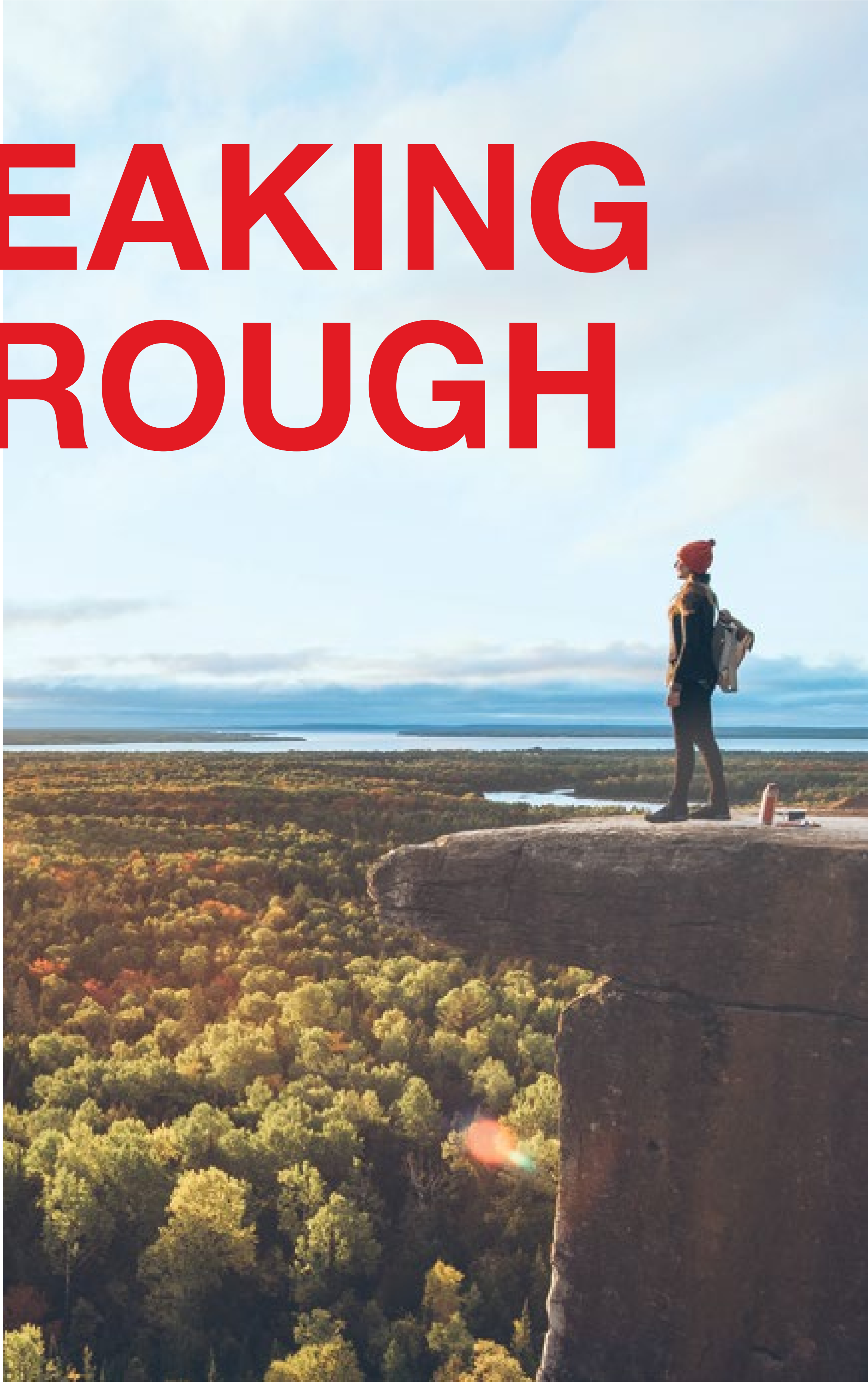
DESTINATION CANADA

BREAKING THROUGH



2017

ANNUAL REPORT

Canada

Three Isle Lake, Alberta — Johan Lolos

CONTENTS

2017 PERFORMANCE HIGHLIGHTS

1.39 million

ADDITIONAL VISITORS

4% ABOVE TARGET

Spending over

$1.81 billion

16% ABOVE TARGET

Support for

13,800

JOBS IN THE TOURISM SECTOR

Additional

$226m

OF FEDERAL TAX REVENUE

$109m

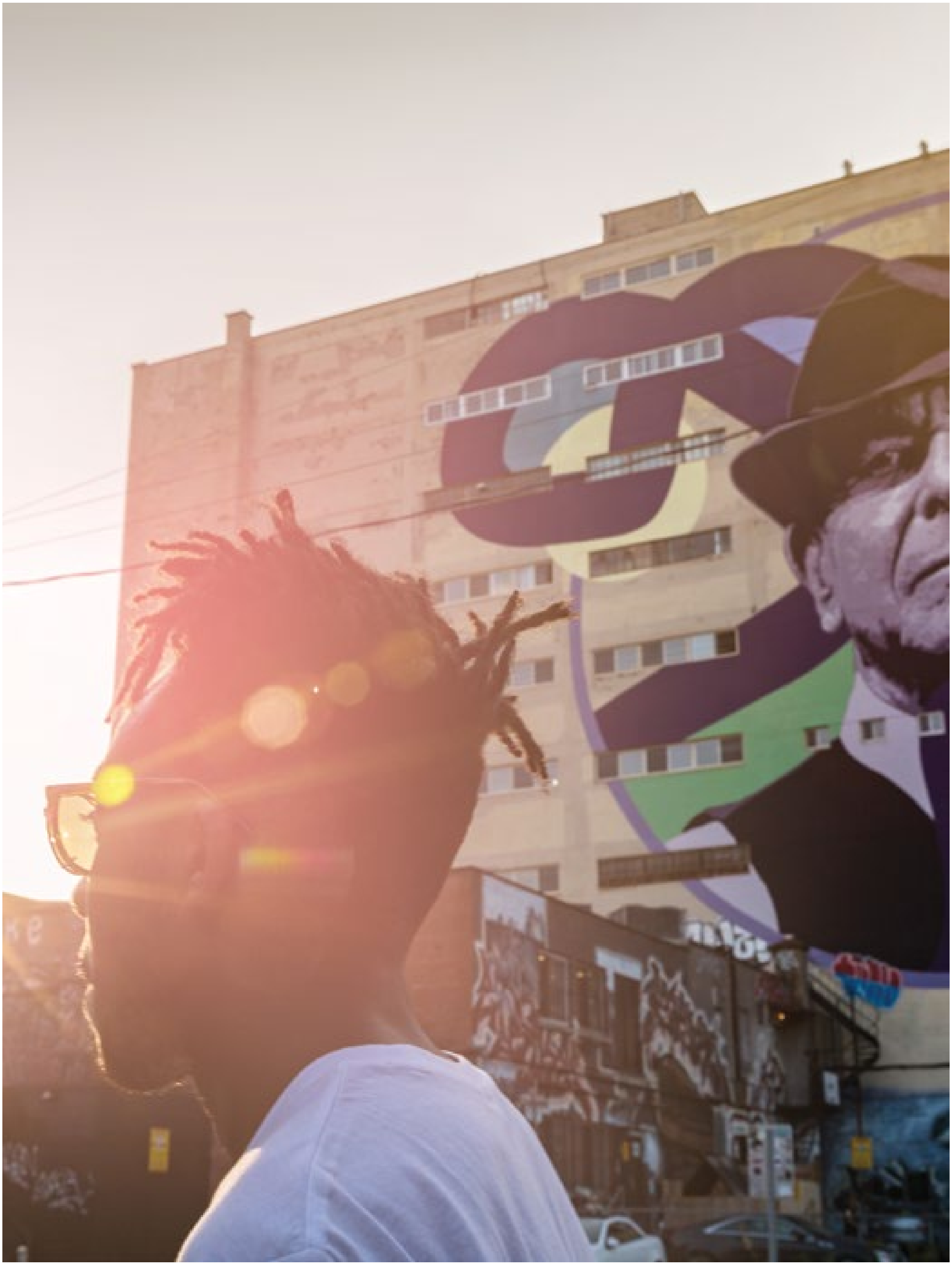
Partner co-investment

9% ABOVE TARGET

93%

Investment in marketing and sales

3% ABOVE TARGET



Montreal, Quebec — Taryn Paterson

MESSAGE FROM THE CHAIR OF THE BOARD OF DIRECTORS

In 2017, Canada welcomed the highest number of international overnight visitors than it ever has, breaking the historic high point set in 2002. At an estimated 20.8 million people, this is an amazing new record for Canada.

Tourism in Canada is soaring and the world is taking notice of the excitement, cultural richness and natural wonder that Canada has to offer. Canada's 150th birthday celebrations attracted global attention, and *The New York Times*, *Lonely Planet* and *Condé Nast* all named Canada as a top vacation destination for 2017.

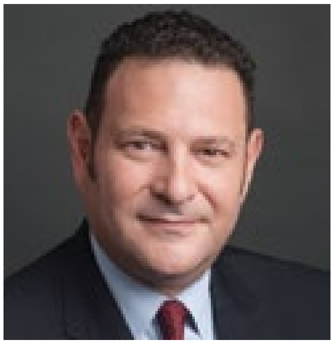
The Government of Canada's New Tourism Vision charts a concrete path towards long-term growth. It also provides for stabilized funding for Destination Canada which will help to achieve this goal. This is a testament to confidence in our marketing strategy and we are grateful to the Minister of Small Business and Tourism for recognizing the positive impact that tourism marketing makes in the lives of Canadians.

Destination Canada has been working closely with provincial, territorial, and city marketing organizations and the Indigenous Tourism Association of Canada on strengthening tourism in Canada. This is directly aligned with the Prime Minister's commitment to improve industry partnerships.

Canada's successes are a culmination of collaboration, partnership and teamwork, and together with the industry, we have a lot to be proud of. The successes of this past year are proof that better alignment and cooperation leads to stronger results.

I would like to thank the team at Destination Canada – my board colleagues and all the staff – for their hard work and positive contributions towards another tremendous year. We have much to celebrate and look forward to the opportunities that lie ahead.

Ben Cowan-Dewar



MESSAGE FROM THE PRESIDENT AND CEO

2017 was a breakthrough year for Canada. The country hit a new peak and is now leading the pack among top destinations.

While international arrivals are at an all-time high, success extends far beyond volume. The makeup of the international visitor to Canada has changed over the last decade. Today's visitor mix is higher-yield and more internationally diversified, leading to greater revenue for the visitor economy.

Destination Canada also experienced breakthrough achievements in many areas. The success of Canada's tourism industry tells us that our high-yield marketing strategy is working. Our innovative approaches to reaching target audiences allowed us to break through the competitive noise. We also broke ground to sign a multi-year agreement with our Team Canada partners—provinces, territories, and major cities and resorts—to invest and market internationally in an aligned fashion.

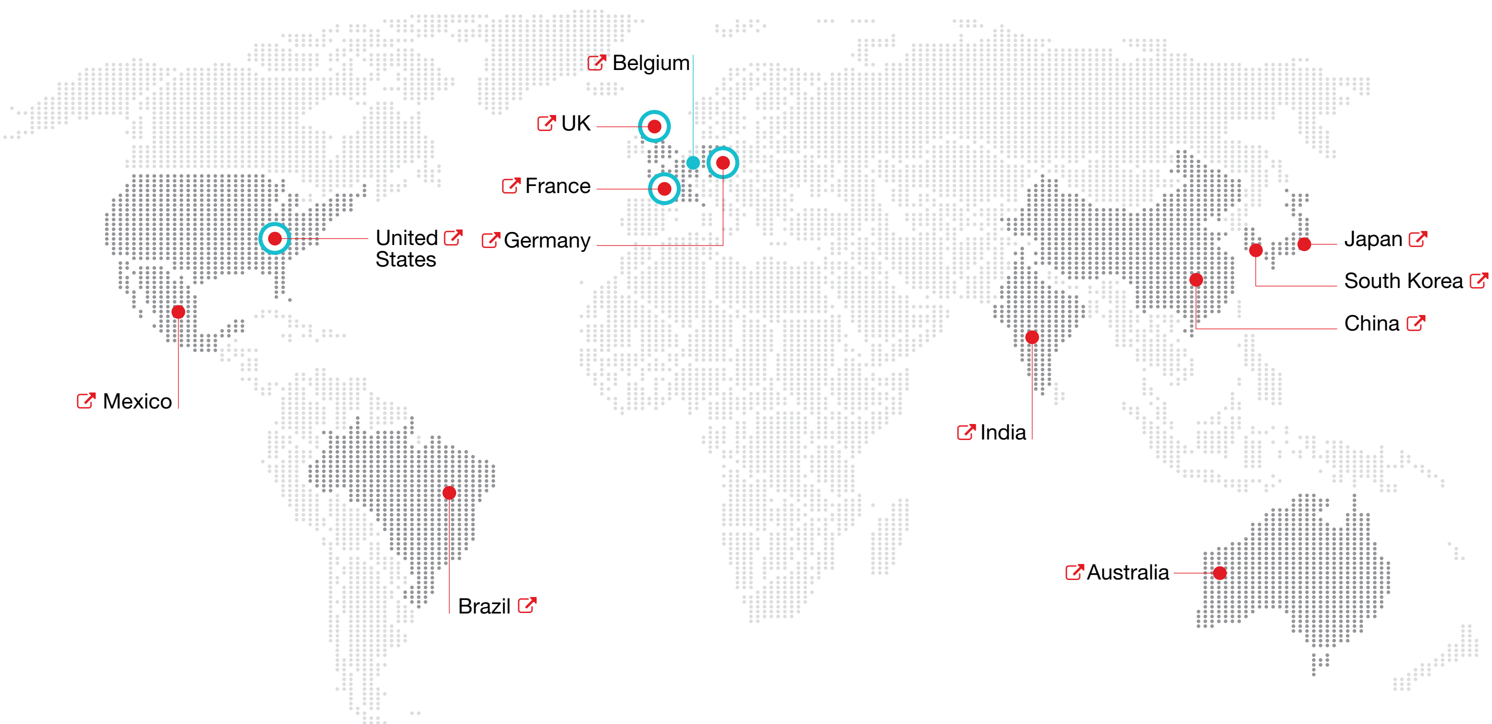
This past year has been particularly inspiring, and I want to thank our partners for their continued support and the staff at Destination Canada for their hard work and ingenuity.

Looking ahead, we will continue to innovate in gaining more insights on our target travellers in order to have a positive impact on tourism businesses across the country. We will build on momentum in key markets like China and the United States, particularly in light of 2018 being designated as the Canada-China Year of Tourism and the wins we're seeing from our Connecting America program. Together, we can move to new heights.

David F. Goldstein

ABOUT US

GLOBAL MARKETS



Leisure Travellers	Business and Incentive Travellers
Australia	Belgium
Brazil	France
China	Germany
France	United Kingdom
Germany	United States
India	
Japan	
Mexico	
South Korea	
United Kingdom	
United States	

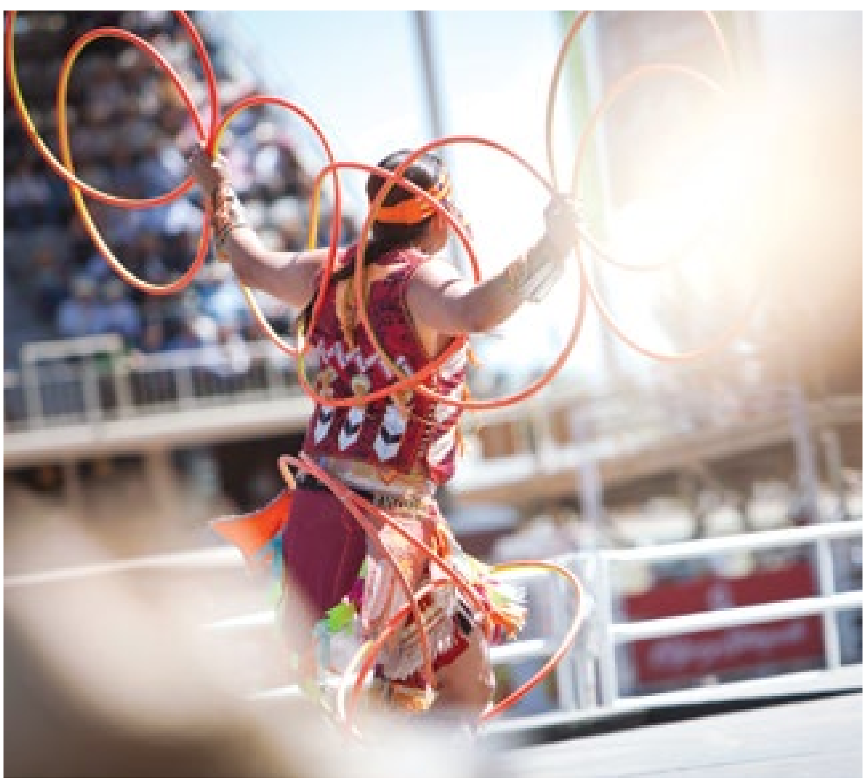
ROLE

Tourism plays a critical role in Canada's entrepreneurial development and job creation in every region of the country.

