



SUMMARY OF THE

2019 -

2023



CORPORATE PLAN  
AND 2019 CAPITAL BUDGET

Strength and Sustainability in a Changing World

## Disclaimer – Forward Looking Statements

This Summary of the Corporate Plan contains forward-looking statements that reflect management’s expectations regarding the Mint’s objectives, plans, strategies, future growth, results of operations, performance and business prospects and opportunities. Forward-looking statements are typically identified by words or phrases such as “plans”, “anticipates”, “expects”, “believes”, “estimates”, “intends”, and other similar expressions. These forward-looking statements are not facts, but only estimates regarding expected growth, results of operations, performance, business prospects and opportunities (assumptions). While management considers these assumptions to be reasonable based on available information, they may prove to be incorrect. These estimates of future results are subject to a number of risks, uncertainties and other factors that could cause actual results to differ materially from what the Mint expects. These risks, uncertainties and other factors include, but are not limited to, those risks and uncertainties set forth in Annex 6: Risks and Risk Responses. To the extent the Mint provides future-oriented financial information or a financial outlook, such as future growth and financial performance, the Mint is providing this information for the purpose of describing its expectations. Therefore, readers are cautioned that this information may not be appropriate for any other purpose. Furthermore, future-oriented financial information and financial outlooks, as with forward-looking information generally, are based on the assumptions and subject to the risks. Readers are urged to consider these factors carefully when evaluating these forward-looking statements. In light of these assumptions and risks, the events predicted in these forward-looking statements may not occur. The Mint cannot assure that projected results or events will be achieved. Accordingly, readers are cautioned not to place undue reliance on the forward-looking statements. The forward-looking statements included in Summary of the Corporate Plan are made only as of October 31, 2018, and the Mint does not undertake to publicly update these statements to reflect new information, future events or changes in circumstances or for any other reason after this date.

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Cover Image: 1 oz. Pure Gold Coin - the 30th Anniversary of the Silver Maple Leaf featuring a silver-cast 3D maple leaf on a 99.99% pure gold coin.

## EXECUTIVE SUMMARY

The Royal Canadian Mint is a global leader in circulation, bullion and collectible coin products and services that connect people and inspire celebration. It combines history, heritage, diversity and artistry with innovative manufacturing to the delight of the Mint's customers in Canada and around the world. The Mint is dedicated to delivering excellence through its customer-driven businesses, its talented people and the value it adds to Canada and Canadians.

The Mint's goal is to ensure Canadians and Canadian companies always have the coins they need to facilitate trade and commerce. The Mint enters the planning period from a position of strength. It has a solid track record of industry leading innovation, profit generation and stays true to its role as a Canadian Crown Corporation.

### 2017-2018 Highlights

The Mint has made strong progress in many areas in the last year. It paid a record dividend of \$93 million to the Government of Canada and signed an updated Memorandum of Understanding with the Government of Canada outlining business terms for Canadian circulation coins through the end of 2021. It continues to be recognized for its world-leading innovation, most specifically in 2018, the Mint was recognized for having the most secure circulation coin in the world.

The Mint continues to execute on its strategy to deliver strong, sustainable performance and is expected to meet its financial targets for 2018. Both the Foreign Circulation and Bullion businesses are having a highly successful year and are expected to exceed their targets. In May, the Mint was awarded the largest single denomination coining win in the Mint's history resulting in the maximization of profits for the Foreign Circulation business through to the beginning of 2019. The Mint obtained global leading market share in both gold and silver bullion coins in the second quarter of 2018 and continues to perform well in conditions of lower market demand. The Numismatics business however, has underperformed and has not been able to replace the majority of business generated from the Face Value (2016) and Canada 150 (2017) programs.

The Mint's overall commercial success has been complemented by recognition by Corporate Knights. It ranked the Mint sixth among the publication's top 50 corporate citizens. The Mint made significant improvement in its employee engagement and enablement scores in 2017 and continues its dedicated focus to Mental Health.

### Strength and Sustainability for the Future

The Mint is in a period of renewal, welcoming a new Chair and seven new members to its Board of Directors. At time of writing, the process to select the next President and Chief Executive Officer is underway. As the management team onboard the new group of directors, we continue our work to create a sustainable future. In today's changing world, the Mint intends to remain a global leader by focusing on the following strategic priority areas:

#### **Continue to execute on our public policy role for Canada with excellence**

The Mint will continue to seamlessly meet the needs of trade and commerce of Canadians and celebrate Canadian values, heritage and diversity through thoughtful and engaging commemorative coins while continuing its focus on corporate social responsibility.

The Mint will continue preparations for the anticipated decline in requirement for new circulation coins by focusing on lowering costs, improving productivity and leveraging its Winnipeg-based assets increasingly in its commercial businesses. It will continue to focus on generating dividends for the Government of Canada through its diversified businesses to offset the costs of the Canadian Circulation program.

### **Continue to capitalize on market opportunities in Bullion and Foreign Circulation when available**

The Mint is prepared to capitalize on improved market conditions in the bullion market. The Mint is also actively diversifying its Foreign Circulation product offering through the commercialization of next generation circulation technologies.

### **Rejuvenate the Numismatics Business**

With the disappointing results in the first half of 2018, it is clear that an updated strategy for the Numismatics business is required.

The Mint has reviewed the addressable market for the Numismatics business and has confirmed good market potential exists for the business. The Mint has a strong brand, solid base of collectors and customers, and a strong reputation for innovative and appealing products.

### **Optimize and Streamline Work Structures, Processes and Systems**

To be successful, the Mint will focus on enhancing its integrated business model. The current model includes dedicated commercial business teams that are supported by specialized manufacturing organizations in Ottawa and Winnipeg and shared corporate services headquartered in Ottawa.

### **Foster a Healthy and Resilient Culture**

The Mint operates in a constantly changing environment and to ensure its long-term success, it needs to have a highly engaged and motivated workforce. Significant progress was made in the last year with respect to improving engagement and enablement in the organization in large part due to a dedicated focus on excellence in employee communications and successful implementation of department specific action plans.

The Mint's team demonstrates a great sense of pride in the organization's purpose and contribution to Canada. The Mint will build on this strong foundation by building change leadership capabilities and continuing to focus on its multi-year mental health program to support both the organization and the Mint's employees to be confident and successful in an ever-changing environment.

### **Financial Targets over the Plan Period**

The Mint is optimistic about a strong and sustainable future and will work to deliver results and financial contributions to Canada and Canadians by leveraging its substantial capabilities across its businesses. The Mint's budget for 2019 will be generating an operating profit before foreign exchange and face value liability revaluation of \$25.9 million, and its capital budget will be \$20 million. Revenues to be generated for 2019 are budgeted at \$1,320.2 million.

## OVERVIEW

### Canada's Mint

Established in 1908, the Royal Canadian Mint is a federal Crown corporation that is responsible for the forecasting, minting, distribution and monitoring of Canada's circulation coins. As Canada's coin expert, the Mint plays a vital role in facilitating trade and commerce in Canada. The Mint's mandate is set out in its governing legislation, the *Royal Canadian Mint Act*. All shares of the Mint are held by the Minister of Finance in trust for Her Majesty in right of Canada.

The Mint is recognized as a global leader, enhancing Canada's image with its high quality, secure and innovative products. A proud ISO 9001-2015 certified organization, the Mint is recognized as a world leading manufacturing organization that demonstrates a continued track record of industry firsts.

The Mint is proud of its rich history and its commemorative coin program that celebrates Canada's heritage, diversity and culture. The Mint continues to be committed to sustainability and protecting the environment. When it comes to employees, the organization is dedicated to their health and safety and has implemented a multi-year mental health program.

### Mission, Vision and Values

#### Mission

The Mint is a world-class provider of branded investment, collectible and circulation coin products and services that connect people and inspire celebration.

#### Vision

The Mint's vision is *Delivering excellence... through our customer-driven businesses, our talented people and the value we add to Canada and Canadians.*

#### Values

The values that reflect the Mint's true spirit and are at the heart and strength of our culture, are honesty, respect, pride and passion.

### Key Businesses

The foundational Canadian Circulation program is complemented with businesses leveraging the Mint's key assets and expertise, namely: Foreign Circulation, Bullion Products and Services and Numismatics. The Mint operates a set of diversified global businesses under a fully integrated structure.

#### Canadian Circulation - Overview

The Mint's Canadian Circulation program is focused on providing high quality, durable and secure coins manufactured at its Winnipeg plant to meet the needs of Canadian trade and commerce. Close to three billion coins are in circulation in Canada at any point in time, with approximately 400 million new coins produced each year from its Winnipeg manufacturing facility.

