'FFMC', 'the Corporation', 'us', 'we', or 'our') is a Crown corporation established in 1969 under the *Freshwater Fish Marketing Act* ('*FFMA*' or '*the Act*'). Freshwater was created to market and trade in fish, fish products and fish by-products within and outside of Canada.

Freshwater is a buyer, processor and marketer of freshwater lake fish from Manitoba, Alberta, the Northwest Territories, and Saskatchewan. We operate a complex supply chain of delivery points, agents, temperature-controlled transport, and processing and inventory management systems to match the fish harvest of commercial fishers with market demand.

Freshwater's brand continues to represent a global benchmark with respect to the production of top quality wild-caught Canadian freshwater fish. In the Midwest United States, walleye marketed by Freshwater is the number one choice for chefs when placing walleye on their menus. Freshwater is the largest and most trusted supplier of lake whitefish and lake whitefish caviar to Finland and the number one supplier of tullibee roe in Scandinavia. We continue to be the dominant supplier to the northern pike market in France, both with minced and new product innovations. We are the largest individual supplier of freshwater fish products to the American gefilte fish market and maintain a kosher-certified plant.

In fulfilling its mandate, Freshwater provides four key benefits to the inland fishery:

- Orderly market/price maintenance – Freshwater buys fish and carries out market-stabilizing activities to match supply with demand;
- Global markets - Freshwater gives western and northern Canadian inland fishers access to global markets while reducing business risk for fishers;
- Food safety and security - Freshwater works closely with the Canadian Food Inspection Agency (CFIA) and its customers to ensure its supply chain and processing plant meet federal and customer requirements for food safety and security;
- Economic development - In many communities where Freshwater operates delivery points, the fishery is the primary commercial means of economic development. A majority of these communities are predominantly Indigenous. The fishery fosters independent business owners and increases employment in rural and remote regions. Approximately 80% of Freshwater's returns to fishers and agency fees go to isolated northern and predominantly Indigenous communities.

Freshwater operates one of the most complex supply chains of any food business. Since 2012 and 2017, as a result of open-market legislation in the provinces of Saskatchewan and Manitoba respectively, fishers have been able to deliver fish to competing fish buyers, affecting Freshwater's fish deliveries, sales volume, sales revenue, and operating and financial competitiveness. Freshwater has signed contractual agreements with fishers that are in place until FY2020/21, to secure fish supply.

The Board of Directors and senior management of the Corporation are committed to maintain the value of the Government of Canada’s asset – Freshwater Fish -- until a final decision regarding the future direction for the Corporation is made. An expeditious decision by the Government of Canada on the Corporation’s direction is crucial to securing the future of the industry for Canada’s western and northern inland fishers.

In 2018, the Government of Canada established an advisory panel to explore ways to transform the Corporation so that it remains modern and competitive in the open market. The panel is exploring new governance and ownership models supporting collaboration and cooperation among fish harvesters, involving them in decision-making. As part of its review, the panel is assessing opportunities for new partnership arrangements with organizations that could play a role in these new models for FFMC. The panel will provide its findings in a final report in 2019.

FINANCIAL PLAN

Freshwater’s projected operating budget for FY2019/20 is \$67.94 million based on net sales revenue of \$70.9 million. Initial returns to fishers are forecast to reach \$30.9 million or 43.6% of net sales revenue. Retained earnings are planned to be \$21.6 million on April 30, 2020. Profit in FY2019/20 is forecast to be \$2.96 million before final payment and income tax. (See Annex 3)

CAPITAL BUDGET

The Corporation expects to spend \$2.1 million on capital investments in FY2019/20.

BORROWING PLAN

The aggregate principal amount of borrowings outstanding will not at any time exceed \$41.3 million, which is below the maximum statutory limit of \$50 million.

2. OVERVIEW

2.1 MANDATE AND KEY AUTHORITIES

Freshwater Fish Marketing Corporation was established under the *FFMA* in 1969. Freshwater is a Crown corporation mandated to purchase all fish offered for sale, to create an orderly market, to promote international markets and to increase trade in fish and maximize returns to commercial fishers.

Participating jurisdictions were Ontario, Saskatchewan, Alberta, Manitoba and the Northwest Territories (NWT). Manitoba, Ontario and Saskatchewan have since withdrawn from the legislation, leaving the NWT as the sole participating jurisdiction under the *FFMA*. Alberta has closed its commercial fishery.

As a self-sustaining Crown Corporation, Freshwater operates in accordance under Part X of the *Financial Administration Act (FAA)* and regulations, the *FFMA* and regulations, the by-laws of the Corporation and directive P.C. 2015-1108 issued pursuant to section 89 of the *FAA*.

2.2 VISION AND MISSION

Freshwater’s vision is to be an industry leader of premium-quality freshwater fish products through efficient supply chain management, value-added processing, and effective marketing.

Freshwater's mission is to maximize long-term returns to commercial fishers through securing supply, creating an orderly market, promoting international markets, and increasing trade in freshwater fish.

