2019-2023 CORPORATE PLAN SUMMARY

OPERATING BUDGET • CAPITAL BUDGET

EDC
TAKE ON THE WORLD

Canada

TABLE OF CONTENTS

EXECUTIVE SUMMARY iv

1.0 OVERVIEW 6

2.0 OPERATING ENVIRONMENT 7
- 2.1 GLOBAL ECONOMIC OUTLOOK 7
- 2.2 CANADIAN CONTEXT 8
- 2.3 THE EDC CONTEXT 9
- 2.4 KEY STRATEGIC ISSUES 12
- 2.5 OVERSIGHT AND REVIEWS 13

3.0 OBJECTIVES, ACTIVITIES, RISKS, EXPECTED RESULTS AND PERFORMANCE INDICATORS 14
- 3.1 OVERVIEW OF OBJECTIVES AND ACTIVITIES 14
- 3.2 CONTRIBUTING TO CANADA'S TRADE AGENDA 14
- 3.3 DIGITAL TRANSFORMATION 17
- 3.4 OBJECTIVES AND ACTIVITIES 17
- 3.5 HUMAN RESOURCES 28
- 3.6 CORPORATE SOCIAL RESPONSIBILITY 29
- 3.7 SUPPORT FOR CLIMATE CHANGE INITIATIVES 31
- 3.8 RISKS 31
- 3.9 EXPECTED RESULTS AND PERFORMANCE INDICATORS 32

4.0 FINANCIAL OVERVIEW 33
- 4.1 OVERVIEW 33
- 4.2 SIGNIFICANT ITEMS 33
- 4.3 KEY ASSUMPTIONS 33
- 4.4 DIVIDEND 35

5.0 APPENDICES 36
- APPENDIX I: CORPORATE GOVERNANCE STRUCTURE 36
- APPENDIX II: PLANNED RESULTS 39
- APPENDIX III: CHIEF FINANCIAL OFFICER ATTESTATION 43
- APPENDIX IV: FINANCIAL STATEMENTS AND NOTES 44
- APPENDIX V: BORROWING PLAN 57
- APPENDIX VI: COMPLIANCE WITH LEGISLATIVE AND POLICY REQUIREMENTS 62
- APPENDIX VII: GOVERNMENT PRIORITIES AND DIRECTION 64

ANNEX I: FINDEV CANADA 2019-2023 CORPORATE PLAN 69

EXECUTIVE SUMMARY

Export Development Canada (EDC) is a financial Crown corporation that provides Canadian companies with the solutions they need to go, grow and succeed internationally. We are mandated to support and develop, directly or indirectly, Canada's export trade and Canadian capacity to engage in that trade and respond to international business opportunities.

Our commitment to financial sustainability is critical to our ability to help Canadian companies succeed internationally, both today and in the future. Our financial results over the Corporate Plan period underline this commitment while also placing emphasis on our strategic objectives.

EDC's 2019-2023 Corporate Plan furthers our corporate strategy – a strategy focused on ensuring that we are relevant to many more Canadian exporting companies, particularly SMEs, with the goal of diversifying and augmenting trade for Canada. Importantly, it is a strategy that fully supports the Government of Canada's goal of growing exports by 30 percent by 2025, and that aligns with Global Affairs Canada's trade agenda.

Our business objectives and corresponding activities for the Corporate Plan period demonstrate the ways in which EDC is changing in order to help more Canadian companies conduct more business, in more international markets than ever before. To ensure we are properly equipped to achieve this, we are investing in relevance by:

- Increasing awareness of the ways in which we support companies that are exporting, as well as those that are export-ready;
- Generating awareness among Canadian companies of the benefits of diversification;
- Evolving our solutions to meet the changing needs of Canadian companies;
- Sharing with companies our rich trade expertise garnered through our almost 75 years as Canada's Export Credit Agency, operating in over 180 countries;
- Developing scalable and sustainable solutions to help as many companies as possible; and
- Doing all of the above responsibly and sustainably so that we may help increase and diversify Canadian trade.

Significant investment is required to sustain our support for a growing number of exporters. This includes investments in our digital capabilities to reach more companies, broadening our solutions to serve a growing diversity of exporters, and deepening relationships with key federal partners, and in particular, the Trade Commissioner Service. It also includes modernizing our risk management practices to enable us to help more businesses, and further embedding Corporate Social Responsibility into our corporate strategy, organizational culture and operational practices in order to add more value for our customers and contribute to responsible and sustainable growth for Canada.

Over the planning period, EDC will require additional resources to ensure the measures we have begun to put in place, and any new activities we take on, are successfully implemented. This includes resources to serve more SMEs as well as the implementation of critical programs under our ongoing Enterprise Risk Management transformation program of change.

Finally, in 2017, our mandate grew through the creation of Canada's Development Finance Institution, established as a wholly owned subsidiary of EDC. FinDev Canada is mandated to provide, directly or indirectly, development financing and other forms of development support in a manner that is consistent with Canada's international development priorities. FinDev Canada's 2019-2023 Corporate Plan is presented as an Annex to EDC's Corporate Plan.

1.0 OVERVIEW

In 2019, Export Development Canada (EDC) will celebrate 75 years as Canada's export credit agency (ECA). In this important capacity, we are mandated to support and develop, directly or indirectly, Canada's export trade and Canadian capacity to engage in that trade and respond to international business opportunities. Our contribution to helping companies that export or invest internationally increases Canada's global competitiveness and creates benefits for Canada including sustainable economic growth, wealth and jobs.

Four years ago, EDC embarked on a transformational journey to become more relevant to Canadian companies. This transformation speaks to what we do for Canadian businesses, how we support and develop Canada's export trade, and how we operate as a company and as an employer. Guiding this transformation is our aspiration of being a leader in helping Canadian companies go, grow and succeed internationally. Few missions could be more important during this time of shifting international opportunities and evolving trade uncertainties.

Within the current global environment, Canadian companies face an increasing range of challenges when engaging outside of Canada and require different types of support to succeed internationally. We are deploying all of the capabilities and expertise within our franchise to provide solutions to meet these needs. We provide insurance and financial solutions to Canadian exporters and investors, as well as financing to their international buyers; we share targeted and specific knowledge to help Canadian companies navigate the competitive global landscape; and we connect businesses directly to foreign buyers and global supply chains in order to bring benefits home to Canada. We accomplish this by working with a range of partners including Government agencies such as the Trade Commissioner Service (TCS), insurance providers, banks and other export-oriented firms and, in so doing, accelerate the ability of Canadian companies to engage in trade and compete with exporters around the world.

EDC is here to support the Canada of today - central to this is our ability to leverage our expertise as a global financier transacting in over 180 countries, our ability to manage risk and our willingness to adapt to change. We are also here to support the Canada of tomorrow. This requires us to continually invest in our organization to evolve our knowledge, practices, systems and solutions in order to deliver on our public policy mandate to support and develop Canadian trade and to meet the needs of companies that are exporting, as well as those that are export-ready;

Our broad-based products and solutions are tailored to meet the evolving needs of Canadian exporters of all sizes and offer support for Canadian companies throughout the exporter journey, and include:

- Market, industry and trade intelligence to help a company go global, and to mitigate risks inherent in operating internationally;
- Credit Insurance policies for a Canadian company's first international sale;
- Working capital solutions for Canadian exporters that want to grow;
- Financing to help enable and create trade for Canada;
- Equity support for early stage exporters;
- Help for companies investing directly into new markets;
- Help for foreign companies investing in Canada for export purposes; and
- Connecting exporters with new buyers in foreign markets.

It is through the delivery of these solutions that we strengthen and enable Canada's export culture. In 2017, we served more than 9,000 companies and facilitated more than $100 billion of international business. The wealth created by this economic activity represents the equivalent of more than 500,000 jobs.

EDC's mandate to support Canadian companies throughout their international journeys is bolstered by our commitment to both financial sustainability and to customer relevance. In carrying out our business activities, EDC balances commercial objectives with our public policy mandate. In addition, EDC is often called upon to support, and sometimes to take a leadership role, in respect of specific Government of Canada priorities that are of national interest.

For more detailed information on our 2017 corporate performance and financial condition, please refer to EDC's 2017 Annual Report.

2.0 OPERATING ENVIRONMENT

2.1 GLOBAL ECONOMIC OUTLOOK

The global economy continues to experience a staggering amount of change. Economic turbulence, political crises and global protectionism are making trade more complex and unpredictable than ever before. While questions persist about whether globalization has the resilience and momentum to carry through this period of global uncertainty, EDC believes it does. Globalization has been such a force for good – lifting millions out of poverty, helping wealthy nations like Canada create quality jobs and achieve some of the lowest unemployment levels on recent record, and lowering prices for consumers the world over.

Despite on-going global trade policy uncertainty, EDC is of the view that international trade will in fact be a key contributor to the resurgence in the global economy over the 2019-2023 planning period (the planning period). EDC continually monitors the current and future global trade landscape and we believe there are strong prospects for trade growth, both in Canada and around the world. Now is the time for Canadian companies to capitalize on renewed global opportunities, and for EDC to support these efforts in a more significant way than ever before. Key areas of growth are highlighted below.

EDC FORECASTS – GDP GROWTH (per cent)			
	2018	2019	2020
World	3.3	3.4	3.2
Canada	2.0	2.0	2.0
United States	3.1	3.4	2.7
Europe	2.4	2.3	1.7
India	7.5	7.6	7.8
China	6.7	6.5	6.4

EDC compares our own forecast information to individual country forecasts published by Consensus Economics Inc. When we refer to the term 'consensus', we refer to the average of all forecasts for a particular country in a particular year. EDC's forecast for Canada is aligned with the consensus average, and our emerging market forecasts are also close to the consensus mean.