The Mint provides an end-to-end service for the Government of Canada with the Mint's forecasting, world-class production, logistics, recycling and distribution operations, circulation, and monitoring services. The Mint serves as the designated chair of the National Coin Committee, which counts ten financial institutions among its members. Continuous close collaboration with financial institutions and other key coin industry stakeholders has been key to the Mint's success.

Over the planning period, the Mint anticipates a continued modest decline in net coin demand. The Mint will monitor for an accelerated decline in net coin demand as part of its corporate risk profile.

On behalf of the Government of Canada, the Mint operates a Commemorative Coin Program (CCP) to celebrate Canada's history, diversity, culture and values in collaboration with a number of federal government and community organizations. Canadians enjoy these special circulation coins and are encouraged to hold on to these unique keepsakes.

### **Foreign Circulation - Overview**

The Mint's Foreign Circulation business produces and distributes finished circulation coins and blanks to a broad customer base around the world, including foreign central banks, mints, monetary authorities and finance ministries.

The Foreign Circulation business operates in a highly price-sensitive market with variability in overall market demand.

### **Bullion Products and Services - Overview**

The Mint's Bullion Products and Services business provides customers with market-leading precious metal investment coins and bar products, supported by integrated precious metal refining, storage and Exchange Traded Receipts (ETR) capabilities. These products include the Maple Leaf family of gold, silver, palladium and platinum coins, as well as other precious metal products and services for investment and manufacturing purposes. The Canadian Gold and Silver Reserves ETR products listed on the Toronto Stock Exchange allow retail and institutional investors to access precious metals stored at the Mint while reducing Mint lease costs.

The Bullion business is strong. The Mint has leading market share<sup>1</sup> in gold and silver bullion coins. Demand levels have declined from the peak periods of 2012-2016, however the Mint's flexible operating model and its focus on productivity have allowed it to continue to generate solid profits.

### **Numismatic - Overview**

The Mint's Numismatics business provides art-lovers, history buffs, hobbyists and gift-givers with precious and base metal collector coins celebrating Canada's history, diversity, values and culture. The Mint's customers around the world also enjoy high-quality innovative coins of specialized interest through proprietary technologies and licensing agreements, such as the Stanley Cup-shaped coin and pop culture offerings. The Mint sells numismatics products online, through its call centre, its Ottawa and Winnipeg boutiques as well as dealers and partners both domestically and internationally.

The Mint believes the Numismatics business has good fundamentals, a solid foundation and a strong sustainable future. The nature of this business has changed substantially over the last few years with the wind-down of the Face Value Program and fewer commemorative coins.

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<sup>1</sup> GFMS Thomson Reuters Report on international Bullion Coin Sales, 2nd Quarter 2018.

## OPERATING ENVIRONMENT

Summary of Key External Environment Indicators can be found in Annex 2.

### External Business Environment – Canadian Circulation Program

#### Trends in Cash, Coins and Electronic Payments

Increased use of electronic payments is expected to continue lowering the demand for Canadian circulation coinage, albeit on a gradual basis. Payments Canada's latest report – 2017 Canadian Payment Methods and Trends – shows 13% of the value, and 38% of the volume of all retail transactions in Canada were completed using cash in 2016.

As Canada's coin expert, the Mint will continue to look for various ways to gain greater insight on the key drivers of the use of coins in Canada. The Mint has been working to leverage insights from its network of major mints around the world to assist long-term planning. These insights currently include the need for coin for lower-income consumers, the slower rate of e-payment adoption in small to medium sized enterprises, often located in rural areas and the desire for privacy in financial transactions using bank notes that become a driver for coin requirements. Contingency planning in the event of a significant disruption in the electronic payment infrastructure is also an important consideration.

#### Conclusion:

With respect to the Canadian Circulation program, there are no significant changes anticipated in the Mint's operations throughout the planning period. The Mint continues to focus on increased productivity and careful capital spending to maximize productivities in its circulation activities in expectation of declining volume. The Mint is focused on being well prepared to respond to differing market or shareholder input over the period including being prepared in the event of an accelerated decline of new circulation coin production.

### Internal business environment

#### Innovative Products and Services

Research and Development has played a critical role in establishing the Mint's global leadership position. Investments in circulation coin technologies, manufacturing methodologies and services have provided the Canadian government and consumers with the most secure and efficient circulation coin program in the world.<sup>2</sup> The Mint has leveraged this know-how to develop differentiating products and services for its commercial businesses. Key examples include:

- The Mint's glow-in-the-dark technology featured on the Canada 150 \$2 coin and several other Numismatics products has delighted Canadians and coin collectors around the world.
- The Mint's colour circulation pad printing technology permits the Mint's international customers to commemorate domestic events with beautiful colour circulation coins, such as the Panama World Youth Day in 2018.
- The Mint's Bullion DNA™ technology facilitates the authentication of Gold and Silver Maple Leaf coins.
- The Mint's MintShield™ technology maintains the resale value of silver bullion coins by significantly reducing the occurrence of white spots that compromise the aesthetic quality of silver bullion coins over time.

The Mint's reputation for research and development has been earned as a result of developing a talented team and network of technology partners over many years. The Mint patents important technologies and is vigilant in managing, and when necessary, defending its intellectual property portfolio.

<sup>2</sup> 2018 Mint Directors Technical Committee review

### **Work Structures, Business Processes and Systems**

The Mint continues to operate on an increasingly integrated basis. As an ISO 9001 Quality Management Systems certified organization, the corporation demonstrates a strong commitment to quality when it comes to production, installations and services. The Mint continues to improve its productivity with a focus on continuous improvement practices that ultimately deliver cost savings.

Through a dedicated and structured program approach, the Mint continues to make solid progress by taking action on the eleven recommendations and suggestions contained in the 2014 Auditor General of Canada Special Examination Report.<sup>3</sup> While the majority of the recommendations have been implemented, the Mint plans to continue its multi-year efforts on the remaining three areas by refining and improving its business continuity plan, its disaster recovery plan, as well as, advancing its risk management framework.

### **Strength Of The Workforce**

The Mint's success rests on its ability to continue to recruit and retain a diverse, skilled and engaged workforce. The Mint's team is known internationally for its deep industry knowledge and expertise that balance public and commercial perspectives.

### **Collective Agreement Updates**

The Mint has initiated its negotiations of the 2018 collective agreement with its largest unionized group under the PSAC.

#### *Talent Development*

In order to compete and be successful in a changing world, the Mint believes it must continuously invest in the development of its workforce to be able to successfully execute on its strategy. While the Mint's succession plan has been in place for a number of years for its executive level, the Mint has initiated the implementation of a more comprehensive talent development program for the senior director and director levels to ensure continuous coverage of ongoing operations and the development of a strong talent pipeline prepared for opportunities as they arise.

#### *Talent Acquisition*

A competitive market place has made the recruitment of a select number of key skills very challenging. Over the planning period, hiring will focus on specific skills needed to support the successful execution of the Mint's business strategy and core mandate.

#### *Diversity*

The Mint was honoured to be recognized by Corporate Knights for its leadership in diversity, specifically the number of women serving on the Board of Directors and in senior leadership roles. It will continue its focus on diversity and inclusion over the planning period.

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<sup>3</sup> Copy of the full 2014 Special Examination Report of the Office of the Auditor General of Canada is available on the Mint's corporate website



**Effective Governance**

The Board of Directors reports to Parliament through the Minister of Finance and is comprised of eleven directors, including the chairperson and the President and CEO. The Board has overall responsibility for overseeing the management of the Mint's business and affairs. On May 11, 2018, the Mint was very pleased to welcome Ms. Phyllis Clark, as the newly appointed chairperson of the Mint's Board of Directors. Ms. Clark was appointed by the Governor in Council for a term of five years. In 2017, the Mint welcomed four new directors – Mr. Serge Falardeau, Ms. Cybele A. Negris, Ms. Deborah S. Trudeau, and Mr. Victor L. Young. In June 2018, the Mint also welcomed three more directors – Ms. Sandip K. Lalli, Ms. Fiona Macdonald, and Mr. Gilles Patry.

The Mint is working closely with the Chair and Board members to ensure a solid orientation supporting the fulfillment of their stewardship responsibilities.