2.3 MAIN ACTIVITIES AND FINANCIAL CONDITION

FFMC has established a solid reputation for product reliability, product quality and food safety. Our role is a complex mix of purchasing, processing, and selling and marketing. We developed and maintain a solid, stable position in a number of well-established international and domestic markets. The Corporation is a recognized price leader, exercising its mandate to market fish domestically and internationally. We have a leadership position in the U.S. walleye market, are the largest supplier of lake whitefish and lake whitefish caviar to Finland and of northern pike to France. We are the largest individual supplier of freshwater fish to the U.S. gefilte fish market and maintain a kosher-certified processing facility. We have significantly expanded our markets beyond traditional boundaries and products. Freshwater does business, either directly or indirectly, in 14 countries around the world. Exports accounted for over 80% of sales revenue, primarily from markets in the United States, Finland, Germany, France, Eastern Europe and Israel. We have achieved international presence with a footprint in North America, Europe, the Middle East and Asia.

Freshwater supports the freshwater fishery through planned harvesting, processing and marketing strategies. 175 full-time production staff are employed by FFMC. We also add to our workforce during peak periods. Fish are caught by approximately 1,500 fishers across northern and western Canada. The fish is then purchased and graded by contracted agents and corporate agencies at 46 delivery points. Freshwater is a significant contributor to the economies of more than 50 communities in Canada's north, by acting as the marketer of their harvest to 14 countries. In the 50 years since 1969, during which the Corporation has done business in Canada and abroad, FFMC has established and sustained a solid reputation based on product reliability, quality and safety. We are a recognized industry leader with an internationally established and highly-endorsed brand of excellence.

The open market in Freshwater's traditional mandate area is changing the way fishers market their catch. Alternative fish buyers have emerged, increasing competition through new and evolving relationships with fishers that are affecting fish deliveries to FFMC.

FFMC purchases on average 10.4 million kilograms of fish annually from 1,500 fishers using 3-year supply contracts that contain provisions regarding pricing, supply and qualification criteria. The contracts stipulate that FFMC will purchase all marketable fish supplied by contracted fishers (regardless of species) and will pay the posted initial price for those fish. Non-contracted fishers receive at least 25% less than the posted initial price if FFMC chooses to purchase their catch. Only contracted fishers are eligible for receipt of a "final payment" (if any). Contracts are cancellable by either party with six months' notice.

In January 2019, the Government of the NWT announced the construction of a new fish plant in Hay River in support of its strategy for revitalizing their commercial fishery. This strategy includes four overarching goals: increasing lake production on Great Slave Lake; increasing processing in the NWT by constructing a new fish processing plant in Hay River; growing the NWT market; and accessing export markets. Freshwater is engaged in discussions with the NWT and analyzing the impact of this initiative on its operations.

Freshwater is positioned to take advantage of additional opportunities through effective and timely marketing activities. The implementation of the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) is an advantage the Corporation considers for additional sales and marketing opportunities.

Freshwater's most recent Annual Report is available on our website:

<http://www.freshwaterfish.com/system/files/FFMC-2018-AnnualReport-REVISED%20FINAL-Aug8-2018.pdf>

3. OPERATING ENVIRONMENT

3.1 HUMAN RESOURCE STRATEGY

The Corporation's human resource strategy will continue to contribute to FFMC's success by providing the guidance and support required to deliver best practices in the human resources field.

3.2 OPPORTUNITIES AND THREATS

A situation analysis identifying strengths, weaknesses, opportunities and threats (SWOT) was developed from both an internal and external environment perspective.

3.3 SUPPORT OF GOVERNMENT POLICIES AND DIRECTION

Freshwater Fish complies with the priorities of the Government of Canada. In conjunction with the department of Fisheries, Oceans and the Canadian Coast Guard (DFO), Freshwater contributes to strengthening economic activity in Canada's northern and remote communities. Indigenous needs and priorities are considered as they relate to reconciliation objectives. Vital services are provided to Canadians, especially in northern and Indigenous communities.

3.4 DIRECTIVE ON TRAVEL, HOSPITALITY, CONFERENCE AND EVENT EXPENDITURES

Directive P.C. 2015-1108 pursuant to section 89 of the *FAA* directed Freshwater to comply with Treasury Board of Canada Secretariat guidelines on travel and hospitality expenditures and to report on the implementation of the guidelines in its corporate plan. Freshwater has fully implemented the directive and remains compliant.

3.5 SPECIAL EXAMINATION 2017

The Office of the Auditor General of Canada's 2017 Special Examination of FFMC was conducted with the objective of determining whether the Corporation's practices ensured that assets were safeguarded, that resources were managed economically and efficiently, and that operations were carried out effectively.

Overall, the report found weaknesses and deficiencies in the oversight and management of the

Corporation, in the way operations were carried out. Freshwater's Board of Directors accepted all four recommendations and have implemented steps to address these concerns.