2.2 CANADIAN CONTEXT

Competing forces are tugging at the Canadian export forecast from both sides through 2018 and 2019, contributing to slower, but steady growth in total exports of 5 per cent and 4 per cent, respectively. On one side, rising global growth, modest increases in commodity prices and the expansion of Canadian free trade agreements (FTAs) contribute positively to the forecast. On the other, however, increasingly protectionist sentiment will work to subdue export growth for 2018 and 2019.

OPPORTUNITIES AND CHALLENGES

Understanding the forces that are exercising the most influence on the global economy is essential to the success of Canadian businesses, and to the success of EDC in delivering on our mandate. While the nature of opportunities and challenges facing Canadian companies is evolving, EDC remains a reliable, agile and innovative partner. We draw upon our deep-rooted expertise in international trade, supply chains and our understanding of Canadian capabilities to help Canadian companies go, grow and succeed internationally in even the most turbulent of times. In fact, it is often during adverse economic conditions that EDC is most relevant to Canada. Canadian companies require our help to respond to the following challenges and opportunities over the planning period:

CHALLENGES	
Global Protectionism	The increasingly protectionist stance of some economies has the potential to give rise to a global spread of trade barriers that would impede and increase the cost of global trade flows for Canadian companies looking to do business around the world.
Shifting U.S. Trade Policies	Canada's proximity and ease of exporting to this market has created a concentration risk for Canadian exports and investments.
Reluctance to Export	The prospect of doing business abroad can be daunting, particularly for micro and small-sized enterprises that are often reluctant to export at all, or to diversify outside of safer international markets.

OPPORTUNITIES	
Trade Diversification	Diversification into new markets presents significant opportunity for Canadian companies to mitigate concentration risk and grow.
Emerging Markets	Diversification beyond traditional markets present significant opportunity for Canadian companies to mitigate concentration risk and grow, particularly given the favourable growth forecasts for emerging markets over the planning period.
Canadian Direct Investment Abroad (CDIA)	By establishing a local presence within global markets, CDIA enables Canadian companies to overcome trade barriers as well as expand their reach and acquire new buyers and opportunities, thereby hedging against risk by engaging in multiple markets.
Free Trade Agreements	The Comprehensive Economic and Trade Agreement (CETA) will eliminate tariffs on almost all (99 per cent) of goods that Canadians export to the European Union (E.U.) and provides Canadian companies with preferential access to more than 500 million people across 28 countries, with a combined GDP of $20 trillion. Additionally, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) could in the long-term boost Canadian GDP by $4.2 billion.
Canada Brand	Behind the maple leaf is a reputation for being reliable, responsible, innovative, and producers of quality goods and services, making Canadian companies ideal international trading partners
Government of Canada's Support for Trade	In a time when many countries are retreating from the global stage, the Government of Canada has been clear in its support of globalization and free trade. This sends a message to the international marketplace that Canada is open for business, and this is a competitive advantage for Canadian companies in today's global context.

2.3 THE EDC CONTEXT

STRENGTHS AND WEAKNESSES

EDC is proud to be recognized as one of the leading export credit agencies (ECAs) in the world. In addition to receiving the "Export Credit Agency of the Year" award at the 2018 Trade & Export Finance Conference, in 2018 EDC was also recognized as one of:

- Canada's Top 100 Employers for the eleventh time;
- Canada's Best Diversity Employers for 2018 – a first for EDC; and
- Corporate Knights Best 50 Corporate Citizens in Canada.

Underpinning our longstanding success and strong brand as Canada's ECA are numerous strengths that we leverage to deliver on our mandate and to drive benefits for Canada. Notable areas include:

- A comprehensive mandate that enables EDC to undertake activities and evolve our solutions in support, or development of trade for a diverse range of Canadian companies engaged in trade.
- A strong international presence that fosters trade diversification: our 20 international representations enable us to be where our customers are, and where they are going.
- Deep knowledge and understanding of the domestic and global business landscape by virtue of:
  - Decades of transacting and risk management experience in over 180 countries;
  - Specialized EDC teams that regularly conduct advanced, thorough analysis on the domestic and global economic, political and business environments;
  - A domestic footprint of 22 offices that, when combined with our deep relationships with Canadian financial institutions, brings EDC closer to exporters and enables our understanding of Canadian businesses (types of companies, drivers, challenges, needs); and
  - Foreign representations in 20 key markets which allow EDC to: garner and maintain current knowledge of markets of importance to Canada's trade environment; deepen and leverage relationships with the TCS and local buyers and borrowers; and provide on-the ground market information and intelligence to Canadian exporters and investors.
- A highly engaged workforce as demonstrated through our 2017 employee engagement survey which places EDC in the top 25 per cent of the Canadian public and private sector for engagement and enablement;
- Strong reputation, customer satisfaction and loyalty among exporters who have worked with EDC, as demonstrated by a Net Promoter Score in the top 10 per cent of North American B2B companies;
- Ongoing commitment to financial responsibility allowing EDC to generate profits and maintain a strong capital position that is critical to our ability to meet the needs of Canadian companies both today and in the future;
- Strong corporate culture founded on trust, collaboration, execution, accountability and sustainability that enables EDC to achieve results and drive benefits for Canada; and
- Our commitment to ethical conduct, which is the cornerstone of our reputation with our customers, partners, as an agency of the Government of Canada and as a representative of Canada.

Despite these assets, several key areas merit strengthening over the planning period to create more value for Canadian companies. These include:

- Increasing awareness amongst Canada's exporter population of the ways EDC can help them;
- Increasing our capacity to serve small and micro exporters with solutions that meet their diverse needs in a sustainable way;
- Enhancing the range of EDC solutions that are available digitally and through other partners;
- Scaling our business to support a larger exporter population, which includes:
  - Increasing our use of channels beyond our direct sales force to reach more companies; and
  - Enhancing the automation of business processes where possible.
- Continuing to evolve our approach with important partners like banks and insurance brokers, from a transactional to a strategic approach, to better anticipate their needs as well as those of Canadian businesses; and
- Enhancing our risk management systems to better manage the growing complexity of the international markets in which we operate and to keep pace with our growing customer base.

OPPORTUNITIES AND CHALLENGES

External Environment

EDC's success is ultimately assessed on the international success of the businesses we support and the benefits that increased trade brings back to Canada. By virtue of this, EDC faces the same opportunities and challenges as Canadian exporters – our role is to help exporters navigate these challenges in pursuit of international growth. EDC, however, faces additional opportunities and challenges presented by the external environment as follows:

	OPPORTUNITES	CHALLENGES
Federal Partners	Collaboration with key federal partners within the trade ecosystem will remain an important opportunity for EDC over the planning period. These partners include the Trade Commissioner Service (TCS), Business Development Bank of Canada (BDC), Canadian Commercial Corporation (CCC) and Sustainable Development Technology Canada (SDTC).	Canadian companies stand the best chance of succeeding internationally when they have a coordinated network of support at home. In serving Canadian companies, all partners within Canada's trade ecosystem must ensure awareness of each other's offerings, and consistently deliver their respective services for current and future exporters. In so doing, we ensure alignment and complementarity across Government agencies.
Private Sector Partners	Partnership with the private sector continues to provide significant opportunity for EDC to: add risk capacity to the market; fill gaps in the private sector; and, help more Canadian companies. Opportunity exists to collaborate in new ways with financial partners that are increasingly seeking support from EDC.	Financial institutions are rapidly evolving their solutions, delivery and processes to meet increasing demands from clients. They are also rapidly advancing their digital capabilities. EDC must continue to evolve our relationships, and our processes, in-line with these key partners to remain relevant to Canadian business.
Canadian Companies	While opportunity exists to serve more Canadian companies of all sizes, there is significant opportunity to increase our reach and better serve current micro exporters, or those that are export-ready (companies earning annual revenues of under $2 million).	Low awareness, of both the benefits of exporting and the ways in which EDC can help, is an important challenge in the context of the Canadian business and trade landscape.

EDC Customer Ocean Rodeo

Internal Environment

EDC's success starts with decisions made internally – the systems we have in place and the people we employ. EDC's human resource, risk and operational management practices align with the private sector and are underpinned by our commitment to sustainable and responsible business. We monitor our internal environment to identify opportunities for improvement and respond to challenges so that that we might be more productive and deliver more value to Canadian companies.

Human Resources	There is opportunity to expand EDC's workforce over the planning period in a way that is flexible, allowing us to remain agile and deploy the right mix of full-time and contract employees to respond to the shifting demands of our operating environment. Additionally, there is opportunity for these positions to be based outside of Ottawa, both nationally and abroad. EDC has an increasing need to acquire talent with different competencies and skill sets than we have traditionally hired (i.e.: more complex data analytics). The target labour market from which we draw, however, is seeing increasing demand for the key skills we require. Further to this, the near term will see a significant portion of the baby boomer cohort retire from the workforce. Talent acquisition over the planning period will be more important, and more challenging, than has historically been the case.
Corporate Social Responsibility	As a Crown corporation and a representative of Canada, EDC is committed to sustainable and responsible business and, as such, sound CSR practices are very important to us. While numerous policies and procedures guide our CSR efforts, these written policies have not kept pace with our actual, and robust due diligence practices. There is opportunity to refresh our polices to better reflect our current practices. While our practices are in line with our international obligations, as well as the expectations of our stakeholders and civil society, there may be potential to make further enhancements.
Digital	EDC has recognized the need to modernize as an organization in order to remain relevant in a global marketplace that is becoming increasingly shaped by digital technology. It is incumbent on EDC to be more agile, responsive and capable of delivering solutions to customers in new and innovative ways. Ongoing and significant investment in our digital platform will continue over the planning period to ensure we serve the changing needs of Canadian companies.