Following the announcement of Ms. Sandra Hanington's decision to leave the Mint as President and CEO effective July 1, 2018, the Mint's then CFO, Ms. Jennifer Camelon was appointed Interim President and CEO, until a permanent replacement is named. Management has been supporting Ms. Camelon's strong leadership, ensuring a continued solid performance during this transition period.

Starting in 2019, the Mint's Board of Directors has committed to undertake a governance renewal providing an opportunity to review the roles and responsibilities, mandate and overall governance of the Mint's businesses.

## STRATEGY AND CORPORATE OBJECTIVES

The Mint will drive forward with an ambitious agenda in light of increased focus on productivity needed in a fast-changing environment. It has organized its corporate objectives around its vision pillars – Canada, Customers, and People.

### Delivering Results through a Diversified and Integrated Business Structure

To maximize efficiency and effectiveness, the Mint operates an integrated corporate structure with four businesses sharing its core services. The Mint's corporate offices and manufacturing operations for its Bullion and Numismatics businesses are located in Ottawa. The Mint's Winnipeg manufacturing facility is responsible for the manufacturing and distribution of Canadian and foreign circulation coins.

As a Crown corporation, the Mint focuses on three key success criteria to measure results:

- Successful delivery on its core mandate by meeting coin demand, as outlined in its recently signed Memorandum of Understanding (MOU) with the Government of Canada;
- Delivery of targeted profits, dividends, and taxes paid, as referenced in this Corporate Plan; and
- Ensuring alignment with the priorities of the Government of Canada highlighted throughout in various initiatives, such as the corporate social responsibility framework and healthy workplace program.

As part of the Mint's strategic planning process, risk is one of the multiple factors taken into account when establishing the Mint's corporate objectives. More detail on the Mint's Enterprise Risk Management Framework can be found in Annex 7.

#### **Canada: To add value to Canada and Canadians**

##### **Corporate Objective:**

The Royal Canadian Mint effectively supports trade and commerce by reliably producing and managing Canada's supply of durable and secure circulation coins. It celebrates Canada's history, diversity and values with pride and purpose through thoughtful and beautiful commemorative and numismatic coins.

As a commercial Crown corporation demonstrating strong governance and management, the Mint generates sustainable financial contributions to the Government of Canada while demonstrating good corporate social citizenship.

For Canada and Canadians

- Reliably produce and effectively manage Canada's supply of durable and secure circulation coins
- Celebrate Canada's history and values through the commemorative coin program
- Demonstrate good corporate social citizenship

#### **Customer: Customer-Driven Businesses**

##### **Corporate Objective:**

The Royal Canadian Mint creates value for its domestic and international customers by offering uniquely relevant products and services, and delivering a great customer experience.

The Royal Canadian Mint consistently demonstrates global minting and operational excellence, and capitalizes on market and customer opportunities when they arise through its continuous focus on innovation, productivity and agility.

For Bullion Products and Services customers:

- Demonstrate global minting and operational excellence
- Capitalize on market and customer opportunities through focus on innovation, productivity, agility, and great customer service

For Foreign Circulation customers:

- Provide a great customer experience and demonstrate global minting and operational excellence
- Capitalize on market and customer opportunities through focus on innovation, productivity and agility

For Numismatics customers:

- Provide a great customer experience
- Capitalize on market and customer opportunities through focus on innovation, productivity and agility

## **People: Talented People**

### **Corporate Objective:**

The Royal Canadian Mint provides diverse experiences, training, tools and support to enable employees to successfully execute on strategies and business objectives.

Mint employees are proud, engaged and enabled to perform at their best. The Royal Canadian Mint provides a positive and inclusive work environment through a commitment to teamwork in a healthy and safe workplace.

For Talented People:

- Provide a positive and inclusive work environment through a commitment to teamwork in a healthy and safe workplace
- Provide diverse experiences, training, tools and support to enable employees to successfully execute on strategies and business objectives

## FINANCIAL OVERVIEW

The Mint remains focused on providing value and being cost effective in all areas of its operations. The Mint continues to be committed to ensuring its financial resources are prioritized and committed to achieving its strategic corporate priorities. The Mint's financial plan and capital budget are developed under sound governance and management focusing on generating sustainable financial contributions to Canada, while demonstrating good corporate social responsibility. The Mint has outlined key financial principles that are reflected in its corporate objectives and financial plans.

These principles are to:

- Demonstrate continuous focus on improving productivity
- Operate each of the businesses to generate a strong sustainable level of performance
- Demonstrate discipline in managing the Mint's operating expenses
- Be measured in capital spending
- Actively manage the Mint's working capital

## **ANNEX 1: SUMMARIZED EXTERNAL ENVIRONMENT ANALYSIS**

### **Overall Economic Outlook**

The global economic growth is expected to be around 3.8% in 2018 to about 3.5% in 2019, according to the Bank of Canada.<sup>4</sup>

There is continued growth identified for Canada, the United States and Europe.<sup>5</sup>

### **Bullion, Precious and Base Metal Market Trends**

Bullion market demand has reduced to modest levels from its peak levels in 2012-2016. It is expected to remain at these levels over the planning period as low precious metal price volatility dampen demand.<sup>6</sup>

Compared to the price volatility experienced during 2009-2011,<sup>7</sup> precious metal prices, specifically for gold and silver, have been relatively stable over the past few years and this trend is expected to continue.

Compared to the price volatility experienced during 2007-2009,<sup>8</sup> base metal prices have been relatively stable over the past few years and this trend is expected to continue through the planning period.

### **Foreign currency exchange rate trends**

Foreign exchange rate trends indicate a slight strengthening of the Canadian dollar relative to the US dollar for the planning period. The Mint continues to closely monitor the longer-term currency trends to assess potential impacts on the translation of bullion premiums, foreign circulation contracts and numismatics cost of sales.

### **Competitive Environment**

There have been no significant changes to the Mint's competitive environment in the Foreign Circulation business.

The Mint's Numismatic business does not face significant direct competition in Canada and competes to share wallet of discretionary consumer purchases.

The markets for the Mint's products and services are influenced by external factors and a number of market trends, such as the future use of cash, the economic outlook, the price of precious metals, foreign exchange rates, and a number of internal factors.

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<sup>4</sup> Bank of Canada Monetary Policy Report, July 2018

<sup>5</sup> Bank of Canada Monetary Policy Report, July 2018

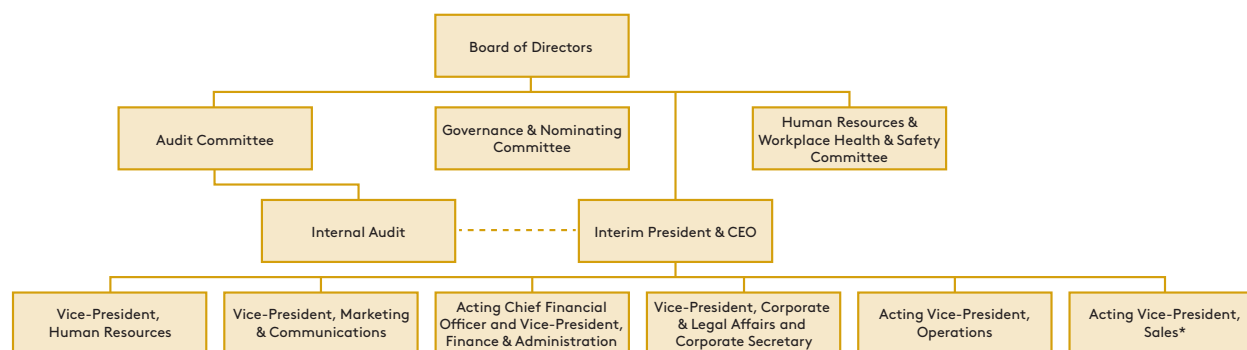
<sup>6</sup> Energy & Metals Consensus Forecasts April 16, 2018

<sup>7</sup> Energy & Metals Consensus Forecasts April 16, 2018

<sup>8</sup> Energy & Metals Consensus Forecasts April 16, 2018

## ANNEX 2: CORPORATE GOVERNANCE STRUCTURE

Organizational Structure of the Royal Canadian Mint  
Board of Directors and Senior Officers



\* Effective January 2019

### The Board of Directors

The Mint's Board of Directors has overall responsibility for overseeing the management of the Mint's business and affairs, including full and final responsibility for the Corporate Plan and its implementation. It exercises its duty with a view to the best interests of the Mint and the long-term interests of the sole shareholder, the Government of Canada, in accordance with the Mint's governing by-laws and various pieces of legislation.

