



## Freshwater Fish Marketing Corporation

Corporate Plan FY2020/21 to FY 2024/25

Canada

1. Executive summary .....	3
2. Overview .....	5
3. Operating environment .....	8
4. Objectives, activities, risks, expected results and performance indicators.....	12
5. Financial overview .....	16
Appendix 1 – Ministerial mandate letter or direction.....	17
Appendix 2 – Corporate governance structure .....	18
Appendix 3 – Financial statements .....	20
Appendix 4 – Risk and risk responses.....	24
Appendix 5 – Compliance with legislative and policy requirements .....	25
Appendix 6 – Government priorities and direction.....	27

## 1.0 Executive summary

The Freshwater Fish Marketing Corporation (FFMC) has played a pivotal role in meeting the unique needs of Canada's commercial inland fishery for over 50 years. The Corporation's purpose remains true to its 1969 legislated mandate in its current mission statement: *To maximize long-term returns to commercial fishers through securing supply, creating an orderly market, promoting international markets and increasing trade in freshwater fish.*

Canada's commercial inland fishery and FFMC have contributed to the economic prosperity of many fishing communities in western and northern Canada for over half a century. While FFMC has played a far-reaching role in the commercial inland fishery, conditions in the industry have changed.

The open fish supply market that now covers 95% of FFMC's supply base is unprecedented for the Corporation and is impacting operational and financial performance in a way that is new and challenging. Increased competition from buyers in the open market is impacting fish deliveries, operational efficiency, processing capacity and financial results. Additionally, the sales markets in which FFMC operates are becoming more competitive. With open access to fish supply, competitors who may have more extensive or specialized processing and/or marketing capabilities may be able to vertically integrate their operations and affect FFMC in a way that was not possible before. FFMC faces aggressive competitors who are intent on increasing their market share and profiting from the open market opportunity.

Recognizing these industry changes, in 2018 the Government of Canada established an advisory panel (the Panel) to explore ways to transform FFMC so that it remains modern and competitive. In 2019, the Government of Canada released the Panel's final report. The Panel's recommendations recognize the potential for a harvester-led or partnership model for the inland fishery, with an emphasis on bringing harvester groups together to be a part of, and provide leadership in, a transformed entity. The Panel also recommended an approach for the industry and its stakeholders to collectively shape the future of the Corporation and the commercial inland fishery. The Government of Canada appointed an Interlocutor in September 2019 that is engaging with stakeholders to explain the transformation process, which includes establishing a delegate committee of fisher harvesters.

The Board of Directors and senior management of the Corporation are committed to maintaining the value of FFMC while the transformation process is underway, until a final decision regarding the future of the Corporation is made. In the absence of specific direction from the Government of Canada during the transformation period, FFMC continues to operate as a Crown corporation and fulfill its mandate as legislated in the *Freshwater Fish Marketing Act (FFMA)*. Additional obligations applicable to Crown corporations are also met through compliance with additional federal legislation applicable to FFMC.

FFMC is committing through the FY2020/21 to FY2024/25 Corporate Plan to maintain the value of the Corporation during the transformation process using five key strategic initiatives. The five strategic initiatives are:

- **trusted brand of choice:** continue to be the trusted, preferred partner for fishers and customers
- **operational excellence:** efficient processes, state of the art systems in logistics and supply chain management
- **culture of performance:** confidence, optimism, and a sense of team supported by transparent communication and an optimized labour relationship
- **diversify revenue:** leverage core competencies in logistics, custom processing to access new sources of revenue
- **maintain value:** maintain the value of FFMC for the Government of Canada through transformation

Over the plan period, FFMC will focus its efforts in all five areas.

### **Financial plan**

FFMC's projected operating budget for FY2020/21 is \$69.2 million based on net sales revenue of \$69.4 million. Initial payments to fishers are forecast to reach \$28.6 million or 41.2% of net sales revenue. Retained earnings are planned to reach \$18.7 million on April 30, 2021. Total comprehensive income is forecast to be \$0.85 million before final payment to fishers and income tax.

### **Capital budget**

The Corporation expects to spend \$2.9 million on capital investments in FY2020/21.

### **Borrowing plan**

The aggregate principal amount outstanding of borrowings will not at any time exceed \$42.1 million, which is below the maximum statutory limit of \$50 million.

## 2.0 | Overview

### 2.1 Corporate mandate

The Freshwater Fish Marketing Corporation (FFMC or the Corporation) is a federal Crown corporation established in 1969 under the *Freshwater Fish Marketing Act (FFMA)*, for the purpose of marketing and trading in fish, fish products, and fish by-products in and outside Canada.

The Corporation is required to carry out its operations on a financially self-sustaining basis, without parliamentary appropriations.

The Corporation is required to purchase all fish legally caught and offered for sale in its mandate regions, which encompass Alberta and the Northwest Territories. These jurisdictions participate under agreements with the Government of Canada. The Corporation also purchases fish from outside its mandate regions under contracts with individual fishers or fisher cooperatives—specifically, from Saskatchewan and Manitoba, which were signatories to agreements with the Government of Canada until Saskatchewan withdrew from the *FFMA* in April 2012 and Manitoba withdrew in December 2017.

The Corporation has the exclusive right to the interprovincial and export trade of fish within its mandate regions, meaning that fishers and fisher cooperatives must sell all their fish to the Corporation, which must buy the fish, unless the sales are local. In Saskatchewan and Manitoba, FFMC has established supply contracts with fishers to match the open market supply environment in those provinces with market demand for its products.

FFMC achieves its purpose by focusing on the specific activities set out in the *FFMA* and priorities set by the Government of Canada. Government priorities for the Corporation include:

- marketing fish in an orderly manner;
- promoting international markets for fish;
- increasing interprovincial and export trade in fish;
- increasing returns to commercial fishers.

The maximization of returns takes into consideration the need to remain financially sustainable while reinvesting in capital assets and investing in initiatives to find new markets.

### 2.2 Public policy role

Until 2012, FFMC was Canada's exclusive agent for purchasing, processing and marketing freshwater fish for the inland fishers of northern and western Canada.

With the withdrawal of successive jurisdictions from the *FFMA*, the Minister of Fisheries, Oceans and the Canadian Coast Guard (the Minister) in September 2018 established an Advisory Panel (the Panel) to look at ways to transform FFMC so it remains modern and competitive in today's open market.

The Panel reported on its findings in July 2019 and believes there is potential for a harvester-led model for the inland fishery. Emphasis was placed on uniting harvester groups to be part of, and provide leadership in, a transformed entity. The Panel's full report is available at <https://www.dfo-mpo.gc.ca/fisheries-peches/consultation/ffmc-cpea/transformation-ffmc-cpea-eng.html>.

The Minister appointed an Interlocutor in September 2019, who is engaging with stakeholders to explain the process, role and mandate, which includes establishing a delegate committee of fisher harvesters.

Freshwater remains committed to the goal of providing value to fishers and to the Government of Canada throughout the transformation process until a decision is made on the Corporation's long-term future.

## 2.3 FFMC Vision, Mission and Values

### FFMC Vision

- To be an industry leader of premium-quality freshwater fish products through efficient supply chain management, value-added processing and effective marketing.

### FFMC Mission

- To maximize long term returns to commercial fishers through securing supply, creating an orderly market, promoting international markets and increasing trade in freshwater fish and supporting the following continuing principles:

- Enable access to international markets
- Maximize returns to stakeholders
- Support the long-term viability of the inland fishery in Canada

### FFMC Values

- **Fairness and respect for all:** Treating everyone with dignity and respect are principles guiding all of the work we do.
- **Open, honest, and accountable relationships:** We will continue to be transparent and report on the results of our successes and failures.
- **Fisher-focused:** We will continue to develop our relationships with fishers across western and northern Canada.
- **Teamwork and innovation:** We will invest and develop through collaborative efforts.