2.4 KEY STRATEGIC ISSUES

In the context of today's unpredictable global economy, Canada faces key strategic issues over the planning period, including:

- A culture of trade complacency: Canada's trade may have pockets of rapid growth, but on balance our relative trade performance among the G-20 countries is slipping. For a country that depends on trade for economic prosperity, there is an urgency to create more of an exporting culture to encourage selling internationally.
- Trade protectionism and uncertainty: Canadian businesses must find new ways to diversify, mitigate risk and innovate in order to succeed.
- A lack of awareness among Canadian businesses of global trade opportunities, and particularly, of opportunities to diversify trade beyond traditional markets.
- A lack of awareness and clarity among Canadian businesses around who is best able to assist them with their international endeavors.

As Canada's export credit agency, the strategic issues facing Canada impact and inform those facing EDC:

- We must encourage more Canadian companies to start exporting and encourage those that are, to export more, and into diversified markets.
- We must evolve and modernize the delivery and accessibility of our solutions in order to increase our reach and relevance to Canadian companies engaged in, or exploring, the possibilities of exporting.
- Our ability to innovate quickly in order to do business at the speed of business and respond to imminent exporter needs. This requires significant investment in many areas of the business including our digital capabilities, human resources and foundational transformation programs such as our enterprise risk management (ERM) transformation program.
- Our ability to maintain a competitive employee value proposition to attract and retain the talent and skills we require to execute on our business functions.
- Upholding our commitment to financial sustainability and responsible business practices in the context of an increasingly risky and unpredictable global economy and in support of the Canadian brand.

These strategic challenges have guided our corporate strategy and continue to underpin our business activities over the 2019-2023 planning period.

EDC Customer Survival Systems

2.5 OVERSIGHT AND REVIEWS

EDC is accountable and responsive to the Government of Canada through a number of oversight mechanisms, including the Ministerial Statement of Priorities and Accountabilities (SPA). Ministerial directives also form part of this system of oversight and EDC is compliant with four directives as outlined in Appendix VII.

2018 LEGISLATIVE REVIEW

Section 25 of the *Export Development Act* (the Act) requires that the Minister for International Trade, in consultation with the Minister of Finance, initiate a review of the provisions and operation of the Act every ten years. Among other things, the review examines different aspects of EDC's role, functions and governance and assesses the evolution of the organization and how we should continue to evolve to meet the needs of Canadian companies.

The last Legislative Review was completed in 2008 and the current 2018 review is ongoing. The review will be structured on a thematic basis and look at EDC's complementary role with the domestic private sector, our ability to meet evolving Canadian business needs in a changing global context, and our adherence to the highest corporate social responsibility standards. The review will also include an evaluation of Canada's trade financing system. The review process will involve consultations with the Canadian public and interested parties will also have the opportunity to submit their views through a website. The Minister will table a report of the legislative review in Parliament in spring 2019.

SPECIAL EXAMINATIONS

In addition to the Legislative Review, a special examination is mandated at least every ten years under the *Financial Administration Act* (FAA) and a report on the findings must be submitted to the Board of Directors. The most recent review was completed by the Office of the Auditor General (OAG) in 2018 and focused on three key areas including EDC's risk management, organizational transformation and corporate management practices. We are pleased that the conclusions of the OAG's Special Examination Report mirror our activities as it relates to EDC's Enterprise Risk Management project plans. While the overarching ERM structure won't be finalized until 2019, the components of a sound enterprise risk framework are already in place to manage specific and corporate-wide operational and financial risks.

OTHER REVIEWS

The Act also stipulates that an audit of the design and implementation of EDC's Environmental Review Directive (the Environment Audit) must be undertaken by the Office of the Auditor General (OAG) every five years. The 2014 review was presented to EDC's Board of Directors and was tabled in Parliament [a copy of the review is available at http://www.oag-bvg.gc.ca]. The next review is scheduled for 2019.

EDC also participates in the Government of Canada's horizontal reviews, and will participate in the upcoming horizontal skills review, commencing in 2018 and continuing through 2019. This review will aim to maximize the effectiveness of federal skills programming with the goal of strengthening the support available to Canada's labour force in regard to information and training needed to meet future challenges and opportunities.

3.0 OBJECTIVES, ACTIVITIES, RISKS, EXPECTED RESULTS AND PERFORMANCE INDICATORS

3.1 OVERVIEW OF OBJECTIVES AND ACTIVITIES

Our past two Corporate Plans have begun to demonstrate the way in which our organization is changing in order to help more Canadian companies conduct more business, in more international markets than ever before. To achieve this, EDC is investing in relevance by:

- Increasing awareness of the ways in which we support companies that are currently exporting, as well as those that are export-ready;
- Evolving our solutions to meet the changing needs of Canadian companies;
- Developing scalable and sustainable solutions to help as many companies as possible; and
- Doing all of the above responsibly so that we may help augment Canadian trade and strengthen Canada's competitiveness amongst our global peers.

Over the planning period, this requires us to:

- Modernize and leverage digital capabilities to reach and help more companies;
- Broaden our suite of solutions to serve a growing diversity of exporters;
- Deepen relationships with key federal partners, and in particular the TCS, to strengthen Canada's trade ecosystem;
- Modernize our risk management practices to enable us to help more businesses.

Over the past few years, EDC has seen significant growth in the number of companies that are leveraging our suite of trade-oriented solutions to support their international growth. EDC served 7,100 customers in 2016 and 9,400 customers in 2017. At EDC, our diverse customer base includes those companies that leverage our core suite of financing and insurance solutions, as well as Canadian companies that leverage our rich trade knowledge, garnered over almost 75 years as Canada's ECA. Our support for Canadian companies, notably SMEs, continues to grow and we expect to serve over 12,000 companies in 2018. This is a testament to our ongoing efforts to evolve our business to be more relevant to current and future Canadian exporters. EDC's continued transformation over the planning period is guided by our aspiration to meet the needs of even more Canadian businesses and, in so doing, help propel more Canadian companies internationally.

Significant investment is required to sustain our support for a growing number of exporters; furthermore, to be sustainable, these efforts must be underpinned by sound financial and risk management practices. Over the planning period EDC will require additional resources in key areas of the business to ensure the measures we have begun to put in place, and any new activities we take on, are successfully implemented. This includes resources to serve more SMEs as well as the implementation of critical programs under our ongoing ERM transformation program. EDC must remain agile throughout this process to ensure that we are best poised to support as many Canadian companies as possible over the planning period.

3.2 CONTRIBUTING TO CANADA'S TRADE AGENDA

EDC's aspiration to help more Canadian companies sell internationally is fully aligned with the Government of Canada's stated objective to grow Canada's exports by 30 per cent by 2025. The Government's trade diversification agenda seeks to bring more of Canada to the world, and more of the world to Canada, through: further promotion of trade diversification, including through the negotiation of new trade agreements for Canada; the development of an export culture in Canada; the modernization of Canada's services for exporters, with a focus on SMEs; connecting innovation and skills to trade; and advancing Canadian's progressive and inclusive interests abroad. EDC fully supports the Government's efforts to diversify trade and, as demonstrated throughout the Plan, we will focus our future efforts on those areas of the agenda where we may have the greatest impact. Strong collaboration with the TCS, support for underrepresented groups in trade and support for targeted Canadian industries will also form an important component of our commitment to Government's trade agenda over the planning period.

COLLABORATION WITH THE TRADE COMMISSIONER SERVICE

The TCS is EDC's closest partner in trade. Over the years, the partnership between EDC and the TCS has been substantially upgraded and expanded to provide better coordinated service to Canadian exporters. Most recently, in late 2017, EDC and the TCS initiated a comprehensive project to further enhance our working relationship and service delivery to Canadian exporters. This project has included a role mapping exercise facilitated by a leading international consulting firm and ongoing working group meetings between EDC and TCS leadership.

In 2018 the working groups identified four priority areas to enhance our future collaboration. These are: information sharing, client referrals, Canadian capabilities and training. Action plans have been developed and are in the process of being executed in respect of each of these priorities. These action plans will further refine our work together towards our common objective of supporting the needs of exporters. EDC will continue to prioritize our partnership with TCS to identify areas of synergy and new opportunities to strengthen our collaboration. This important effort supports the direction set forth by Budget 2018 to refine 'the export support platform, including by simplifying and improving the client experience across the TCS, Export Development Canada and other federal partners".

Over the past few years, EDC has been actively building out a digital strategy in support of our long-term vision. Leveraging the investments we have made in this space, EDC has begun to work with Global Affairs Canada to explore collaboration opportunities on new digital platforms. This effort will continue over the planning period to determine how we work together from a digital perspective, and what investments might be required to support this collaboration with the goal of delivering a seamless customer experience for Canadian exporters.

IMPROVING DIGITAL SERVICES FOR SMES

EDC's ongoing and significant investment in our digital transformation supports the Government of Canada's efforts to modernize services for Canadian exporters. Our work in this regard is about increasing awareness of EDC's solutions and making them more accessible for Canadian companies. It is also about helping more companies by leveraging our digital platform to better serve all exporter segments, and scaling EDC solutions for micro and SME exporters.