As Canada's national tourism marketer, the Canadian Tourism Commission (CTC), operating as Destination Canada, markets Canada abroad to leisure and business travellers to increase arrivals and grow Canada's tourism economy. We work with partners in provincial and territorial governments and in key city and resort destination marketing organizations to help Canada's tourism businesses reach international markets.

As a demand accelerant, we provide a strong co-investment platform for public and private partners. We connect Canadian tourism operators, many of which are small- and medium-sized enterprises, with new markets that would be difficult for them to reach on their own. This international access contributes to the livelihood of thousands of tourism businesses across the country, helping the industry as a whole to thrive and prosper.

As part of a whole-of-government approach, we also work closely with the federal family to play an active role in supporting Canada's tourism sector. Our market research helps to support policy direction, and we also collaborate with federal stakeholders to align tourism, trade and diplomatic activities, where feasible.



Calgary, Alberta

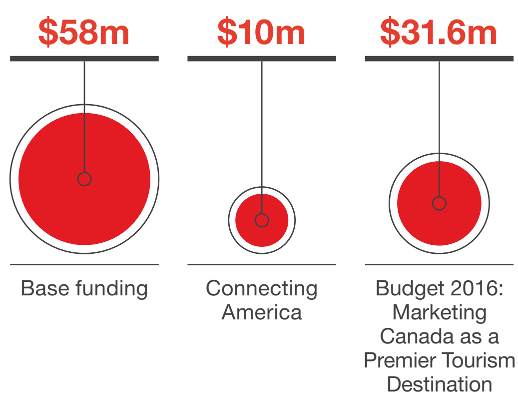
MANDATE

Our legislative mandate is to promote the interests of the tourism industry and to market Canada as a desirable tourist destination. Specifically, we have a mandate to:

- sustain a vibrant and profitable Canadian tourism industry;
- market Canada as a desirable tourist destination;
- support a cooperative relationship between the private sector and the governments of Canada, the provinces and the territories with respect to Canadian tourism; and
- provide information about Canadian tourism to the private sector and to the governments of Canada, the provinces and the territories.

FUNDING SOURCES

We are financed primarily through parliamentary appropriations and operate on a calendar fiscal year.



Through our co-investment strategy, we create partnerships with the public and private sectors to leverage our core appropriations and extend our global marketing reach.

In 2017, we received parliamentary appropriations totaling $99.6 million as shown.

Through Budget 2017, these funding levels were made permanent and will stabilize our base appropriation to $95.5 million beginning in April 2018.

Cape d'Or, Nova Scotia — Tourism Nova Scotia

CORPO— RATE CONTEXT

GLOBAL LANDSCAPE

1 — UNWTO World Tourism Barometer, UNWTO, January 2018.

2017 recorded the highest growth in international arrivals in seven years, according to early reports from the United Nations World Tourism Organization (UNWTO)[1]. After eight consecutive years of steady expansion in the 4–5% range, year-over-year growth of 7% in 2017 marks a new record since the global financial crisis in 2009.

The year was characterized by sustained growth in many destinations along with firm recoveries in those destinations that had suffered past declines. Europe and Africa led the pack with 8% increases, followed by Asia and the Pacific with increases of 6% and the Middle East with 5% growth. The Americas, in contrast, experienced modest growth of 3%, constrained by a decrease in overnight arrivals to the region's largest destination, the United States (US).

China has risen rapidly as a major source of outbound tourists in the world, and the country maintained its position in 2017 as the world's largest spender on outbound travel. The Chinese traveller continues to be a lucrative segment for tourism destinations across the globe. With the opening of additional Canadian visa application centres in China late this past year and with 2018 being designated as the Canada-China Year of Tourism, Canada is anticipating further growth from this market in the years to come.

UNWTO predicts global growth to remain strong in 2018 but expects a return to more modest levels at 4–5%. This outlook surpasses prior projections of an average annual growth rate of 3.8% until 2020.

Ottawa, Ontario — Brett Ryan

TOURISM IN CANADA

Since 2013, Canada has been an upward trajectory when it comes to the number of visitors it has welcomed.

In 2017, Canada broke through previous records by welcoming an estimated 20.8 million people from around the world[2]. This represents approximately 820,000 more visitors than in 2016, and this tremendous visitor volume means that Canada has finally hit a new peak.

This increased visitation over the last few years is underpinned by growing aviation capacity, currency advantages, a strong country brand and increased federal marketing investments. Additionally, Canada's 150th anniversary as well as commendations from prominent publications Lonely Planet, Condé Nast and the New York Times—which named Canada a top vacation destination for 2017—helped to put Canada in the international spotlight.

Canada experienced notable growth from key markets in 2017, including Mexico which generated nearly 50% growth in arrivals to Canada[3]. This is largely attributed to the elimination of the visa requirement for Mexican travellers at the end of 2016. Substantial increases in air capacity (+70%) also contributed greatly to this lift[4].

Growth from India was also high at over 18%[5] and stems predominantly from a double fold increase in direct air capacity[6]. While overall growth from the US market increased modestly at 3%, visitors arriving by air rose by an estimated 7% year-over-year[7].

2 — Destination Canada estimates based on data from Statistics Canada Frontier Counts to December 2017.

3 — Ibid.

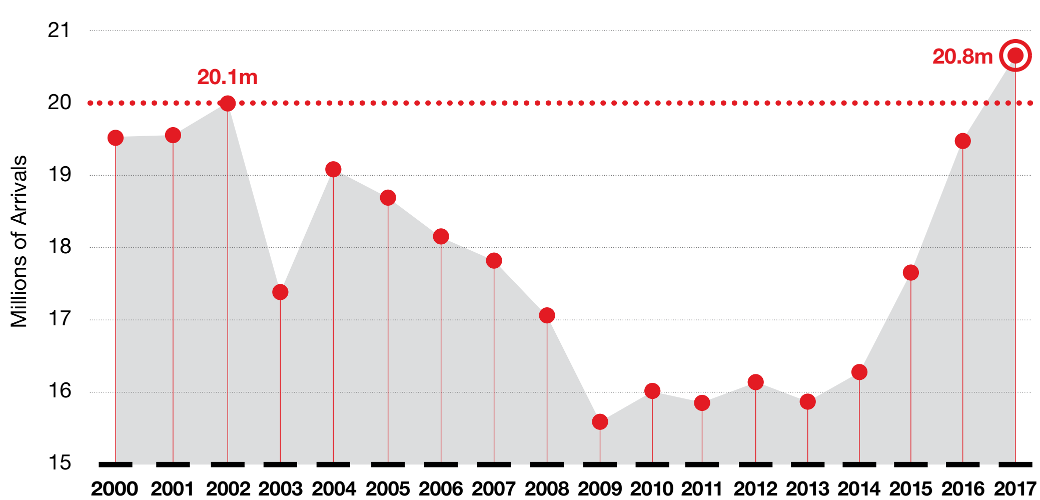
4 — International Air Transport Association, Schedule Reference Service.

5 — Destination Canada estimates based on data from Statistics Canada Frontier Counts to December 2017.

6 — International Air Transport Association, Schedule Reference Service.

7 — Destination Canada estimates based on data from Statistics Canada Frontier Counts to December 2017.

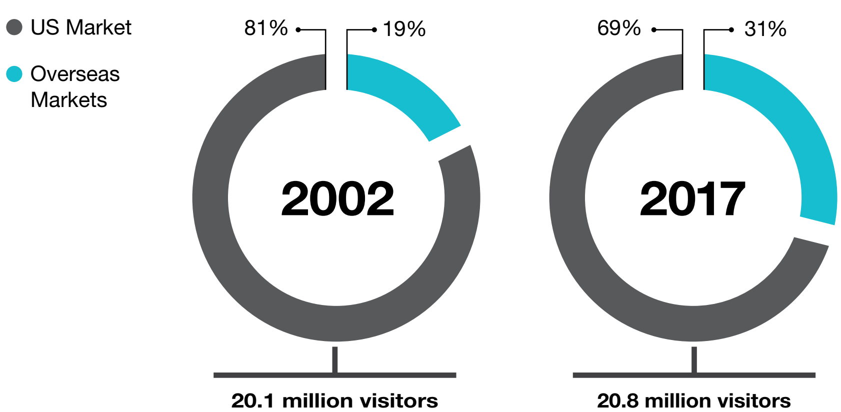
VISITOR VOLUME



THE DIVERSITY OF THE INTERNATIONAL VISITOR TO CANADA HAS CHANGED DRAMATICALLY OVER THE YEARS.

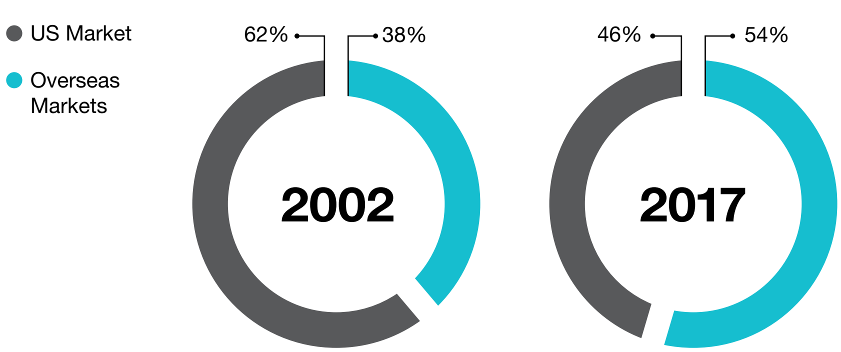
Banff National Park, Alberta — Travel Alberta

VISITOR MIX



When comparing against 2002, the previous year on record for international arrivals, over 80% of arrivals were American and predominantly low-yield, cross-border vehicle traffic. Today, this ratio is at less than 70% American visitors to Canada, with the remainder being international visitors from other countries.

VISITOR SPEND



In parallel, overseas visitors contributed more to overnight spend in Canada in 2017 than at our previous arrivals peak in 2002. Over the years, we have seen a remarkable shift to a traveller that is higher-yield, more internationally diversified and for the US, more inclined to travel by air.

CANADA'S NEW TOURISM VISION

Toronto, Ontario — Max Coquard

Led by the Honourable Bardish Chagger, Leader of the Government in the House of Commons and Minister of Small Business and Tourism, the Government of Canada's New Tourism Vision charts a concrete path for improving long-term visitation to Canada. Launched in 2017, the Vision is a whole of government approach to invest in stronger and more sustained marketing, address issues related to travelling to and within the country, and support tourism businesses and operators to upgrade their offerings with new, innovative products and services.

Key policy shifts under these three pillars —marketing, access and product—have already been made. Our annual appropriations for sustained marketing will stabilize in 2018. Air transport agreements are being reviewed and expanded. Furthermore, improvements have been made to reduce visa barriers, including lifting visa requirements for Mexican travellers and expanding the visa application network in China.

Victoria-by-the-Sea, Prince Edward Island — Tourism PEI, Stephen Harris

MANAGE— MENT DISCUSSION AND ANALYSIS

STRATEGIC PERFORMANCE

GOAL

Increase arrivals of international visitors to Canada and increase tourism export revenue

We have been actively targeting our marketing efforts towards the higher value international visitor. A lucrative segment, the international visitor tends to stay longer and spend substantially more than a domestic traveller. This high-value, high-yield segment is best poised to drive long-term prosperity for Canada's tourism businesses and the sector at large.

To measure the effectiveness of our high-yield strategy and the impact on visitation, we employ various methods for attributing our performance in the areas of consumer direct marketing and business-to-business sales. We also undertake a variety of media relations activities to tell an evocative and compelling story that makes Canada a top of mind destination.

PERFORMANCE MEASURE

	TARGET	RESULT
Attributable arrivals	1,335,000	**1,393,395**
Attributable tourism export revenue	$1.56b	**$1.81b**

Brudenell River Provincial Park, Prince Edward Island – Tourism PEI, John Sylvester

Consumer Direct

We employ a variety of evaluation methods to assess the impact of our consumer direct marketing efforts in our international markets. A third-party marketing attribution model cost-effectively estimates attributable arrivals from our leisure markets based on historical data, current performance metrics and external factors. This model was developed using the data we have been collecting on attribution since 2007 and has been vetted by independent advisors and experts. In 2017, we applied this model in South Korea, India and Japan, and as a supplementary data source in the United Kingdom (UK), Australia, France and Germany.

Given our recent re-entry into the US leisure market and therefore, a lack of available historical performance data, using the marketing attribution model was not feasible. Instead, we commissioned a third-party ad evaluation study based on statistical analysis to understand the lift in travel due to our content marketing and paid media tactics in the US.

We calibrate and augment these approaches with cutting-edge and highly accurate web-based tracking tools to determine the impact on arrivals. We applied these digital technologies in the US, UK, Australia, France and Germany to track actual travel and booking behaviours resulting from exposure to our digital and web content.

In 2017, our consumer direct marketing efforts attracted over one million travellers to Canada, resulting in visitor spending of over $1.2 billion.

Business-to-Business

Travel Trade

In addition to advertising directly to consumers as above, we also reach out to consumers indirectly through promotional activities with the travel trade, including airlines, travel agencies and tour operators. We assess actual sales resulting from our marketing partnerships with the trade in all our leisure markets. In 2017, over 78,000 bookings to Canada were secured, equating to over $200 million in visitor spending from all our leisure markets.

Wolfville, Nova Scotia

Business Events

We also track the bookings of meetings, conventions and incentive travel as a result of our efforts. Through the international promotion of Canada's diverse destinations, state-of-the-art facilities, high service levels and distinctive product experiences, our business events program positions Canada as an attractive place for international meetings and incentive trips. In 2017, our program confirmed over $321 million in international business event bookings to Canada and nearly 300,000 planned delegates.

Collectively, all three channels generated 1.39 million incremental arrivals, $1.81 billion in tourism revenue, $226 million in federal tax revenue[8], and support for nearly 13,800 tourism related jobs[9] in Canada.

8 — Calculated using data from Statistics Canada, Government Revenue Attributable to Tourism, 2016.

9 — Calculated using data from Statistics Canada, National Tourism Indicators, 4th Quarter, 2016.

Media Relations

Our global media relations programs grew consideration for Canada with travellers globally, contributing to coverage by and accolades from top media outlets. As a result of strong relationship-building and storytelling, Canada was awarded multiple prestigious titles for 2017 including:

- **Best in Travel**
  Lonely Planet
- **Destination of the Year**
  Travel + Leisure
- **Top 10 Destinations to Watch For**
  Condé Nast Traveller
- **52 Places to Go in 2017**
  The New York Times
- **The Cool List**
  National Geographic Traveller

Iqaluit, Nunavut

A notable media relations activity in 2017 was our work with partners in support of Canada 150. Together we led 16 familiarization trips for 50 journalists and influencers that resulted in 115 stories on Canadian travel experiences. Also in promotion of Canada 150, our collective public relations activity across our markets secured nearly 1,500 media stories about Canada with a reach of more than 5.7 billion and more than 464 million in social media reach.

A NOTABLE MEDIA RELATIONS ACTIVITY IN 2017 WAS OUR WORK WITH PARTNERS IN SUPPORT OF CANADA 150.

Ottawa, Ontario —Ottawa Tourism

OBJECTIVE 1

Increase demand for Canada with innovative marketing

In our various marketing programs and initiatives, we leveraged technology to tell a compelling story to keep Canada top of mind. Regardless of where a consumer went online or the device they used, we provided customized storytelling content to strike an emotional chord with global travellers and get them to put Canada on their list of places to visit.

Our active consideration measure tracks long-haul travellers in our markets who are considering visiting Canada in the next two years. It acts as a proxy for our ability to make Canada top of mind for travellers who are deciding where to take a vacation. While this measure is a difficult one to move year over year, our result of 7.6% represents an increase from our 2016 result of 6.9%.

We excelled in the number of leads we provided to our partners. Exceptional performance of our Millennial Travel Program, the success of our Connecting America program, particularly in the second half of the year, along with our amplified presence on social media contributed greatly to this result.

PERFORMANCE MEASURE

	TARGET	RESULT
Active consideration	8%	**7.6%**
Leads to partners*	1.9m	**4.3m**

**The number of potential customers we pass on to our marketing partners to convert into actual visitation. We have identified these potential travellers as having an interest in Canada and looking for destination-specific information which can be found on partner sites.*

Millennial Travel Program

As millennial travel continued to emerge as one of the fastest growing segments of the global tourism sector, we took the opportunity to use the celebration of Canada's 150th birthday in 2017 as a focus for a new program tasked with encouraging the youth travel segment in Canada to explore their own country. We also applied an international extension to this program to attract millennials in key markets to choose Canada.

Millennials are high-spending, long and frequent travellers, likely to recommend a destination and likely to be a repeat visitor over their lifetimes. The unique characters and value of this segment were pivotal in driving our decision to develop a tourism marketing campaign specifically targeted at this group.

We collaborated with Bell Media and 18 industry partners to build a massive bilingual content campaign that would challenge Canadian millennials to explore Canada's urban back-streets, communal hubs and rugged trails, and to create their own experiences along the way.