The Board holds management accountable for the Mint's business performance and achievement of its objectives. To fulfill its responsibilities, the Board establishes and approves the Mint's strategic direction through a five-year business plan, and reviews and approves major strategies and initiatives. It exercises due diligence by assessing risks and opportunities, monitoring financial corporate performance, ensuring the integrity of financial results and providing timely reports to the Government of Canada.

### Board of Directors Meetings

The Mint's Vice-Presidents are invited to attend all Board meetings; their presence contributes to a more effective relationship between management and the Board by fostering open communication and a shared understanding of the Mint's activities, as well as, improving decision-making and governance. Other members of the Mint's management team also attend Board meetings as needed.

With the exception of the President and CEO, all directors are independent of the Mint's senior management. At each regular meeting, the Board holds an in-camera session with the President and CEO as well as a separate Board-only in-camera session. The Chair of the Board is an ex-officio voting member on all committees; the President and CEO is also an ex-officio voting member of all standing committees with the exception of the Audit Committee, which the President and CEO attends as an observer. All members of the Board serve on at least one committee.

### Standing Board Committees

Three standing committees assist the Board in discharging its responsibilities: The Audit Committee, the Governance and Nominating Committee, and the Human Resources and Workplace Health and Safety Committee. The Audit Committee meets in-camera with the Mint's external and internal auditors. The Board establishes special ad hoc committees when required, which are dissolved once they have fulfilled their mandate. The Board and its committees may hire independent advisors as necessary to discharge their duties and responsibilities.

**Audit Committee**

The Audit Committee provides oversight of all material aspects of the Mint's financial affairs. Its role includes oversight of the Mint's financial affairs, including an assessment of financial performance against the Corporate Plan and annual operational plan, and the monitoring and oversight of the business risks in accordance with its risk management framework and the recommendations of specific courses of action to the Board as required. The Committee analyzes internal and external audit results and the periodic Special Examinations. The Committee manages the relationship with the external auditor of the Mint, the Auditor General of Canada, who is invited to attend all Committee meetings. The Director of Internal Audit reports directly to the Committee and carries out engagements in accordance with the priorities established in the Internal Auditor's risk-based audit plan.

The Audit Committee meets quarterly and consists of at least three directors.

**Governance and Nominating Committee**

The Governance and Nominating Committee provides guidance on matters of corporate governance, including the review of the profiles of desirable skills and experience required of directors, the selection criteria for new appointments and re-appointments for directors, the Chair and the CEO, and consideration of Board candidates. The Committee reviews the orientation and education programs for directors, oversees the performance evaluation process of the Board and other Committees and reviews corporate policies and other policy documents.

The Governance Committee meets at a minimum three times per year and consists of at least two directors, other than the Chairperson of the Board and the President and CEO who are ex-officio members.

**Human Resources and Workplace Health and Safety Committee**

The Human Resources and Workplace Health and Safety Committee advises the Board on human resources policies and practices, including recruitment, development and retention, compensation policies, labour relations issues and succession plans. It makes recommendations to the Board on the CEO's annual performance objectives and goals and evaluates his performance against these. Matters related to workplace health and safety are also reported to and monitored by the Committee.

The Human Resources and Workplace Health and Safety Committee meets at a minimum three times per year and consists of at least two directors, other than the Chairperson of the Board and the President and CEO who are ex-officio members.

**Board Education and Composition**

New Board directors are provided with orientation to the Mint and its businesses through comprehensive briefings by senior management, as well as tours of the Ottawa and Winnipeg facilities. Regular updates on the Mint's activities are also provided at Board meetings as part of ongoing education. Board members are encouraged to participate in ongoing professional development activities in alignment with an assessment of skills and competency requirements.

**Governance Renewal**

The Mint's Board of Directors has committed to undertake a governance renewal starting in 2019.

**Board of Directors – Compensation**

Position	Compensation
Chair of the Board	Annual Retainer \$10,500 - \$12,400 Per Diem \$410 - \$485
Board Members	Annual Retainer \$5,300 - \$6,200 Per Diem \$410 - \$485

All Directors also received reasonable travel and other expenses reimbursement, in line with Treasury Board directives on travel and hospitalities.

**Senior Management – Compensation**

Position	Annual Compensation	Performance-based Compensation
Interim President and CEO	\$350,000	26% <sup>9</sup>

**Board Membership**<sup>10</sup>

Name	Position	Appointment / Term Expiry
Clark, Phyllis Edmonton, Alberta	Chairperson	2018-05-11/2023-05-10
Falardeau, Serge Ste-Marie de Beauce, Quebec	Director	2017-10-18/2021-10-17
Lalli, Sandip K. Heritage Pointe, Alberta	Director	2018-06-06/2022-06-05
Macdonald, Fiona Vancouver, British Columbia	Director	2018-06-11/2022-06-10
Negris, Cybele Vancouver, British Columbia	Director	2017-10-18/2021-10-17
Patry, Gilles, C.M. Ottawa, Ontario	Director	2018-06-11/2022-06-10
Ross, N. William C. Toronto, Ontario	Director	2015-07-01/2019-06-30
Shannon Trudeau, Deborah Montréal, Quebec	Director	2017-10-18/2021-10-17
Skelton, Carol Harris, Saskatchewan	Director	2015-03-26/2019-03-25
Young, Victor L., O.C. St. John's, Newfoundland and Labrador	Director	2017-10-18/2020-10-17
Camelon, Jennifer Ottawa, Ontario	Interim Master of the Mint <sup>11</sup>	2018-08-30/2019-02-28

<sup>9</sup> Interim President and CEO remains on VP compensation during transition period.

<sup>10</sup> Board Biographies can be found on the Mint's website - <https://www.mint.ca/store/mint/about-the-mint/board-members--senior-officers-1400006#.W79A5GzD-JA>

<sup>11</sup> Master of the Mint position is vacant.



## ANNEX 3: SUMMARY OF FINANCIAL STATEMENTS AND BUDGETS<sup>12</sup>

### Consolidated Statement of Comprehensive Income (Loss)

For the year ended December 31 (in millions, CAD)

	Actual 2017	Plan 2018	Forecast 2018	Plan 2019	Plan 2020	Plan 2021	Plan 2022	Plan 2023
Revenue	\$1,691.3	\$1,664.4	\$1,315.1	\$1,320.2	\$1,315.9	\$1,315.6	\$1,315.2	\$1,315.5
Operating Costs	1,644.7	1,631.8	1,283.5	1,292.3	1,286.9	1,283.9	1,282.0	1,279.4
<b>Profit (loss) before income tax</b>	<b>46.6</b>	<b>32.6</b>	<b>31.6</b>	<b>27.9</b>	<b>29.0</b>	<b>31.7</b>	<b>33.2</b>	<b>36.1</b>
Income tax (expense) recovery	(10.6)	(8.4)	(7.9)	(7.0)	(7.3)	(7.9)	(8.3)	(9.0)
<b>Profit (loss) for the period</b>	<b>36.1</b>	<b>24.2</b>	<b>23.7</b>	<b>20.9</b>	<b>21.8</b>	<b>23.8</b>	<b>24.9</b>	<b>27.1</b>
<b>Other comprehensive income (loss), net of tax</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total comprehensive income (loss)</b>	<b>36.1</b>	<b>24.2</b>	<b>23.8</b>	<b>20.9</b>	<b>21.8</b>	<b>23.8</b>	<b>24.9</b>	<b>27.1</b>

<sup>12</sup> Due to rounding, numbers presented may not add up precisely to the totals provided.