## 2.4 Main activities, principal programs and financial condition

The following is a description of FFMC's main activities:

**Providing access to world markets for Canada's inland fishers:** FFMC's reach extends worldwide in both foodservice and retail marketing channels. Freshwater is one of the world's largest and most consistent suppliers of wild-caught walleye, lake whitefish, mullet and northern pike. Freshwater provides Canadian fishers access to global markets while reducing their risk by hedging foreign currency sales and managing receivables. Although FFMC is a relatively limited player in the global fish and seafood market, the Corporation is a brand leader in several foreign markets such as Finland and France.

**Ensuring food safety and quality assurance for Canadian freshwater fish:** FFMC's products meet stringent handling, transportation and processing standards to ensure all products meet regulatory requirements. FFMC works closely with the Canadian Food Inspection Agency (CFIA) and customers to ensure its processing facility meets federal and customer requirements for food safety and quality.

**Supporting fishers, employees and customers throughout the supply chain:** Commercial fishing is often one of the primary economic opportunities available to residents in the many remote and northern communities FFMC serves. In many communities where Freshwater operates delivery points, the fishery is the only opportunity for economic development. A majority of these communities are predominantly Indigenous (First Nations and Métis). FFMC's

presence fosters independent business ownership, increases employment in rural and remote regions of Canada and offsets the need for social assistance.

**Supporting the sustainability of freshwater fish stocks:** Canadian freshwater fish, by virtue of the lakes from which the fish is caught, is an abundant and healthy resource. All species are wild-caught from clean pristine lakes in northern and western Canada. FFMC works with and supports regulators and governments to ensure the resource is monitored and contributes to maintaining long-term sustainable fish populations.

**Orderly market and price maintenance:** Freshwater buys all fish offered for sale either through its mandate or through fish-purchase contracts. FFMC balances wild-caught supply with market demand. For example, FFMC sells most of its products frozen, coordinating supply with demand and increasing returns to fishers.

**Investing in processing infrastructure to meet fishery and market needs:** FFMC has invested nearly \$20 million since 2010 in infrastructure, processing equipment and systems to add value to products and ensure food-processing standards.

FFMC's activities are consistent with the Government of Canada's priorities. Additional details on FFMC's main activities, principal programs and financial condition are available in our most recent annual report at <http://freshwaterfish.com/system/files/2019FFMC-Annual%20Report-FINAL-%20ENG-July31-2019NEW.pdf>

## 3.0 | Operating environment

### 3.1 Macroeconomic outlook

According to the International Monetary Fund (IMF), the overall pace of global economic activity remains weak. Global growth continues to be subdued and is forecast to be 3.5 percent in 2020. Gross Domestic Product (GDP) will be impacted through generally softening inflation leaning toward weaker global economic activity. Momentum in economic activity has weakened substantially to levels not seen since the global financial crisis in 2008. Rising trade and geopolitical tensions have increased uncertainty about the future of the global trading system and international cooperation more generally, taking a toll on business confidence and global trade.

The macroeconomic impact on Freshwater's major markets – Europe, the United States and Canada – are mixed, though opportunities remain in some niche markets.

#### **The Canadian economy**

The Canadian economy is expected to perform relatively well over the forecast period due to economic growth in the United States. This macroeconomic environment will be supportive of a shift in Canada's GDP composition with exports increasing. Trade uncertainty, however, will continue to pose a risk, according to the Bank of Canada. The net result will be GDP growth of 2.0% per year over this document's five-year forecast period, based on average market forecasts. Stable economic growth will support cautious increases in interest rates by the Bank of Canada. Moderate economic growth will continue to support a Canadian dollar lower than the U.S. dollar. The Canadian dollar is projected to stay in the range of \$0.70 – \$0.80 USD over the five-year planning period.

#### **The European economy**

The European economy is expected to expand modestly in 2020 and beyond. Growth in the Euro area is projected at 1.6 percent in 2020. A challenging external backdrop and weak global growth are set to restrain economic activity. The forecast is slightly lower for Germany due to weaker-than-expected external demand, but is expected to be at the European average for France where fiscal measures are expected to support growth. Economic growth in France, a major market for FFMC, should remain broadly steady over the next few years based on solid domestic demand. Household spending is seen gathering momentum due to tax cuts and a tighter labour market. In Finland, a major lake whitefish market for FFMC, the economy is expected to slow slightly in 2020 on weaker export and modest fixed investment growth.

#### **The United States economy**

In the United States, GDP growth will be slightly under 2% in 2020 and 1.9% in 2021. The U.S. economic outlook is healthy according to key economic indicators. Unemployment is forecast to continue at a constant rate of about 3.5%. The short-term forecast is for balance between inflation and deflation, stabilizing demand for FFMC's products from an economic perspective. The core inflation rate will average 1.9% in 2020, and 2.0% in 2021. The core rate is slightly below the Fed's 2% target inflation rate. That may push the Fed to lower interest rates, stimulating economic activity.

Although not a major FFMC market today, the Corporation is increasingly pursuing opportunities in Asia, particularly in China. Economic forecasts for China are therefore relevant to FFMC, when analyzing global trade activity.

#### **The Chinese economy**

In China, the negative effects of escalating tariffs and weakening external demand have added pressure to an economy already in the midst of a structural slowdown that needed regulatory strengthening to rein in high

dependence on debt. With policy stimulus expected to support activity in the face of the adverse external impacts related to tariffs and demand, growth is forecast at 6.0% in 2020. As China's economy continues to mature, its real GDP growth has slowed significantly, from 14.2% in 2007 to 6.6% in 2018. The IMF projects economic growth in China to fall to 5.5% by 2024.

### **Trade agreements**

Trade agreements are providing some potential export opportunities for FFMC. The Comprehensive Economic Trade Agreement (CETA) that became effective in September 2017 has reduced tariffs on fish and seafood. Under CETA, almost 96% of EU tariff lines for fish and seafood products have become duty-free. 100% of these tariff lines will be duty-free by 2024. Before CETA, EU tariffs for fish and seafood averaged 11% and were as high as 25%. Freshwater should benefit from this agreement and is pursuing additional opportunities in the EU.

The Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) that came into effect in December 2018 is expected to create new and expanding export opportunities for FFMC. The CPTPP Agreement eliminates most tariffs on Canadian fish and seafood exports, creating new opportunities in markets such as Japan, Malaysia and Vietnam. The remaining fish and seafood tariffs will be phased out over periods of up to 15 years. FFMC does not currently export much fish to the countries covered by the CPTPP agreement, but is working with partners such as the Canadian Trade Commission to pursue new market opportunities.

The Canada-United States-Mexico Agreement (CUSMA) is expected to be ratified in 2020 as member countries follow their domestic approval procedures. Like the current North American Free Trade Agreement (NAFTA), trade in fish and seafood products under the CUSMA will not be subject to any import tariffs. The status quo impact of CUSMA regarding freshwater fish exports to the US is beneficial for FFMC. In FY2018-19, FFMC's US sales revenue was \$37.9 million.

All three trade agreements foster new opportunities for the Corporation.

## **3.2 External environment**

### **Lake Erie walleye fishing quota increases**

The fishing quota for walleye increased 20% across Lake Erie in 2019 and has increased 73% since 2013. The binational Lake Erie Committee (LEC) from Michigan, New York, Ohio, Pennsylvania and Ontario have been increasing the total allowable catch limits for walleye based on scientific assessments of fish populations in the lake. The walleye allowable catch limit across Lake Erie rose from 7.1 million to 8.5 million walleye in 2019. Ontario was allowed 3.6 million fish. There has been a surge in spawns of walleye over the last five years on Lake Erie with 2019 being a record spawn. Walleye is a top predator and places pressure on smaller fish, forcing increased quotas for the predatory (walleye) species. LEC is indicating that commercial walleye quotas will be increased a further 20% for the 2020 fishery.