With access to Bell Media's extensive family of media properties, their MUCH and Voyage Voyage brands and their established network of star talent, the multi-media program incorporated broadcast, radio, digital and social platforms and ran from April 2016 to Canada's 150th birthday on July 1, 2017.

89%
Audience Reach

34m
Impressions

3.5m
Video Views

Toronto, Ontario —Thomas Kakareko

Key activities included the launch of the *Far & Wide* and *Infiniment Canada* websites to act as content hubs for the program. We brought more than 150 uniquely Canadian experiences to life through short-form webisodes, editorial content and offers, and enlisted over 50 social influencers to share their real-time experiences. We also produced Canada 150-themed online contests in collaboration with commercial partners.

The program was a resounding success. In addition to the incredible social media impacts and a sizable 16% lift in travel, the program positively shifted travel perceptions—significantly more Canadian millennials now say that taking a vacation in Canada by car is easier than they had believed.

Montreal, Quebec — Bell Media

Campaign Goals	Results
Reach 4.4 million Canadian millennials	7.3 million
Increase travel by 5%	16%
Generate 150,000 leads to partners	294,000

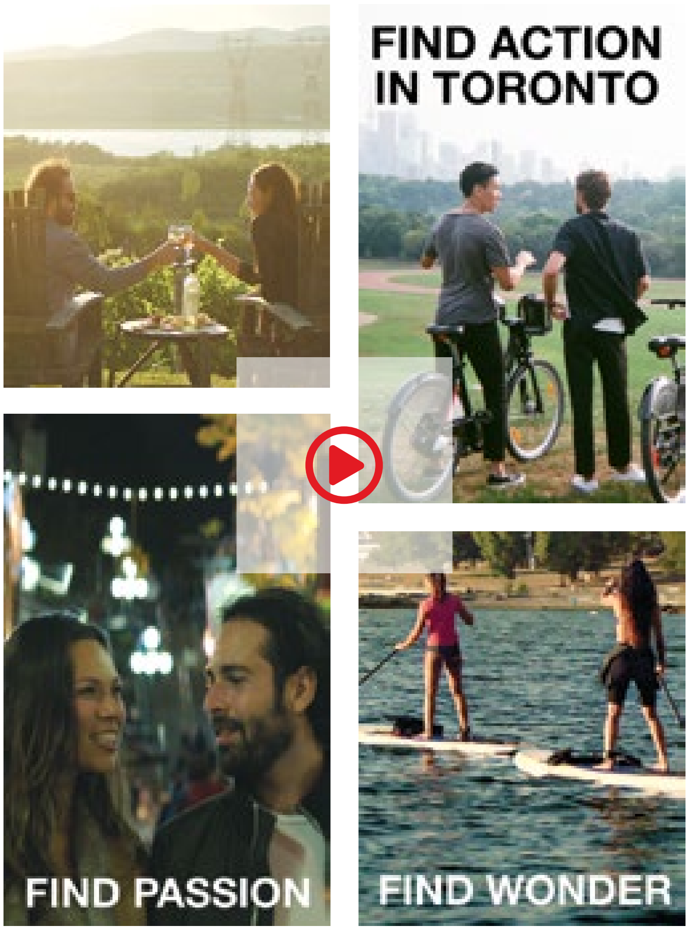
Overall the Millennial Travel Program met all its goals and was a success for us and our partners.

Reach Beyond Canada

We applied an international extension to this program to attract millennials in key markets to choose Canada. The international component was a success, and while visitation results have been integrated with overall arrivals results, the extension generated:

- 300 million in reach;
- 5 million video views;
- 250,000 leads to partners; and
- Thousands of additional bookings to Canada.

Connecting America



Our re-entry into the US Leisure market in 2016 began with Connecting America, a three-year program that promised a vibrant, unexpected and unique side of Canada to prospective American travellers. We narrowed our focus to high-yield travellers in key cities with direct air access to Canada.

Storytelling content has been the cornerstone of our strategy for this program, given its effectiveness at reaching and engaging with potential travellers. Building off the success of 2016, Connecting America in 2017 was our year to apply learnings, dig deeper into audience data, and create stronger, more relevant stories about Canada. We continued to build partnerships with influential US media brands that offered strong brand equity, influence, content creation and distribution to our target traveller. The result was focused and relevant content, often beyond the traditional travel message.

In addition to maintaining a fully-digital platform delivering individualized content, we remained agile by testing new channels like Pinterest and Instagram. This allowed us to identify top-performing tactics—like social advertisements, YouTube placements, and search—and implement real-time optimizations.

Video views 160m

Impressions 155m

Social media engagements 11m

Media stories 300+

Leads to partners 1m

Connecting America is our biggest co-investment participation program to date, generating historic and strong co-investment levels and participation from all provinces and territories, plus city, resort and commercial partners from across the country.

This unified campaign has had outstanding results to date, and is on track to deliver against our program goals by the end of 2018. Our partners have played a critical role in amplifying this program and helping to drive its success.

Connecting America is a program with traction that has differentiated and delivered visitors to Canada, particularly by air. Thanks to the Government of Canada's commitment to stabilize our funding, what began as a time-limited marketing program will now mean a permanent presence for Canada in the US leisure market beginning in 2018.

Program Goals 2015–2018	**Results** until end of 2017
1.035 million US arrivals to Canada*	924,000
$629 million in tourism revenue*	$605 million
Partner co-investment ratio of 1.25:1	1.25:1

**Original program targets of 240,000 arrivals and $155 million in tourism revenue were amended with the addition of funding from Budget 2016.*

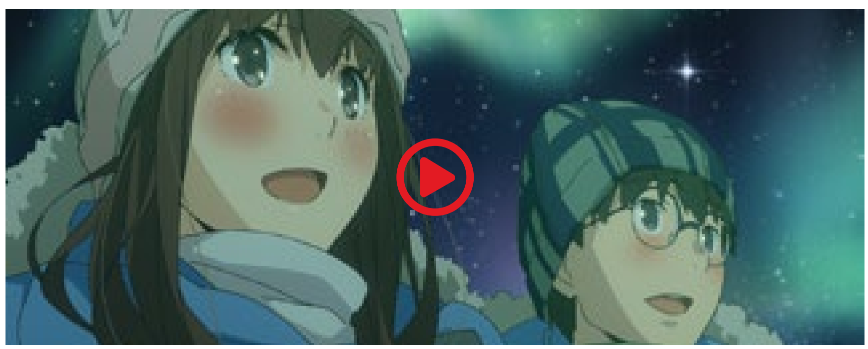
Marketing in Action

Warm Winter Canada

In 2017 we worked with the Japanese studio behind Your Name—the highest grossing anime film of all time—to create a 30-second spot highlighting the most beautiful sights of a Canadian winter.

Meant to show Japanese tourists a combination of urban and rural experiences in both temperate and seasonal climates, the tourism video captures the essence of winter in Canada as it follows the simple story of a Japanese couple's romantic journey across the Great White North.

An exciting and successful collaboration, the video had a reach of over one million and surpassed 300,000 views.



The Power of Social Media: Instagram

Our Instagram account hit one million followers in 2017, many of whom are potential travellers that engage daily with our inspirational content. It is one of our fastest growing channels and last year there were over 13 million interactions with shared content. We knew that the power of this platform could create more opportunities for our partners.

In 2017, we launched a series of initiatives designed to help partners connect with our engaged community:

- With the launch of Instagram's new feature, Instastories, we were able to drive leads to our partners for the first time through this platform. With this feature, our stories were viewed 22 million times and we drove 44,000 leads to partners.
- We developed a feature that allowed our partners to connect directly with potential travellers who were in the middle of trip planning. Partners were able to answer thousands of questions and help travellers choose Canada now.

The Food Busker

Peggy's Cove, Nova Scotia — Momme Halbe

A natural storyteller with a 'cheeky' style, John Quilter is an entrepreneur, media personality and trained chef. Also known as *The Food Busker*, John regularly shares his love of food on his YouTube channel. Amassing over one million views each month, John's engaging personality draws in the crowds and appeals to a broad spectrum in terms of audience.

Our campaign in the UK featured the gourmet adventurer on a culinary adventure across Canada. He took his followers on an epic journey from east to west and places in between, producing authentic and high-quality food and travel videos along the way. His off-the-beaten-path suggestions were a perfect fit for partner The Guardian—a daily British newspaper—which features a dedicated Canada hub around John's food and travel videos. It also features exclusive content including extended stories through interviews, itinerary suggestions, image galleries and John's own writing.

Our work with John over the last three years has led to nearly 16 million video views, proving that John's charismatic personality and influential style make this a top performing platform in the UK.

South Korea's Winter Canada Campaign

Our marketing team in South Korea followed an integrated approach when showcasing a variety of winter products to target audiences.

With a goal to drive sales to Canada, the campaign maximized connections between potential travellers and tourism product providers. It incorporated consumer facing advertising, an online contest and promotions with the travel trade. The contest garnered over 18,000 entries, and over 60 winter products from key trade partners were featured through the country's top online portal and search engine and our own digital channels.

Partners from across the country as well as a major commercial airline co-invested into the multi-channel initiative, which generated over 35 million impressions and sales of over 1,500 Canadian tourism products.

While we reflect on the marketing successes of the past year, we will continue working collaboratively with our co-investors to advance the competitiveness of Canada's tourism industry in the years ahead.

2018
YEAR OF TOURISM
L'ANNÉE DU TOURISME
中 加 旅 游 年

We look forward to a continued presence in the US leisure market, thanks to the stabilized funding made available through Budget 2017. Additionally, with 2018 designated as the Canada-China Year of Tourism, we will significantly boost our marketing presence in China. We will focus on the promotion of family-friendly and business travel from this market, and we will drive visitation during shoulder seasons and to lesser-known destinations in Canada from all our international markets.

Business Events

Meetings, conventions and incentive travel has long been a lucrative segment of business travel for Canada. Our Business Events program is charged with driving international business event visitors to Canada by providing quality leads to partners to close the sale. By hosting qualified decision-makers and influencers and participating in tradeshows across the globe, we position Canada as a stable, safe and clean destination with state-of-the-art event infrastructure.

Victoria, British Columbia

Throughout 2017, and together with our Team Canada partners, we developed business event prospects by participating in various international tradeshows. Some of the major events we attended include:

American Society of Association Executives (ASAE) Annual Meeting and Exposition

5,000 association executives experienced the best of Toronto during their annual conference. Three days of education, networking and a tradeshow allowed us and our 40 Canadian partners to tell the Why Canada story and get meeting professionals to experience Canada's culture.

IMEX America

Canada was well represented at this show, the largest hosted buyer event in the US targeting global meeting influencers. With an audience of close to 6,000 meeting professionals, we along with 62 Team Canada partners participated in 850 one-on-one meetings with buyers in the Canadian Pavilion, driving future corporate and incentive travel business to Canada.

Institute of Business Travel Management (IBTM) World

Over 5,500 global meeting influencers converged in Barcelona, allowing us and our partners to tell the Why Canada story to over 800 one-on-one hosted buyer appointments. Executive Chef Blair Rasmussen with the Vancouver Convention Centre dazzled guests in the Canadian Pavilion with local delicacies, showcasing Canada's reputation in best-in-class food and beverage.

Our work to inspire the world to meet, engage and explore in Canada through international events is well complemented and supported by our internal infrastructure. 2017 provided an opportunity to rebuild our foundations in sales and marketing, partner opportunities, data management, research and forecasting.

2017 PROVIDED AN OPPORTUNITY TO REBUILD OUR FOUNDATIONS.

Pond Inlet, Nunavut — Michelle Valberg

As part of this refresh, we expanded our existing partnership model to offer new ways to collaborate on initiatives. We also launched a digital hub to attract international meetings, conventions and incentive events to Canada. Geared towards international meeting planners and key decision-makers, the hub is one element of our comprehensive marketing communications strategy to solicit business events to Canada. Offering a quality visitor experience and easy access to relevant information, it focusses on Canada's diverse destinations and meeting and incentive experiences.

Our activities in 2017 are strong steps forward in targeting clients with the greatest potential, the highest return and the most immediate booking window.

OBJECTIVE 2

Advance the commercial competitiveness of the tourism sector

STRATEGIC PARTNERSHIPS SHAPE HOW WE WORK WITH OUR INDUSTRY TO DRIVE COLLECTIVE SUCCESS.

Edmonton, Alberta — Edmonton Tourism

Our marketing campaigns and trade programs are anchored in solid public partnerships and private sector co-investments across all our marketing channels and markets. Partnerships are integral to what we do, and by bringing together the right partners and aligning industry efforts, we help Canadian tourism businesses extend their reach and assert a greater presence internationally.

PERFORMANCE MEASURE

	TARGET	RESULT
Partner co-investment ratio	0.9:1	**1.1:1**
Percentage of partners who indicate Destination Canada activities advance their business objectives	85%	**88%**

Working Together

Forging external relationships that are strategic and commercially beneficial have the power to propel long-term success for Canada's tourism entrepreneurs.

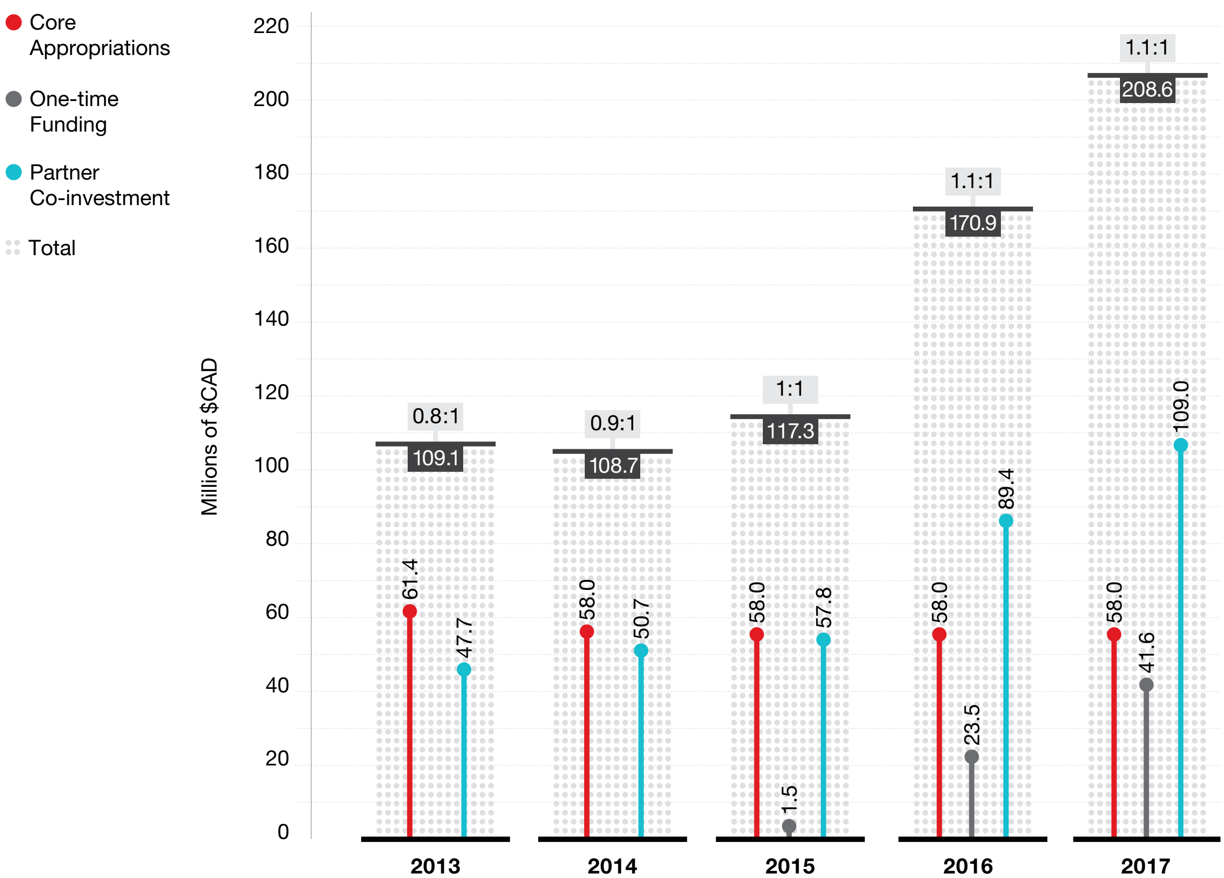
In 2017, we entered into a three-year global partnership with WestJet to align marketing strategies in shared international markets. This agreement brings together our marketing efforts with WestJet's continuing expansion of air access to grow Canada's inbound travel market.

Also in 2017, we, together with all provinces and territories, 10 major Canadian destinations and the Indigenous Tourism Association of Canada, signed multi-year commitments to better align investments and marketing in priority international markets. This historic agreement, entitled NorthStar 22, forges a path to sustainable success that is predicated on harnessing Canada's current momentum. It recognizes that improving Canada's long-term competitiveness entails coming together as a unified Team Canada for the pursuit of a collaborative, high-yield and meaningful strategy.