SUPPORT FOR UNDERREPRESENTED GROUPS IN TRADE

EDC is mandated to support and develop Canada's export trade, and that means supporting every type of Canadian company to go, grow and succeed internationally, led by entrepreneurs that reflect Canada's rich diversity. While EDC's solutions are available and accessible to all Canadian exporters, we believe that targeted support for underrepresented groups will help ensure that all Canadian businesses can benefit from engaging in trade and can access the broad suite of Government of Canada services available.

Women

Only 35 percent of Canada's SMEs are majority-owned by women resulting in underrepresentation in both domestic and global trade. To address this important issue, EDC is committed to supporting the Government's broader Women's Entrepreneurship Strategy throughout the planning period. Budget 2018 announced EDC's $250 million financing envelope, available on commercial terms, to provide financing and insurance solutions to women-owned and -led businesses that export or have plans to export. This envelope is available through 2020 and helps these businesses overcome barriers to obtaining capital for international market expansion. This initiative provides us with a goal to work towards in 2019 and beyond and is supported by a broader strategic roadmap of initiatives focused on solving for the unique barriers women entrepreneurs face. In the first three quarters of 2018 EDC served 107 women-owned and/or -led companies with our credit insurance, financing and financing guarantees, totaling $162 million in export volume support.

In March 2018, as part of our Women in Trade month, we hosted a webinar on the topic of women in international trade for which we had close to 500 registrants. This confirms to us the interest in EDC's knowledge and we are committed to delivering more of this targeted and knowledge-rich support in 2019 and beyond.

Collaboration with partners within the women business ecosystem to better reach and serve this segment will remain a critical component of our Women's Strategy over the planning period. In 2018, EDC participated in two women-focused trade missions to Orlando and Detroit, led by Global Affairs Canada's Business Women in International Trade (BWIT) division. EDC also supported the participation of Réseau des Femmes d'affaires du Québec (RFAQ) in the Minister-led mission to Detroit for the annual Women's Business Enterprise National Council (WBENC) National Conference and Business Fair.

In the last half of 2018 we will participate in BDC's Women Entrepreneurs Talk Business Boot Camps occurring across Canada. These 15 boot camps target women entrepreneurs who have a desire to grow, as well as the ones that have more established businesses, with the goal to enhance their business skills and financial literacy.

Indigenous Peoples

EDC is committed to supporting Canadian Indigenous entrepreneurs in their international business ventures. In 2018, EDC undertook a review of our accessibility to Indigenous-led businesses with the goal of strengthening our support for Indigenous exporters. We worked with a third-party consultant to conduct the review and consulted with key stakeholders from Indigenous business associations to assess how EDC can most effectively promote Indigenous exports. EDC will work to implement the recommendations stemming from the review in 2019.

LGBTQ2

The influence and economic impact of the LGBTQ2 market is vast and ever growing with an estimated 140,000 LGBTQ2-owned businesses in Canada. In June of 2018, EDC collaborated for the first time with the Canadian Gay & Lesbian Chamber of Commerce (CGLCC) in sponsorship of the annual CGLCC Summit. This important entity is the sole body in Canada with the ability to certify a company as an LGBTQ2 enterprise and EDC will look to establish a formal partnership with this national, non-profit industry association in 2019. Additionally, in August 2018, EDC participated in the first-ever Government of Canada-led LGBTQ2 trade mission in Philadelphia to promote and generate trade opportunities for Canadian LGBTQ2 exporters. These important partnerships will support our ability to promote and increase our support for global trade within this business community.

EDC's support of women, indigenous and LGBTQ2 companies in trade-oriented business conferences, missions and events will continue to grow over the planning period as we continue to build relationships with new organizations.

SUPPORT FOR EMERGING GOVERNMENT PRIORITIES

EDC also supports the Government of Canada in its response to emerging federal priorities that arise in the context of today's unpredictable global economy. We provide support for federal priorities under EDC's corporate account. Over the planning period, EDC will continue to be nimble and responsive in support of the Government's efforts to help Canada respond to key priorities.

In addition, EDC also provides support for federal priorities through Canada Account, whereby EDC acts as an agent in support of transactions that are in the national interest. For example, in 2018 we facilitated the purchase of the Trans Mountain Pipeline.

3.3 DIGITAL TRANSFORMATION

In addition to helping more Canadian companies export, we see the investment in our digital transformation as a necessary cost to enable our business, ensuring EDC's long-term sustainability and relevance to Canadian exporters who expect, and require, digitally accessible products and services. With our new digital platform now in place, EDC now has an effective means of sharing with Canadian companies the deep knowledge we have gained through our core business activities. With the completion of our new mobile-friendly website and new mobile application by the end of 2018, EDC will continue to build and optimize our digital foundation in 2019 and over the planning period.

3.4 OBJECTIVES AND ACTIVITIES

EDC's business strategy over the 2019-2023 planning period is a continuation of our longer-term corporate vision adopted by the organization in 2015. In light of this, our efforts will continue focus on three key strategic objectives that underpin our corporate strategy. Activities and initiatives that support these objectives are outlined in detail in the following sections:

1. **Help more Canadian companies GO international by generating greater awareness of the benefits of exporting and the broad suite of EDC solutions to support their journey.**
2. **Anticipate the needs of Canadian companies with a range of financial solutions that will launch – and then accelerate – their international GROWTH.**
3. **Promote and facilitate trade diversification to propel the international SUCCESS of Canadian companies.**

1 Help more Canadian companies GO international by generating greater awareness of the benefits of exporting and the broad suite of EDC solutions to support their journey.

Canada needs more exporters. Exporting companies grow faster, are more resilient and innovative, and more sustainable than companies that don't export. They bolster and diversify the Canadian economy and make us a more competitive nation. The initiatives under this objective are intended to increase the number of companies selling internationally over the planning period.

BUILDING AWARENESS

Many Canadian companies are already exporters and don't know it. This is a key reason why many Canadian businesses don't think to sell more internationally. Many do not view themselves as export-able given their size, the product or service they offer and their sell-local mindset. Further to this, today's increasingly complex global trade environment can be daunting to small businesses. EDC's role is to promote and demystify trade while challenging the standard definition of exporting and the traditional makeup of exporters. This refresh is intended to build the confidence, within even the smallest of Canadian companies, to take those first international steps.

CONNECTING WITH MORE CANADIAN COMPANIES

In last year's Corporate Plan, we introduced our new channel strategy which deploys five different channels, each with a dedicated team, to reach and serve Canadian companies. This targeted strategy has enabled EDC to support over 30 per cent more companies in 2017 and will continue to drive us towards our aspiration of helping even more exporters over the planning period. EDC connects with companies by way of our direct sales force, bank partners, strategic alliances, insurance brokers and digital channels. New initiatives in key areas are highlighted below.

Bank Partner Channel

The deployment of a dedicated bank channel team continues to add significant financing capacity for banks, thereby allowing them to support more Canadian exporters than before. In fact, in 2017 and since the launch of the channel in that same year, 26 per cent more Canadian exporters were able to benefit from EDC support through their banks. Our increasing collaboration with these key partners is simplifying processes for financial institutions and driving product innovation, making it easier for companies to access EDC solutions. The bank channel team will continue to provide training on EDC's products to our bank partners in 2019 with the goal of making our products more accessible and serving more Canadian companies throughout the planning period.

Digital Channel

Our digital channel helps exporters access EDC solutions when, and how they want. Of the new companies EDC supported in 2017, 50 per cent chose to engage with us through our digital channel and this demonstrates the significant value this channel has created for Canadian exporters.

The digital channel is the most scalable way in which EDC may deliver appropriate content, solutions and services to companies at all stages of the exporter journey. As our digital transformation continues over the planning period, we will leverage this key channel to communicate and serve Canadian companies in a more efficient way, getting them information that is pertinent to their interests in a timely and convenient format.

PARTNERSHIPS AND COLLABORATION

Trade Portfolio Partners

Canadian companies have the best chance of succeeding internationally when they have a coordinated network of support at home. EDC is committed to leveraging a 'Team Canada' approach to trade over the planning period by working closely with key Government partners including the TCS, BDC, CCC and SDTC.

Earlier, we spoke about the collaboration project currently underway with the TCS. This relationship has never been more important and, over the planning period we will continue to work closely with the TCS to provide better service to Canadian exporters, share market intelligence and sponsor events that generate awareness of the benefits and opportunities for international trade diversification. Examples of this collaboration include our joint involvement in domestic and international signature trade events such as the annual Prospectors & Developers Association of Canada (PDAC) Convention, the Global Petroleum Show and the Offshore Technology Conference (OTC).

We continue to enhance our relationship with BDC to deliver complementary support to position Canadian companies for success. Our existing protocol ensures complementarity of services and governs a structured referral program, which saw almost 600 referrals between the two organizations in 2017. In 2018, EDC and BDC committed to achieving 1,130 referrals over a 12-month period. Our strong collaboration is also driving the creation of new products, including the launch of a working capital loan for technology businesses in June 2018. Up to $50 million in new financing will be available to Canadian technology companies over the next two years - addressing a significant and long-standing market gap for these companies that have been unable to secure traditional bank financing. With BDC acting as the front lender and managing the end-to-end transaction process.

Other Partners

EDC collaborates with many important partners beyond the trade portfolio, key among these being Innovation, Science and Economic Development Canada (ISED), with which EDC partners on the Accelerated Growth Service (AGS) program, as well as cleantech initiatives.