### **Commercial fish supply of walleye from the Great Lakes in FFMC markets**

Walleye supply from Lake Erie has been increasing annually because of increased quotas and subsequent catch by fishers. In addition to walleye supplied from FFMC's mandate area, competitors on the Great Lakes are selling increasing quantities of their Lake Erie caught walleye in Freshwater's traditional and profitable US Midwest markets. The increased supply of walleye is placing downward pressure on selling prices in this key FFMC market. For the last 20 years, FFMC has been the primary producer of Canadian walleye and the market leader. The increased walleye supply from Lake Erie is a serious and far-reaching development that is challenging the traditional supply and demand formula that has supported FFMC's financial and operational stability. The uncertain future of FFMC's long-term direction is also encouraging customers to engage with Lake Erie competitors that can provide more certainty of long-term supply.

### **Minimum mesh size increase on Lake Winnipeg**

In an effort to allow more small fish to grow to spawning size and increase the overall natural productivity of Lake Winnipeg over time, the Province of Manitoba is consulting with fishers on additional sustainable regulation measures, including minimum net mesh sizes and recreational angling minimum length retention limits. The province is considering increasing the minimum commercial mesh size for fish in the southern basin of Lake Winnipeg to 9.5 centimetres from 8.9 centimetres. Deliveries to FFMC of smaller fish such as tullibee and smaller sized walleye will be lower upon implementation of the mesh size increase, affecting processing efficiency, continuity of customer supply and reducing sales revenues and margins.

### **The transformation of FFMC**

In September 2018, the Government of Canada established an Advisory Panel (the Panel) to explore ways to transform FFMC so that it remains modern and competitive in the open market. On July 8, 2019, the Government of Canada released the Panel's final report. The Panel's recommendations recognize the potential for a harvester-led or partnership model for the inland fishery, with an emphasis on bringing harvester groups together to be a part of, and provide leadership in, a transformed entity. The Panel also recommends an approach for the industry and its stakeholders to collectively shape the future of the Corporation and the inland fishery.

In support of the transformation process, FFMC has been increasing its engagement with fishers. In FY2019/20, FFMC's annual public meeting was held in Fisher River, Manitoba and the Board of Directors visited fishing communities including Matheson Island and Riverton, Manitoba. FFMC's field operations group continues its communication with fishers, agents and fisher co-operatives through regular interaction and attendance at fisher meetings.

The Panel's full report is available at <https://www.dfo-mpo.gc.ca/fisheries-peches/consultation/ffmc-cpea/transformation-ffmc-cpea-eng.html>.

### **Quota buyback**

In 2019, the Manitoba government offered the option of voluntary Individual Quota Entitlement (IQE) buyback to fishers and introduced new commercial and recreational fishing regulations intended to help assure sustainable fish populations in Lake Winnipeg. The Government of Manitoba believes that there are early warning signs that the sustainability of fisheries resources in Lake Winnipeg is at risk. The Government of Manitoba has stated that it acted to ensure the ability of Lake Winnipeg to generate food and support economic growth in the future. 500,000 kilograms of IQE was bought back by the Government in 2019. The province is expected to continue this practice over the next number of years. The province will then retire the purchased entitlements in order to reduce the amount of commercial catch taken from the lake every year.

### **Economic development in rural, remote and northern Canadian communities**

In most regions and communities where FFMC operates delivery points, the fishery is the primary commercial means of economic development. A majority of these areas are northern, remote, rural communities that are predominantly Indigenous (First Nations and Métis). Revenue generated in these communities through initial and final payments provided by FFMC fosters economic growth, job creation and broad-based prosperity.

Based on fish delivered to FFMC in FY2018/19, 62% of FFMC's fish deliveries representing 57% of initial payment value came from rural, remote and northern Canadian communities where competitive buyers have not yet established a presence. The logistics and economics of purchasing fish in and transporting fish from more remote areas of FFMC's supply area is not economically attractive to FFMC's open-market competitors. The economic benefit and community support that FFMC provides in these areas is significant and without Freshwater's role in purchasing fish, economic and social decline could develop. The inland commercial fishery is an important industry in northern Manitoba and northern Saskatchewan and a major provider of employment in these areas. FFMC provided initial payments of \$20.9

million in FY2018/19 to fishers in these remote areas.

### **Revitalization strategy for Great Slave Lake**

In January 2019, the Government of the Northwest Territories (GNWT) announced the construction of a new fish plant in Hay River in support of its strategy to revitalize the NWT commercial fishery. The 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 incorporating this initiative in its operations and strategic planning. The NWT's Great Slave Lake revitalization strategy includes an operational Hay River processing facility scheduled to be operational by the summer of 2021. The Corporation is divesting of its processing facility and land in Hay River upon the new plant being operational. FFMC is working with Public Services and Procurement Canada to coordinate the divestiture of the building, equipment and property in Hay River with a target of April 30, 2021.

### **3.3 External reviews**

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 has implemented corrective action to address these concerns.

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

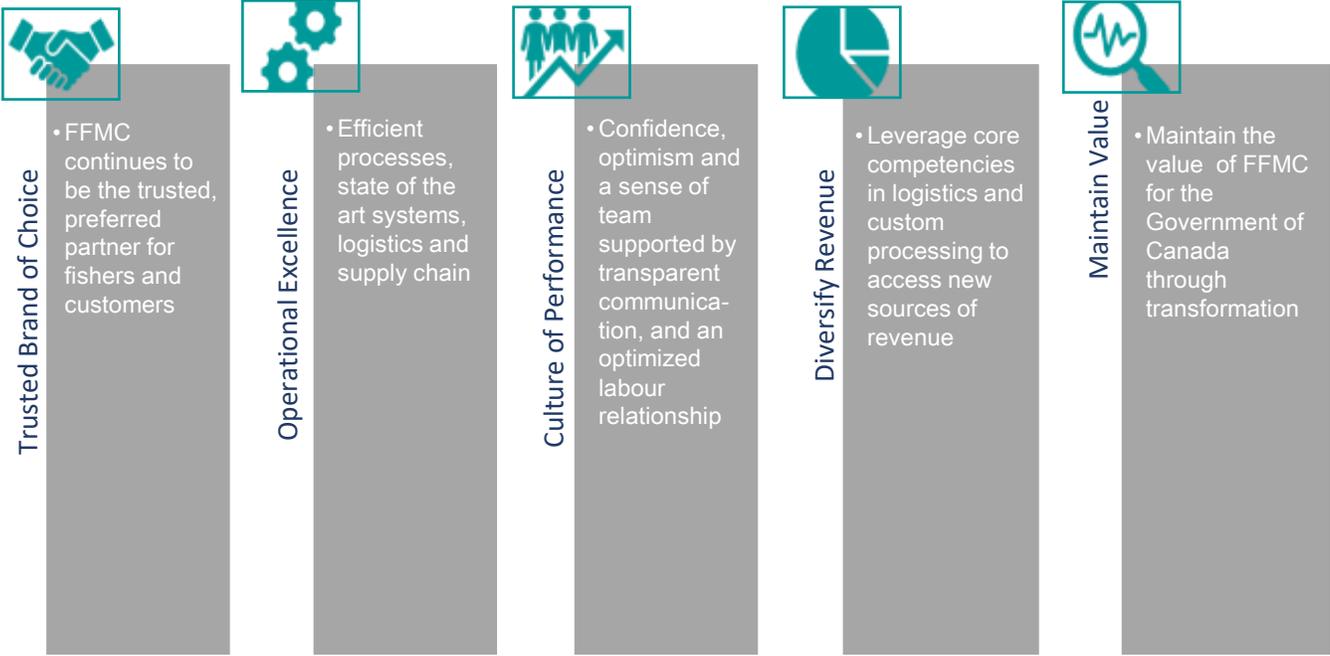
<http://www.freshwaterfish.com/system/files/SPECIAL%20EXAM-Freshwater%20Fish%20Marketing%20ENG-Mar15-2017-FINAL.pdf>

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

# 4.0 | Objectives, activities, risks, expected results and performance indicators

## 4.1 Objectives and activities

FFMC’s strategic objectives are reflected in the five initiatives of its FY2020/21 to FY2024/25 corporate strategy. FFMC will continue to advance and implement a range of strategic objectives and initiatives — existing and new — to enhance its role in support of the fishers of western and northern Canada and maintain the value of the Corporation for the Government of Canada through the transformation process.