Essential to the success of NorthStar 22 is having a concrete understanding of what travellers are spending in Canada, what they're spending it on and where they're spending it. We've partnered with some companies in the financial services sector to provide Team Canada with consumer payment transaction data. To enhance the quality of this information, we signed an agreement with Statistics Canada in 2017 for further analysis of this data in relation to tourism statistics. This analysis will yield a highly accurate and timely picture of consumer spending habits. This initiative between Statistics Canada and Destination Canada is a concrete example of the New Tourism Vision at work to drive the competitiveness of Canada's tourism industry.

Through the above partnerships, we are working together to develop better market intelligence that will bring greater accuracy in measuring the success of initiatives and will drive better business decisions.

PARTNER CO-INVESTMENT LEVELS



Winnipeg, Manitoba — Ben Jaworskyj

Tradeshows and Media Events

Tradeshows and media platforms allow businesses in the tourism community to sell their products and experiences by connecting with travel agents, tour operators and media from international markets. Through a number of events in 2017, both at home and abroad, we facilitated global access and expanded market reach for thousands of Canada's tourism businesses.

Following every trade show, media show or business event that we host or participate in, we seek the input of our industry participants on how well we deliver programs that help to advance their business objectives. This is done via post event surveys, and the results have been long-standing indicators of the commercial relevancy of our programs.

Our result for 2017 is 88%, surpassing our target of 85%. This is a strong indicator of the value and relevancy of our programs to the industry.

TRADESHOWS AND MEDIA PLATFORMS ALLOW BUSINESSES IN THE TOURISM COMMUNITY TO SELL THEIR PRODUCTS AND EXPERIENCES.

Rendez-vous Canada

Rendez-vous Canada

Our flagship tourism industry event in Canada annually brings together Canadian tourism buyers and sellers from all over the world and provides a platform for new tourism products, networking and sharing insights.

Our premier marketplace in 2017 broke previous records with over 1,840 delegates in attendance—the most in the event's 41-year history. With representation from all provinces and territories, the event boasted 567 tourism organizations and 32 Indigenous tourism businesses promoting Canadian products and services. We also set a new high with over 29,000 appointments over the three-day marketplace.

Showcase Canada Asia

A hugely successful trade event, Showcase Canada Asia recently held in China brought 130 Canadian tourism suppliers together with 118 tourism buyers. The annual trade show promotes people-to-people ties and is a great way for Canadian tourism businesses to build relationships with Chinese buyers.

Approximately 11,700 one-on-one appointments took place over the multi-day event which also featured an increase in the number of Indigenous Canadian tourism operators from the previous year.

The event raised awareness of the 2018 Canada-China Year of Tourism. As Canada's fastest growing market, China represents a unique opportunity to showcase the myriad of experiences that Canada can offer and capitalize on the potential of China's growing and travelling middle class.

GoMedia Canada

GoMedia Canada embodies the heart and soul of Canadian storytelling. The annual event connects top Canadian and international travel media and influencers with provincial, territorial and regional Canadian tourism organizations, major hotels, attractions and transportation companies.

Together with Tourism Nova Scotia, we co-hosted the 2017 marketplace in Halifax. Featuring nearly 3,800 appointments, the event brought together 122 top-tier media from our international markets with 155 Canadian tourism industry partners. Delegates got the chance to take part in professional development opportunities and networking events, and they also participated in regional tours to experience the best of Atlantic Canada.

OBJECTIVE 3

Increase corporate efficiency and effectiveness

Advancing excellence and finding more efficient business methods is an ongoing priority for us. In 2017 we took steps to support government priorities, optimize our operating model, ensure maximum investment in programs, and ultimately increase our value to Canadians.

Niagara-on-the-Lake, Ontario — Destination Canada

PERFORMANCE MEASURE

	TARGET	RESULT
Marketing and sales ratio*	90%	**93%**

** Percentage of total expenditures, inclusive of partner cash contributions, invested in marketing and sales activities.*

Improving Efficiency

In 2017, we continued to invest the vast majority of our operating budget—a combination of our parliamentary appropriations and partner co-investment revenue—into marketing programs while minimizing spending on corporate overhead. Ninety-three percent of our expenditures were dedicated to marketing and sales, exceeding our target of 90%. This substantial shift of resources into programming has increased the percentage of our appropriation directly invested to deliver on our mandate, strengthened co-investment opportunities and improved presence in the international marketplace.

A Motivated, Talented and Innovative Workforce

Our drive to increase efficiency and minimize administrative overhead depends on a motivated, talented and innovative workforce. The people strategies and programs we have in place ensure we have the right people, with the right skills, in the right place at the right time. In 2017, we signed a five-year collective bargaining agreement with our unionized employees, which will give us greater stability and predictability in managing our operating costs and budgets.

We support a healthy and respectful workplace strategy with a focus on mental health which is a critical factor in the successful delivery of our organizational priorities.

As a part of our employee engagement and enablement plan, we promote Destination Canada as a workplace of engagement, enablement and overall good health.

Technological Efficiencies

In 2017, our focus on strengthening the organization's cyber security defense capabilities led to a number of initiatives and deliverables. These include formal cyber security awareness training for staff, the development of a strategy to deal with potential cyber threats and limiting exposure, and the development of a guide to deal with cyber security incidents. In 2018, we will continue to have focus in this area as the cyber security environment and threat levels evolve.

In line with our continuous efforts to seek efficiency and effectiveness through the use of technology, we undertook a complete review of technology usage in 2016 and 2017. As a result of this review, we have identified a number of recommendations for consideration in 2018.

RISK MANAGEMENT

As part of our strategic management process, we conduct an enterprise risk assessment and use the results of that assessment in the development of our five-year strategic plan, risk mitigation strategy and internal audit plan.

The following are the key risks to our strategic objectives along with mitigation activities undertaken. No changes were made in 2017 to our strategic risks and the residual risk levels associated with each.

● High residual risk ● Medium residual risk ● Low residual risk

Calgary, Alberta

KEY RISKS FOR OBJECTIVE 1 *Increase demand for Canada with innovative marketing*

MARKETING EFFECTIVENESS

● 2017 ● 2016

There is a risk that we are not effective at promoting Canada as a premier tourism destination.

Mitigation activities: We continued to leverage the strength of the Canada brand on the global stage. In collaboration with multiple co-investors, we deployed content-centric marketing strategies in our markets that were innovative. We consistently assessed the effectiveness of our paid, owned and earned media investments and used data to generate insights to inform our investment decisions for constant optimization. We communicated results to co-investors and industry to reinforce value and impact to the tourism industry, and we applied human and financial resources optimally.

PERFORMANCE MEASUREMENT

● 2017 ● 2016

There is a risk that we will be unable to measure the impact, effectiveness and attributable results of our marketing efforts, including the use of new marketing communications technologies in a manner that is meaningful to our stakeholders.

Mitigation activities: We utilized a series of third party tools, including attribution models and proprietary surveys of target audiences in our markets, to measure the results of our marketing efforts. We continued working with our partners and vendors to innovate and standardize performance measurement approaches where possible.

PRIVACY ● 2017 ● 2016	***The deployment of technologies based on identifying and marketing to the interests and passions of travellers requires the collection, assessment and action of travellers' consumer data. There is a risk that our activities will not meet or exceed regulatory requirements or consumer expectations around privacy.***	**Mitigation activities:** We continued to use best practices to proactively assess privacy risk and to protect privacy. We plan to implement the recommendations resulting from a thorough privacy impact assessment of our current and planned activities. We regularly review, assess and update our privacy processes and policies, as necessary.
CURRENCY ● 2017 ● 2016	***There is a risk that the impact of a lower valuation of the Canadian dollar and the resulting decreased purchasing power will result in diminished reach and reduced impact of our marketing efforts in highly competitive international marketplaces.***	**Mitigation activities:** We continued to employ a balanced portfolio approach where investments are spread across a diversified set of leisure and business markets to balance risk and maximize return.

KEY RISK FOR OBJECTIVE 2 *Advance the commercial competitiveness of the tourism sector*

GLOBAL ECONOMIC AND GEO-POLITICAL ● 2017 ● 2016	***There is a risk that global economies of the markets where we invest could experience a significant slowdown in growth, changes in the political landscape or changes in security which would impact international travel to Canada.***	**Mitigation activities:** We maintained a balanced investment approach across our portfolio of markets, and ensured that country budgets are flexible to allow reallocations if necessary. We continued to offer support, tools, assets and sales opportunities to the industry to help withstand these issues, facilitate their export readiness and help grow their businesses.

KEY RISK FOR OBJECTIVE 3 *Increase corporate efficiency and effectiveness*

CHANGE AND TALENT MANAGEMENT ● 2017 ● 2016	***There is a risk that our dynamic and changing needs for skills and talent to support our business will negatively affect the recruitment of key talent, employee engagement and succession planning, impacting the organization's efficiency and effectiveness.***	**Mitigation activities:** We continued to foster an environment where creativity and innovation were encouraged, and supported management and employees at all levels with proper tools and resources. We continued to communicate our organizational challenges, opportunities, priorities and business plans to all employees, office holders and stakeholders, and continually monitored and assessed the effectiveness of our strategies.

INTERNAL AUDIT

While our external audit is performed by the Office of the Auditor General of Canada (OAG), we have a robust internal audit function.

Our annual internal audit plan is risk-based and integrated with the enterprise risk assessment to ensure that we focus efforts on mitigating risks carrying the highest likelihood and impact.

We engage an external firm to carry out this function and the internal auditor is independent of management and reports directly to the Audit and Pension Committee of the Board of Directors.

In 2017, the internal auditor conducted the following three audits:

Audit 1 **A fraud risk assessment** based on the results of our 2014 special examination by the Office of the Auditor General of Canada. The assessment identified priority risks and recommended courses of action. In response, management has identified an action plan for implementation in 2018.

Audit 2 **An internal audit** on our level of compliance with the Travel, Hospitality, Conferences, and Events Expenditures (THCEE) policy. A core function of our business, travel is essential to deliver the best marketing campaigns to our target audiences and to provide proper oversight of our contracted agencies. Findings from this internal audit confirmed that generally, roles, responsibilities and processes were defined, documented and compliant with the THCEE policy in support of our business objectives. These findings are consistent with the OAG's findings in the 2016 annual audit report that our policies, guidelines and practices continue to align with those of the Treasury Board as required under the Section 89 Directive.

Audit 3 **A risk assessment** of our procurement and contracting policies and processes. Overall, the risk assessment found that progress had been made with respect to reducing procurement and contracting risk, and in establishing consistent processes across the organization. The recommendations include roles clarification and implementation of necessary processes and controls to minimize risk, refining contract and vendor management procedures, identifying and prioritizing opportunities for improved efficiency of procurement and legal services, and implementing enhancements within the contract review process.

Led by the Audit and Pension Committee, we have developed action plans to address the recommendations resulting from each of these audits and risk assessments in order to improve our processes and to make the policies clearer and easier to understand.

FINANCIAL OVERVIEW

Our financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS). The following paragraphs provide readers with context for our 2017 financial statements contained in the subsequent section. Detailed notes to our financial statements are also provided.

STATEMENT OF FINANCIAL POSITION

Financial assets increased by $7.7 million or 21% driven by an increase in accounts receivable of $4.3 million related to increased partnership revenues for programs completed and invoiced during 2017. It also included $3.0 million due from other Government of Canada entities, with the vast majority relating to an ongoing GST/HST audit of net taxes refundable from the Canada Revenue Agency ("CRA") (see Note 15 to the financial statements).

Total liabilities increased by $6.6 million or 32% from 2016. This increase was driven primarily by an increase in trade accounts payable, which is in line with the increase in partnership revenue and associated spending.

Offsetting this increase, deferred revenue was $1.4 million below 2016's levels as most of our partnership agreements are for the calendar year, and the Millennial Travel Program, one of our major multi-year campaigns concluded in 2017 in conjunction with the Canada 150 celebrations. In addition, our leasehold inducements in our Vancouver headquarters continues to be amortized over the term of the lease, resulting in a reduction of $124,000 during 2017.

Non-financial assets increased by $0.5 million or 14% over 2016. The increase reflects a higher level of prepaid expenses, which includes prepaid rent and insurance, and the timing of the payment of retainer fees to our General Sales Agents (GSAs).

We are financially well positioned with an accumulated surplus of $21.4 million as at December 31, 2017, a $1.6 million surplus realized during the year. Part of the surplus is earmarked for our pension de-risking strategy, another portion relates to tangible capital assets with a longer estimated useful life, such as leasehold improvements, and the balance is from certain deferred spending in marketing campaigns and lower than expected salary and corporate services costs.

STATEMENT OF OPERATIONS

Tatshenshini-Alsek Provincial Park, British Columbia — Noel Hendrickson

We report a modest $1.6 million surplus for the year ended December 31, 2017. The 2017 budget in our Corporate Plan had planned for a deficit of $4.2 million driven by a material expense from the sale of the defined benefit component of the Registered Pension Plan, which did not materialize in 2017. Total revenues exceeded our budget by $9.0 million while expenditures were $3.2 million higher than planned. The additional revenue is the result of higher cash partnership revenues as our team continues to show the tourism industry our value, resulting in a higher level of engagement and co-investment from many different types of partners. 100% of these additional revenues were invested directly into marketing programs and campaigns. These revenues contribute to the total co-investment from partners, which is a performance measure under Objective 2.

Parliamentary Appropriations

We are funded primarily by Government of Canada parliamentary appropriations. In 2017, we received three sources of appropriations for a total of $99.6 million:

- an ongoing base appropriation of $58.0 million;
- $10.0 million for Connecting America; and
- $31.6 million from the 2016 Federal Budget for Marketing Canada as a Premier Tourism Destination.

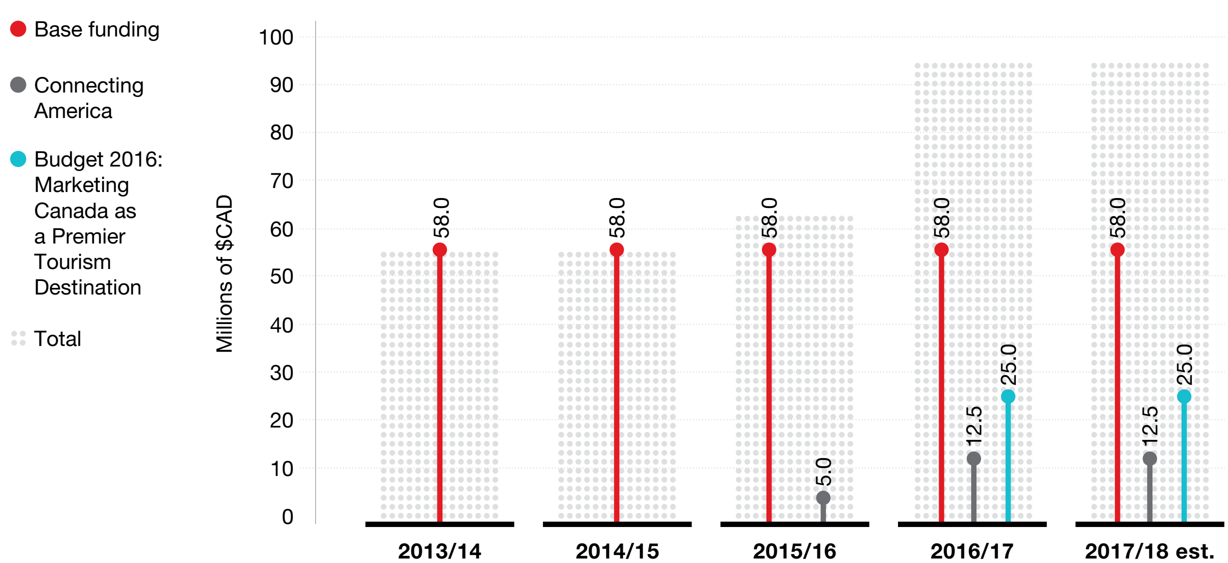
The 2017 Federal Budget announced that the originally temporary, special one-time funding streams for Connecting America and Marketing Canada as a Premier Tourist Destination were confirmed as on-going, permanent funding for the next government fiscal year ending March 31, 2019.

For 2017, the temporary funding for Connecting America is considered a 'restricted appropriation' and described more fully in Note 2 to the financial statements. In 2018, all appropriations will be in the base appropriation, and we will no longer require separate disclosures for restricted appropriations.

The chart below shows the total appropriated funds from the Government of Canada for the past five government fiscal years. Starting in 2018/19, our entire appropriation from 2017/18 will be base funding, which will allow for better forward planning, multi-year planning and partnership agreements. In spite of this confirmed funding, we continue to seek improved operational efficiencies to deliver our mandate in a scalable, effective and adaptable way.

As our fiscal year ends December 31 and the federal government year-end is March 31, we draw funding from two government fiscal years.