The 2017 Special Examination and the Corporation's action plan in response is available on our website:

<http://www.freshwaterfish.com/system/files/SPECIAL%20EXAM-Freshwater%20Fish%20Marketing%20ENG-Mar15-2017-FINAL.pdf>

http://www.freshwaterfish.com/system/files/Action%20Plan%20for%20Standing%20Comm%20on%20Public%20Accounts-FFMC-Sept18-2017_0.pdf

3.6 MINISTERIAL ADVISORY PANEL ON THE CORPORATION

In 2018, the Government of Canada established an advisory panel to explore ways to transform the Corporation so it remains modern and competitive in the open market. The panel is exploring new governance and ownership models to support collaboration and cooperation among fish harvesters, to involve them in decision-making. As part of its review, the panel is assessing opportunities for new partnership arrangements with organizations that could play a role in these new models for FFMC. The panel will provide its findings in a final report in 2019.

4. OBJECTIVES and PERFORMANCE MEASURES, EXPECTED RESULTS and PERFORMANCE INDICATORS, RISKS

4.1 ASSESSMENT OF RESULTS FOR FY2018/19

Forecast results for the year ending April 30, 2019 are net sales revenue of \$75.0 million, fish deliveries of 11.0 million kilograms and net income of \$2.6 million before final payment to fishers and income tax.

4.2 OBJECTIVES AND PERFORMANCE MEASURES FOR THE PLANNING PERIOD

Freshwater's overriding objective is to provide the core activities of its legislated mandate, including purchasing all fish offered for sale, creating an orderly market and promoting international markets. Freshwater gives western and northern Canadian inland fishers access to global markets, while reducing the risk inherent in the export of food products, increasing trade in fish and maximizing returns to commercial fishers. Contributing to a strong economy, Freshwater fosters independent business owners and increases employment in rural and remote regions, especially isolated and northern predominantly-Indigenous communities.

By drawing upon understanding and insight through discussions, annual strategic planning sessions, inputs from employees, management, Board members, fishers and key stakeholders, four strategic goals have been defined for Freshwater over the next five years. The strategic goals are:

- To foster a culture of performance delivering an exceptional workplace to employees and value to fishers;
- To generate market value and leadership in the markets we choose to serve;
- To manage an effective and efficient supply chain and be the preferred choice for fishers; and
- To ensure long-term sustainability by continuing to improve the financial position of the Corporation.

4.3 EXPECTED RESULTS and PERFORMANCE INDICATORS

FFMC's legislated mandate is: to purchase fish offered for sale, create an orderly market, promote international markets, increase trade in fish and increase returns to fishers. FFMC supports the orderly management of the freshwater fishery through planned harvesting, processing and marketing strategies to optimize returns to commercial fishers and create value for Freshwater's primary stakeholder – the Government of Canada. To achieve its mandated objectives and to support the priorities of the Government of Canada, the Corporation continually strives to improve its financial and operational results as measured by the following FY2019/20 performance targets:

Key Performance Indicator	FY2019/20 Performance Target
Profit before final payment and income tax	\$2.96 million
% return to fishers	46.6%
Retained earnings	\$21.8 million
Reduce expenses	Reduce to less than forecast
Gross and net sales revenue per kg	Meet FY2019/20 gross and net sales revenue plan (excluding f/x)
Improve direct labour efficiency	1% improvement over FY2018/19 actual
Improve operational costs per kg	1.5% improvement over FY2018/19 actual
Initial payments to fishers	\$30.9 million
Fish delivery volume (delivered weight)	10.4 million kilograms
Employee attendance	3% improvement over FY2018/2019 actual
Inventory level	Meet planned FY2019/20 inventory targets
Debt to Equity ratio	1.79
Inventory turnover	2.72

4.4 RISKS

The Corporation has established an Enterprise Risk Management framework to identify and mitigate risks to the Corporation. Risk mitigation strategies help reduce the likelihood or impact of the risk where practicable for each risk. Freshwater has identified 34 risks that were prioritized by the Board and management using a best-practice ranking process. The risks and categories identified are not static and are reviewed regularly by the Audit and Risk Committee of the Board of Directors (ARC). The ARC monitors management's progress on implementing the mitigation plans for each risk. An external consultant is retained to perform internal audits and report to the ARC on management's progress on risk mitigation plans. Freshwater's full risk management framework can be reviewed in Annex 4.

5. FINANCIAL OVERVIEW

5.1 PLANNING ASSUMPTIONS

Selling prices and revenue

Selling prices for fish sold to customers are determined by the market. Freshwater's revenues consider growth expectations consistent with the objectives of the market, product development initiatives and forecast supply volumes.

Expense management

Freshwater manages its costs, including a mix of annual savings from operating and labour efficiencies, material yield and process improvements. These improvements have been incorporated into the financial statements.

Final Payment, Retained Earnings and Debt Repayment

Freshwater has a targeted retained earnings level of 20% of annual sales revenue per the independent analysis that was performed in FY2006/07. The retained earnings goal has been met and will continue to guide decisions regarding distribution of profit and equity growth.

Final payments are provided to fishers only in years when the Corporation has positive retained earnings and free cash. The final payment to fishers is calculated based on the following formula: annual comprehensive income before income tax plus annual depreciation less the three-year rolling average (the current and previous two fiscal years) of cash purchases of capital assets.

Final payments have been distributed to fishers since 1969 as part of the co-operative model Freshwater's mandate is based on and the Corporation will continue to use final payments when appropriate as an integral component of its business model. However, priority is focused on repayment of debt and cash flow management. Freshwater is aggressively repaying debt at \$930,000 annually on existing demand installment loans in compliance with borrowing authority direction from the Minister of Finance.