Partnering with federal agencies, as well as a number of provincial agencies and business associations with aligned mandates, will remain an important part of EDC's business model over the planning period. Examples of new partnerships include:

- 2018 collaboration initiative with the Department of Canadian Heritage in support of Canada's cultural export strategy;
- Formalized banking partnership with First Nations Bank – a relationship that helps eliminate one of the main barriers of support to indigenous companies affected by Softwood Lumber tariffs: the lack of a community bank;
- Fall 2018 collaboration with Start Up Canada in support of their cross-Canada tour to increase awareness of support for export ready start-up companies;
- Increasing collaboration and sponsorship of organizations focused on sustainable and responsible business practices such as the UN Global Compact; and
- Enhanced relationship with the Canadian Chamber of Commerce – in 2019 this will include collaboration on cross-Canada roundtables focusing on key issues facing Canadian business communities.

RESPONDING TO THE NEED FOR KNOWLEDGE

A critical component of a company's international growth and diversification strategy is the ability to discover and exploit relevant market information. The growing complexity of today's global economy and its supply chains, regulatory requirements, geopolitical risks and technological advancements are increasing the premium on accurate and accessible market information. Larger companies are less susceptible to knowledge risks as they can invest in their own commercial knowledge or hire experts to assist when issues arise. SMEs, however, face larger knowledge obstacles given resource constraints and, as such, are exposed to increasing trade risk.

By virtue of our almost 75 years as Canada's ECA operating in more than 180 countries, EDC is an organization with extensive knowledge and expertise in international trade and risk management. To help SMEs diversify and mitigate risks associated with knowledge limitations, we will leverage our experience and share our knowledge with Canadian companies, in an accessible and straightforward way. These efforts will be made in consultation with the TCS and will complement the work of our important trade partners.

EDC supports Government of Canada priorities including support for underrepresented groups in trade and targeted industries. We know that beyond financial and risk mitigation solutions, companies in these groups require specific information to both launch and accelerate their international strategies, and to manage through unpredictable times. In making available targeted knowledge, EDC supports the federal effort to increase and diversify Canadian trade.

EDC will continue to leverage our digital platform to share relevant information with Canadian companies over the planning period. We will complement these offerings with tools and content from important trade partners such as the TCS, to ensure the best possible mix of information for Canadian companies. The platform will also have an added benefit of serving as a resource for our trade partners in the field.

SUPPORTING FIRST INTERNATIONAL STEPS TO THE UNITED STATES

In support of the important efforts of the more than 100 Trade Commissioner resources in the U.S., EDC sees even greater opportunity for collaboration with the TCS to help current and prospective exporters navigate and diversify their presence in this important market.

EDC's U.S. strategy, introduced in last year's Plan, takes a long-term view of this important market that has, and will continue to be, our largest trading partner over the planning period. With concerted effort made in 2018 to grow our presence in the U.S., EDC has strengthened our relationships with financial institutions and key networks and enhanced our understanding of buyers in this market. In 2018, EDC established two new representations in Chicago and Atlanta, both co-located with the Canadian consulates. These co-locations will allow EDC to deepen our collaboration with the TCS in order to generate more business for Canadian firms and identify opportunities for their diversification. Over the planning period, EDC will continue to leverage our knowledge, presence and connections within the U.S. to the utmost benefit of Canadian exporters and will continue to identify opportunities for additional representations in 2019 and beyond.

2 Anticipate the needs of Canadian companies with a range of financial solutions that will launch – and then accelerate – their international **GROWTH**.

Aligned with the Government of Canada's goal of increasing Canadian exports by 30 per cent by 2025, EDC is devoting considerable resources to servicing Canada's important and diverse SME segment over the planning period. This means, broadening our physical reach to ensure timely support, evolving our insurance and financing solutions to ensure they remain relevant and supporting the diversity of Canadian sectors engaged in trade.

REGIONAL PRESENCE

To help more Canadian companies conduct more business internationally, we must be close to where they call home. As such, we continue to diversify our regional presence to ensure that EDC is closer to Canadian exporters across the country. In 2018, EDC opened two new offices to facilitate access to EDC support for Canadian businesses:

- Our new office in Sherbrooke, Quebec will allow EDC to better reach and serve a diverse market of 550 exporters within the region;
- EDC's office in Kitchener, Ontario will open in the fall of 2018 and will be co-located within the new Catalyst 137 facility - home to a group of companies involved in the 'internet of things' space, as well as the primary regional office for important partners including BDC and the Industrial Research Assistance Program (IRAP). Through this co-location, EDC will support the regional effort to strengthen the trade community for SMEs.

In 2019, and in response to the growing exporter community in the region, EDC is planning to open an office in Laval, Quebec and will continue to grow our national footprint over the planning period in response to the needs of Canadian exporters.

INNOVATING TO MEET THE NEEDS OF CANADIAN SMES

Insurance

EDC has devoted a considerable amount of resources to the digital evolution of our insurance offering since 2015. Investments in our digital platform continue to allow for enhanced access, delivery and administration of EDC solutions for our clients. We continue to see the benefits this has brought for our insurance customers who are purchasing and managing insurance policies online. Most recently, the launch of our new self-serve digital Portfolio Credit Insurance solution in the fall of 2017 has provided exporters with real time, around-the-clock access to EDC's fast, flexible credit insurance coverage. Ongoing investments in our credit insurance transformation project over the planning period will continue to drive innovation and enhancements in the delivery of our credit insurance solutions for our customers.

Financing

EDC has also made great strides in our SME financing solutions over the years and, as a result, we are seeing very significant growth in demand for our Export Guarantee Program (EGP) – a key exporter solution, offered in partnership with our Canadian bank partners that provides additional access to financing for SME exporters. The number of transactions completed between 2013 and 2017 has increased by almost 80 per cent, with an additional 30 per cent growth anticipated for 2018. We attribute this growth to: improvements made to the program to simplify usage for our bank partners; investments in our direct and bank channels that are generating better awareness of the solution; and innovation in the application of the EGP. Over the planning period, EDC will add resources to support the growing needs of SMEs, and to ensure that Canadian exporters can access the support they need to diversify and succeed internationally.

A Wholesale Approach to SME Financing

We continually work to simplify and increase access to financing for exporting SMEs. This is particularly important for micro and small businesses with limited resources and access to capital. An innovative development in the SME financing space is the pilot of a new and simplified 'wholesale' delivery of our EGP solution to Canadian exporters through partner financial institutions. The "EGP Express", launched in 2018, was developed in collaboration with one of our key bank partners and complements the delivery of our traditional EGP solution by focusing on the small end of the SME spectrum. By bringing together the right mix of people from across the organization, EDC was able to move quickly to deliver this impactful solution in just six months – a testament to our ability to be agile, innovative and relevant to our customers and partners.

Simply put, this wholesale approach to delivering much needed financing for SMEs allows our bank partners to deliver the value of our EGP solution to more exporters in a faster, more efficient and less expensive way. The EGP Express allows our partners to access support for a *portfolio* of exporters, thereby speeding up the process, minimizing the cost and getting much needed financing in the hands of more SMEs than ever before. Through this scalable and innovative solution, EDC is increasing our relevance to an important segment of exporters that were previously unable to benefit from this trade-enabling solution given their size and financing needs.

In 2019, we will look to deliver this solution through more bank partners in support of SME financing needs. Additionally, EDC will explore the application of this wholesale approach to other SME working capital solutions over the planning period. This is an important example of how EDC is adjusting to a new market reality that demands quick and straightforward access to impactful solutions for Canadian micro and small exporters.

SUPPORT FOR CANADIAN INDUSTRIES

EDC dedicates teams that support specific Canadian sectors in order to develop and maintain a deep understanding of Canadian business capabilities.

Our sector understanding enables our connection activity, allowing us to effectively match Canadian exporters with large, international buyers (often through their supply chains) with whom we have a financing relationship. We refer to this as trade creation, and it is an important component of our mandate. Over the planning period EDC will continue to invest in our ability to deliver the highest quality connections between our international buyers and our Canadian exporters.

Our sector teams collaborate regularly with the TCS on industry events to deliver a seamless and valuable experience for Canadian companies looking to capitalize on opportunities within their respective sectors. EDC supports companies in all industries and, for the purposes of the Plan, we highlight our efforts in the retail, advanced technologies and cleantech sectors, below:

Retail

Beyond companies that identify as ‘retailers’, EDC’s definition of the retail industry also includes suppliers, as well as those companies that provide associated technologies and infrastructure in support of the industry. EDC estimates that the addressable market in the retail sector is comprised of approximately 14,000 Canadian companies.

Over the years, we have supported Canadian retail exporters with our core financing and insurance solutions. These companies, however, have not historically been able to benefit from the connections, diversification and trade creation opportunities that flow from our *pull* program, through which EDC provides a loan on commercial terms to international buyers with procurement needs that are well aligned with Canadian industries and capabilities. Through this financing relationship, we identify the supply chain needs of international buyers so as to introduce them to Canadian companies that may be in a position to fulfill their needs.

In 2016 EDC amended our program capabilities to include retail and, at the end of 2017, we concluded one of our first pull transactions with leading Mexican retailer – Soriana, with the goal of connecting this buyer with Canadian retail exporters.

Our trade creation efforts in the retail space will enable us to better support groups like women, Indigenous people, youth and new Canadians, that are typically underrepresented in trade, but active within the Canadian retail sector. Over the planning period, EDC will leverage a strong network of partners, including the TCS, to build our knowledge of Canadian retail businesses and their capabilities so that we may best identify key areas of opportunity for Canada in the global retail sector.

Advanced Technologies

Canada’s Information and Communication Technologies (ICT) sector is comprised of over 39,000 companies – 86 per cent of which are small businesses – and employs 600,000 people. Generating upwards of 72 billion dollars in GDP annually, this sector is critical to our economy; it is at the forefront of the digital revolution and accounts for over 30 per cent of the overall research and development spend by the private sector in Canada.