PARLIAMENTARY APPROPRIATIONS BY GOVERNMENT FISCAL YEAR



Partner Cash Revenues

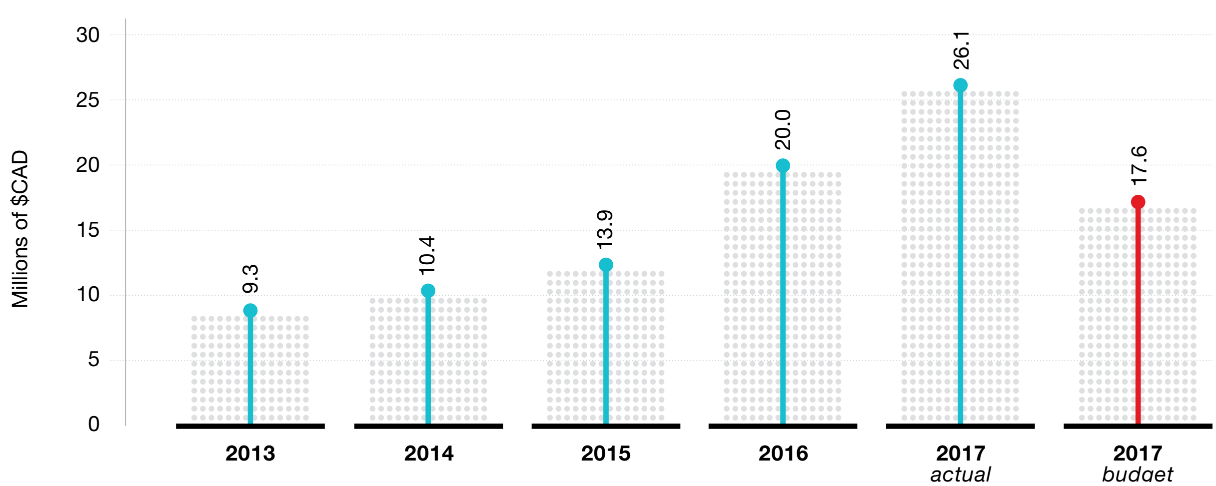
We leverage the power of appropriated funding by engaging other organizations to co-invest in Destination Canada-led campaigns.

Through these agreements, partner organizations join us in funding initiatives, whether through cash or in-kind contributions, to market the Canada brand. Per our accounting policy in Note 2 of the financial statements, only the cash partnership contributions are recognized as revenues in our statement of operations. In 2017, total partner co-investment including cash, in-kind and third party was $109 million, an increase of 22% from 2016 levels and representing a record for us as the most successful year ever.

In 2017, the cash portion of these contributions represented approximately $26.1 million of partner co-investment. As shown in the accompanying graph, our partner revenues continue to grow. Over the year, we continued expanding partnerships with provincial and territorial marketing organizations, destination marketers, media publishers, non-traditional partners and tourism associations. The measure of our success is a $6.0 million, or 30%, increase in partner revenues over 2016.

Our most significant increase in cash partner revenues is in the Connecting America marketing initiative of $7.7 million, up from $5.6 million in 2016. Partnership revenues increased significantly in the following markets: China for $4.5 million, Business Events Canada for $3.0 million, the Millennial Travel Program for $2.5 million, and the UK for $2.2 million.

PARTNER CASH REVENUES



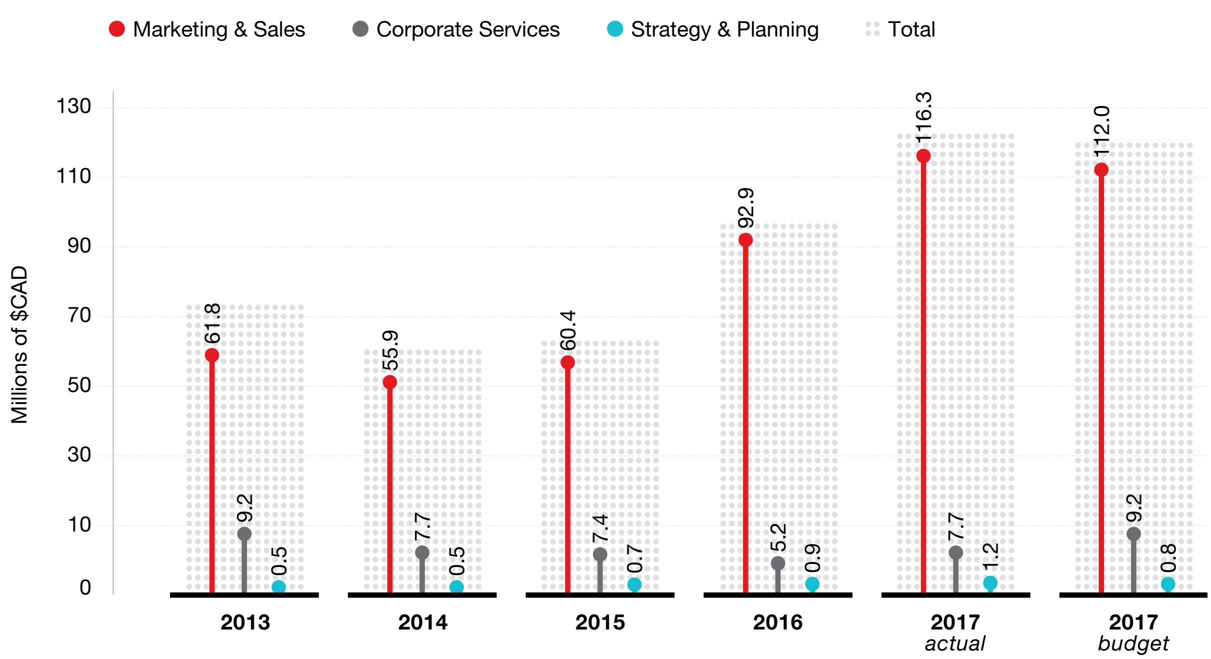
Expenses

Total expenses (excluding amortization) increased by $26.3 million to $125.2 million in 2017, a 26% increase over last year. This increase was driven by additional spending in support of two special initiatives: Connecting America and Marketing Canada as a Premier Tourism Destination.

Our corporate services costs (excluding amortization) increased by $2.6 million compared to 2016. The 2017 expenses of $7.7 million represent 6% of total expenditures, excluding amortization instead of the 7% budgeted. 2016 represents an anomaly as our corporate services spending lagged behind the increase in temporary funding for Connecting America and Marketing Canada as a Premier Tourist Destination, whereas in 2017 we were better prepared to begin the year with the appropriate resources in place for both these special initiatives. We continue to spend the vast majority of our funding in marketing and sales (93%), and continue to leverage efficiencies from the success of our corporate efficiency initiative.

As the special funding for Connecting America and Marketing Canada as a Premier Tourism Destination are now confirmed, we can better budget and put in place resources for these programs and may notice a slight increase in Corporate Services as a percentage of expenses in 2018, followed by a plateauing out of these costs in future years once our funding is stabilized at the new base level of $95.7 million per government fiscal year.

EXPENSES (EXCLUDING AMORTIZATION)



Calgary, Alberta — Katie Orlinsky

PERFORMANCE MEASURES

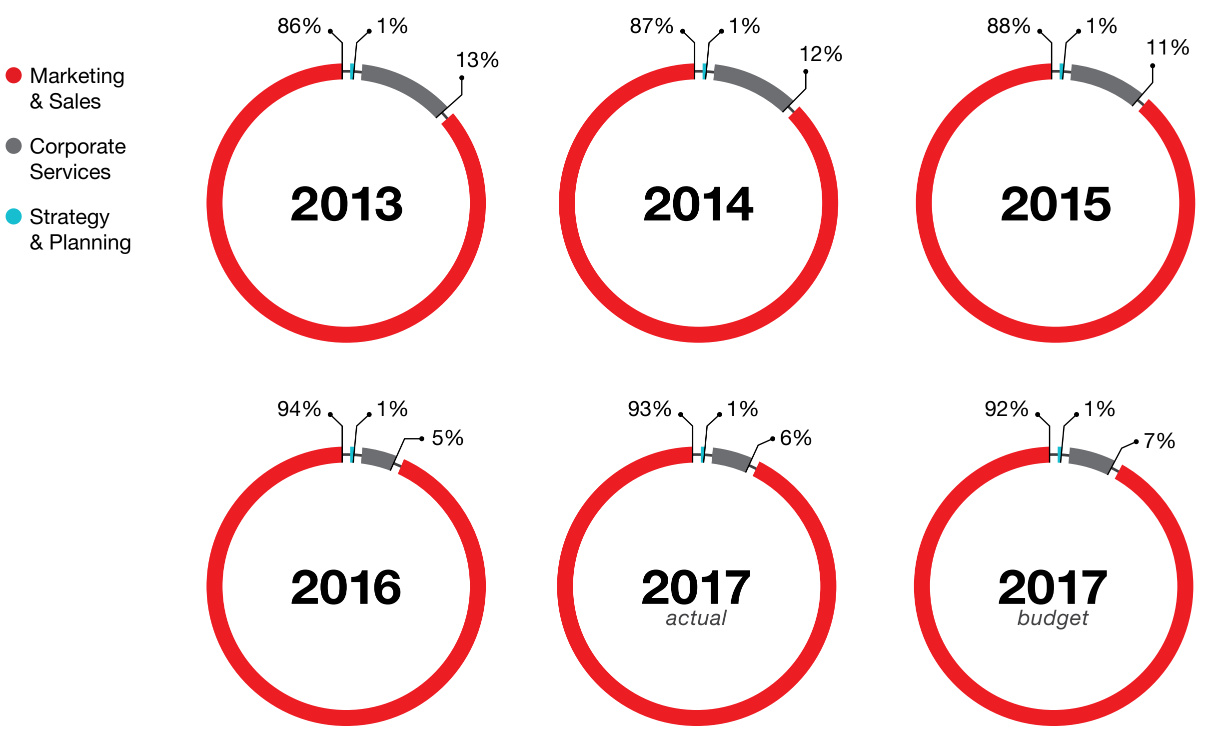
Standing Buffalo First Nation Powwow, Saskatchewan — Tourism Saskatchewan, Greg Huszar Photography

Marketing and Sales as a Percentage of Overall Expenses

As a measure of corporate efficiency and effectiveness, we set a higher target compared to previous years, requiring 90% of all expenditures to be invested in marketing and sales. Subsequently, this target was increased to 92% during the year as shown in the attached graph to reflect additional stretch.

In 2017, we exceeded this target with 93% of expenses directed into marketing and sales. This reflects the success of our significant and ongoing efforts to improve efficiency throughout our operations. The accompanying graph illustrates the breakdown of our expenses into marketing and sales, corporate services and strategy and planning.

TYPES OF EXPENSES AS PERCENTAGE OF TOTAL EXPENSES

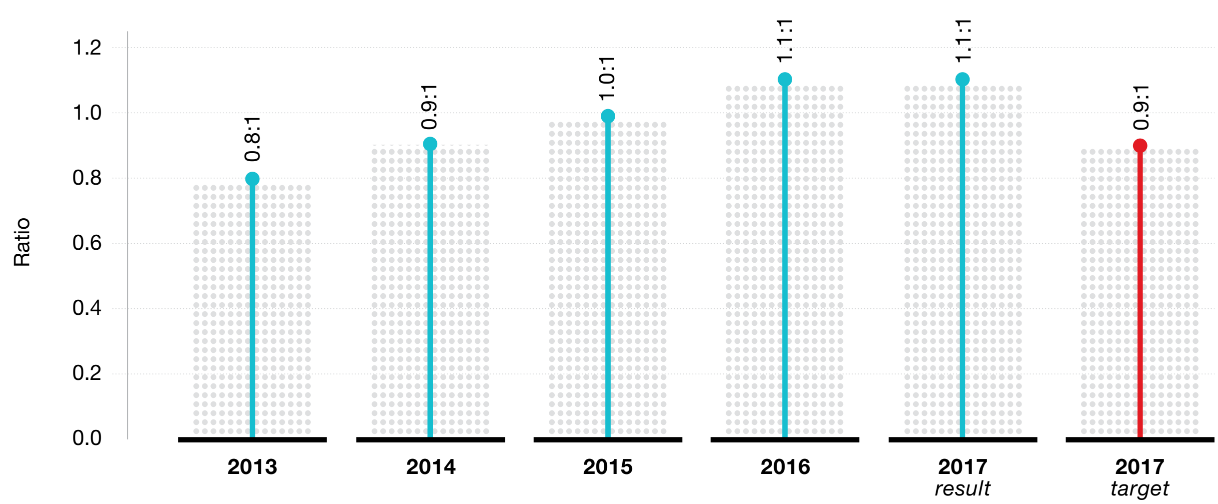


Partnership Revenue to Appropriation Ratio

We intend to continue growing the value of partnership revenues.

In 2017, we set a target requiring a ratio of 0.9:1, as our parliamentary appropriation increased substantially and each of our partners has a finite budget, and some had reductions in their budgets compared to past years. This metric is the ratio of partner contributions to every dollar of our government funding. In 2017, we exceeded the target with a ratio of 1.1:1, which is a testament to the work of each of our in-market teams, Industry Partnerships team, and the NorthStar 22 initiative. The results of NorthStar started to materialize in improved partnership engagement and investment in 2017, which was one year earlier than originally anticipated when our budget was finalized.

PARTNER RATIO



EMPLOYEE PENSION PLANS

We offer competitive pension and benefit plans to our employees. Details regarding employee future benefit plans are provided in Note 8 of the financial statements. Our Canadian pension plan includes both defined contribution and defined benefit (DB) components.

Defined Benefit Pension

At one time all our employees were enrolled in a DB pension plan. Beginning in August 2005, all new Canadian employees were enrolled in a defined contribution pension plan. In 2017, there were only three active members remaining in the DB component of the registered pension plan for Canadian employees. These members were transferred to the defined contribution pension plan effective December 30, 2017.

Defined Contribution Pension Plan for Canadian Employees

The defined contribution component was established for Canadian employees hired on or after August 1, 2005. Our contributions under the defined contribution component are equal to a percentage of the employee's contributions to a group registered retirement savings plan on a 50:50 ratio basis. The percentage matched varies based on age plus service of the employee.

Supplemental Retirement Plan

The supplemental retirement plan (SRP) provides pension benefits in excess of statutory limits for certain Canadian staff. Prior to 2013, we used a letter of credit to secure the value of the unfunded benefit (the difference between the projected liabilities and the value of the assets). The SRP is fully funded. Based on an actuarial valuation completed in September 2017, the SRP continues to be fully funded and no contributions were required to be remitted in 2017.

Government of Canada Pension Directive

Ensuring that public sector pension plans are affordable, sustainable and more in line with private sector benefits is an initiative of the Government of Canada. In 2015, Crown corporations, including Destination Canada, were issued a directive to reform employee pension plans by the end of 2017, including adjusting the cost sharing ratio and the age of retirement.

We have completed pension plan amendments as required and notified all pension plan members following consultation with the Union. By the end of 2017, we had completed the process to be in full compliance with this directive.

Quebec City, Quebec

FINANCIAL STATE— MENTS

The following financial statements and notes reflect our legal name, "Canadian Tourism Commission".

MANAGEMENT RESPONSIBILITY STATEMENT

March 8, 2018

The management of the Canadian Tourism Commission (the "CTC") is responsible for the performance of the duties delegated to it by the Board of Directors. These include the preparation of an Annual Report together with audited financial statements. Management is responsible for preparation of these financial statements in accordance with Canadian public sector accounting standards. Other financial and operational information appearing elsewhere in the Annual Report is consistent with that contained in the financial statements.

Management is responsible for maintaining internal accounting control systems designed to provide reasonable assurance that relevant and reliable financial information is produced and that transactions comply with the relevant authorities.

Management is also responsible for maintaining financial and management control systems and practices designed to ensure the transactions are in accordance with Part X of the *Financial Administration Act* and regulations, the *Canadian Tourism Commission Act*, and by-laws of the CTC. These systems and practices are also designed to ensure that assets are safeguarded and controlled, and that the operations of the CTC are carried out effectively. In addition, the Audit and Pension Committee, appointed by the Board of Directors, oversees the internal audit activities of the CTC and performs other such functions as are assigned to it.

The CTC's external auditor, the Auditor General of Canada, is responsible for auditing the financial statements and for issuing his report thereon.

DAVID F. GOLDSTEIN
President and
Chief Executive Officer

ANWAR CHAUDHRY
Senior Vice-President,
Finance and Risk Management,
and Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

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

TO THE MINISTER OF SMALL BUSINESS AND TOURISM

Report on the Financial Statements

I have audited the accompanying financial statements of the Canadian Tourism Commission, which comprise the statement of financial position as at 31 December 2017, and the statement of operations, statement of remeasurement gains and losses, statement of change in net financial assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Canadian Tourism Commission as at 31 December 2017, and the results of its operations, its remeasurement gains and losses, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

As required by the *Financial Administration Act*, I report that, in my opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Canadian Tourism Commission that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canadian Tourism Commission Act*, the by-laws of the Canadian Tourism Commission, and the directives issued pursuant to section 89 of the *Financial Administration Act*.