## 4.2 Risk overview

FFMC uses its risk management framework as a crucial mechanism for both mitigating the risks faced by the Corporation and identifying future opportunities. The mechanism ensures that risks are identified, assessed, managed, monitored and reported on in a comprehensive manner. Management considers risks and opportunities at all levels of decision-making.

The Corporation's performance is influenced by many factors including competitive pressures, economic conditions, volatility of fish deliveries and conditions in the markets where we sell our products. In addition, as a Crown corporation governed under a legislative framework, FFMC's performance could be impacted by changes to shareholder objectives or directions given by governing bodies. The Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework. The Audit and Risk Committee assists the Board of Directors and is responsible for review, approval and monitoring the Corporation's risk management policies including the development of a risk management program, which involves establishing corporate risk tolerance, identifying and measuring the impact of various risks, and developing risk management action plans to mitigate risks that exceed corporate risk tolerance. The Audit and Risk Committee regularly reports to the Board of Directors on its activities.

Under the guidance of the Board of Directors and the Audit and Risk Committee, the leadership team manages the Corporation's risk management process. It focuses on the identification and management of the key risks that could affect the achievement of FFMC's strategic objectives. As part of its oversight process, the Board reviews Freshwater's risk profile on a quarterly basis and actively contributes to the risk management process. FFMC's risk management framework and practice are consistent with guidance issued by Treasury Board and subject to review by internal audit. A register of risks is maintained and updated regularly; it evolves as new risks are identified and existing ones are mitigated.

By systematically integrating risk management as a key process across the Corporation, FFMC strives to create value for fishers and to compete effectively in world markets.

### **Risk categories and mitigating strategies**

FFMC's five major categories of risks are: strategic, financial, operational, reputational, and resource supply.

**Strategic risk** is risk related to decisions taken and activities experienced that prevent the Corporation from achieving its operating and strategic objectives. The external environment is monitored to discern if strategic changes are required to address emerging risks. Potential strategic risks are identified and assessed to risk criteria. Strategic risks are ranked by consequence and likelihood of occurrence to determine the level of risk treatment required, including resource allocation.

**Financial risks** are categorized by FFMC as credit, liquidity and market risks.

**Credit risk:** Credit risk management is made up of accounts receivable, cash and derivative financial instruments. FFMC's exposure to credit risk associated with accounts receivable is influenced mainly by the demographics of its customer base, including the risk associated with the type of customer and the country in which customers operate. FFMC manages this risk by monitoring the creditworthiness of its customers. The Corporation has established processes when dealing with foreign customers in order to manage the risk relating to foreign customers. The Corporation's management reviews detailed accounts receivable listings on a regular basis for changes in customer balances, which could present collectability issues. The Corporation manages its exposure

to credit risk for its cash by depositing only with creditworthy counterparties such as major Canadian financial institutions.

The Corporation mitigates its exposure to credit risk on its derivative financial instruments by contracting only with creditworthy counterparties, such as major Canadian financial institutions. FFMC considers that it is exposed to minimal credit risk in the event of non-performance as the counterparty is considered to be of high credit quality.

**Liquidity risk** is the risk that FFMC will not be able to meet its financial obligations as they become due. FFMC mitigates liquidity risk by continuously monitoring actual and forecasted cash flows to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation.

**Market risk** is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect FFMC's future cash flows or the fair values of its financial instruments. The objective of market risk management is to mitigate and control market risk exposures within acceptable parameters while optimizing the return on risk. Market risk includes currency risk and interest rate risk:

**Currency risk**

FFMC is exposed to currency risk on a significant portion of its sales transactions, which are denominated in U.S. dollars. FFMC is exposed to currency risk through its cash, accounts receivable, accounts payable, and accrued liabilities.

The Corporation mitigates its exposure to exchange rate fluctuations between U.S. and the Canadian dollar by entering into currency forward contracts.

**Interest rate risk**

The Corporation mitigates its exposure to fluctuations of interest rates by entering into interest rate swaps that are approved by the Board of Directors. FFMC uses an interest rate swap to limit exposure to fluctuations in interest rates. Interest rate swaps are contracts that provide the FFMC with the ability to exchange a floating payment for a fixed payment and protects the Corporation against rising interest rates while setting a floor on declining interest rates.

**Operational risk** is risk associated with internal resources, systems, processes, and employees of the Corporation. Operational risk also arises from lack of compliance with legislative or regulatory requirements or litigation. Because of the number and variety of operational risks, accurate operational risk analysis can be more difficult, and can require evidence from a large number of different sources. Risks are evaluated and controls are implemented and monitored on a regular basis to mitigate the operational risks.

To mitigate operational risk, FFMC regularly reviews operational KPI's and conducts independent internal audit engagements. Corrective action and daily management is then utilized to address any identified operational risks.

**Reputational risk** refers to the potential for negative publicity, public perception or uncontrollable events to have an adverse impact on FFMC's reputation, thereby affecting performance. FFMC is governed by the *FFMA* and subject to additional federal legislation.

To mitigate reputational risk and avoid real or perceived reputational damage, FFMC maintains a governance structure that includes policies to guide employee conduct with all stakeholders.

**Resource supply risk** refers to a material change in the population and biomass of all species in the fisheries from which FFMC receives supply. These deliveries could materially and adversely affect the Corporation. FFMC is dependent on the state of freshwater fish stocks across Canada, with limitations on catch levels determined by annual administered quotas. The quotas are generally related to the health of the stock of the particular species. The population and biomass of freshwater fish stocks are subject to natural fluctuations which are beyond the Corporation’s control and which may be exacerbated by factors such as water temperatures, food availability, the presence of predators such as zebra mussels, disease, disruption in the food chain, reproductive problems or other biological issues. Supply and quality of supply can also be influenced by human factors such as pollution. FFMC is unable to fully predict the timing and extent of fluctuations in the population and biomass of fish stocks, and therefore may not be able to engage in effective measures to alleviate the adverse effects of these fluctuations.

Any material reduction in the population and biomass of freshwater fish stocks could materially and adversely affect FFMC. Any material increase in the population and biomass could dramatically reduce the market price of any of our products.

### 4.3 Expected results and key performance indicator overview

FFMC’s critical outcome statements, vision and mission are aligned to its mandate and Government of Canada priorities. FFMC reports on its mandate and Government of Canada priorities through the following measures:

Outcome	Initiative	Performance indicator	FY 2020/21 target	FY 2024/25 target	Data strategy
Maintain the value of the Corporation	Meet planned operational and financial commitment	Profit before final payment and income tax	\$0.8 million	\$1.5 million	Annual data from FFMC's financial systems
		% return to fishers	46.6%	44.4%	Annual data from FFMC's financial systems
		Retained earnings	\$18.7 million	\$19.4 million	Annual data from FFMC's financial systems
		Reduce expenses	Meet FY2020/21 expense targets	Meet FY2024/25 expense targets	Annual data from FFMC's financial systems
		Gross and net sales revenue	Meet FY2020/21 gross and net sales revenue plan (excluding f/x)	Meet FY2024/25 gross and net sales revenue plan (excluding f/x)	Annual data from FFMC's financial systems
		Direct labour efficiency	1% improvement over FY2019/20 actual	5% improvement over FY2019/20 actual	Annual data from FFMC's enterprise requirements planning systems
		Operational costs per kg	1.5% improvement over FY2019/20 actual	6% improvement over FY2019/20 actual	Annual data from FFMC's enterprise requirements planning systems
		Initial payments to fishers	\$28.6 million	\$28.9 million	Annual data from FFMC's financial systems
		Delivered fish weight	10.2 million kilograms	10.3 million kilograms	Annual data from FFMC's fish purchases system
		Employee attendance	2% improvement over FY2019/20 actual	8% improvement over FY2019/20 actual	Annual data from FFMC's human resources systems
		Inventory level	Meet planned inventory targets	Meet planned inventory targets	Annual data from FFMC's financial systems

References to kilograms are in delivered weight. This reflects the weight of the fish when it is received by FFMC, which is often cleaned and with head removed. Therefore, this shows a lower nominal weight than round equivalent, which is commonly used, and estimates the weight of the fish as it was pulled from the water.