As such, ICT has been a longstanding priority sector for EDC and will continue to be an important area of focus over the planning period. With global information technology spending expected to reach USD 3.7 trillion in 2018, we see significant opportunity for Canadian ICT companies to grow and diversify their international business.

Companies across the world, and in a wide range of industries, are increasingly leveraging technology to drive innovation and efficiencies in operations and manufacturing processes. In recognition of this, and in an effort to better help Canadian ICT companies diversify internationally, in 2018 EDC expanded our focus to align with the evolving global technology landscape. *Advanced Technologies* is a sector that encompasses a wider range of technologies, including fixed and mobile networking, security, cloud, data analytics and artificial intelligence. This will better enable us to identify opportunities for Canadian technology companies to sell their products and solutions to international buyers across diverse industries including, for example, mining, infrastructure and healthcare.

By taking a new approach with this important sector, we will effectively enhance our support for a wide range of Canadian technology companies. This will allow EDC to better identify opportunities to align Canadian companies, notably SMEs, with the supply chain needs of our large international clients.

Cleantech

Clean Technology (cleantech) continues to be a dynamic and opportunity-rich export sector for Canada. Exporting is fundamental to the growth of cleantech companies and while more than 80 per cent of Canadian cleantech companies currently export, there is potential for Canada to have a much larger share of the global market as the sector grows and matures. Today, there is greater global momentum to mitigate and address the impacts of climate change as key global economies, including Canada, are adopting ambitious climate change targets. Additionally, there are increasing expectations from both business communities and civil society alike to increase disclosure of carbon intensive assets which will generate even more opportunity for the sector as companies seek to reduce their carbon intensity. EDC's understanding of markets and ability to provide financial solutions in support of international sales is increasingly important for this sector as companies grow and look to diversify and compete in new markets.

In 2012, EDC established cleantech as a priority sector, launching a strategy that has since facilitated close to $5 billion in cleantech exports for Canada. In 2017 alone, we partnered with 224 cleantech companies to facilitate a record $1.5 billion in export support and, in 2018, we are Canada's largest financier of Canadian cleantech companies. Our cleantech strategy must, however, continue to evolve over the planning period to help more companies navigate this rapidly changing and increasingly competitive sector.

Our efforts to grow this important sector are guided by our goals to facilitate $2 billion in export volume for over 200 companies, annually, by 2020. To this end, EDC has dedicated cleantech specialists across Canada that work directly with companies to optimize their use of EDC solutions. The team also manages initiatives specific to the sector, supports market intelligence and manages key partner relationships. Over the planning period, the team will continue to focus on five specific areas where we anticipate bringing the most value to the sector: equity investment, project finance, direct loans, bank guarantees and contract insurance and bonding. Our focus is to support the growth of companies and, in so doing, help to build a responsible and sustainable Canadian cleantech sector for the future.

Over the years, EDC has garnered a deep understanding of the challenges Canadian cleantech companies face in scaling their businesses. In addition to the cleantech companies we support though our normal channels, in 2019, EDC will continue to focus on providing high-touch support to 100 high-potential companies. Of these, 20 have been identified as cleantech sector 'champions' and will benefit from targeted and specific support with the goal of helping them achieve substantial growth over the planning period.

Additionally, in support of SMEs in this sector, EDC launched a cleantech co-invest program in 2018 that will provide a capital solution for new, but promising, cleantech exporters to support their growth. By investing directly into companies alongside fund investors, we believe that more capital will become available to cleantech companies and also attract further private sector investment. Companies with annual revenues of around $1 million and a proven ability to grow their business will be eligible for EDC support in the $500K to $2 million range.

Alongside EDC's existing focus on our corporate cleantech priorities, the 2017 Federal Budget asked EDC to deploy new and existing capital to the cleantech sector in three specific forms: $220 million in working capital, $30 million in equity and $443 million in project finance funding by 2020. To date, EDC has more than tripled our projected working capital commitment, having mobilized $782 million. We have also mobilized $17 million in equity commitments and are actively engaged in fulfilling our project finance commitment, advancing in discussions and transaction due diligence with several companies. EDC will continue to actively meet our cleantech commitments through 2020 in support of the Government of Canada's cleantech goals.

To deliver on these objectives and help our customers navigate this evolving environment, EDC will continue our close collaboration with key partners in the cleantech ecosystem over the planning period. Our important collaboration with TCS, the Clean Growth Hub, BDC, SDTC and CCC ensures that we play to our respective mandate and strengths, creating seamless inter-agency handovers and supporting the commercial preparedness and growth of Canadian cleantech companies. EDC meets frequently with these federal partners to share sector knowledge and create a more seamless customer experience.

Additionally, partnerships with regional associations will continue to grow in 2019. Thus far in 2018 EDC has formed partnerships with the Alberta Clean Technology Industry Alliance (ACTia) and Toronto-based Clean Tech North, and we continue to partner with Ecotech Québec and MaRS Discovery District. By working alongside partner organizations, we can deliver the solutions most attuned to the needs of Canadian exporters as they respond to the opportunities of the $1 trillion global cleantech sector.

3 Promote and facilitate trade diversification to propel the international SUCCESS of Canadian companies.

This third objective is about helping Canadian companies succeed internationally, by creating new opportunities and promoting diversification to augment their global success and competitiveness. We will accomplish this by:

- Leveraging our deep relationships with foreign buyers in diverse markets to introduce Canadian companies into their supply chains. In so doing, we create opportunities for exporters, notably SMEs, to conduct business in markets they may not have previously had access to;
- Promoting awareness among the Canadian exporter population of the benefits of Canadian FTAs and the diversification opportunities they facilitate; and
- Enhancing our international footprint in order to diversify our presence in foreign markets so that we may create more trade opportunities for more Canadian companies, and in more markets, than ever before.

We work closely with key Government trade partners such as the TCS to extend our domestic and international reach in support of achieving this objective. Over the planning period, we will continue to combine our respective strengths to generate more business for Canadian exporters, and also to attract more investment into Canada in coordination with the Invest in Canada office.

MAKING CONNECTIONS

Making connections is one of the most difficult and expensive barriers for exporters, and particularly SMEs, that are looking to engage in or diversify their international activities. As a result, connections have long been part of EDC's value proposition. Through our targeted matchmaking efforts, EDC leverages the international relationships we have built by way of our lending activities, in order to catalyze export opportunities for Canadian companies. Our ability to draw major international buyers to qualified Canadian suppliers demonstrates the strength of our international relationships and the trust buyers have in EDC's ability to understand their operations. This matchmaking is often done in partnership with the TCS and is enabled by our sector understanding of Canadian capabilities.

In 2017, EDC lead on 21 formal matchmaking events, ultimately resulting in 1,050 connections between 420 unique Canadian companies and 120 international buyers. EDC also measures for direct connections facilitated by our sector experts who directly introduce exporters to international buyers. Last year EDC created 135 direct connections by introducing over 115 companies to 40 international buyers.

EDC continually searches for ways to connect more Canadian exporters with international opportunities. Beyond our traditional matchmaking events, EDC will explore ways to offer exporters digital connection experiences through the planning period.

We continue to invest in systems and processes that enable us to better demonstrate the impact of our trade creation efforts. This includes the development of new systems to improve our data and to establish targets and measure our connection efforts. In 2018 we launched a new Connections Tracking System to capture and report on the totality of our connection activities as well as exporter success stories that result. We will continue to make enhancements to this system over the planning period.

CREATING TRADE

EDC deploys sophisticated tools to enable connections between international buyers and Canadian exporters. We spoke earlier of our one of our most effective tools – pulls – which are most often negotiated with large international buyers that are industry leaders and have expansive global or regional footprints. While pull transactions do not bear an obligation to procure from Canadian companies, they allow for ongoing dialogue with EDC regarding Canadian capabilities that may meet the needs of our large international clients. The reality is that most Canadian companies, especially SMEs, could not otherwise get a seat at the table with these major buyers so an introduction can make all the difference for them.

EDC's international relationships create real business opportunities for Canadian companies. Since 2010, EDC has signed 313 pull facilities in 37 countries. The total loan volume of these pulls is nearly CAD $40 billion; and has helped to generate CAD $81.6 billion in exports from 5,702 Canadian exporters.

In 2017, our pull program:

- Helped facilitate opportunities for 1,600 Canadian companies (two-thirds of which were SMEs), to supply 99 active pull relationships for a total of CAD $7.7 billion in export sales; and
- Grew by adding 51 pull facilities last year, 16 of which were with first-time pull borrowers across multiple sectors and in diverse markets.

In 2018 and 2019 the pull program will focus on improving operational efficiencies and diversification, by targeting new borrowers in new markets and sectors. Over the planning period EDC will continue to emphasize targeted, highly-screened, relevant introductions of Canadian exporters to our pull clients.

The TCS plays a key role in enabling the success of EDC's pull facilities and joint efforts have grown over time through: improved information sharing, planning and outreach, as well as better coordinated matchmaking efforts. Together with the TCS and other partners, EDC arranged 17 matchmaking sessions with pull buyers in 2017, resulting in over 400 introductions for Canadian companies. The EDC-TCS collaboration project will enhance our efforts in this space.

Over the planning period, our pull strategy will consider different approaches to facilitate matchmaking between our pull customers and Canadian companies, including:

- 'in-bound' options whereby major international buyers visit Canada for matchmaking events, rather than hosting the matchmaking event abroad; and
- Increasing accessibility to matchmaking events for Canadian exporters by piloting video conferencing and other simplified options to facilitate introductions for Canadian exporters.