MICHAEL B. ROBICHAUD, CPA, CA
Principal
for the Auditor General of Canada

8 March 2018
Vancouver, Canada

STATEMENT OF FINANCIAL POSITION

As at December 31, 2017 (in thousands)

	Note	Dec. 31, 2017	Dec. 31, 2016
Financial assets			
Cash and cash equivalents	4	$ 22,830	$ 21,288
Accounts receivable			
Partnership contributions		5,603	1,353
Government of Canada		4,007	1,034
Other		23	26
Accrued benefit asset	8	12,114	13,051
Portfolio investments	5	372	463
		44,949	37,215
Liabilities			
Accounts payable and accrued liabilities			
Trade		18,766	11,049
Employee compensation		1,394	1,215
Government of Canada		188	81
Accrued benefit liability	8	5,978	5,919
Deferred revenue		122	1,476
Deferred lease inducements		807	931
Asset retirement obligation		164	164
		27,419	20,835
Net financial assets		17,530	16,380
Non-financial assets			
Prepaid expenses and other assets		2,163	1,402
Tangible capital assets	7	1,687	1,974
		3,850	3,376
Accumulated surplus	10	$ 21,380	$ 19,756

Commitments and Contingencies (Notes 14 and 15); The accompanying notes form an integral part of these financial statements.

Approved on behalf of the Board of Directors,

BEN COWAN-DEWAR
Director

PAT MACDONALD
Director

STATEMENT OF OPERATIONS

For the year ended December 31 (in thousands)

	Note	Budget 2017	2017	2016
Revenues				
Partner revenues		$ 17,551	$ 26,057	$ 20,010
Other		1,002	1,538	1,232
		18,553	27,595	21,242
Expenses	12			
Marketing and sales	11	111,971	116,308	92,876
Corporate services		9,157	7,730	5,181
Strategy and planning		822	1,156	916
Amortization of tangible capital assets		397	365	311
		122,347	125,559	99,284
Net cost of operations before funding from the Government of Canada		(103,794)	(97,964)	(78,042)
Parliamentary appropriations	9	99,565	99,570	81,476
Surplus / (Deficit) for the year		(4,229)	1,606	3,434
Accumulated operating surplus, beginning of year		19,809	19,809	16,375
Accumulated operating surplus, end of year		$ 15,580	$ 21,415	$ 19,809

The accompanying notes form an integral part of these financial statements.

STATEMENT OF REMEASUREMENT GAINS AND LOSSES

For the year ended December 31 (in thousands)

	2017	2016
Accumulated remeasurement gain / (loss), beginning of year	$ (53)	$ 593
Unrealized loss attributable to foreign exchange	(35)	(53)
Amounts reclassified to the statement of operations	53	(593)
Net remeasurement gain / (loss) for the year	18	(646)
Accumulated remeasurement loss, end of year	$ (35)	$ (53)

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the year ended December 31 (in thousands)

	Note	Budget 2017	2017	2016
Surplus / (Deficit) for the year		$ (4,229)	$ 1,606	$ 3,434
Acquisition of tangible capital assets	7	(145)	(78)	(497)
Amortization of tangible capital assets	7	397	365	311
		252	287	(186)
Effect of change in other non-financial assets				
Increase in prepaid expenses		—	(761)	(253)
		—	(761)	(253)
Net remeasurement gain / (loss)		—	18	(646)
Increase / (Decrease) in net financial assets		(3,977)	1,150	2,349
Net financial assets, beginning of year		16,380	16,380	14,031
Net financial assets, end of year		$ 12,403	$ 17,530	$ 16,380

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended December 31 (in thousands)

	Note	2017	2016
Operating transactions:			
Cash received from:			
Parliamentary appropriations used to fund operating and capital transactions	9	$ 99,570	$ 81,476
Partners		20,453	22,140
Other		1,275	2,046
Interest		278	151
		121,576	105,813
Cash paid for:			
Cash payments to suppliers		(107,008)	(86,723)
Cash payments to and on behalf of employees		(13,042)	(12,898)
Cash provided by operating transactions		1,526	6,192
Capital transactions:			
Acquisition of tangible capital assets		(78)	(931)
Cash used in capital transactions		(78)	(931)
Investing transactions:			
Disposition of portfolio investments		76	57
Cash provided by investment transactions		76	57
Net remeasurement gain / (loss) for the year		18	(646)
Net increase in cash during the year		1,542	4,672
Cash and cash equivalents, beginning of year		21,288	16,616
Cash and cash equivalents, end of year		$ 22,830	$ 21,288

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. AUTHORITY, OBJECTIVES AND DIRECTIVES

The Canadian Tourism Commission (the "CTC") was established on January 2, 2001 under the *Canadian Tourism Commission Act* (the "Act") and is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*. The CTC is for all purposes an agent of her Majesty in right of Canada. As a result, all obligations of the CTC are obligations of Canada. The CTC is not subject to income taxes.

As stated in section 5 of the Act, the CTC's mandate is to:

- sustain a vibrant and profitable Canadian tourism industry;
- market Canada as a desirable tourist destination;
- support a cooperative relationship between the private sector and the governments of Canada, the provinces and the territories with respect to Canadian tourism; and
- provide information about Canadian tourism to the private sector and the governments of Canada, the provinces and the territories.

In December 2014, the CTC was issued directive PC 2014-1378 pursuant to section 89 of the *Financial Administration Act* directing the CTC to implement pension plan reforms. These reforms are to ensure that pension plans of Crown corporations provide a 50:50 current service cost-sharing ratio between employee and employer for pension contributions by December 31, 2017. The 50:50 cost-sharing ratio has been fully implemented as of December 31, 2017.

In July 2015, the CTC was issued directive PC 2015-1109 pursuant to section 89 of the *Financial Administration Act* to align its travel, hospitality, conference and event expenditures policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations, and to report on the implementation of this directive in the CTC's next corporate plan. The CTC implemented its new Travel, Hospitality, Conference, and Event Expenditures Policy on August 21, 2015 which complied with the requirements of the directive.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian public sector accounting standards ("PSAS").

Significant accounting policies are as follows:

a) Parliamentary appropriations

The CTC is mainly financed by the Government of Canada through parliamentary appropriations. Parliamentary appropriations used to fund core operations and capital expenditures are considered unrestricted and recognized as revenues when the appropriations are authorized and any eligibility criteria are met. Parliamentary appropriations used to fund one-time activities, such as Connecting America, are considered restricted. Restricted appropriations have eligibility criteria and stipulations that give rise to an obligation that meets the definition of a liability. Restricted appropriations are recognized as deferred revenue when the stipulation gives rise to a liability. Restricted appropriation revenue is recognized as the stipulation liabilities are settled. As a result of the CTC's year-end date (December 31) being different than the Government of Canada's year end date (March 31), the CTC is funded by portions of appropriations from two Government fiscal years. Refer to Note 9.

The CTC will have a deferred parliamentary appropriations balance at year-end when the restricted funding received for the period exceeds the restricted appropriations recognized for the related fiscal period. The CTC will have a parliamentary appropriations receivable balance when restricted appropriations recognized exceed the restricted funding received.

The CTC does not have the authority to exceed approved appropriations.

b) Partnership contributions

The CTC conducts marketing activities in partnership with a variety of Canadian and foreign organizations. Where the CTC assumes the financial risks of conducting a marketing activity, contributions received from a partnering organization are recognized in income when the related marketing activity takes place. Partnership contributions received for which the related marketing activity has not yet taken place are recognized as deferred revenue.

c) Other revenues

Other revenues consist of cost recoveries from co-location partners, interest revenues, capital asset sales and other miscellaneous revenues. These items are recognized as revenue in the period in which the transaction or event occurred that gives rise to the revenue.

d) Foreign currency translation

Monetary assets and monetary liabilities denominated in foreign currencies are translated into Canadian dollars at the applicable year-end exchange rate. Non-monetary assets and non-monetary liabilities denominated in foreign currencies are translated into Canadian dollars at historical exchange rates. Revenue and expense items are translated during the year at the exchange rate in effect on the date of the transaction. Amortization expenses of tangible capital assets are translated at historical rates to which the assets relate. Realized gains and losses are considered Operating Expenses and are included in the Statement of Operations as Corporate Services. Unrealized gains and losses are reported on the Statement of Remeasurement Gains and Losses and in the Statement of Change in Net Financial Assets. The CTC does not hedge against the risk of foreign currency fluctuations.

e) Cash and cash equivalents

Cash and cash equivalents include cash in bank and a money market term deposit. These items are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Refer to Note 4.

f) Portfolio investments

Portfolio investments are measured at amortized cost. Interest income related to these investments is calculated based on the effective interest method. Refer to Note 5.

g) Prepaid expenses

Payments made prior to the related services being rendered are recorded as a prepaid expense. Prepaid expenses are recognized as an expense as the related services are rendered. Prepaid expenses consist of program and operating expenses such as subscriptions and tradeshow expenditure.

h) Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization and the amount of any write-downs or disposals. Tangible capital assets are written down when conditions indicate they no longer contribute to the ability to provide services and are accounted for as expenses in the Statement of Operations.

Tangible capital assets are amortized on a straight-line basis over the estimated useful life of the assets as follows:

Leasehold improvements	remaining term of lease
Office furniture	5 years
Computer hardware	3 years
Computer software	5 years

Intangible assets are not recognized in these financial statements.

i) Deferred revenue

Deferred revenue consists of contributions from partnering organizations and restricted appropriations received from the Government of Canada. When contributions are received from partnering organizations, it is recognized as deferred revenue until the related marketing activity or event has taken place. When restricted appropriations are received from the Government of Canada, it is recognized as deferred revenue until the criteria and stipulations are met that gave rise to the liability. As at December 31, 2017 and 2016, the deferred revenue balance is solely made up of deferred contributions from partnering organizations.

j) Deferred lease inducements

Deferred lease inducements consist of various office lease inducements including reimbursement of leasehold improvement costs and free rent periods. These inducements are deferred and recognized as a straight-line reduction to office lease expenses over the term of the lease.

k) Asset retirement obligation

Asset retirement obligation consists of decommissioning costs for various office leases. The CTC recognizes asset retirement obligations as a result of legal obligations to restore leased office spaces back to their original states at the end of the lease term. Asset retirement obligations are measured initially at fair value, based on management's best estimates, with the resulting amount capitalized into the carrying amount of the related asset. The capitalized asset retirement cost is amortized on a straight-line basis over the term of the lease. The amortization expense is included in corporate services in determining the net cost of operations. Refer to Note 7.

l) Employee future benefits

The CTC offers a number of funded, partly funded and unfunded defined benefit pension plans, other unfunded defined benefit plans (which include post-employment benefits, post-retirement benefits and non-vested sick leave), as well as defined contribution pension plans. The pension plans include a statutory plan, a supplemental plan and a plan to cover certain employees working outside of Canada. Other benefit plans include post-employment severance benefits and post-retirement health, dental and life insurance benefits and non-vested sick leave. The defined benefit pension plans provide benefits based on years of service and average pensionable earnings at retirement. The defined benefit component of the statutory plan and the supplemental plan has been closed effective December 30, 2017 and benefits and service of plan participants are frozen as of that date. The CTC funds certain pension plans annually based on actuarially determined amounts needed to satisfy employee future benefit entitlements under current benefit regulations. Cost of living adjustments are automatically provided for retirees in accordance with Consumer Price Index increases.
The costs and obligations of the defined benefit plans are actuarially determined using the projected benefit method prorated on service that incorporates management's best estimates of the rate of employee turnover, the average retirement age, the average cost of claims per person, future salary and benefit levels, expected return on plan assets, future medical costs, and other actuarial factors. For the purposes of calculating the expected return on plan assets, those plan assets are based on the market value of plan assets.

Past service costs arising from plan amendments are recognized in the years of which the plan amendment occurred.

Actuarial gains and losses are amortized over expected average remaining service lifetime ("EARSL") of active employees. If no active employees are remaining, actuarial gains and losses are amortized fully in the next fiscal year. For 2017, EARSL has been determined to be 7.6 years (8.6 years – 2016) for the Registered Pension Plan for Employees of the CTC ("RPP"), 0.0 years (0.0 years – 2016) for the Supplementary Retirement Plan for certain employees of the CTC ("SRP"), 11.2 years (12.2 years – 2016) for the Pension Plan for Employees of the CTC in Japan, South Korea and China ("WWP"), 7 years (7 years – 2016) for non-pension post-retirement benefits, 13 years (13 years – 2016) for severance benefits and 13 years (13 years – 2016) for sick leave benefits.

Employees working in the UK and the US participate in the Department of Foreign Affairs defined benefit pension plans administered by the Government of Canada. The assets of these plans cannot be allocated among participating employers, and as such, these plans are deemed "multi-employer" plans and accounted for as defined contribution plans. The CTC's contributions to these plans reflect the full benefit cost of the employer. These amounts vary depending upon the plan and are based on a percentage of the employee's gross earnings. Contributions may change over time depending on the experience of the plans since the CTC is required under present legislation to make adjustments for the rate of contributions to cover any actuarial deficiencies of these plans. Contributions represent the total pension obligations of the CTC for these employees and are charged to operations during the year in which the services are rendered.

m) Financial instruments

Financial assets consist of cash and cash equivalents, accounts receivable, and portfolio investments, while financial liabilities consist of accounts payable and accrued liabilities. Financial assets and financial liabilities are measured at amortized cost, which approximates their fair value.

n) Measurement uncertainty

The preparation of financial statements in accordance with Canadian PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expense during the reporting periods. Actual results could differ significantly from those estimates. The most significant estimates involve the determination of the employee future benefits liability and related accrued benefit asset, the useful lives for amortization of tangible capital assets, the fair value of the asset retirement obligation and contingencies.

o) Related party transactions

Through common ownership, the CTC is related to all Government of Canada created departments, agencies and Crown corporations. The CTC's transactions with these entities are in the normal course of operations and are measured at the exchange amount.

p) Services provided without charge and partnership contributions in-kind

Audit services are provided without charge from the Office of the Auditor General of Canada to the CTC for the annual audit of the financial statements. In the normal course of business, the CTC receives in-kind contributions from its partners including the transfer of various types of goods and services to assist in the delivery of programs. The audit services and the in-kind contributions from partners are not recognized in the financial statements.

3. FUTURE ACCOUNTING CHANGES

The following standards will be mandatorily effective for the CTC on January 1, 2018:

- PS 2200 *Related party disclosures*:
  This new standard defines a related party and establishes disclosures required for related party transactions.
- PS 3210 *Assets*:
  This section provides guidance for applying the definition of assets set out in PS 1000 Financial Statement Concepts and establishes general disclosure for assets.
- PS 3320 *Contingent assets*:
  This section defines and establishes disclosure standards on contingent assets.
- PS 3380 *Contractual rights*:
  This section defines and establishes disclosure standards on contractual rights.
- PS 3420 *Inter-entity transactions*:
  This section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

The following standard will be mandatorily effective for the CTC on January 1, 2019:

- PS 3430 *Restructuring transactions*:
  This section defines a restructuring transaction and establishes standards for recognizing assets and liabilities transferred in a restructuring transaction.

The CTC is currently assessing the impact of these standards on its financial statements.

4. CASH AND CASH EQUIVALENTS

(in thousands)	**2017**	**2016**
Cash in bank	$ 22,312	$ 20,878
Money market term deposit	518	410
Total cash and cash equivalents	$ 22,830	$ 21,288

5. PORTFOLIO INVESTMENTS

The CTC holds portfolio investments consisting of Canadian provincial governmental bonds with maturity dates staggered between 2019 and 2031:

(in thousands)

Issuer	**Maturity Date**	**Cost**	**Interest Accrued to Date**	**Carrying Value**	**Market Value**	**Maturity**
Province of Quebec	01-Dec-19	$ 76	$ 14	$ 90	$ 91	$ 94
Province of Nova Scotia	02-Dec-21	60	13	73	75	82
Province of Ontario	02-Dec-23	47	12	59	60	70
Province of Ontario	02-Dec-25	51	14	65	67	84
Province of British Columbia	18-Dec-28	32	9	41	43	59
Province of Ontario	02-Dec-31	33	11	44	46	70
		$ 299	$ 73	$ 372	$ 382	$ 459

6. FOREIGN CURRENCY TRANSLATION

The CTC is exposed to currency risk as a significant portion of its revenues and expenses are earned or incurred, and subsequently received or paid in currencies other than Canadian dollars. Currency risk arises due to fluctuations in foreign exchange rates, which could affect the CTC's financial results. The CTC does not hedge against fluctuations in foreign exchange rates and accepts the operational and financial risks associated with any such fluctuations.

The undernoted accounts excluding Canadian-denominated balances comprise the following currencies as at December 31, 2017:

Currency *(in thousands)*	**Cash**		**Accounts receivable**		**Accounts payable and accrued liabilities**	
	Currency units	**Canadian equivalent**	**Currency units**	**Canadian equivalent**	**Currency units**	**Canadian equivalent**
Australian Dollars	251	$ 246	—	$ —	55	$ 53
Chinese Yuan	5,446	1,050	—	—	17,390	3,352
Euros	1,063	1,598	10	15	321	482
Great Britain Pounds	651	1,103	—	—	252	427
Japanese Yen	11,797	131	—	—	73,005	814
Mexican Pesos	458	29	—	—	11	1
South Korean Won	38,313	45	—	—	—	—
United States Dollars	1,999	2,509	36	45	278	349
Total Canadian equivalent		$ 6,711		$ 60		$ 5,478

At December 31, 2017, if the above foreign currencies had strengthened by 10 percent against the Canadian dollar, with all other variables held constant, the unrealized foreign exchange gain would have increased by approximately $128,000 (increased by $57,000 – 2016). If the above foreign currencies had weakened by 10 percent against the Canadian dollar, with all other variables held constant, the unrealized foreign exchange gain would have decreased by approximately $128,000 (decreased by $57,000 – 2016). The amount of realized foreign exchange losses recorded under "Corporate services" on the statement of operations in 2017 is $211,000 (gains of $208,000 – 2016).