## 5.0 | Financial overview

### **Expected results for FY2019-20 and plan period FY2020-21 to FY2024-25**

As discussed in section 4.0, strategic initiatives support FFMC's vision and mission, and these initiatives and the corresponding strategic objectives form the basis for the financial plan. All other sections of the Corporate Plan form an integral part of the financial plan and should be read in full to obtain a comprehensive understanding of the projected financial results.

The financial plan and key assumptions reflect FFMC's assessment of the Canadian inland commercial freshwater fishery as outlined in section 3.0. The overall outlook for the fishery that FFMC supports in Canada will become increasingly demanding over the planning period. As a result, FFMC's financial results and debt levels will become more challenging than at any time in the Corporation's history.

As a self-sustaining Crown corporation operating in an open-market supply environment, FFMC is projecting limited profitability with heavier dependence on debt over the planning period. The primary contributor to the financial projections is the expected continuing impact from the open supply market on the Corporation's operations. Increased walleye supply from the Great Lakes is also expected to continue indefinitely, affecting FFMC's traditional and primary contributor to operational efficiency and profitability.

For more detail on FFMC's expected results, see Appendix 3.

# Appendix 1 – Ministerial mandate letter or direction

## **FFMC mandate letter**

During the last fiscal year, FFMC has not received a ministerial mandate letter or direction to confirm 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 fishing 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 September 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. In July 2019, the Government of Canada released the Advisory Panel’s final report. Its recommendations recognize the potential for a harvester-led or partnership model for the inland fishery, with an emphasis on bringing harvester groups together to be a part of, and provide leadership in, a transformed entity. The Panel also recommended an approach for the industry and its stakeholders to collectively shape the future of the Corporation and the inland fishery. The Panel’s full report is available at:

<https://www.dfo-mpo.gc.ca/fisheries-peches/consultation/ffmc-cpea/transformation-ffmc-cpea-eng.html>.

## Appendix 2 - Corporate governance structure

### Board of Directors

Freshwater is committed to maintaining a strong governance framework that guides our leadership and strengthens the reputation and value that we have earned across global and domestic markets.

The Board of Directors has overall responsibility to oversee the management of the Corporation's business and affairs. In exercising its powers and performing its duties, the Board acts honestly and in good faith with a view to the best interests of the Corporation, which involves considering the interests of fishers, employees, and our sole shareholder, the Government of Canada, in accordance with our 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 goals. It exercises due diligence by assessing risks and opportunities, ensuring the integrity of financial results and providing timely reports to the Government of Canada.

Under the *FFMA*, the Board consists of the Chairperson, the President, one director for each participating province or territory, and four other directors. As at January 31, 2020, the Board had six members. While Alberta is a participating province under the *FFMA*, the Alberta Director position remains vacant because Alberta closed its commercial fishery in 2014. The Board is working with the Government of Canada to fill the remaining vacancy.

From May 1, 2019 to January 31, 2020, the Board of Directors met in person three times and held six teleconferences.

The Board has two committees to assist in fulfilling its oversight responsibilities. The Audit and Risk Committee met a total of three times in person between May 1, 2019 and January 31, 2020.

The Governance Committee met twice in person between May 1, 2019 and January 31, 2020.

The Board and its Committees hold *in camera* sessions without the President at each of their meetings.

While the President 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*. Directors are paid a *per diem* also set by the Governor-in-Council in accordance with the *FAA*.

Board members are reimbursed for all reasonable out-of-pocket expenses incurred while performing their duties related to FFMC, including travel, accommodations and meals. Associated expenses for Board members and senior management are posted quarterly on FFMC's website. The Corporation conducts weekly operational reviews with senior management focusing on operational key performance indicators that include fish deliveries, material yield, labour efficiency, inventory management, accident frequency, absenteeism and overtime levels. Progress against the Corporation's strategic goals is also reviewed with appropriate follow-up action to meet the objectives of FFMC's strategic plan. Comprehensive monthly performance reviews with senior management and quarterly reviews with the Board of Directors are conducted to focus on financial and species performance, field operations, fish deliveries, marketing performance processing operations and human resources.

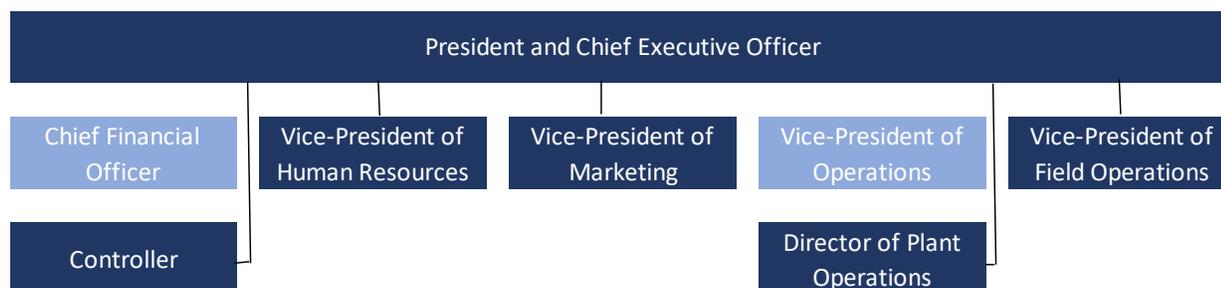
Board member	Term	Committee memberships, effective September 2019	Audit and Risk Committee attendance (2019-05-01 - 2020-01-31)	Governance Committee <sup>(1)</sup> attendance (2019-09-25 - 2020-01-31)	Board meeting attendance (2019-05-01 - 2020-01-31)	Retainer (A)	Per diems (B)	Total remuneration (A+B)	Travel and related expenses
David Bevan	2018-03-26 - 2021-03-25	Audit and Risk	3/3		9/9	\$ 3,750	\$ 4,650	\$ 8,400	\$ 5,119
Thomas Colosimo	2019-06-19 - 2022-06-18	Governance	1/1	2/2	7/8	\$ -	\$ -	\$ -	\$ 5,533
Vincent Crate	2019-06-19 - 2022-06-18	Audit and Risk	3/3		6/8	\$ -	\$ 3,713	\$ 3,713	\$ 2,491
Dana Gregoire <sup>(2)</sup>	2018-06-29 - 2023-06-28	Governance	1/1	2/2	9/9	\$ -	\$ 4,400	\$ 4,400	\$ 4,521
Stanley Lazar	2017-04-12 -	The CEO is not a member of any specific Committee			9/9	The CEO does not receive separate remuneration for duties as a Board member			
Micah Melnyk <sup>(2)</sup>	2018-06-29 - 2023-06-28	Audit and Risk	3/3		8/9	\$ -	\$ 4,400	\$ 4,400	\$ 5,242

<sup>(1)</sup>The Governance committee was established in July, 2019 but did not convene until September 25, 2019

<sup>(2)</sup>In addition to the regular Board and Committee meetings, these Board members attended a Crown Corporation Board orientation session in Ottawa in October, 2019

This event is not included in the attendance report but per diems and expenses incurred have been included.

## Senior Leadership Team (SLT)



The SLT consists of the President and CEO, three Vice-Presidents, one Director and a Controller. Vacancies for the Chief Financial Officer and the Vice-President of Operations will be filled as the transformation process progresses. The current President and CEO is appointed on an interim basis. Before the interim appointment, the President and CEO served as FPMC's Chief Financial Officer and continues to provide guidance on strategic financial matters. Members of the SLT conduct themselves according to FPMC's Code of Conduct and Conflict of Interest policies as well as ethical standards of business and professional and personal conduct. Information about FPMC's SLT is available on the Corporation's website at <http://freshwaterfish.com/content/pages/management-team>.

## Governance framework

In addition to the Board and SLT, FPMC's Board has established two Committees to assist in fulfilling its oversight responsibilities.