## Consolidated Statement of Financial Position

As at December 31 (in millions, CAD)

	Actual 2017	Plan 2018	Forecast 2018	Plan 2019	Plan 2020	Plan 2021	Plan 2022	Plan 2023
<b>Current Assets</b>								
Cash	\$ 56.3	\$ 58.8	\$ 62.6	\$ 62.4	\$ 59.2	\$ 56.1	\$ 53.0	\$ 53.0
Accounts receivable	16.8	25.3	24.7	23.1	23.0	23.1	23.3	23.3
Prepaid expenses	3.6	2.2	3.6	3.5	1.8	1.8	1.8	1.8
Income taxes receivable	4.2	1.3	4.2	4.2	4.2	4.2	4.2	4.2
Inventories	85.5	71.4	69.5	63.4	62.8	62.4	62.6	62.1
Contract assets	0.0	0.0	7.6	0.0	0.0	0.0	0.0	0.0
Derivative financial assets	0.4	0.0	0.4	0.4	0.4	0.4	0.4	0.4
<b>Total current assets</b>	<b>166.7</b>	<b>159.0</b>	<b>172.6</b>	<b>157.0</b>	<b>151.4</b>	<b>148.1</b>	<b>145.3</b>	<b>144.9</b>
<b>Non-current assets</b>								
Prepaid expenses	2.3	1.8	2.1	0.0	0.0	0.0	0.0	0.0
Derivative financial assets	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Deferred tax asset	32.4	32.7	31.8	30.8	30.3	29.9	29.4	28.9
Property, plant and equipment	166.1	164.1	168.4	170.2	168.8	168.2	167.6	167.1
Right of use assets	0.0	0.0	0.0	14.1	11.8	9.5	7.3	5.1
Investment property	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Intangible assets	9.9	9.5	7.6	7.3	7.2	7.2	7.1	7.1
<b>Total non-current assets</b>	<b>211.1</b>	<b>208.2</b>	<b>210.3</b>	<b>222.7</b>	<b>218.5</b>	<b>215.1</b>	<b>211.8</b>	<b>208.5</b>
<b>Total assets</b>	<b>377.8</b>	<b>367.3</b>	<b>382.8</b>	<b>379.7</b>	<b>369.9</b>	<b>363.2</b>	<b>357.1</b>	<b>353.4</b>
<b>Current Liabilities</b>								
Accounts payable and accrued liabilities	60.8	50.1	59.5	54.0	53.0	52.7	52.4	52.1
Loans payable	7.5	3.0	3.0	3.0	3.0	3.0	0.0	0.0
Face Value redemptions	1.8	3.5	1.9	1.9	1.9	1.9	1.9	1.9
Deferred revenue	11.0	13.1	6.2	6.2	6.2	6.2	6.2	6.2
Contract liabilities	0.0	0.0	0.6	0.0	0.0	0.0	0.0	0.0
Lease liabilities	0.0	0.0	0.0	2.7	2.7	2.7	2.7	2.7
Employee benefits	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9
Derivative financial liabilities	0.6	0.0	0.6	0.6	0.6	0.6	0.6	0.6
<b>Total current liabilities</b>	<b>84.6</b>	<b>72.5</b>	<b>74.7</b>	<b>71.2</b>	<b>70.2</b>	<b>69.9</b>	<b>66.6</b>	<b>66.3</b>
<b>Non-current liabilities</b>								
Accounts payable and accrued liabilities	1.9	0.2	1.8	1.7	1.6	1.5	1.5	1.5
Loans payable	12.0	9.0	9.0	6.0	3.0	0.0	0.0	0.0
Face Value redemptions	139.3	134.8	136.8	132.9	131.1	129.2	127.3	125.4
Lease liabilities	0.0	0.0	0.0	11.7	9.7	7.4	5.2	2.8
Employee benefits	11.8	10.1	11.8	11.8	11.8	11.8	11.8	11.8
<b>Total non-current liabilities</b>	<b>165.0</b>	<b>154.2</b>	<b>159.3</b>	<b>164.1</b>	<b>157.0</b>	<b>149.9</b>	<b>145.8</b>	<b>141.5</b>
<b>Total liabilities</b>	<b>249.6</b>	<b>226.7</b>	<b>234.0</b>	<b>235.3</b>	<b>227.3</b>	<b>219.8</b>	<b>212.4</b>	<b>207.9</b>
<b>Shareholder's equity</b>								
Share capital (authorised and issued 4,000 non-transferable shares)	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0
Retained earnings	88.1	100.6	108.8	104.4	102.6	103.4	104.7	105.5
Accumulated other comprehensive loss	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total shareholder's equity</b>	<b>128.2</b>	<b>140.6</b>	<b>148.8</b>	<b>144.4</b>	<b>142.6</b>	<b>143.4</b>	<b>144.7</b>	<b>145.5</b>
<b>Total liabilities and shareholder's equity</b>	<b>377.8</b>	<b>367.3</b>	<b>382.8</b>	<b>379.7</b>	<b>369.9</b>	<b>363.2</b>	<b>357.1</b>	<b>353.4</b>

**Short Balance Sheet analysis over the period 2018 through to 2023****2018:**

Period-end inventories decrease from 2017 to 2018 and are expected to remain fairly consistent throughout the planning period. Deferred revenue is lower relative to plan for 2018 due to the application of IFRS 15.

**2019-2023:**

Cash is expected to remain flat in 2019. Right-of-use assets and finance lease liabilities (\$16.4 million) are brought onto the balance sheet on January 1, 2019 because of the implementation of IFRS 16. At period end, these balances reflect 12 months of depreciation expense and interest expense accretion (\$14.1 million and \$14.4 million).

Conclusion: The Mint will continue to have a solid balance sheet over planning period and is focused on its management of working capital.

**Consolidated Statement of Changes In Equity**

As at December 31 (in millions, CAD)

	Share Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance beginning of 2017	\$ 40.0	\$ 145.6	\$ (0.3)	185.4
Profit (loss) for the year	-	36.1	-	36.1
Other comprehensive income (loss)	-	(0.3)	0.4	0.0
Dividend	-	(93.2)	-	(93.2)
Balance end of year 2017	40.0	88.1	0.1	128.2
Balance beginning of 2018	40.0	88.1	0.1	128.2
Profit (loss) for the year	-	23.7	-	23.7
Other comprehensive income (loss)	-	-	(0.1)	(0.1)
Impact of change in accounting policy	-	2.0	-	2.0
Dividend	-	(5.0)	-	(5.0)
Balance end of year 2018	40.0	108.8	-	148.8
Balance beginning of 2019	40.0	108.8	-	148.8
Profit (loss) for the year	-	20.9	-	20.9
Other comprehensive income (loss)	-	-	-	-
Dividend	-	(25.3)	-	(25.3)
Balance end of year 2019	40.0	104.4	-	144.4
Balance beginning of 2020	40.0	104.4	-	144.4
Profit (loss) for the year	-	21.8	-	21.8
Other comprehensive income (loss)	-	-	-	-
Dividend	-	(23.6)	-	(23.6)
Balance end of year 2020	40.0	102.6	-	142.6
Balance beginning of 2021	40.0	102.6	-	142.6
Profit (loss) for the year	-	23.8	-	23.8
Other comprehensive income (loss)	-	-	-	-
Dividend	-	(23.0)	-	(23.0)
Balance end of year 2021	40.0	103.4	-	143.4
Balance beginning of 2022	40.0	103.4	-	143.4
Profit (loss) for the year	-	24.9	-	24.9
Other comprehensive income (loss)	-	-	-	-
Dividend	-	(23.6)	-	(23.6)
Balance end of year 2022	40.0	104.7	-	144.7
Balance beginning of 2023	40.0	104.7	-	144.7
Profit (loss) for the year	-	27.1	-	27.1
Other comprehensive income (loss)	-	-	-	-
Dividend	-	(26.3)	-	(26.3)
Balance end of year 2023	40.0	105.5	-	145.5

## Short Dividends analysis over the period 2018 through to 2023

The Mint is targeting an annual dividend payment made up of excess cash over a defined cash reserve. In 2018, the projected dividend of \$5 million is in line with expectations given the \$93 million dividend paid in 2017. For the planning period, the dividend ranges from \$23.0 million to \$26.3 million.

## Consolidated Statement of Cash Flows

For the year ended December 31 (in millions, CAD)