Our trade creation efforts are further supported by two important programs, which will continue to generate real opportunities for Canadian exporters over the planning period:

- In line with the Government of Canada's effort to attract foreign investment to Canada, EDC engages in *protocols*, whereby EDC extends credit capacity to a foreign multinational company with the goal of encouraging that multinational to increase their economic footprint in Canada.
- EDC's *Equity Connect* program invests in international private equity and infrastructure funds with the goal of introducing Canadian exporters, particularly SMEs, to those international companies within the portfolios of these funds. In 2017, this program facilitated more than 225 introductions between of Canadian exporters and international companies and made efforts to promote Canadian SMEs into new markets.

TRADE DIVERSIFICATION: EXPANDING CANADA'S PRESENCE IN KEY MARKETS

EDC supports the Government of Canada's key priority of increasing and diversifying trade. Beyond our matchmaking and trade creation efforts, our work to support Canada in the promotion of FTAs and our presence in diverse global markets will continue to bolster Canada's diversification efforts into the future.

Promoting Free Trade Agreements

The Government of Canada has made significant strides in increasing market access for Canadian companies, including through the important ratification of both CETA and CPTPP. With 14 FTAs either signed, or already in force, Canada continues to explore new opportunities to enhance trade flows and remove barriers for exporters.

As Canada's ECA, EDC's role is to help exporters capitalize on the diversity of FTAs that Canada has in place in order to grow and diversify their businesses. In recent years, EDC has developed tools, provided information and actively promoted important FTAs, such as CETA, to make Canadian business aware of the benefits flowing from these agreements. In 2017 and alongside the TCS, EDC led or contributed to numerous events targeting CETA promotion both in Canada and in Europe. Promotional activity continues in 2018 and will flow into the planning period.

On September 30th, 2018, negotiations concluded on the United States-Mexico-Canada Agreement. EDC will continue to support the Government of Canada's efforts to help Canadian exporters realize the benefits of this and other important FTAs over the planning period.

EDC's International Footprint

EDC's international footprint supports both Canada's diversification efforts, as well as our trade diversification strategy. Through our 20 international representations, EDC develops and maintains deep relationships with local buyers and gathers valuable market intelligence on behalf of Canadian companies looking to expand their global footprint. Additionally, these representations help EDC identify opportunities for Canadian supply and investment and makes it possible to offer market-specific financial solutions that benefit Canadian companies. We work closely with the TCS in each international market, deploying a 'Team Canada' approach with the goal of promoting Canada's sustainable and responsible brand and increasing awareness of procurement opportunities with Canadian companies.

To support as many companies as possible, EDC will look to enhance our international presence over the planning period and optimize locations based on their alignment with the interest of Canadian companies as well as the Government of Canada's trade agenda.

Asia Footprint

While EDC's international strategy spans the globe, for this Plan, and in support of the Government's objective of growing trade with Asia, we focus on EDC's footprint in this important market. Asia has been a longstanding strategic area of focus for the Government of Canada and the recent conclusion of the CPTPP will strengthen Canada's place in the Asian market. Asia also remains a strategic focus for EDC where we have helped facilitate close to CAD $50 billion in business with Canada over the last 5 years.

Recent and notable achievements in Asia include the launch of our first-ever, stand-alone branch in Singapore in 2017 - a strategic step taken in line with the Government of Canada's focus on helping Canadian companies respond to significant business opportunities in the fastest growing economic region in the world. Additionally, in late 2017, we opened our first representation in Australia which has long been an attractive market for Canadian exporters for its strong business ties and proximity to the high potential markets of Asia. We highlight EDC's efforts to support Canadian companies trading with China and India below.

India

In 2017, EDC facilitated nearly $3 billion in trade and investment between Canada and India, accounting for over 70 per cent of total Canadian exports to the market. India will continue to offer tremendous opportunity for Canadian companies over the planning period with demand for infrastructure, engineering, information and communications technologies and agri-food - all of which align well with Canadian capabilities. EDC also sees strong opportunity in the cleantech sector, specifically as it relates to solar and wind power, which will be a focus for India given its power generation needs and current renewable energy commitments. In line with this, in 2018, We concluded our first renewable energy financing transaction in India, and we will continue to pursue additional opportunities in this space over the planning period.

China

Through our local presence in China we work very closely with the TCS, deploying a 'Team Canada' approach to creating trade and investment opportunities for Canadian exporters. In 2017, EDC supported 704 companies, facilitating over CAD $5.5 billion in trade between Canada and China. EDC also supported 35 Canadian companies in establishing manufacturing and regional offices in this market.

Over the planning period, we will focus on areas where Canadian capabilities are strong, such as agri-food, automotive and infrastructure. E-commerce will also be a focus, as it is becoming a successful way for Canadian companies to enter this market, particularly for those involved in consumer merchandise. Beyond sector-related opportunities, EDC will continue to encourage Canadian companies to diversify beyond Beijing, Shanghai and Shenzhen/Hong Kong, to other opportunity-rich cities in China.

Into 2019, EDC will continue to focus on assisting Canadian companies establishing operations and manufacturing facilities in China. We will also explore the possibility of establishing a representation in Hong Kong in 2019. A key regional financial center for China, Hong Kong is one of two major financial centers in Asia and can serve as an excellent spring board for EDC to diversify and grow our support in the region for Canadian exporters and investors.

3.5 HUMAN RESOURCES

The continued success of EDC's business strategy over the planning period is dependent on sound management of the organization's most valuable resource – our people. Strategy provides the roadmap for change, but it is EDC's employees that will drive that change, which is why Human Resources (HR) is such a foundational element in EDC's continued transformation.

TALENT ACQUISITION

Over the planning period EDC will continue to invest in our people and HR systems to strengthen the organization, and in the process make it more valuable to Canadian companies. Our ability to attract skilled and talented employees will remain critical to delivering on our commitment to Canadian businesses. In 2019, EDC will be launching a refreshed Employee Value proposition that will more clearly articulate our brand promise to our employees. In so doing, we will reinforce what our employees can expect from EDC as their employer, allowing us to continue to attract, develop and retain top talent at EDC.

In 2018 we introduced the development of a Strategic Workforce Plan which will carry through the planning period. This longer-term strategic view will ensure that EDC has the right people, with the right skills, in the right place and at the right time so that we can draw upon the full strength of our talent to deliver value for Canadian exporters. To this end, and towards the end of 2018, we will strengthen our succession planning efforts by focusing lower within the organization to bring greater visibility to the status of our talent resource pipeline. This will allow us to proactively address any resourcing concerns and plan accordingly to mitigate associated risks, such as retirement risk, that may arise.

CULTURE

Today's volatile global economy requires that EDC's approach to risk management is reflective of the environment so that we continue to support Canadian companies in their international efforts. Our ERM transformation program has been working to this end since 2015. Risk-awareness has always been an important aspect of EDC's culture and we continue to evolve and mature in this regard as we progress through this transformation. We are working to ensure that employees at all levels of the organization are actively engaged in helping identify and mitigate risks.

An example of our efforts to promote a risk-aware culture is our refreshed code of conduct released in 2018, that encourages employees to speak up if something doesn't seem right. Going forward, EDC's risk-aware culture will enable all employees to play an important role in enterprise risk management.

Over the planning period, EDC will continue to promote a culture of execution and accountability in order to maximize value for Canada. This will be done by leveraging the EDC way – a managerial approach to delivering value, and making improvements in quality, processes, production of products, and respect for people. Additionally, we will be investing, over the medium term, in improving our systems by leveraging modern approaches to deliver results more effectively and efficiently, for our customers.

Innovation, entrepreneurial mindset, diversity, wellness and a commitment to building stronger communities are other key areas of EDC's corporate culture that enable us to create value for Canada.

We leverage our biennial employee engagement survey to assess the strength of our culture and in 2017 EDC's scores were more favourable than comparable high-performing companies in both the public and private sectors, putting EDC in the top 25 per cent in Canada for engagement and enablement. The results demonstrated that EDC continues to support and develop an environment where:

- 97 per cent of employees would recommend EDC as a good place to work;
- 92 per cent would rate EDC as an above average organization to work for;
- 96 per cent feel proud to work for EDC;
- 95 per cent of employees have a good understanding of EDC's strategy and goals; and
- 91 per cent favourable response rate for Diversity and Inclusion (up 3 per cent from 2014).

The next survey will take place in 2019 and will help us to identify new initiatives in support of our employee engagement over the planning period.

3.6 CORPORATE SOCIAL RESPONSIBILITY

As Canadian exporters conduct business in new markets around the world, they are exposed to a diversity of non-credit risks inherently present in global markets. Because of this, EDC seeks to understand and mitigate the totality of business risk faced by Canadian exports engaging internationally, rather than avoiding challenging markets altogether. In so doing we leverage our influence to help ensure exporters have strong business practices, so that we may help to raise standards, where possible.

At EDC, corporate social responsibility (CSR) is not just a process – it's about thinking differently, from a corporate citizenship perspective, in order to help Canadian exporters become recognized as leaders in sustainable and responsible business. It is also a differentiator and a key driver of innovation and we believe that sustainable and responsible commercial business practices give Canadian companies the competitive advantage they need to succeed in today's international business environment.

EDC has an important role to play in this regard and, as such, CSR has always been central to our business. As an organization that has been recognized repeatedly as a leader in CSR, it's our responsibility to continue pushing the boundaries and leading by example. This important work will continue over the planning period.