Delivery

Freshwater has developed a comprehensive regional supply development plan that has been incorporated into the financial projections. The financial plan includes a detailed analysis by Freshwater's field operations group of the effect on fish supply because of open-market legislation in the provinces of Manitoba and Saskatchewan and the NWT's Great Slave Lake revitalization plan. This plan is updated throughout the year as competitive intelligence, local weather, and lake and stock conditions change.

Fish purchase prices

Fish purchase prices are negotiated at near-market value. Freshwater's purchase contracts provide fishers stability because of contract obligations to purchase all their fish. The price paid for fish is based on Freshwater's ability to find markets to sell the products, supply and demand as well as the costs of processing. Prices are changed at least twice a year (a summer price and a higher winter price). Freshwater may also adjust prices on certain fish species and forms based on the prices being offered by competitors and changing market conditions.

Foreign exchange

A significant portion of the Corporation's revenue is denominated in foreign currencies, mainly U.S. dollars, which exposes the Corporation to foreign exchange risk as well as fluctuations in international currency exchange rates.

Freshwater utilizes a hedging strategy that covers 80% of foreign exchange exposure. Freshwater does not hedge 100% of foreign exchange exposure because fish deliveries are influenced by many factors and may not meet volume forecasts. Consequently, the Corporation does not want to be overexposed in the foreign exchange market.

Specific financial factors used in the forecasts are:

- Inflation of 2% annually
- Foreign currency exchange of CAD/USD at \$1.285 based on currency market analysis from FY2019/20 to FY2023/24
- Depreciation per accounting policy

- Selling, administration and processing costs include efficiency gains and cost reductions

ANNEX 1 – MINISTERIAL DIRECTION

During the last fiscal year, FFMC has not received a ministerial mandate letter or directive to ensure the alignment of the Government of Canada's interests and expectations with the Corporation's public policy objectives.

The *FFMA* includes provisions specifically addressing the role of the Corporation in the freshwater fish industry in Canada. It states that FFMC should market fish in an orderly manner, increase returns to fishers, promote international markets, and increase interprovincial and export trade in fish. FFMC continues to provide the core activities of its legislated mandate. To meet its mandate, FFMC supports the orderly management of the freshwater fishery through planned harvesting, processing and marketing strategies to optimize returns to commercial fishers.

In 2018, the Minister of Fisheries and Oceans and the Canadian Coast Guard established an advisory panel to explore ways to transform the Corporation so it remains modern and competitive in the open market. The panel is exploring new governance and ownership models that support collaboration and cooperation among fish harvesters, to involve them in decision-making. As part of its review, the panel is assessing opportunities for new partnership arrangements with organizations that could play a role in these new models for FFMC. The panel will provide its findings in a final report in 2019.

ANNEX 2 – CORPORATE GOVERNANCE STRUCTURE

Board of Directors

The Board of Directors has overall responsibility for overseeing the management of the Corporation's business and affairs. It exercises its duty in the best interests of fishers, employees and our sole shareholder, the Government of Canada, in accordance with governing by-laws and applicable legislation.

To fulfill its stewardship responsibilities, the Board establishes and approves Freshwater's strategic direction through a five-year Corporate Plan, and reviews and approves major strategies and initiatives. It exercises due diligence by assessing risks and opportunities, monitoring financial performance, ensuring the integrity of financial results and providing timely reports to the Government of Canada.

The Board has eight available positions. As of January 31, 2019, five positions were occupied: the Chairperson, the President/CEO, two federal representatives, and a representative from the Northwest Territories. Two positions are vacant and the Board is working with the Government of Canada to fill them. The eighth unfilled Board position will remain vacant as long as Alberta is a signatory to the *Freshwater Fish Marketing Act*. Alberta closed its commercial fishery in 2014.

The Government of Canada posted a notice of opportunity for two additional Board directors on the PCO website on November 1, 2018. The selection committee reviewed applications and scheduled interviews with select candidates early in 2019.

The Board and its Committee hold *in camera* sessions without the presence of the President/CEO. The Board met in person four times and via teleconference five times in FY2018/19.

Freshwater is committed to protecting the integrity of the Board Directors by providing a process for the reporting and resolution of conflicts of interest, should any arise. Every Director must sign a declaration and is responsible for taking such action as is necessary to prevent real, potential or apparent conflicts of interest. Additionally, part-time holders of public office are subject to certain sections of the *Conflict of Interest Act*, Part X of the *Financial Administration Act*, Ethical Guidelines for Public Office Holders and Political Activity Guidelines for Public Office Holders.

While the President/CEO receives an annual salary, the Chair of the Board is paid an annual retainer and a per diem set by the Governor-in-Council pursuant to the *Financial Administration Act (FAA)*. Directors are paid a per diem also, as set by the Governor in accordance with the *FAA*.