The Governance Committee has specific responsibility for assisting the Board in its oversight duties by evaluating and recommending to the Board corporate governance practices applicable to the Corporation. The Governance Committee also has the responsibility for ensuring that FPMC management has established appropriate policies and procedures, that they follow appropriate and best practices, respect the spirit and intent of relevant Government guidance and goals, and comply with applicable legislation. The Committee also leads the Board in its review and assessment of the Board's performance.

The Audit and Risk Committee ensures the adequacy of FPMC's risk management, internal controls, financial reporting, internal and external audit processes, compliance with FPMC's Internal Policy of Derivative Financial Instruments and compliance with relevant laws and regulations. The Audit and Risk Committee reports the results of its activities to the Board on a regular basis.

## Appendix 3 - Financial statements

### Annual Statement of Comprehensive Income

Annual Statement of Comprehensive Income (\$'000)	Annual Forecast FY 2019/20 1-May-2019 30-Apr-2020	Annual Budget 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	Annual Plan FY 2024/25 1-May-2024 30-Apr-2025
<b>Total net sales</b>	<b>70,769</b>	<b>69,438</b>	<b>70,113</b>	<b>70,834</b>	<b>71,522</b>	<b>71,898</b>
<b>Total cost of sales</b>	<b>64,340</b>	<b>62,710</b>	<b>62,985</b>	<b>63,701</b>	<b>64,159</b>	<b>64,213</b>
<b>Gross profit on operations</b>	<b>6,429</b>	<b>6,728</b>	<b>7,128</b>	<b>7,133</b>	<b>7,364</b>	<b>7,686</b>
<b>Total marketing and administrative expenses</b>	<b>5,881</b>	<b>5,867</b>	<b>5,952</b>	<b>6,038</b>	<b>6,125</b>	<b>6,214</b>
<b>Other income and expenses</b>	<b>(197)</b>	<b>12</b>	<b>12</b>	<b>12</b>	<b>13</b>	<b>13</b>
<b>Profit before provision for final payments to fishers</b>	<b>745</b>	<b>849</b>	<b>1,164</b>	<b>1,083</b>	<b>1,225</b>	<b>1,458</b>
<b>Provision for final payments to fishers</b>	<b>700</b>	<b>500</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>
<b>Income tax expense (recovery)</b>	<b>11</b>	<b>90</b>	<b>41</b>	<b>21</b>	<b>56</b>	<b>115</b>
<b>Total comprehensive income</b>	<b>34</b>	<b>259</b>	<b>123</b>	<b>62</b>	<b>169</b>	<b>344</b>
<b>Retained earnings, beginning of period</b>	<b>18,440</b>	<b>18,474</b>	<b>18,733</b>	<b>18,856</b>	<b>18,918</b>	<b>19,087</b>
<b>Retained earnings, end of period</b>	<b>18,474</b>	<b>18,733</b>	<b>18,856</b>	<b>18,918</b>	<b>19,087</b>	<b>19,431</b>

## Annual Statement of Financial Position

Annual Statement of Financial Position (\$'000)	Annual Forecast FY 2019/20 As at 30-Apr-2020	Annual Budget FY 2020/21 As at 30-Apr-2021	Annual Plan FY 2021/22 As at 30-Apr-2022	Annual Plan FY 2022/23 As at 30-Apr-2023	Annual Plan FY 2023/24 As at 30-Apr-2024	Annual Plan FY 2024/25 As at 30-Apr-2025
<b>Assets</b>						
Current assets						
Cash	\$ 850	\$ 750	\$ 750	\$ 750	\$ 750	\$ 750
Trade receivables	9,000	9,000	9,250	9,500	9,750	10,000
Prepaid expenses	140	175	140	140	140	140
Inventories	27,850	28,232	27,500	27,000	26,500	26,000
<b>Total current assets</b>	<b>37,840</b>	<b>38,157</b>	<b>37,640</b>	<b>37,390</b>	<b>37,140</b>	<b>36,890</b>
<b>Property, plant and equipment</b>	<b>20,356</b>	<b>21,323</b>	<b>21,723</b>	<b>22,023</b>	<b>22,273</b>	<b>22,473</b>
<b>Intangible assets</b>	<b>102</b>	<b>136</b>	<b>136</b>	<b>126</b>	<b>106</b>	<b>76</b>
<b>Total assets</b>	<b>\$ 58,298</b>	<b>\$ 59,616</b>	<b>\$ 59,499</b>	<b>\$ 59,539</b>	<b>\$ 59,519</b>	<b>\$ 59,439</b>
<b>Liabilities</b>						
Current liabilities						
Trade and other payables and accrued liabilities	\$ 4,500	\$ 5,000	\$ 5,500	\$ 5,500	\$ 5,500	\$ 5,500
Current portion of accrued obligation for employee benefits	542	542	542	542	542	542
Provision for final payments to fishers	700	500	1,000	1,000	1,000	1,000
Loans payable	30,903	32,062	31,022	31,000	30,811	30,387
Derivative-related liabilities	509	509	509	509	509	509
<b>Total current liabilities</b>	<b>37,154</b>	<b>38,613</b>	<b>38,573</b>	<b>38,551</b>	<b>38,362</b>	<b>37,938</b>
<b>Deferred tax liabilities</b>	<b>1,884</b>	<b>1,884</b>	<b>1,884</b>	<b>1,884</b>	<b>1,884</b>	<b>1,884</b>
<b>Accrued obligation for employee benefits</b>	<b>186</b>	<b>186</b>	<b>186</b>	<b>186</b>	<b>186</b>	<b>186</b>
<b>Asset retirement obligation</b>	<b>600</b>	<b>200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>39,824</b>	<b>40,883</b>	<b>40,643</b>	<b>40,621</b>	<b>40,432</b>	<b>40,008</b>
<b>Equity</b>						
<b>Retained earnings</b>	<b>18,474</b>	<b>18,733</b>	<b>18,856</b>	<b>18,918</b>	<b>19,087</b>	<b>19,431</b>
<b>Total liabilities and equity</b>	<b>\$ 58,298</b>	<b>\$ 59,616</b>	<b>\$ 59,499</b>	<b>\$ 59,539</b>	<b>\$ 59,519</b>	<b>\$ 59,439</b>

## Annual Statement of Cash Flow

Annual Statement of Cash Flow (\$'000)	Annual Forecast	Annual Budget	Annual Plan	Annual Plan	Annual Plan	Annual Plan
	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
	1-May-2019	1-May-2020	1-May-2021	1-May-2022	1-May-2023	1-May-2024
	30-Apr-2020	30-Apr-2021	30-Apr-2022	30-Apr-2023	30-Apr-2024	30-Apr-2025
<b>Operating activities</b>						
Comprehensive income for the period	34	259	123	62	169	344
Depreciation and amortization	2,116	1,888	1,950	2,010	2,070	2,130
<b>Subtotal</b>	<b>2,150</b>	<b>2,147</b>	<b>2,073</b>	<b>2,072</b>	<b>2,239</b>	<b>2,474</b>
<b>Plus (less): changes in non-cash operating working capital</b>						
Trade receivables	298	-	(250)	(250)	(250)	(250)
Total inventories	121	(382)	732	500	500	500
Prepaid expenses	68	(35)	35	-	-	-
Derivative-related assets	12	-	-	-	-	-
Trade and other payables and accrued liabilities	180	500	500	-	-	-
Derivative-related liabilities	(244)	-	-	-	-	-
Provision for final payments to fishers	200	(200)	500	-	-	-
Accrued obligation for employee benefits	22	-	-	-	-	-
Decrease in asset retirement obligation	384	(400)	(200)	-	-	-
<b>Net changes in non-cash working capital</b>	<b>1,041</b>	<b>(517)</b>	<b>1,317</b>	<b>250</b>	<b>250</b>	<b>250</b>
<b>Cash from operating activities</b>	<b>3,191</b>	<b>1,630</b>	<b>3,390</b>	<b>2,322</b>	<b>2,489</b>	<b>2,724</b>
<b>Investing activities</b>						
Additions to property, plant and equipment	(1,846)	(2,789)	(2,250)	(2,200)	(2,200)	(2,200)
Additions to intangible assets	(54)	(100)	(100)	(100)	(100)	(100)
<b>Cash from investing activities</b>	<b>(1,900)</b>	<b>(2,889)</b>	<b>(2,350)</b>	<b>(2,300)</b>	<b>(2,300)</b>	<b>(2,300)</b>
<b>Financing activities</b>						
Plus (less): changes in debt						
Repayment on demand installment debt	(933)	(933)	(933)	(933)	(933)	(933)
<b>Cash from financing activities</b>	<b>(933)</b>	<b>(933)</b>	<b>(933)</b>	<b>(933)</b>	<b>(933)</b>	<b>(933)</b>
Net increase (decrease) in cash and cash equivalents	358	(2,192)	107	(911)	(744)	(509)
Cash and cash equivalents, beginning of period	(20,402)	(20,044)	(22,236)	(22,129)	(23,040)	(23,784)
<b>Cash and cash equivalents, end of period</b>	<b>(20,044)</b>	<b>(22,236)</b>	<b>(22,129)</b>	<b>(23,040)</b>	<b>(23,784)</b>	<b>(24,293)</b>
<b>Cash and cash equivalents represented by:</b>						
Operating line	(20,894)	(22,986)	(31,022)	(31,000)	(30,811)	(30,387)
Cash	850	750	750	750	750	750
	<b>(20,044)</b>	<b>(22,236)</b>	<b>(30,272)</b>	<b>(30,250)</b>	<b>(30,061)</b>	<b>(29,637)</b>