7. TANGIBLE CAPITAL ASSETS

* Asset retirement costs are included in the cost of tangible capital assets and accumulated amortization.

(in thousands)	Computer Hardware	Computer Software	Leasehold Improve-ments*	Office Furniture	2017 Total
Cost of tangible capital assets, opening	$ 550	$ 19	$ 1,980	$ 275	$ 2,824
Acquisitions	69	—	9	—	78
Cost of tangible capital assets, closing	619	19	1,989	275	2,902
Accumulated amortization, opening	330	16	386	118	850
Amortization expense	110	1	209	45	365
Accumulated amortization, closing	440	17	595	163	1,215
Net book value	$ 179	$ 2	$ 1,394	$ 112	$ 1,687

* Asset retirement costs are included in the cost of tangible capital assets and accumulated amortization.

(in thousands)	Computer Hardware	Computer Software	Leasehold Improve-ments*	Office Furniture	2016 Total
Cost of tangible capital assets, opening	$ 327	$ 19	$ 1,706	$ 275	$ 2,327
Acquisitions	223	—	274	—	497
Cost of tangible capital assets, closing	550	19	1,980	275	2,824
Accumulated amortization, opening	265	15	188	71	539
Amortization expense	65	1	198	47	311
Accumulated amortization, closing	330	16	386	118	850
Net book value	$ 220	$ 3	$ 1,594	$ 157	$ 1,974

Substantially all of the CTC's tangible capital assets are located in Canada. There are no assets legally restricted for the purpose of settling asset retirement obligations.

8.
ACCRUED BENEFIT ASSET/LIABILITY

The CTC offers a number of employee future benefit plans covering its employees in Canada and abroad. The following table summarizes these plans and the benefits they provide:

Employees Covered	Name of the Plan	Nature of the Plan	Contributors	Accounting Treatment
Canada	Registered Pension Plan for the Employees of the CTC – Defined Benefit component	Funded, Defined Benefit Plan	CTC and plan members	Defined Benefit Plan
	Registered Pension Plan for the Employees of the CTC – Defined Contribution component	Combination of Defined Contribution Plan and Group RRSP	CTC and plan members	Defined Contribution Plan
	Supplementary Retirement Plan for Certain Employees of the CTC – Defined Benefit component	Partly funded, Defined Benefit Plan	CTC and plan members	Defined Benefit Plan
	Supplementary Retirement Plan for Certain Employees of the CTC – Defined Contribution component	Defined Contribution Plan	CTC	Defined Contribution Plan
	Non-Pension Post-Retirement Benefit Plan for Canadian Employees	Unfunded, Defined Benefit Plan	CTC and plan members	Defined Benefit Plan
China, Japan and South Korea	Pension Plan for Employees of the CTC in China, Japan and South Korea	Unfunded, Defined Benefit Plan	CTC	Defined Benefit Plan
US	Qualified Pension Plan for US Citizen Employees Working in the US	Funded Multi-employer Defined Benefit Plan	CTC	Defined Contribution Plan
	Registered Pension Plan for Canadian Citizen Employees Working in the US	Funded Multi-employer Defined Benefit Plan	CTC	Defined Contribution Plan
	Non-Pension Post-Retirement Benefit Plan for Certain US Employees	Unfunded, Defined Benefit Plan	CTC and plan members	Defined Benefit Plan
UK	Canadian High Commission Locally Engaged Staff Pension Scheme	Funded Multi-employer Defined Benefit Plan	CTC and plan members	Defined Contribution Plan
Canada, China, Japan, US, UK	Severance Benefits for certain Canadian and Locally Engaged Employees	Unfunded, Defined Benefit Plan	CTC	Defined Benefit Plan

Defined Contribution Plans

Canada

The CTC established a defined contribution pension plan for non-unionized employees in Canada, hired on or after August 1, 2005. On January 30, 2007, the Canadian unionized employees of the CTC agreed to participate in the defined contribution plan effective March 8, 2007. This decision impacted unionized employees hired on or after August 1, 2005.

The total cost for the CTC's defined contribution pension plans was $467,000 in 2017 ($424,000 – 2016).

In addition, the CTC provides a defined contribution supplemental plan to cover senior employees whose contributions under the defined contribution plan is impacted by the *Income Tax Act*. The benefits accrued are paid out each year and deemed immaterial for the CTC's financial statements.

US and UK

The CTC also participates in multi-employer defined benefit plans providing pension benefits to employees working in the US and in the UK. These plans, to which total cost was $238,000 in 2017 ($227,000 – 2016), are accounted for as defined contribution plans.

Defined Benefit Plans

Canada

The CTC has a number of defined benefit plans in Canada which provide post-retirement and post-employment benefits to its employees.

Effective January 2, 2004, pension arrangements include a registered pension plan as well as a supplemental arrangement which provides pension benefits in excess of statutory limits. The CTC provides pension benefits based on employees' years of service and average earnings at the time of retirement. The registered pension plan is funded by contributions from the CTC and from the members. In accordance with pension legislation, the CTC contributes amounts determined on an actuarial basis and has the ultimate responsibility for ensuring that the liabilities of the plan are adequately funded over time. The supplemental retirement plan liabilities arising on and after January 2, 2004 are funded annually on a hypothetical plan termination basis according to the valuation report prepared by the actuary.

In 2016, the CTC offered former members of the defined benefit component of the registered plan who were entitled to a deferred pension the option to transfer the value of the pension benefits out of the registered plan. Consequently, three members opted to transfer their accrued pension benefits in 2017 (four members – 2016) out of the pension plan. This triggered a settlement of these pension obligations in 2017 which resulted in a loss of $21,000 ($295,000 – 2016).

The defined benefit component of the registered plan and the supplemental agreement has been closed effective December 30, 2017 and benefits for participants are frozen as of that date.

China, Japan and South Korea

The CTC has a defined benefit pension plan for certain locally engaged staff in China, Japan and South Korea. The Pension Scheme for Employees of the Government of Canada Locally Engaged Outside Canada, 1996 (known as the World Wide Plan, "WWP"), provides retirement benefits based on employees' years of service and average earnings at the time of retirement. These liabilities are funded on a pay-as-you-go basis.

In March 2012, the CTC received $1,000,000 from Treasury Board Secretariat ("TBS") relating to locally engaged staff pension benefits under the WWP for service prior to January 2, 2001. Prior to this, TBS had been reimbursing the CTC for amounts related to the past service period. The funds are held by the CTC in bonds and a money market term deposit and are recorded as portfolio investments (Note 5) and cash and cash equivalents (Note 4). The CTC continues to be responsible for the service accruing on and after January 2, 2001.

Severance and post-retirement benefits

Severance benefits are provided for certain current employees in Canada, China, Japan, the US and the UK. The cost of the benefits is fully paid by the CTC. The severance benefit plans are unfunded.

Post-retirement benefits which may include health, dental and life insurance are provided for certain retired employees in Canada and the US. The cost of these benefits is shared by the CTC and the retirees. The post-retirement benefit plans are unfunded.

Measurement date and date of actuarial valuation

The most recent actuarial valuation of the Canadian registered defined benefit pension plan for funding purposes was as at December 31, 2016 and was filed with the Office of Superintendent of Financial Institutions ("OSFI") by the due date of June 30, 2017.

The going concern financial position based on the most recent actuarial valuation showed a funding surplus of $3,306,000 (surplus of $2,764,000 – 2016). The valuation also identified an average solvency ratio of 88.9% (86.1% – 2016).

The CTC made solvency special payments of $701,000 in 2015 until it was determined in August 2015 to accelerate the future special solvency payments resulting in a payment of $3,000,000 in September 2015 and $1,000,000 in December 2015 for a total of $4,701,000 in 2015. The special payment made in 2016 was $700,000. There were no special solvency payments made in 2017. Future special solvency payments cannot be reasonably estimated until a new funding valuation is completed.

The CTC measures its accrued benefit obligations and the market value of plan assets of its pension plans and post-retirement non-pension benefits for accounting purposes at September 30th of each year.

CHANGE IN ACCRUED BENEFIT OBLIGATION

(in thousands)	Pension		Other Benefit Plans	
	2017	**2016**	**2017**	**2016**
Accrued benefit obligation, beginning of year	$ 34,036	$ 24,008	$ 4,854	$ 4,399
Current period benefit cost (employer portion)	110	78	117	104
Interest cost on average accrued benefit obligation	797	1,130	70	87
Employees' contributions	13	13	—	—
Benefits paid	(1,248)	(3,566)	(103)	(123)
Actuarial loss / (gain)	(2,784)	12,822	(536)	387
Decrease in obligation due to curtailment	—	(32)	—	—
Decrease in accrued benefit obligation due to settlement	(18)	(417)	—	—
Accrued benefit obligation, end of year	$ 30,906	$ 34,036	$ 4,402	$ 4,854

CHANGE IN PLAN ASSETS

(in thousands)	Pension		Other Benefit Plans	
	2017	2016	2017	2016
Market value of plan assets, beginning of year	$ 37,281	$ 35,475	$ —	$ —
Actual return on plan assets net of actual investment expenses	(1,865)	3,566	—	—
Employer contributions	85	1,793	103	123
Employees' contributions	13	13	—	—
Benefits paid	(1,248)	(3,566)	(103)	(123)
Market value of plan assets, end of year	$ 34,266	$ 37,281	$ —	$ —

RECONCILIATION OF FUNDED STATUS

Detailed Pension Plan Information *(in thousands)*	2017	2016
Defined benefit component of Pension Plan for Employees of the CTC		
Accrued benefit obligation	$ (27,143)	$ (30,267)
Plan assets	30,153	33,362
Surplus	$ 3,010	$ 3,095
Supplementary Retirement Plan for Certain Employees of the CTC		
Accrued benefit obligation	$ (2,715)	$ (2,559)
Plan assets	4,113	3,919
Surplus	$ 1,398	$ 1,360
Pension Plan for Employees of the CTC in China, Japan and South Korea		
Accrued benefit obligation	(1,048)	(1,210)
Plan assets	—	—
Deficit	$ (1,048)	$ (1,210)

The accrued benefit obligation and market value of assets at year-end are the following amounts in respect of plans that are unfunded:

Funded Status *(in thousands)*	**Pension**		**Other Benefit Plans**	
	2017	**2016**	**2017**	**2016**
Accrued benefit obligation	$ (1,048)	$ (1,210)	$ (4,402)	$ (4,854)
Plan assets	—	—	—	—
Funded status – deficit at end of year	$ (1,048)	$ (1,210)	$ (4,402)	$ (4,854)

RECONCILIATION OF FUNDED STATUS TO ACCRUED BENEFIT ASSET / (LIABILITY)

(in thousands)	**Pension**		**Other Benefit Plans**	
	2017	**2016**	**2017**	**2016**
Funded status – surplus / (deficit), end of year	$ 3,360	$ 3,245	$ (4,402)	$ (4,854)
Employer contributions during period from measurement date to fiscal year end	51	9	—	—
Unamortized actuarial losses / (gains)	7,698	8,793	(571)	(61)
Accrued benefit asset / (liability)	$ 11,109	$ 12,047	$ (4,973)	$ (4,915)

The cumulative excess of pension contributions on the Registered Pension Plan and Supplementary Retirement Plan over pension benefit cost is reported as an accrued benefit asset. The Pension Plan for Employees of the CTC in China, Japan, and South Korea, the post-retirement, post-employment benefits and sick leave are reported as an accrued benefit liability.

Accrued Benefit Asset / (Liability) *(in thousands)*	**2017**	**2016**
Registered Pension Plan for the Employees of the CTC	$ 10,716	$ 11,820
Defined benefit component of the Supplementary Retirement Plan for Certain Employees of the CTC	1,398	1,231
Total accrued benefit asset	12,114	13,051
Pension Plan for the Employees of the CTC in China, Japan and South Korea	(1,005)	(1,004)
Non-pension Post Retirement Benefit Plan	(4,183)	(4,182)
Post Employment Severance Plan	(623)	(576)
Non-Vested Sick Leave Plan	(167)	(157)
Total accrued benefit liability	(5,978)	(5,919)
Total net accrued benefit asset	$ 6,136	$ 7,132

The weighted-average asset allocation by asset category of the CTC's defined benefit pension plans is as follows:

Asset Allocation	**2017**	**2016**
Equity securities	14%	28%
Debt securities	81%	67%
Receivable from Government of Canada	5%	5%
Total	100%	100%

NET BENEFIT COST RECOGNIZED IN THE PERIOD

(in thousands)	Pension		Other Benefit Plans	
	2017	**2016**	**2017**	**2016**
Current period benefit cost	$ 123	$ 90	$ 117	$ 104
Interest cost	—	—	70	87
Amortization of net actuarial loss / (gain)	1,035	1,273	(27)	(81)
Curtailment gain	—	(32)	—	—
Settlement loss	21	295	—	—
Total	1,179	1,626	160	110
Less: employee contributions	(13)	(13)	—	—
Retirement benefits expense	1,166	1,613	160	110
Interest cost on average accrued benefit obligation	797	1,130	—	—
Expected return on average pension plan assets	(899)	(1,638)	—	—
Retirement benefits interest income	$ (102)	$ (508)	$ —	$ —
Decrease in valuation allowance provided against accrued benefit asset	—	(1,100)	—	—
Total pension expense	$ 1,064	$ 5	$ 160	$ 110

SIGNIFICANT ACTUARIAL ASSUMPTIONS USED ARE AS FOLLOWS (WEIGHTED AVERAGE)

	Pension		Other Benefit Plans	
	2017	**2016**	**2017**	**2016**
Accrued benefit obligation				
Discount rate				
• Registered Pension Plan for the Employees of the CTC	3.10%	2.40%		
• Defined benefit component of the Supplementary Retirement Plan for Certain Employees of the CTC	2.70%	2.80%		
• Pension Plan for the Employees of the CTC in China, Japan and South Korea	1.98%	0.83%		
• Non-pension post retirement			2.40%	1.55%
• Post employment severance			1.98%	0.83%
• Non-Vested Sick Leave Plan			1.98%	0.83%
Rate of compensation increase				
• Canadian	1.50%	1.50%	2.50%	2.50%
• Locally engaged	2.75%	2.75%	3.40%	2.75%
Pension expense				
Discount rate				
• Registered Pension Plan for the Employees of the CTC	2.40%	5.75%		
• Defined benefit component of the Supplementary Retirement Plan for Certain Employees of the CTC	2.80%	2.78%		
• Pension Plan for the Employees of the CTC in China, Japan and South Korea	0.83%	1.22%		
• Non-pension post retirement			1.55%	2.09%
• Post employment severance			0.83%	1.22%
• Non-Vested Sick Leave Plan			0.83%	1.22%
Expected long-term rate of return on plan assets				
• Registered Pension Plan for the Employees of the CTC	2.40%	5.75%		
• Defined benefit component of the Supplementary Retirement Plan for Certain Employees of the CTC	2.80%	2.78%		
Rate of compensation increase:				
• Canadian	1.50%	1.50%	2.50%	2.50%
• Locally engaged	2.75%	2.75%	2.75%	2.75%

ASSUMED HEALTH CARE COST TREND RATE FOR OTHER BENEFIT PLANS

Net benefit cost	Other Benefit Plans			
	2017		2016	
	CDN	US	CDN	US
Initial health care trend rate	6.15%	8.10%	6.23%	8.33%
Ultimate health care trend rate	4.50%	4.50%	4.50%	4.50%
Year ultimate rate reached	2030	2033	2030	2033

Accrued benefit obligation	Other Benefit Plans			
	2017		2016	
	CDN	US	CDN	US
Initial health care trend rate	6.09%	7.88%	6.15%	8.10%
Ultimate health care trend rate	4.50%	4.50%	4.50%	4.50%
Year ultimate rate reached	2030	2033	2030	2033

Total cash amounts

Total cash amounts for employee future benefits, consisting of cash contributed in the normal course of business by the CTC to its funded and unfunded defined benefit pension plans, cash payments directly to beneficiaries for its unfunded other benefit plans, cash contributed to its defined contribution plans and cash contributed to its multi-employer defined benefit plan is $993,000 ($1,712,000 – 2016). The total cash amount in 2016 includes solvency special payments totaling $700,000.