Board members are reimbursed for all reasonable out-of-pocket expenses incurred while performing their duties related to Freshwater, including travel, accommodations and meals. Board Director and Committee member attendance at meetings for FY2018/19 to April 30, 2019 was as follows:

Director	Position	Term Expiry	*Board Meeting Attendance	*Board Telecon Meeting	*Committee Meeting Attendance
David Bevan	Chair of the Board	March 2018	4/4	5/5	4/4
Bert Buckley	NWT representative	March 2017	3/4	3/5	3/4
Dana Gregoire	Federal appointment	June 2019	4/4	5/5	3/4
Stan Lazar	Interim CEO	N/A	4/4	5/5	4/4
Micah Melnyk	Federal appointment	June 2019	4/4	5/5	4/4

**The number of meetings attended compared to the maximum the Director could have attended.
There are currently three vacancies on the Board.*

ANNEX 3 – FINANCIAL STATEMENTS

3.1 ANNUAL STATEMENT OF COMPREHENSIVE INCOME

Freshwater Fish Marketing Corporation Annual Statement of Comprehensive Income (\$'000)	Annual	Annual	Annual	Annual	Annual	Annual
	Forecast	Budget	Plan	Plan	Plan	Plan
	FY 2018/19 1-May-2018 30-Apr-2019	FY 2019/20 1-May-2019 30-Apr-2020	FY 2020/21 1-May-2020 30-Apr-2021	FY 2021/22 1-May-2021 30-Apr-2022	FY 2022/23 1-May-2022 30-Apr-2023	FY 2023/24 1-May-2023 30-Apr-2024
Total net sales	74,990	70,925	72,344	73,790	75,266	76,772
Total cost of sales	66,507	61,810	62,571	63,875	64,596	67,919
Gross profit on operations	8,483	9,115	9,773	9,915	10,670	8,852
Total marketing and administrative expenses	5,616	6,141	6,228	6,315	6,405	6,496
Other income and expenses	255	12	12	12	13	13
Profit before provision for final payments to fishers	2,612	2,962	3,533	3,587	4,252	2,343
Provision for final payments to fishers	500	500	250	500	500	500
Income tax expense (recovery)	528	614	821	772	938	461
Total comprehensive income	1,584	1,848	2,462	2,316	2,814	1,383
Retained earnings, beginning of period	18,154	19,738	21,586	24,048	26,364	29,178
Retained earnings, end of period	19,738	21,586	24,048	26,364	29,178	30,561

3.2 ANNUAL STATEMENT OF FINANCIAL POSITION

Freshwater Fish Marketing Corporation Annual Statement of Financial Position (\$'000)	Annual Forecast FY 2018/19 1-May-2018 30-Apr-2019	Annual Budget FY 2019/20 1-May-2019 30-Apr-2020	Annual Plan FY 2020/21 1-May-2020 30-Apr-2021	Annual Plan FY 2021/22 1-May-2021 30-Apr-2022	Annual Plan FY 2022/23 1-May-2022 30-Apr-2023	Annual Plan FY 2023/24 1-May-2023 30-Apr-2024
Assets						
Current assets						
Cash	\$ 850	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750
Trade receivables	10,000	11,100	11,000	11,000	11,000	11,000
Prepaid expenses	140	175	140	140	140	140
Inventories	25,394	27,394	28,500	28,000	28,000	28,000
Derivative-related assets	25	25	25	25	25	25
Total current assets	36,409	39,444	40,415	39,915	39,915	39,915
Property, plant and equipment	20,356	20,656	20,956	21,256	21,556	21,856
Intangible assets	102	136	140	114	88	62
Total assets	\$ 56,867	\$ 60,236	\$ 61,511	\$ 61,285	\$ 61,559	\$ 61,833
Liabilities						
Current liabilities						
Trade and other payables and accrued liabilities	\$ 5,000	\$ 5,500	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Current portion of accrued obligation for employee benefits	542	542	542	542	542	542
Provision for final payments to fishers	500	500	250	500	500	500
Loans payable	28,231	29,329	28,815	26,023	23,483	22,374
Derivative-related liabilities	509	509	509	509	509	509
Total current liabilities	34,782	36,380	35,116	32,574	30,034	28,925
Deferred tax liabilities	1,884	1,884	1,884	1,884	1,884	1,884
Accrued obligation for employee benefits	186	186	186	186	186	186
Asset retirement obligation	277	200	277	277	277	277
Total liabilities	37,129	38,650	37,463	34,921	32,381	31,272
Equity						
Retained earnings	19,738	21,586	24,048	26,364	29,178	30,561
Total liabilities and equity	\$ 56,867	\$ 60,236	\$ 61,511	\$ 61,285	\$ 61,559	\$ 61,833