### **3.1.1 Future accounting changes**

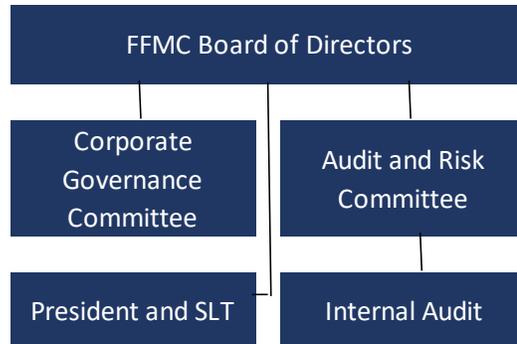
FFMC's pro-forma financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). FFMC has reviewed the new standards and amendments that have been issued but are not yet effective and determined that the following have or may have an impact on the Corporation in the future. Management is in the process of assessing the impact of these standard and amendments on FFMC's financial statements and accounting policies. A number of other new standards, amendments and improvements that have been issued by the International Accounting Standards Board (IASB) but are not yet effective are not listed below as FFMC determined that they will not have a significant impact on the financial statements.

The Corporation adopted IFRS 16 – Leases that sets out the principles that both parties to a contract apply in order to provide relevant information about leases in a manner that faithfully represents those transactions. IFRS 16 requires all leases to be reported on the lessee's statement of financial position. There are also changes in accounting over the life of the lease. For lessees the total periodic expenses will generally have a front-loaded expense recognition pattern. Leases that are less than 12 months in duration, or that are for low dollar value items, are not required to be capitalized. Lessors' accounting treatment remains similar to current practice. They will continue to classify leases as finance and operating leases. The impact of the adoption of IFRS 16 on the Corporation's financial statements and the adoption of the amendment does not have a significant impact on the Corporation's financial statements.

In March 2018, the IASB issued the revised Conceptual Framework for Financial Reporting, which provides a set of concepts to assist the IASB in developing standards and to help preparers consistently apply accounting policies where specific accounting standards do not exist. The Revised Conceptual Framework describes financial information must be relevant and faithfully represented to be useful: provides revised definitions of an asset and a liability as well as new guidance on measurement and derecognition, presentation and disclosure. The framework is not an accounting standard and does not override the requirements that exist in other IFRS standards. The revised Conceptual Framework is effective for annual periods beginning on or after January 1, 2020.

## Appendix 4 – Risk and risk responses

The Board of Directors oversees FFMC’s Enterprise Risk Management (ERM) framework to identify and mitigate risks to the Corporation. The Audit and Risk Committee (ARC) is responsible and supports the Board with its oversight accountabilities.



Risks are identified with the assistance of external consultants through a thorough analysis of FFMC’s environment. Any existing mitigation to help reduce the likelihood or impact of the risk is considered and additional mitigation is identified where practicable for each risk. The risks and categories identified are not static and are reviewed regularly by the 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.

## Appendix 5 – Compliance with legislative and policy requirements

FFMC is governed by the *Freshwater Fish Marketing Act*. FFMC is also subject to other federal legislation, including:

- *Access to Information Act*
- *Canadian Human Rights Act*
- *Canada Labour Code*
- *Conflict of Interest Act*
- *Employment Equity Act*
- *Employment Insurance Act*
- *Financial Administration Act*
- *Official Languages Act*
- *Privacy Act*

FFMC also complies with Treasury Board policies, Governor in Council directives, ministerial directives and other federal, provincial and municipal legislation such as land titles, personal property, environmental protection, food safety and occupational health and safety legislation. The following illustrates FFMC's efforts to comply with some of the legislation and directives to which it is subject.

### ***Access to Information Act***

FFMC processes requests received under the *Access to Information Act*. FFMC posts summaries of all ATIP records released on its website at <http://www.freshwaterfish.com/content/pages/completed-access-information-requests>. The public may make an access request in writing or by calling or emailing our ATIP co-ordinator at [ATIP@freshwaterfish.com](mailto:ATIP@freshwaterfish.com).

### ***Employment Equity Act***

FFMC is committed to building a workforce that reflects the diversity of the Canadian workforce. FFMC maintains policies to ensure equitable employment opportunities are provided to all applicants. Our staffing policy ensures that recruitment and selection rules and tools are non-discriminatory and that applications are reviewed and evaluated based on objective and established criteria. FFMC is an inclusive workplace that strives to attract, hire and retain talent from diverse backgrounds.

### ***Conflict of Interest Act***

FFMC ensures that Directors annually review and affirm their commitment to and compliance with the *Conflict of Interest Act*, the Guidelines for Public Office Holders and the *Freshwater Fish Marketing Act* as well as FFMC's Code of Conduct policy through a formal process by providing conflict of interest declarations to Members.

### ***Canadian Human Rights Act***

FFMC provides experiences to its employees consistent with the expectations as set out in the *Canadian Human Rights Act*. FFMC has applicable policies such as a Code of Conduct, policies pertaining to staffing, salary administration, violence in the workplace and harassment and discrimination. FFMC also provides employees with a confidential means for disclosure through its Code of Conduct policy. FFMC's staffing and recruitment policies consider equal opportunity initiatives for women, Indigenous peoples and members of visible minorities.

### ***Official Languages Act***

FFMC strives to meet its commitments and obligations under the *Official Languages Act* and endeavours to balance its mandate of operating on a financially self-sustaining basis with spending requirements for bilingualism and compliance with Parts IV, V, VI and VII of the legislation.

### **Directive on Travel, Hospitality, Conference and Event Expenditures**

In July 2015, FFMC was issued a directive (P.C. 2015-1108) pursuant to section 89 of the *Financial Administration Act* to align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures. It was directed to do so in a manner consistent with its legal obligations, and to report on the implementation of this directive in the Corporation's Corporate Plan. The Corporation finalized its implementation of this directive on January 31, 2018. The Corporation has remained compliant since then. FFMC utilizes good judgement to ensure travel, hospitality, conference and event expenditures are managed using the most economic and efficient use of funds given the nature of the activity in relation to achievement of its mandate. FFMC's travel, hospitality and event expenditure policy and reporting of expenditures for travel, hospitality and conferences and quarterly travel and hospitality expenditures for the senior leadership and the Board of Directors, are available on FFMC's website at:

<http://www.freshwaterfish.com/content/pages/corporate-reports-0>

### **Trade agreements**

Freshwater is well-positioned to take advantage of additional opportunities through effective and timely marketing activities in the near-term. The Canada-United States-Mexico Agreement (CUSMA), the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) and the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) offer trade advantages that the Corporation considers for additional sales and marketing opportunities.