	Actual 2017	Plan 2018	Forecast 2018	Plan 2019	Plan 2020	Plan 2021	Plan 2022	Plan 2023
<b>Cash flows from operating activities</b>								
Profit (loss)	\$ 36.1	\$ 24.2	\$ 23.7	\$ 20.9	\$ 21.8	\$ 23.8	\$ 24.9	\$ 27.1
Adjustments to reconcile profit (loss) to cash flows from operating activities								
Depreciation and Amortization	20.2	18.5	18.4	20.9	20.9	20.9	20.8	20.8
Tax expense (recovery)	10.6	8.4	7.9	7.0	7.3	7.9	8.3	9.0
Finance costs, net	(0.6)	(0.6)	0.5	(0.3)	(0.4)	(0.4)	(0.5)	(0.5)
Other income	(5.6)	0.7	-	-	-	-	-	-
Loss on foreign exchange	1.2	-	-	-	-	-	-	-
Adjustments to other expenses (revenues), net	(0.7)	(1.5)	(4.3)	(3.0)	(3.4)	(5.2)	(5.2)	(5.2)
Changes in liability for Face Value redemptions	(2.7)	(5.5)	(2.5)	(3.9)	(1.9)	(1.9)	(1.9)	(1.9)
Net changes in operating assets and liabilities	7.3	(7.7)	1.4	14.2	4.8	4.9	4.6	5.3
Cash provided by operations before interest and tax	65.8	36.5	45.1	55.7	49.0	50.0	51.1	54.7
Income taxes paid, net of income taxes received	(9.2)	(7.6)	(7.3)	(6.0)	(6.8)	(7.5)	(7.8)	(8.6)
Interest received, net of interest paid	0.9	(0.1)	(0.5)	0.3	0.4	0.4	0.5	0.5
<b>Net cash from operating activities</b>	<b>57.6</b>	<b>28.8</b>	<b>37.3</b>	<b>50.0</b>	<b>42.6</b>	<b>43.0</b>	<b>43.8</b>	<b>46.6</b>
<b>Cash flows used in investing activities</b>								
Acquisition of property, plant and equipment and intangible assets	(14.2)	(20.0)	(18.4)	(20.0)	(17.1)	(18.0)	(18.0)	(18.0)
<b>Net cash used in investing activities</b>	<b>(14.2)</b>	<b>(20.0)</b>	<b>(18.4)</b>	<b>(20.0)</b>	<b>(17.1)</b>	<b>(18.0)</b>	<b>(18.0)</b>	<b>(18.0)</b>
<b>Cash flows used in financing activities</b>								
Dividends paid	(93.2)	(9.9)	(5.0)	(25.3)	(23.6)	(23.0)	(23.6)	(26.3)
Finance lease payments	-	-	-	(1.9)	(2.1)	(2.1)	(2.3)	(2.3)
Repayment of loans	(7.5)	(7.5)	(7.5)	(3.0)	(3.0)	(3.0)	(3.0)	-
<b>Net cash used in financing activities</b>	<b>(100.7)</b>	<b>(17.4)</b>	<b>(12.5)</b>	<b>(30.2)</b>	<b>(28.7)</b>	<b>(28.1)</b>	<b>(28.9)</b>	<b>(28.6)</b>
Effect of changes in exchange rates on cash	(0.6)	-	-	-	-	-	-	-
(Decrease) increase in cash	(57.9)	(8.6)	6.3	(0.2)	(3.2)	(3.1)	(3.1)	0.0
Cash at the beginning of the period	114.2	67.4	56.3	62.6	62.4	59.2	56.1	53.0
<b>Cash at the end of the period</b>	<b>56.3</b>	<b>58.8</b>	<b>62.6</b>	<b>62.4</b>	<b>59.2</b>	<b>56.1</b>	<b>53.0</b>	<b>53.0</b>

### Cash Flow highlights over the period 2018 through to 2023

Cash at period-end ranges from \$53 million to \$62.4 million during the planning period. Cash is expected to remain flat in 2019 as cash from operating activities will be offset by payments for capital expenditures, dividends, and finance lease and loan repayments. Cash is expected to decrease slightly in 2020 and remain consistent for rest of the plan horizon, consistent with cash reserve requirements in the dividend framework.

### Capital Budget 2019 and Capital Expenditure Plan 2020-2023

For the year ended December 31 (in millions of CAD dollars)

	Actual 2017	Plan 2018	Forecast 2018	Plan 2019	Plan 2020	Plan 2021	Plan 2022	Plan 2023
<b>Total</b>	<b>\$ 14.2</b>	<b>\$ 20.0</b>	<b>\$ 18.4</b>	<b>\$ 20.0</b>	<b>\$ 17.1</b>	<b>\$ 18.0</b>	<b>\$ 18.0</b>	<b>\$ 18.0</b>

- **Building:** This includes plant and office modernization and improvements in Ottawa and Winnipeg, to facilitate efficient use while meeting health and safety standards.
- **Equipment:** Includes investments for reliability, flexibility and capability improvements as well as safety, security and environment. These projects are dedicated to optimizing processes, equipment and layout to ensure a high level of manufacturing efficiency and responsiveness. They also ensure the health and safety of employees, the security of the Mint's assets, and compliance with environmental requirements including carbon emissions monitoring.
- **Information Technology:** Includes computer hardware and software for the ongoing support and development of the computing and communications infrastructure and business applications and customer-facing systems.
- Treasury Board Corporate Plan guidelines require the application of a 2-key risk criteria (value and risk) for mandatory disclosure in Corporate Plans. The Mint has no capital projects that meet these criteria.
- Right of use assets for leases being transitioned into capital upon the adoption of IFRS 16 on January 1, 2019 amount to \$16.4 MM and are not included in the above table. This created an asset and corresponding liability.
- Other than the right of use assets transitioned into capital upon the adoption of IFRS 16, no other leases are included in the Capital Plan.

The Capital Budget for 2019 and the Capital Expenditure Plan for 2020-2023 represent the major investments planned in equipment and technology to the Mint's productivity and customer service, and enhance profitable growth opportunities. Investments that are required to maintain reliability, flexibility and capability of the Mint's equipment as well as to protect employee health and safety and the environment are also included.

The Mint's capital budget is managed in aggregate with adjustments made as required in-year prioritization. As a result of this practice, combined with the multi-year nature of certain projects, it is possible that the actual spend by asset category can vary from that presented in the 2019 Capital Budget and 2020-2023 Capital Expenditure Plan.

## ANNEX 4: DETAILED FINANCIAL STATEMENT INFORMATION

### Key Planning assumption<sup>13</sup>

Planning Assumptions	2019
Inflation	2.1%

### Significant Accounting Policies

#### Basis of reporting

The consolidated financial statements are prepared in accordance with International Financial Reporting Standard (IFRS), applying the IFRS standards in effect on January 1, 2018, with the exception of IFRS 16 *Leases*, which the Corporation has applied prospectively in the consolidated financial statements effective January 1, 2019.

#### Quarterly Financial Reporting

The *Financial Administration Act* requires that all departments and parent Crown corporations prepare and make public a quarterly financial report within 60 days after the end of the fiscal quarter to which the report relates. The Treasury Board Secretariat issues this standard.

#### New and revised IFRS affecting amounts reported in the consolidated financial statements

The Corporation adopted IFRS 15 – *Revenue from Contracts with Customers* (“IFRS 15”), IFRS 7 – *Financial Instruments Disclosures* (“IFRS 7”) and IFRS 9 – *Financial Instruments* (“IFRS 9”) with a date of initial application of January 1, 2018. As a result, the Corporation has changed its accounting policies for revenue recognition and the classification of financial instruments as outlined in note 3 of its condensed consolidated financial statements for the 13 weeks ended March 31, 2018.

The Corporation applied IFRS 15, IFRS 7 and IFRS 9 using the modified retrospective method. Under this method, the Corporation applied these standards retrospectively only to the most current period presented in the condensed consolidated financial statements and recognized the cumulative effect of initially applying these standards as an adjustment to the opening balance of retained earnings as at January 1, 2018. Therefore, the comparative information for 2017 presented in the Corporation’s consolidated financial statements has not been restated.

In addition, as described in note 5 of its condensed consolidated financial statements for the 13 weeks ended March 31, 2018, the Corporation adopted other new and revised IFRS pronouncements issued by the International Accounting Standards Board (IASB) on January 1, 2018 that did not have a material impact on its consolidated financial statements.

#### New and revised IFRS pronouncements issued but not yet effective

The Corporation has reviewed the revised accounting pronouncements that have been issued, but are not yet effective, as outlined in note 5 of its condensed consolidated financial statements for the 13 weeks ended March 31, 2018, and has made the following assessments of their future impact on its consolidated financial statements.

<sup>13</sup> Inflation: Bank of Canada Monetary Policy Report, July 2018.

- a) The adoption of IFRS 16 – *Leases* (“IFRS 16”) has been assessed as having a material impact on the Corporation’s consolidated financial statements in the future.

IFRS 16 was issued in January 2016 to replace IAS 17 – *Leases*. The new standard requires that leases be brought onto companies’ statements of financial position, increasing the visibility of their assets and liabilities. IFRS 16 removes the classification of leases for lessees as either operating leases or finance leases, treating all leases as finance leases. Short-term leases (less than twelve months) and leases of low-value assets will have an optional exemption from the requirements. For lessors, IFRS 16 substantially carries forward the requirements of IAS 17 – *Leases*. The new standard is effective for annual periods beginning on or after January 1, 2019. The Corporation expects to apply IFRS 16 on a retrospective basis with the cumulative effect of initial application shown in retained earnings instead of the restatement of the comparative information.