3.3 ANNUAL STATEMENT OF CASH FLOWS

Freshwater Fish Marketing Corporation Annual Statement of Cash Flow (\$'000)	Annual	Annual	Annual	Annual	Annual	Annual
	Forecast	Budget	Plan	Plan	Plan	Plan
	FY 2018/19 8-May-2018 30-Apr-2019	FY 2019/20 1-May-2019 30-Apr-2020	FY 2020/21 1-May-2020 30-Apr-2021	FY 2021/22 1-May-2021 30-Apr-2022	FY 2022/23 1-May-2022 30-Apr-2023	FY 2023/24 1-May-2023 30-Apr-2024
Operating activities						
Comprehensive income for the period	1,584	1,848	2,462	2,316	2,814	1,383
Depreciation and amortization	1,674	1,722	1,796	1,826	1,826	1,826
Subtotal	3,258	3,570	4,258	4,142	4,640	3,209
Plus (less): changes in non-cash operating working capital						
Trade receivables	(1,528)	(1,100)	100	-	-	-
Total inventories	1,741	(2,000)	(1,106)	500	-	-
Prepaid expenses	-	(35)	35	-	-	-
Trade and other payables and accrued liabilities	374	500	(500)	-	-	-
Provision for final payments to fishers	(3,500)	-	(250)	250	-	-
Decrease in asset retirement obligation	-	(77)	77	-	-	-
Net changes in non-cash working capital	(2,913)	(2,712)	(1,644)	750	-	-
		-				
Cash from operating activities	345	858	2,614	4,892	4,640	3,209
Investing activities						
Additions to property, plant and equipment	(1,954)	(1,956)	(2,000)	(2,000)	(2,000)	(2,000)
Additions to intangible assets	(27)	(100)	(100)	(100)	(100)	(100)
Proceeds on disposal of property, plant and equipment	-	-	-	-	-	-
Cash from investing activities	(1,981)	(2,056)	(2,100)	(2,100)	(2,100)	(2,100)
Financing activities						
Plus (less): changes in debt						
Repayment on demand installment debt	(933)	(934)	(933)	(933)	(933)	(933)
Cash from financing activities	(933)	(934)	(933)	(933)	(933)	(933)
Net increase (decrease) in cash and cash equivalents	(2,569)	(2,132)	(419)	1,859	1,607	176
Cash and cash equivalents, beginning of period	(13,870)	(16,439)	(18,571)	(18,990)	(17,131)	(15,524)
Cash and cash equivalents, end of period	(16,439)	(18,571)	(18,990)	(17,131)	(15,524)	(15,348)

ANNEX 4 – RISK AND RISK RESPONSES

ENTERPRISE RISK MANAGEMENT FRAMEWORK

Freshwater has an Enterprise Risk Management framework to identify and mitigate risks to the Corporation. Risks were initially identified with the assistance of external consultants through a thorough analysis of Freshwater’s environment. Any existing mitigation to help reduce the likelihood or impact of the risk was considered and additional mitigation was identified where practicable for each risk. The analysis identified 34 risks. The risks were prioritized by the Board and management using a best-practice ranking process. The risks and categories identified are not static and are reviewed regularly by the Audit and Risk Committee of the Board of Directors (ARC). The review may identify new risks, may determine that risks have decreased through sufficient mitigation to reduce their likelihood or impact, or may determine that the risk level has increased due to changes in the environment. The ARC monitors management’s progress on implementing the mitigation plans for each risk. An external consultant is retained to perform internal audits and report to the ARC on management’s progress on risk mitigation plans.

Each risk is on two scales: probability of occurrence and impact. Probability of occurrence is evaluated between rare and almost certain, while impact is evaluated on a scale from insignificant (1) to catastrophic (5).

The risk categories are:

RISK CATEGORY	DESCRIPTION
Financial	Risks related to revenue, costs, exchange rates, interest rates, credit, inflation, stakeholder base
Information Technology	Risks related to the use of information technology, including security, integrity and availability of electronic information, infrastructure systems, and data
Operations	Risks relating to current day-to-day operations, such as supply chain, processing efficiency and capacity
Infrastructure	Risk of building or equipment failure or failure to meet regulatory requirements
People / Health & Safety	Risks to safety of employees and succession planning
Governance	Risk of failure to meet regulatory requirements or failure to meet stakeholder governance expectations
Reputational	Risks that impact FFMC’s domestic and international reputation, impacting market or public perception
Regulatory	Risks relating to regulation and licensing, legal, contracts, compliance, privacy laws, security regulations, public reporting requirements
Strategic	Risk of not meeting corporate goals and not fulfilling the Corporation’s legislated mandate

Probability of Occurrence:

	Almost Certain	Likely	Moderate	Unlikely	Rare
Industry	Extremely likely to occur at FFMC	Has occurred previously at FFMC and could reasonably recur	Periodic occurrence in industry -- possible occurrence at FFMC	Has happened occasionally in the industry	Extremely rare in the industry
FFMC	At least once per year at FFMC	Once in 1-2 years at FFMC	Once in 3 years at FFMC	Once in 5-10 years at FFMC	Once in 10+ years at FFMC

Impact Scale:

Risk Category	Catastrophic 5	Major 4	Moderate 3	Minor 2	Insignificant 1
Financial	Financial impact of event exceeds \$10M	Financial impact of event exceeds \$1M, but is less than \$10M	Financial impact of event exceeds \$500K, but is less than \$1M	Financial impact of event exceeds \$75K, but is less than \$500K	Financial impact of event is less than \$75K
Information Technology	Complete loss of critical data / information	Prolonged period of lost data / information and data recovery	Few days of lost data / information and data recovery	Few hours of lost data / information and data recovery	Temporary inability to access data
Operations	Disruptions to production or supply chain affecting more than 1 week production in the high season	Disruptions to production or supply chain affecting 4-7 days of production in the high season	Disruptions to production or supply chain affecting 2-3 days production in the high season	Disruptions to production or supply chain affecting up to 1 day of production in the high season	Disruptions to production or supply chain affecting 4 hours of production in the high season
Infrastructure	Similar to Operational, IT and People/Health & Safety Impacts.				
People / Health & Safety	Massive turnover, inexperienced staff, unsafe workplace, unable to operate	Turnover significantly impacting service to fishers, operational efficiency, or profitability	Difficulty in hiring and retaining people in all markets / departments / divisions	Difficult in hiring and retaining resource people in one local market / department / division	Isolated instances of difficulty in hiring and retaining people
Governance	Typically, governance risks have a wide combination impact categories.				
Reputational	Stakeholders lose faith in management	Long-term negative media focus and sustained concerns raised by stakeholders	Short-term negative media focus and concerns raised by stakeholders	Negative articles in more than one publication	One negative article in one publication
Regulatory	Regulatory agency review results in FFMC losing its ability to continue operations and possible filing of criminal charges	Regulatory agency review results in finding of non-compliance which results in potential financial penalty or significant action taken against Directors or senior management	Regulatory agency review results in significant findings which require added resources, expense and effort and major changes to policies and procedures	Regulatory agency review results in findings which result in some adjustment required to policies and procedures	Regulatory agency review results in minor findings which require minor action
Strategic	Typically results in a wide combination of impact categories.				

ANNEX 5 – GOVERNMENT PRIORITIES AND DIRECTION

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

5.1 Transparency and open government

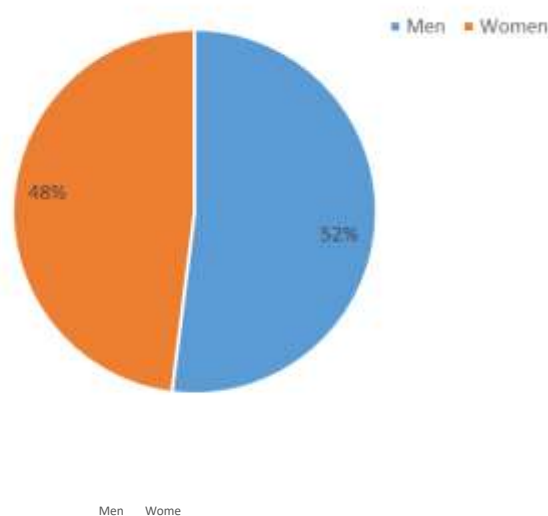
Freshwater provides transparency and open government that includes access to open data, open information and open dialogue. In compliance with the Government of Canada's priorities and direction, we promote transparency through available information to demonstrate the Corporation's accountability to Canadians through Government reporting and access on our corporate website.

On its website, the Corporation publishes summaries of completed Access to Information requests. The list is provided in chronological order, by month and year and by request number. Requests focusing on personal information or third party proprietary information are not included. If a requestor would like to receive a copy of the records released in any of the posted summaries, s/he may contact the Corporation's ATIP Coordinator at ATIP@freshwaterfish.com.

FFMC also discloses its travel, hospitality, conference and event expenditures on its website quarterly in support of directive (P.C. 2015-1108) pursuant to section 89 of the *Financial Administration Act*.

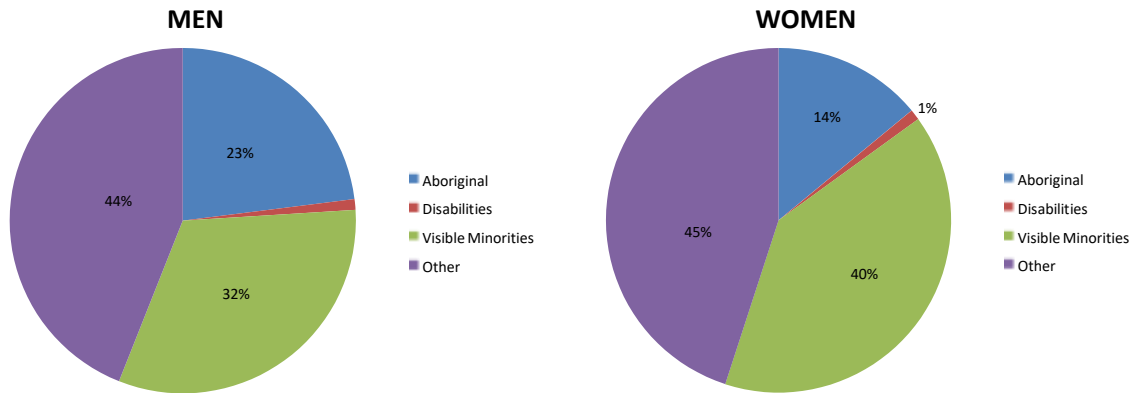
5.2 Gender-based analysis plus

The Corporation actively incorporates diversity in the workplace internally in recognition of gender-based diversity (GBA+) as reflected in the chart below. This includes continuously reviewing and revising policies, practices and behaviors to ensure we do not discriminate against individuals or groups protected by the Canadian Human Rights Act. In supporting the vision that advances the dignity and livelihoods of all Canadians, including those most vulnerable, we are known locally as a place of employment opportunity for new immigrants and have established ourselves as an employer of choice supporting diversity. Candidates are regularly referred to us. Our numbers of represented groups are subject to the broad scope of immigration demographics, as they exist at any given time.