## Appendix 6 – Government priorities and direction

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

### 6.1 Transparent and open government

FFMC is accountable and transparent to its shareholder and its stakeholders. The corporation adheres to legislative requirements regarding transparency and practises proactive disclosure of information on an ongoing basis. FFMC publishes on its website all annual and quarterly financial reports as well as the proactive disclosure of travel and hospitality expenses of Board members and Senior Leadership Team. Detailed information is available on our website at <http://freshwaterfish.com/content/pages/about-us>.

### 6.2 Access to information

As a federal Crown corporation, FFMC is subject to the *Access to Information Act (the Act)*. The *Act* creates an enforceable right of access to records under the control of a government entity in accordance with the principle that government information should be available to the public. By providing access to government information, the *Act* serves the important public interest of enabling public debate on the conduct of government institutions, strengthening the accountability of government to its citizens.

### 6.3 Privacy

Privacy is of vital importance to Canadians and controlling the collection, use and disclosure of personal information has become a pressing issue. FFMC is subject to the *Privacy Act*, which is administered by the Office of the Privacy Commissioner of Canada. Under the *Privacy Act*, FFMC must limit the collection, use and disclosure of personal information, provide appropriate security to guard against a loss or misuse of data and provide individuals with a right of access to the personal information that FFMC holds about them.

Concerns or complaints about FFMC's privacy practices or its compliance with the *Privacy Act* can be escalated to the federal government's Privacy Commissioner, who acts as an independent authority to resolve privacy problems and oversee compliance with the *Privacy Act*.

### 6.4 Info Source

FFMC along with all government institutions is subject to the *Access to Information Act* and the *Privacy Act*. FFMC publishes an annual inventory of its information holdings as well as relevant details about personal information under its control. The Info Source inventory can assist the public in making an access to information or personal information request, or in exercising their privacy rights.

### 6.5 Code of Conduct

Fairness, respect and integrity are core values for FFMC. FFMC's Code of Conduct guides how employees operate and sets out the process to report possible violations of this code.

### 6.6 Access to fishers and Canadians

FFMC holds an annual public meeting to share financial and operational results as well as information on the future of the Corporation. The meeting is open and accessible to the public annually in November. FFMC continues to develop a strong social network in the Canadian inland fishery. Regular fisher meetings are held with agents, co-operatives and fishers to share information and develop stronger working relationships. Through the use of e-mail distribution and FFMC's website, information is shared with more than 1600 fishers who deliver fish to the Corporation

## 6.7 Gender-based analysis plus

FFMC's support of the northern and western Canadian freshwater fishery includes gender-based analysis plus (GBA+) considerations. FFMC does not have a specified GBA+ implementation plan at this time. However, FFMC has identified several GBA+ considerations, including the health, well-being, diversity and inclusion of its employees as well as key diversity factors of fishers, in particular — women, diversity, young people in the fishery and Indigenous peoples.

FFMC is committed to supporting a workforce that reflects the diversity of Canada's population. This includes continuously reviewing and revising FFMC policies, practices and behaviors to ensure the Corporation does 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, FFMC is viewed as a place of employment opportunity for new immigrants and have positioned ourselves as an employer of choice supporting GBA+ initiatives.

**Women:** In Canada, there is a growing number of women in the workforce, which helps drive economic growth and a strong middle class. Today, more women are working and the roles of women in Canada continue to evolve. Women accounted for 48% of FFMC's employees in FY 2019/20 and the Corporation works with fishers and northern and remote fishing communities in support of women participation in the fishery and fish processing.

**Indigenous peoples:** Supporting the social and economic inclusion of Indigenous peoples is a priority of the Government of Canada. FFMC is uniquely positioned by the nature of its supply area and is committed to developing a workforce and fishery that can attract and support Indigenous peoples. 23% of men and 14% of women employed by FFMC are Indigenous. 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 GBA+.

## 6.8 Diversity and employment equity

Diversity means a rich pool of backgrounds, abilities, strengths and schools of thought working together. As a federal Crown corporation, FFMC is committed to building a workforce that reflects the diversity of its industry and of the Canadian workforce. FFMC is a welcoming and inclusive workplace and attracts and retains talent from diverse backgrounds FFMC's diversity strategy supports the Government of Canada's commitment to diversity and FFMC is working toward having a workforce that reflects the diversity of the industry and communities our employees work in. FFMC's Board of Directors has one Director who self-declares as Indigenous.

In terms of FFMC's broader diversity, FFMC employs up to 400 employees with peak employment in June and throughout September and October. Our workforce, based on 400 employees, includes 46.7% females, 16.9% Indigenous, 1.3% persons with disabilities and 37.8% members of visible minorities. Individuals can identify in more than one equity group and all disclosures are voluntary.

## 6.9 Sustainable development and greening government operations

In Canada and abroad, the effects of climate change are becoming evident. Impacts such as coastal erosion, thawing permafrost, increases in heat waves, droughts and flooding, ecosystem changes, and risks to critical infrastructure and food and water security are being felt in Canada and globally. The Government of Canada's response to climate change requires action to reduce greenhouse gas emissions to the atmosphere and increase the resiliency of assets, services, and operations to adapt to the changing climate. Greening government operations support Canada's sustainability goals already established under the Paris Agreement on climate change and in the Pan-Canadian Framework on Clean Growth and Climate Change. This Greening Government Strategy is consistent with the United Nation's 2030 Agenda for Sustainable Development and the Federal Sustainable Development Strategy.

In support of the Government of Canada's support for climate change, FFMC is currently conducting trials with Compost Winnipeg with the intent of composting all the offal (fish viscera) waste that is generated from FFMC's Winnipeg processing plant. The offal is currently disposed of at a landfill site. The benefits of this initiative include: diverting waste for compost to extend the life of Winnipeg's landfills; reducing greenhouse gases and odours from landfills; reducing FFMC's cost of transporting and processing offal; and creating green jobs in Winnipeg. FFMC and Compost Winnipeg are working to ensure that the finished compost meets the standards established by the Compost Quality Alliance and the Canadian Council of Ministers of the Environment.

#### **6.10 Indigenous issues – consultations**

To date, there have been no instances where the duty to consult Indigenous peoples has been triggered by FFMC's activities. However, supporting the social and economic inclusion of Indigenous peoples is a priority for the Corporation. FFMC's role in fostering the inland Canadian fishery ensures that Indigenous communities and peoples have greater access to opportunities. Commercial fishing is often one of the primary economic opportunities available to residents in the many remote and northern communities the Corporation serves. In many communities where Freshwater operates delivery points, the fishery is the only opportunity for economic development. FFMC's presence fosters independent business ownership and increases employment in rural and remote regions of Canada.

#### **6.11 Safe workspaces**

As a federal employer, FFMC has an obligation to provide a workplace that is civil, respectful and free of harassment. FFMC is 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 is also committed to providing a violence-free workplace where any act of violence is unacceptable and will not be tolerated.

All factors that may contribute to violence or harassment in the workplace that FFMC is made aware of or that are reported are dealt with or investigated and any deliberate acts of violence & harassment in the workplace by an employee is subject to discipline.

FFMC maintains a workplace violence prevention and respectful workplace policy to ensure that employees and management understand that disciplinary action will be taken with those who commit or contribute to workplace violence or harassment. Those who are subjected to violence or harassment in the workplace understand there are procedures for recourse and that assistance and counselling is available. Employees and management understand that everyone has a responsibility to report any factors that may contribute to violence or harassment in the workplace and that all incidents of workplace violence and harassment must be reported.

FFMC is committed to resolving workplace violence and harassment situations to the best of our ability and, if they cannot be resolved, having a third party conduct an investigation to arrive at conclusions and recommendations for corrective action. FFMC is also committed to using the necessary amount of resources to prevent and to respond to incidents of workplace violence and harassment and communicating to employees what information about factors contributing to workplace violence and harassment. FFMC provides support for employees affected by workplace violence and harassment and does what is reasonably practical to achieve a violence-free and harassment-free workplace.