A full assessment of all existing leases under IFRS 16, as well as an assessment of the impact of the financial statement presentation and disclosure requirements on the Corporation’s consolidated financial statements, is on going and will be complete in the fourth quarter of 2018. Based on the assessment completed to date, the Corporation estimates that \$16.4 million of right-of-use-assets, with corresponding lease liabilities of the same amount, will be capitalized on the consolidated statement of financial position under IFRS 16 as at January 1, 2019.

- b) The adoption of the *Annual Improvements to IFRSs 2015-2017*, which are effective for annual periods beginning on or after January 1, 2019, is not expected to have a material impact on the Corporation’s consolidated financial statements.

## **ANNEX 5: BORROWING PLAN**

Funding activities are governed by section 20 of the *Royal Canadian Mint Act* and section 127 of the *Financial Administration Act*. Under subsection 20(1) of the *Royal Canadian Mint Act*, the Mint is subject to a statutory borrowing authority constraint, which limits total amount outstanding at any time at \$75 million (MM), or such greater amount as may be specified in an appropriation Act. In accordance with subsections 20(3) of the *Royal Canadian Mint Act* and 127(3) of the *Financial Administration Act*, the Mint requires the approval of the Minister of Finance to enter into any particular transaction to borrow money, including the time and the terms and conditions of the transaction.

### **Short-Term Borrowing**

The Mint anticipates minimal, if any, short-term borrowings over the planning period. Approval to access to short-term funding facilities is required, however, to address potential working capital requirements and/or to address potential bank overdraft positions that could stem from inaccurate cash forecasts and delays in receiving large-value payments from customers. The amount of short-term borrowings outstanding at any time shall not exceed \$25 MM (Canadian or equivalent US Dollars).

The Mint requires access to short-term funding to promote operational efficiencies, address working capital requirements and potential overdraft positions. The \$25 MM short-term borrowing limit amount is deemed reasonable at this time in light of the Mint's multi-billion-dollar annual cash flows.

### **Long-Term Borrowing**

No new long-term borrowings are anticipated for 2018 and over the planning period.



## ANNEX 6: RISK AND RISK RESPONSES

### **Enterprise Risk Management Framework (ERM)**

The Mint relies heavily on effective leadership, engaged employees utilizing modern business tools, and stakeholder engagement to ensure the disciplined execution of initiatives.

In 2017, the Mint undertook to refresh its Enterprise Risk Management (ERM) framework to enhance risk informed decision making. The new framework is being phased in, and contains the following key components.

### **ERM and Business Planning**

The Mint's Board of Directors and senior leadership hold an annual strategic planning session where the corporate strategy is reviewed and adapted to reflect in-year changes to the external and internal operating environment. Risk is one of multiple factors considered to determine long-term strategic priorities and objectives.

### **Risk Identification and Assessment**

The focus is the identification of events that can affect the achievement of the strategy and business performance objectives. The Mint's approach distinguishes a risk and an issue, where an issue is a known fact with a certainty of occurrence and consequently are not assessed. The risk assessment considers the strategic, financial, reputational and operational impacts of events, as well as, the likelihood of such events.

### **Risk Treatment and Monitoring**

The risk indicators are closely monitored and updated using the Mint's corporate risk framework. Senior management reviews the Mint's risk profile on a quarterly basis. Risk exposure is discussed in the context of management's tolerance, and risk treatment actions are selected. The Board's Audit Committee receives a quarterly update of the key strategic risks included in the corporate risk profile, in addition to newly identified emerging risks.

## Corporate Risk Profile

Strategic:

- Shareholder relations and regulations
- Numismatic value proposition
- E-payment adoption rate

Financial:

- Foreign market dynamics
- Bullion market volatility

Operational:

- Resilience and recovery
- Change management

## ANNEX 7: COMPLIANCE WITH LEGISLATIVE AND POLICY REQUIREMENTS

This appendix contains information about the corporation's efforts to comply with legislation, Treasury Board policies, Governor in Council and ministerial directives such as:

### A. Access to Information Act

The Mint is subject to the *Access to Information Act* and facilitates the public's right of access to the Mint's records that are not of a personal nature through its compliance with the request process as provided for under the legislation. As reflected in its practices and procedures, the Mint follows the principles for assisting requesters and endeavours to provide complete, accurate and timely responses to requests made under the Act. The Mint also regularly delivers training and education on access to information to make its employees aware of their duties and legal responsibilities under the Act.

### B. Conflict of Interest Act

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

### C. Canadian Human Rights Act

The Mint conducts itself and provide experiences to its employees in a manner consistent with the expectations set out in the *Canadian Human Rights Act*. The Mint has a Code of Conduct and Ethics, and a suite of policies pertaining to staffing, salary administration, violence in the workplace, harassment and discrimination. The Mint also provides employees with a confidential means for disclosure through its Code of Conduct and Ethics, and its Disclosure of Wrongdoings policies. The Mint also promotes itself on the careers page of its website as an equal opportunity employer for women, Indigenous peoples, persons with disabilities and members of visible minorities.

### D. Corruption of Foreign Public Officials Act ("CFPOA")

The Mint's *Code of Conduct and Ethics* prohibits bribery and employees knowingly supporting a transaction that involves the offer or giving of a bribe. As a means of ensuring demonstrated compliance with the CFPOA, the Mint adopted an Anti-Bribery and Anti-Corruption Compliance Program. Based on a risk assessment designed to identify the Mint's potential threats and vulnerabilities to bribery and corruption, the Mint developed the following key measures to mitigate the risk of same: an internal hospitality approval process for employees who have business dealings with foreign public officials; risk-based due diligence pertaining to the hiring and regular oversight of the Mint's agents operating abroad; and a practice of requiring that such agents sign a declaration respecting bribery and corruption on an annual basis. In addition, the Mint has provided training and guidelines on the CFPOA to educate designated employees on their obligations and compliance requirements under the CFPOA.

### E. Compliance with the Proceeds of Crime (Money Laundering) and Terrorist Financing Act ("PCMLTFA")

As a dealer in precious metals, the Mint has obligations under the PCMLTFA and associated regulations respecting transactions that involve the sale of precious metals, including specific reporting, record keeping, and customer identification and know-your-customer requirements. The Mint implemented an Anti-Money Laundering/Anti-Terrorist Financing ("AML/ATF") Compliance Program to provide a solid foundation for compliance with such requirements. As part of the program, the Mint has appointed an AML/ATF Compliance Officer ("CAMLO"); maintains compliance policies and procedures; regularly assesses money laundering and terrorist financing risks to ensure continued effectiveness of the Mint's risk mitigation measures; manages an on-going compliance training program; and ensures external reviews of the effectiveness of the program every two years.

## F. Canada's Anti-Spam Legislation

Through diligent work with its sales and marketing team, the Mint has implemented controls to ensure that appropriate consents and protocols are in place for email use with customers in compliance with Canada's anti-spam legislation. The Mint maintains an email consent database. New customized CASL online training will be offered in 2018. The Mint completed an assessment of the applicability of the EU General Data Protection Regulation (GDPR) to its business activities in early 2018. Available evidence suggests that compliance with the legislation is not required at this time. The Mint will continue to monitor GDPR guidance, case law and other developments. Any future Mint initiatives, programs or activities that may involve EU data subjects will be reviewed for GDPR compliance as a condition precedent to implementation.

## G. Employment Equity Act

The Mint maintains and administers policies to ensure it provides equitable employment opportunities for all job applicants. This is achieved through a staffing policy and processes designed to ensure that recruitment and selection rules and tools are non-discriminatory, that applications are reviewed and evaluated based on objective and established criteria, assures management that members of the four designated groups are not disadvantaged. In December 2017, the Mint completed an external review of its employment policies to ensure the content of those policies did not hinder employment opportunities for member of the four designated groups. In the planning period, the Mint plans to conduct a self-identification survey of its employee population.

## H. Official Languages Act

The Corporation strives to dynamically balance its mandate of operating "in anticipation of profit" with spending requirements for bilingualism and compliance with Parts IV, V, VI and VII of the federal *Official Languages Act (OLA)*. While the *Public Service Employment Act* is not applicable to the Mint, the Corporation is currently deploying an Action Plan in its facilities located in the National Capital Region to enhance Language of Work compliance. Other measures supporting official languages (OL) compliance include: an in-house translation unit; regular attendance of OL meetings with federal stakeholders; an OL working group to address issues; a two-person OL Champion/Co-champion team for OL advocacy; and the Mint's core function of celebrating – with fully bilingual products and communications – the people, places and culture of Canada, in alignment with the "Heritage" component of government priorities.