9. PARLIAMENTARY APPROPRIATIONS

The schedule below reconciles the amount of funding available to the CTC during the year with the amount actually used in operations:

(in thousands)	**2017**	**2016**
Amounts provided for operating and capital expenditures		
Amounts voted:		
Main estimates 2016/17 (2015/16)	$ 70,474	$ 57,976
Supplementary estimates A	25,000	—
Supplementary estimates B	—	—
Supplementary estimates C	—	5,000
	95,474	62,976
Less: portion recognized in prior year	(64,392)	(45,892)
Amounts recognized in current year	31,082	17,084
Amounts voted:		
Main estimates 2017/18 (2016/17)	95,475	70,474
Supplementary estimates A	—	25,000
Supplementary estimates B	269	—
	95,744	95,474
Less: portion to be recognized in following year	(27,256)	(31,082)
Amounts recognized in the current year	68,488	64,392
Parliamentary appropriations used for operations and capital in the year	$ 99,570	$ 81,476

10. ACCUMULATED SURPLUS

The accumulated surplus comprises:

(in thousands)	2017	2016
Accumulated operating surplus	$ 21,415	$ 19,809
Accumulated remeasurement loss	(35)	(53)
Accumulated surplus	$ 21,380	$ 19,756

11. MARKETING AND SALES EXPENSES

The CTC carries out its activities in a variety of countries. These countries are supported by the CTC's Corporate Marketing and Sales units, located at headquarters including Global Marketing, Global Communications and Research. Geographical information is as follows:

(in thousands)	2017	2016
Corporate Marketing	$ 55,631	$ 42,383
Emerging Markets (India, Brazil, Mexico, Japan, South Korea and China)	27,260	23,279
Core Markets & Other (UK, France, Germany, Australia and other)	25,138	19,969
US (Business Events Canada)	8,279	7,245
	$ 116,308	$ 92,876

12. EXPENDITURE BY OBJECT

The following is a summary of expenditures by object:

(in thousands)	**2017**	**2016**
Program		
Consumer development	$ 64,656	$ 46,675
Trade development	20,387	17,793
Public and media relations	8,789	7,278
Advertising	7,534	7,834
Research	2,774	2,500
Travel and hospitality	1,765	1,159
Total program expenses	105,905	83,239
Salaries and benefits	14,218	11,992
Operating expense		
Professional services	1,416	1,244
Rent	1,192	1,189
Travel and hospitality	672	585
Information technology	627	677
Office	618	601
Other	335	246
Realized foreign exchange loss / (gain)	211	(800)
Total operating expenses	5,071	3,742
Expenses before amortization	125,194	98,973
Amortization	365	311
Total expenses	$ 125,559	$ 99,284

13. FINANCIAL INSTRUMENTS

Credit risk

The CTC is exposed to credit risk resulting from the possibility that parties may default on their financial obligations and from concentrations of third party financial obligations that have similar economic characteristics such that they could be similarly affected by changes in economic conditions. There is no concentration of credit risk with any one customer. Financial instruments that potentially expose the CTC to credit risk consist of cash and cash equivalents, portfolio investments and accounts receivable.

At December 31, 2017, the exposure to credit risk for cash and cash equivalents is $22,830,000 ($21,288,000 – 2016) (Note 4) and for portfolio investments is $372,000 ($463,000 – 2016) (Note 5).

The CTC minimizes credit risk on cash and cash equivalents and portfolio investments by dealing only with reputable and credit worthy financial institutions. At December 31, 2017, the CTC holds $16,616,000 in cash and cash equivalents and portfolio investments with federally regulated chartered banks and $6,582,000 in cash at foreign institutions.

The federally regulated chartered banks and foreign institutions which the CTC holds cash and cash equivalents and portfolio investments with have the following long-term bank deposit credit and financial strength ratings:

Credit Ratings

Moody's	A1	A1	Aa3
Standard & Poor's	A+	AA-	A+

In March 2012, the CTC received $1,000,000 from Treasury Board Secretariat relating to locally engaged staff pension benefits under the WWP (Note 8). The CTC's policy is to invest these funds with well-established financial institutions in investments composed of low risk assets. Currently the CTC has invested these funds in Canadian provincial governmental bonds as well as a money market term deposit (Note 4 and Note 5). All investments are monitored by management on a monthly basis.

Accounts receivable credit risk is minimized by the fact that many of the partners that work with the CTC are federally, provincially or municipally funded. The CTC measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the CTC's historical experience regarding collections. At December 31, 2017 the impairment allowance is $11,000 ($4,000 – 2016).

The amounts past due at year-end are as follows:

Accounts Receivable *(in thousands)*	**Total**	**Current**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 to 120 days**	**over 120 days**
Partnership contributions	$ 5,603	$ 3,135	$ 1,520	$ 112	$ 642	$ 134	$ 60
Government of Canada	4,007	496	761	537	424	—	1,789
Other	23	23	—	—	—	—	—
Total	$ 9,633	$ 3,654	$ 2,281	$ 649	$ 1,066	$ 134	$ 1,849

There have been no significant changes from the previous year in the exposure to risk or policies, procedures or methods used to measure the credit risk.

Liquidity risk

Liquidity risk is the risk that the CTC will not be able to meet all cash outflow obligations as they come due. To mitigate this risk, the CTC monitors cash activities and expected outflows through monthly and quarterly budget and forecast analysis. In addition, investments are maintained in assets that may be converted to cash in the near term if unexpected cash outflows arise. The amounts of financial liabilities past due at year-end are as follows:

Accounts Payable *(in thousands)*	**Total**	**Current**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 to 120 days**	**over 120 days**
Trade	$ 18,766	$ 11,260	$ 7,459	$ 47	$ —	$ —	$ —
Employee compensation	1,394	1,394	—	—	—	—	—
Government of Canada	188	164	24	—	—	—	—
Total	$ 20,348	$ 12,818	$ 7,483	$ 47	$ —	$ —	$ —

There have been no significant changes from the previous year in the exposure to risk or policies, procedures or methods used to measure the liquidity risk.

Currency risk

Currency risk arises due to the fact that the CTC operates in several different currencies and translates non-Canadian revenue and expenses to Canadian dollars at different points in time. The CTC does not hedge against fluctuations in foreign exchange rates and accepts the operational and financial risks associated with any such fluctuations. At December 31, 2017, the exposure to currency risk based on the year-end monetary balances denominated in a foreign currency for financial assets is $6,772,000 ($4,838,000 – 2016) and for financial liabilities is $5,478,000 ($4,287,000 – 2016) (Note 6). The impact of a 10% change in foreign exchange rates would not have a material impact on net operations.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures or methods used to measure the currency risk.

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The CTC is exposed to this risk through its interest bearing portfolio investment balances. The CTC does not hedge against fluctuations in market interest rates and accepts the operational and financial risks associated with any such fluctuations. A variation of 1% in the interest rate would not have a material impact on the financial statements. At December 31, 2017, the exposure to interest rate risk for portfolio investments is $372,000 ($463,000 – 2016).

There have been no significant changes from the previous year in the exposure to risk or policies, procedures or methods used to measure the interest rate risk.

14. COMMITMENTS

The CTC has entered into various agreements for marketing and consulting services and leases for office premises and equipment in Canada and abroad. The CTC's commitments, as at December 31, 2017, are shown in the table. Commitments are recorded based on the minimum contractual commitment made by the CTC. Also included in the commitment amount are purchase orders issued for which the CTC has not yet received the goods or services. The total commitments of the CTC as at December 31, 2017 are $4,128,000 ($4,345,000 – 2016).

	(in thousands)
2018	$ 2,680
2019	459
2020	335
2021	328
2022	326
Total	$ 4,128

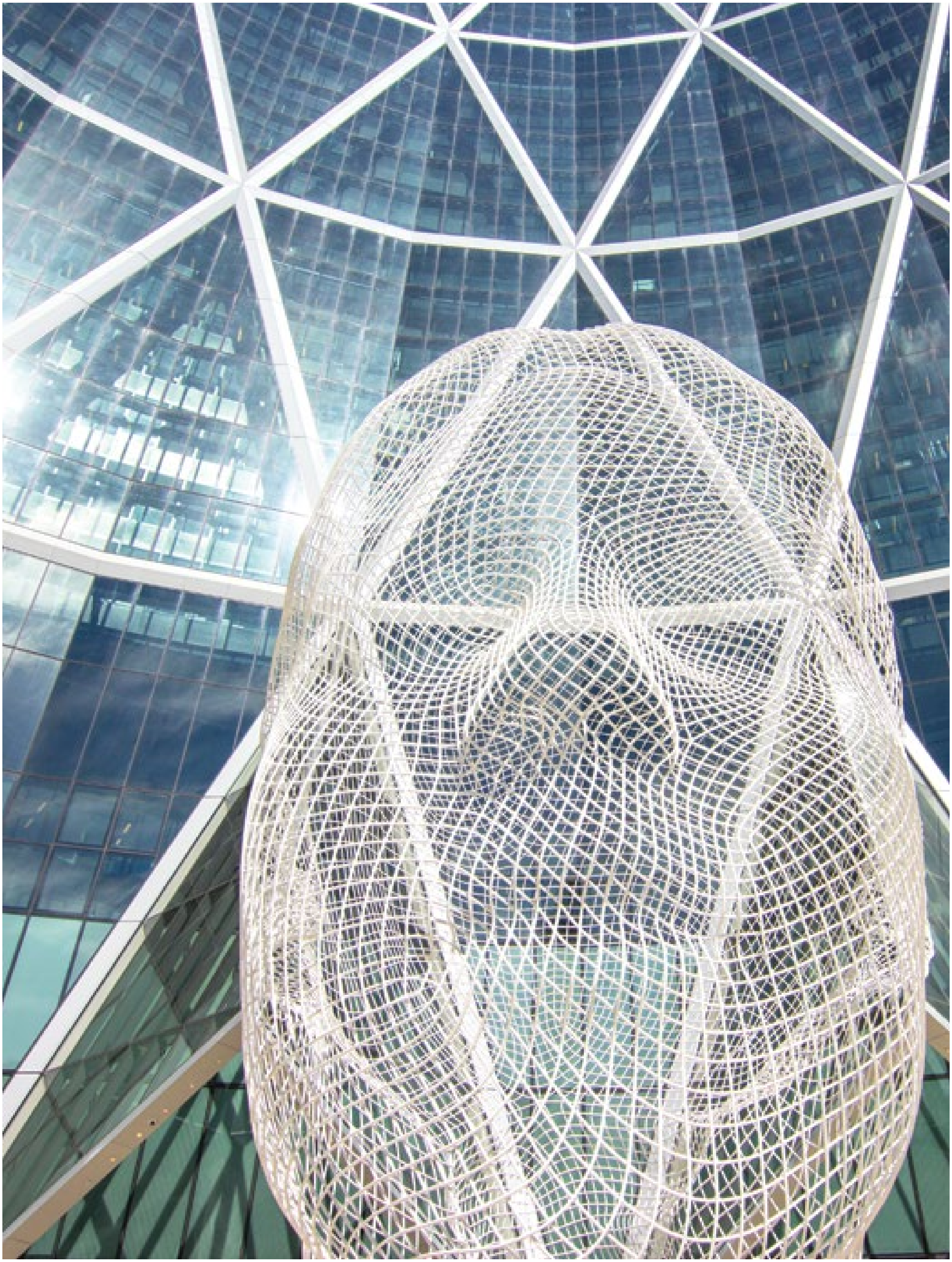
15. CONTINGENCIES

In the normal course of business, various legal claims and lawsuits have been brought against the CTC. Where in the opinion of management, losses, which may result from the settlement of the matters, are determinable within a reasonable range and such losses are considered by management as likely to be incurred, they are charged to expenses. In the event management concludes that potential losses are indeterminable, no provision is recognized in the accounts of the CTC. There are no significant legal claims against the CTC.

During the year, the CTC was subject to an examination by the CRA in relation to GST/HST collected on behalf of the Government of Canada between November 1, 2013 and March 31, 2017. Based on the CRA's initial examination, a letter was issued to the CTC proposing an adjustment of approximately $3,700,000 in taxes payable. In consultation with external commodity tax experts, the CTC management has responded to the proposal letter outlining concerns with the examination process and methodology and suggested next steps with respect to the completion of the examination. A provision has not been recorded at year-end as the potential outcome of the proposed adjustments is currently indeterminable.

16. COMPARATIVE FIGURES

Certain comparative figures for 2016 have been reclassified to conform to the 2017 presentation.



Calgary, Alberta — Piotr Wancerz

GOVER—NANCE

LEGISLATIVE FRAMEWORK

As an agent of the Crown, we are a federal Crown corporation wholly owned by the Government of Canada. We are provided with overarching public policy priorities, broad strategic goals and expectations.

The *Canadian Tourism Commission Act* and various regulations provide the legislative basis for our establishment and our activities.

Through the Minister of Small Business and Tourism, we are accountable to Canada's Parliament through the submissions of an Annual Report, a 5-year Corporate Plan and an Operating and Capital Budget annually to Parliament.

BOARD OF DIRECTORS

Our Board of Directors consists of up to twelve members who oversee the management of the organization, and provide strategic guidance and oversight. The Board ensures that appropriate systems of governance, leadership and stewardship are in place while at the same time empowering management to deliver on its mandate.

Board membership comprises the Chair and the President and CEO of Destination Canada which are Governor-in-Council appointments, and the Deputy Minister of Innovation, Science and Economic Development Canada (ex officio). Further, up to nine additional directors, appointed by the Minister with Governor-in- Council approval, make up the remainder of the Board. Directors are appointed based on the full range of skills, experience and competencies required to add value to our decisions on strategic opportunities and risks.

In 2017, the membership of the Board was updated to account for vacancies and expiring terms.

Appointments were made in accordance with the Government of Canada's new approach for Governor-in-Council appointments. This approach is based on an open and transparent process and results in appointments that are merit-based and representative of the diversity of Canadians.

While two vacancies remained at the end of 2017, these were filled when two new members joined the Board in February 2018.

Over the course of the year, the Board met four times and average attendance at meetings was 79%.

MEMBERSHIP

As at December 31, 2017

BEN COWAN-DEWAR
Chair of the Board of Directors

DAVID F. GOLDSTEIN
President & CEO, Destination Canada

JOHN KNUBLEY (EX OFFICIO)
Deputy Minister Innovation, Science and Economic Development Canada

PATTI BALSILLIE
Northern and Destination Development Specialist

RANDY GARFIELD
Former Executive, Disney Destinations

MONIQUE GOMEL
Vice-President, Global Marketing & Communications, Rocky Mountaineer

DAVE LAVEAU
Executive Director, Quebec Aboriginal Tourism

PATRICIA MACDONALD
Co-founder & CEO, Old Tomorrow Ltd.

DRAGAN MATOVIC
Chairman and CEO, Halex Capital Inc.

DANIELLE POUDRETTE
Executive Advisor, DMVP Solutions

COMMITTEES OF THE BOARD

In 2017, the Governance and Nominating Committee and the Human Resources Committee were combined into a newly formed Human Resources, Governance and Nominating Committee. This committee advises and supports directors in applying our corporate governance principles, assists in evaluating potential board candidates and develops recommendations to the Minister on board appointments (excluding the Chair, the President & CEO and the ex officio director). Additionally, the committee reviews and advises on the President & CEO's annual objectives and our human resources policies, plans and processes, including succession, compensation and benefits plans.

In addition to the duties and functions mandated by the *Financial Administration Act*, the Audit and Pension Committee oversees the external audit by the OAG and recommends approval of the annual financial statements to the Board. It reviews and recommends to the Board processes for identifying and managing risk, internal control systems and processes for complying with related laws and regulations. The Committee also oversees the administration, investment activities and financial reporting of our pension plans.

ADVISORY COMMITTEES

From time to time, the Board creates advisory committees to advise it on how best to deliver our programs and services. The committees take their direction from the Board and report to both the Board and the President & CEO. Composed primarily of members from private sector tourism entities, these committees play an important role in linking Destination Canada to the tourism industry.

We have the following four advisory committees: International Advisory Committee, US Advisory Committee, Business Events Canada Advisory Committee and Research Advisory Committee.

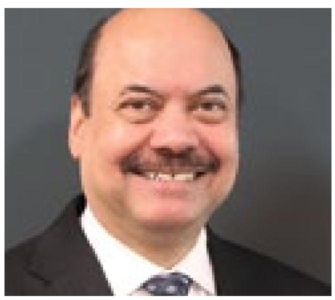
EXECUTIVE TEAM

The President & CEO is accountable to the Board and has responsibility for the day-to-day operations. Senior Management plays a vital role in strategic leadership, working closely with the Board to set objectives, develop strategies, implement actions and manage performance.

Executive management also recommends to the Board sweeping changes, identifies business risks and manages the complex intellectual, capital and technical resources of Destination Canada.

EXECUTIVE TEAM

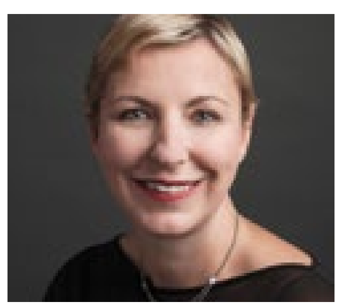
As at December 31, 2017



ANWAR CHAUDHRY, CPA, CA
Interim Senior Vice President, Finance and Risk Management and Chief Financial Officer

JON MAMELA
Chief Marketing Officer

SARAH SIDHU
General Counsel and Corporate Secretary



EMMANUELLE LEGAULT
Vice President, International

DAVID ROBINSON
Vice President, Strategy and Stakeholder Relations

Grand Manan, New Brunswick — Max Coquard

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