5.3 Diversity and employment equity

The information below demonstrates that Freshwater is committed to building a workforce that reflects the diversity of Canada's population as measured by factors such as race, ethnicity, and age. For example, 23% of men and 14% of women employed by FFMC are Indigenous and 40% of women and 32% of men are visible minorities. In its recruitment practices for the Winnipeg processing facility and especially in northern and remote communities where FFMC operates facilities, Indigenous recruitment is prioritized in support of initiatives of the Government of Canada related to Indigenous issues.



5.4 Sustainable development and greening government operations

Freshwater has undertaken efforts to reduce the environmental impacts of its operations.

Recycling programs for paints, batteries and oils in addition to regular paper and plastic are in place at the Corporation to contribute to the Government of Canada's greening strategy.

5.5 Indigenous Issues

Most of Freshwater's delivery points are located in predominantly Indigenous communities. In many of these communities, fishing is the only commercial enterprise. Due to isolation, other economic opportunities are limited. FFMC works closely with Indigenous leaders and community members through training, development and support of their local fisheries.

ANNEX 6 – COMPLIANCE WITH LEGISLATIVE AND POLICY REQUIREMENTS

Freshwater Fish is largely aligned with the legislative and policy requirements of the Government of Canada. The following information provides examples of the Corporation's activities to comply with legislation, Treasury Board policies and Governor in Council directives:

- **Access to Information Act (ATIP)**

FFMC provides Canadians the right of access to information in records under the Corporation's control. This is in accordance with the principle that government information should be available to the public, that necessary exceptions to the right of access should be limited and specific, and that decisions on the disclosure of government information should be reviewed independently of government. The Corporation actively responds to ATIP requests and publishes summaries of completed Access to Information requests on its website. The list is provided in chronological order, by month, year and by request number. Requests focusing on competitive data, personal information or third party proprietary material are not included.

- **Conflict of Interest Act**

FFMC's reputation in the marketplace and the community requires that it carry out its mandate with the utmost integrity. This reputation is dependent on the integrity and sense of responsibility of its officers and employees as they go about discharging their duties. The way in which these duties are discharged determines the success of FFMC and the place the Corporation enjoys in the marketplace and the community. It is imperative that a high standard of ethical, moral and legal conduct be evidenced in all business transactions.

The Corporation maintains conflict of interest policies for its Board of Directors and employees that are reviewed and acknowledged annually to ensure objective performance of duties and that all employees act in the best interests of the Corporation.

- **Canadian Human Rights Act**

FFMC ensures equal opportunity to individuals who may be victims of discriminatory practices based on a set of prohibited grounds such as sex, sexual orientation, race, marital status, gender identity or expression, creed, age, colour, disability, political or religious belief. FFMC is subject to and must comply with the *Canadian Human Rights Act* in all aspects of recruitment and selection of employees. FFMC therefore ensures that its recruitment and selection rules and tools are non-discriminatory and that applications are reviewed and evaluated based on objective and established criteria.

FFMC is also committed to providing a harassment-free workplace and endeavours to provide a work environment that is supportive of the dignity and self-esteem of every person. FFMC maintains a respectful workplace policy where any factors that may contribute to violence or harassment in the workplace that we are made aware of or that are reported will be dealt with or investigated and any deliberate acts of violence and harassment in the workplace by an employee will be subject to discipline.

- **Employment Equity Act**

FFMC is subject to and must comply with the *Employment Equity Act*. FFMC therefore ensures that its recruitment and selection rules and tools allow for special measures and accommodation to ensure that members of the designated groups are not disadvantaged in the workplace. FFMC regularly provides Employment Equity reports with respect to its workforce.

- Directive on Travel, Hospitality, Conference and Event Expenditures

An Order in Council (OIC) issued on July 16, 2015 pursuant to section 89 of the *FAA* directed Freshwater to comply with Treasury Board of Canada Secretariat guidelines on travel and hospitality expenditures and to report on the implementation of the guidelines in its corporate plan. Freshwater has fully implemented the OIC.

- Trade agreements

Freshwater is well positioned to take advantage of additional opportunities through effective and timely marketing activities in the near-term. The implementation of the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) that came into effect in September 2017 is an advantage the Corporation considers for additional sales and marketing opportunities.

- HR Compliance

Freshwater is accountable and transparent through annual review on implementation of Section 41 of the *Official Languages Act* to Canadian Heritage, annual reporting on employment equity to Employment and Social Development Canada and annual reporting on multiculturalism to Immigration, Refugees and Citizenship Canada

- Proactive Disclosure

The Corporation provides proactive disclosure on its website including posting of travel and hospitality expense of the Board of Directors and senior executives.