## I. Privacy Act

The Mint is subject to the *Privacy Act* and is committed to protecting personal information and managing this information with the utmost responsibility and care. In its efforts to comply with sections 4 through 8 of the legislation, the Mint limits as appropriate the collection, use and disclosure of personal information; identifies the purposes for which this information is collected at or before the time of collection; and protects the information with the appropriate safeguards. Personal information collected and held by the Mint is listed in Personal Information Banks (PIBs) and published annually in its Info Source chapter, which describes the purpose for the collection, notes any consistent uses and specifies the retention and disposal standards of the information. The Mint regularly delivers training and education on privacy and privacy breach awareness to make its employees aware of best practices as well as their duties and legal responsibilities under the Act.

## J. Directives on Travel and Hospitality, Conference and Event Expenditures

The Mint has made the necessary revisions to policies, processes and systems to comply with all the changes included in the amended Directive on Travel, Hospitality, Conference and Event Expenditures of April 2017. Controls also include guidance and focused training, as well as oversight activities during the processing of claims. In addition to the revisions, the Mint continues to take additional measures to review, identify and implement enhancements to its processes and systems. This forms part of the organization's continuous improvement initiatives, enhanced controls and cost reduction efforts, all consistent and in line with the DTHCEE.

### **K. Official Languages Policy Instruments**

The Treasury Board (TB) has recently streamlined its twelve former official languages (OL) policy instruments into one (1) overarching policy, the TB's Policy on Official Languages, now supported by only three consolidated directives. The Mint is subject to all three instruments, except Appendix 2 of the "Directive on Official Languages for People Management". In addition to mirroring the principles of the TB's OL policy with its own corporate OL Policy (No. 31), the Mint also enacts compliance measures such as: a robust in-house second-language training program; spot checks for Active Offer compliance; totally bilingual online platforms with toggle functions between mint.ca and monnaie.ca; an on-call translation service after hours to ensure simultaneous messaging on social media platforms.

### **L. Pension Plan Reform Directives**

The Mint has necessary processes and systems designs to ensure that employees who meet the prescribed eligibility criteria are members of the federal public service pension plan. In conjunction with the public service pension reform, employees starting after January 1, 2013 are aligned with the new plan design, guidelines and contribution rates.

### **M. Trade Agreements**

In an effort to comply with all relevant directives and legislation, the Mint maintains a corporate procurement policy to provide the Mint with a management framework that is flexible and promotes the efficient, effective, open, fair, ethical, and transparent acquisition of goods and services while supporting the commercial mandate of the Mint. This framework ensures that:

- The Mint's requirements for goods and services are met and best value is attained;
- The integrity of the procurement process is maintained, the Mint's obligations as a Crown corporation are respected, while operational requirements are met;
- The Mint is not exposed to undue risks that can't be mitigated or avoided when entering into contracts for the procurement of goods and services, and;
- Where appropriate, economies of scale are achieved.

Internal processes and systems are set up so that each new procurement for goods and services is assessed against that policy and against obligations under applicable international trade agreements. As is required, related reporting is submitted to government.

## ANNEX 8: GOVERNMENT PRIORITIES AND DIRECTION

*This appendix describes how the corporation's priorities and activities align with government-wide priorities, and highlights any notable activities in the following key areas.*

Government-wide priorities are outlined in the Speech from the Throne and the Budget Plan.

The Mint promotes openness and accountability through its proactive disclosure publications. To enhance transparency, the Mint will transition to publishing its completed Access to Information (ATI) request summaries from its own website to the Open Government portal [open.canada.ca](http://open.canada.ca) in the 2018 calendar year. The Mint's ATI summaries will appear and be searchable in the Portal within 30 days of the end of the calendar month in which the requests were closed.

### **A. Open and Transparent Government**

In alignment with this priority the Mint is:

- Refreshing systems and processes to enable timely and accurate disclosure to shareholder and the people of Canada, all required information both financial and non financial.
- Prioritizing requests for access to information within the corporation's workload.
- Publishing on its website all annual and quarterly financial reports, as well as the proactive disclosure of travel and hospitality expenses of its Board members and the Officers.

### **B. Gender-Based Analysis Plus (GBA+)**

At this time, the Mint does not have a specified GBA+ implementation plan. However, the Mint has begun work with an external consultant to assess its Diversity and Inclusion strategy including an assessment of the application of GBA+ initiatives in its activities. The Mint will then determine the next steps and appropriate actions required.

### **C. Diversity and employment equity**

The Mint is proud to promote diversity through coin designs featuring Indigenous art and creating a link with many of Canada's communities by celebrating culture on numismatic coins. The Mint will continue to look for opportunities to support diversity in recommending future coin designs.

The Mint also has practices focused on equity such as workplace accommodation, a transparent and objective job evaluation system, an annual compensation equity review, a Diversity and Inclusion Committee, in addition to promoting equal opportunity employment for women, Indigenous peoples, persons with disabilities and members of visible minorities on its website careers section and on internal job postings.

### **D. Indigenous issues – consultations**

To date, there have been no instances where the duty to consult Indigenous peoples has been triggered by the Mint's activities, nor does the Mint expect such a duty to be triggered in the foreseeable future. The Royal Canadian Mint has a rich history of portraying Indigenous art, culture, people and places on its coins. The Mint works closely with Indigenous artists and is increasing its consultation and outreach to ensure designs are accurate, respectful and meaningful keepsakes that commemorate Canada's history and diversity. Whether through commemorative circulation coins or numismatic collector coins, the Royal Canadian Mint is committed to telling the stories that shape the nation.

### **E. Sustainable development and greening government operations**

The Mint is committed to sustainability as demonstrated through the Mint's vision of *delivering excellence... through our customer-driven businesses, our talented people and the value we add to Canada and Canadians*. The Mint strives to always provide a positive customer experience by delivering high quality, relevant products, and responsive customer care and service that the Mint tracks through its Net Promoter Score. The Mint invests heavily in training and development, health and safety, and mental wellness programs to ensure that employees are not only engaged, but equipped with the right tools and support to make them successful in their jobs. The Mint adds value by returning profits to the Canadian shareholder, celebrating Canada's heritage, people and places and through an ongoing commitment to reduce the Mint's footprint on the environment. The Mint does this by monitoring the water and electricity consumption, employing the Mint's proprietary non-cyanide plating processes in its production facilities, and reducing the overall production requirements through recycling and advanced forecasting and logistics programs. Corporate Knights recently recognized the Mint as the 6th best Corporate Citizen in Canada.

## ANNEX 9: GLOSSARY OF TERMS

- ALS – Acid-Less Separation
- AML – Anti-Money Laundering
- ARP – Alloy Recovery Program
- ATF – Anti-Terrorist Financing
- ATI – Access to Information
- ATU – Amalgamated Transit Union
- B2B – Business to Business
- B2C – Business to Consumer
- Bullion DNA – Bullion Digital Non-Reactive Activation
- CAD – Canadian Dollar
- CAMLO – AML/ATF Compliance Officer
- CCP – Commemorative Coin Program
- CSR – Corporate Social Responsibility
- DOF – Department of Finance
- ECCB – Eastern Caribbean Central Bank
- ERM – Enterprise Risk Management
- ETR – Exchange Traded Receipt
- EU – European Union
- FX – Foreign Exchange
- GBA – Gender Based Analysis
- GDP – Gross Domestic Profit
- GDPR – General Data Protection Regulation
- IASB – International Accounting Standards Board
- IAS – International Accounting Standard
- IFRS – International Financial Reporting Standards
- IT – Information Technology
- KPI – Key Performance Indicator
- M – Thousand
- MM – Million
- MOU – Memorandum of Understanding
- MPPS – Multi-Ply Plated Steel
- NAFTA – North American Free Trade Agreement
- NGC – Next Generation Coin
- OL – Official Languages
- OZ – Ounce
- PCMLTFA – Proceeds of Crime Money Laundering and Terrorist Financing Act
- PIBs – Personal Information Banks
- P&L – Profit and Loss
- PSAC – Public Service Alliance of Canada
- PSHCP – Public Service Health Care Plan
- QFR – Quarterly Financial Report
- R&D – Research & Development
- RAM – Royal Australian Mint
- ROA – Return on Assets
- ROI – Return on Investment
- SOE – State-Owned Enterprises
- TB – Treasury Board
- TBS – Treasury Board Secretariat
- USD – United States Dollar
- USMCA – United States Mexico Canada Agreement