A critical first step was the refresh of our CSR framework, which began in 2017 and has included consultation with EDC's Board of Directors, Senior Management, employees, customers, stakeholder groups, industry peers and our CSR Advisory Council. In 2018 we launched our new CSR framework, supported by EDC's longstanding and entrenched values of transparency and business ethics, and guided by our vision to be the leader in helping every Canadian company go, grow and succeed internationally. From this, EDC identified four foundational pillars of our new CSR framework, which set the priorities to drive the impact we have on the Canadian economy and the companies around the world with whom we do business. These are: Business Integrity; Environment and People; Our Workplace; and Our Communities.

The first two pillars - 'Business Integrity', and 'Environment and People' - call out EDC's responsibility to help Canadian companies understand the totality of the business risk and opportunity that they face, positioning them to manage these more effectively, with the goal of ensuring their competitiveness and longer-term business success. The 'Our Workplace' pillar is about ensuring that we continue to attract, retain and develop a diverse talent base, in support of EDC's vision of being a leader and we share specific initiatives under this pillar within our Human Resources section as well as in Appendix VIII. Finally, in addition to creating strong links inside of our operational ecosystem, the 'Our Communities' pillar focusses on strengthening EDC's reputation as a responsible business leader within the domestic and international communities in which we operate.

EDC will be establishing strategic measures for each of these four pillars that will be mapped to a select number of United Nations (UN) Sustainable Development Goals (SDGs), which are now starting to build momentum outside the walls of the UN. As the UN continues its SDG outreach and advocacy efforts, and as national governments are increasingly held to account for their SDG performance, there will be increased expectations on the private sector to demonstrate awareness of, and contribution to achieving these goals. EDC's efforts, in this regard, are aligned with the Government of Canada's 2016-2019 Federal Sustainable Development Strategy which articulates a set of federal sustainable development goals that are a "Canadian reflection" of the SDGs.

BUSINESS INTEGRITY

Over the past few years, EDC has been working to enhance our practices that address potential transactional risks of money laundering, terrorist financing, violation of sanctions, bribery and corruption, as well as external fraud under the totality of our Financial Crimes Program. With a new Financial Crimes Policy approved in late 2017, implementation of the program is ongoing and will be finalized in December 2019.

Anti-corruption and bribery efforts have always been at the core of EDC's CSR strategy given their ability to distort trade, undermine the free flow of goods and services and inhibit economic growth. Canada and other leading trading nations have taken concerted action to fight corruption, and EDC has a strong role to play in supporting their efforts. We continue to be an active participant in numerous international agreements aimed at addressing corruption and bribery in business transactions including the Organization for Economic Cooperation and Development (OECD). We will continue to support the Canadian delegation to the OECD over the planning period, contributing to and participating in antibribery and corruption conversations, amongst others.

Our Code of Business Ethics and our Anti-Corruption Policy Guidelines prohibit us from knowingly supporting a transaction involving the offer or the giving of a bribe. Further to this, our underwriting and business development staff conduct a full due-diligence review of every transaction which considers a number of risk factors including business ethics related risks. The implementation of the Financial Crimes program will further enhance our anti-corruption and bribery efforts over the planning period.

A foundational component of our CSR strategy refresh is increasing accountability of business integrity throughout the organization. This includes our front-line employees that are engaging with domestic and international business and partners. In support of this pillar, it is imperative that we know our customers and the business we support as best as possible. By equipping our employees with strengthened processes and policies, they are able to start conversations around sustainable and responsible business practices earlier on in the relationship with exporters. This helps to not only mitigate risk to EDC, but also to promote CSR as a competitive advantage with every company we connect with.

ENVIRONMENT AND PEOPLE

As a global financier, the existence of sound and transparent environmental and social practices contributes to our success. With these in place, EDC is able to support sustainable business in more markets around the world. Never has this been more important than during this time of shifting trade relations. As we help Canadian companies of all size diversify into new, riskier markets, EDC's Environmental and Social Risk Management Team works closely with companies to review transactions – reviewing risk mitigation plans, providing guidance, and monitoring progress against required benchmarks for the duration of our support.

In 2018, we launched a formal and comprehensive review of our environmental and social risk management policy framework to ensure this suite of polices are relevant, streamlined and in line with our current practices and business strategy, as well as the changing landscape of international business. Our current processes are aligned with stakeholder expectations and our international obligations, including the OECD's Recommendation of the Council on Common Approaches for Officially Supported Export Credits, Environmental and Social Due Diligence, the Equator Principles, and the UN Guiding Principles on Business and Human Rights (UNGPs). The review, however, will allow us to update our written policies which may not have kept pace with the evolution of our current practices and obligations over the years.

In May of 2018, EDC initiated an open and transparent public consultation with stakeholders from across the Canadian trade and business ecosystems to solicit input and constructive feedback on key polices under the ESRM Framework, including EDC's: ESRM Policy; Climate Change Policy; Environmental and Social Review Directive; Human Rights Statement; and Disclosure Policy. Each area will be subject to a thorough review with a focus on finding opportunities to strengthen our existing policies.

For example, EDC's Human Rights Statement, released in 2008, articulates our commitment to promote and respect internationally-recognized human rights. Since this time, the statement itself has not kept pace with how our environmental, social and human rights risk management processes have evolved and is no longer aligned with global and evolving international policy practices, including the UNGPs. EDC has spent concerted effort reviewing and updating our human rights due diligence practices over the past years which address many relevant international developments and our policy statements need to also reflect these changes. As such, the review will serve to update our Human Rights Statement to align with current practices while bridging any policy gaps and strengthening alignment with the UNGPs and industry best practices.

The comprehensive ESRM Policy review will flow into 2019, with the implementation of changes to our policies beginning thereafter and continuing over the planning period.

In the context of our overarching CSR efforts, we will also continue in our efforts to align with international trends toward sustainability goal-setting and transparent performance assessment over the planning period. This will be done through integrated corporate reporting with the goal of increasing transparency with our multiple stakeholder groups. Further detail on our work to enhance transparency of our CSR practices and policies is discussed in Appendix VIII.

3.7 SUPPORT FOR CLIMATE CHANGE INITIATIVES

EDC remains committed to participating in the 'whole of government' approach to meet Canada's climate finance commitment under the United Nations Framework Convention on Climate Change. As part of EDC's broader efforts with respect to climate change, which also include our cleantech strategy and our Green Bond program, we are working with Government departments, including Environment and Climate Change Canada and Finance Canada, to scale up and report on our climate finance related activities in developing countries.

EDC reported on our climate finance eligible transactions for the first time in 2016, highlighting $273 million in financing support for climate-related projects or companies in developing countries. EDC's 2016 contribution represented approximately 44% of the total Government of Canada 2015-2016 climate finance volume reported to the UN in late 2017. In 2017, EDC supported $278 million in climate finance eligible transactions and we are proud of these early contributions to Canada's broader 2020 commitments. While our contributions will continue over the planning period, we anticipate them to represent a decreasing portion of the Canadian commitment as other federal programs come on-line.

EDC's Green Bonds continues to garner strong interest from the business and investor community. In 2017, we issued two Green Bonds totaling $1 billion (one bond of USD $500 million, and one of CAD $500 million). The proceeds of the Green Bond offerings will go towards EDC's portfolio of green assets, including loan assets made to companies that are active in fields of preservation, protection or remediation of air, water, and/or soil, creation of renewable energy and mitigation of climate change. Over the planning period we will continue to seek opportunities to issue these bonds, linked to climate action and sustainability, in order to support financially, environmentally, and socially responsible Canadian companies in their international growth.

In June 2017 the G20's Financial Stability Board, through the Task Force on Climate Related Financial Disclosures (TFCD) outlined a set of voluntary recommendations for climate-related financial disclosures that are to be consistent, reliable, clear, and efficient, and provide decision-useful information to lenders, insurers, and investors. In September 2018, EDC signed on to become a supporter of the TFCD joining approximately 500 other organizations committed to implementing the recommendations for transparency and disclosure of climate change-related financial risks and opportunities.

We are the first Canadian Crown corporation, and the first Export Credit Agency, to become a supporter of the TCFD, reinforcing the international leadership we have demonstrated related to climate change, and bolstering the commitments we have made to the Equator Principles, the UN Guiding Principles for Business and Human Rights and the OECD Common Approaches, as well as our commitment to the OECD sector understanding on coal-fired power plants.

EDC will take an incremental approach to implementing the recommendations and expect the sophistication of our annual reporting to increase over time as the international dialogue around climate-related disclosures continues to mature and as we build our internal reporting capacity.

3.8 RISKS

EDC, like other financial institutions, is in the business of understanding and subsequently taking risk. It is through the assumption of financial and other risks that we deliver on our mandate and generate value for Canada. Effective risk management practices provide EDC with the ongoing and evolving capacity to help Canadian companies go, grow and succeed internationally while remaining financially self-sustaining.

We manage risk using a taxonomy of key enterprise-level risks inherent to our business. These are known as risk elements. For analytical and aggregation purposes, the risk elements can be grouped into three broad modules:

- Financial Risk: comprising transactional and financial management risks;
- Operational Risk: Comprising risks related to people, innovation, transformation, information management and technology, governance and compliance and security and protection; and
- Strategic Risk: Comprising risks related to EDC's operating environment and long-term planning.

Senior management assesses the potential impact and likelihood of loss or harm related to each risk element inherent to EDC's business. In addition to the routine staff-level monitoring of all risks, those risk elements considered to have the highest potential impact and/or likelihood of occurrence on a residual basis (i.e., bearing in mind existing controls and processes) are identified as top priorities.

Members of the senior management team are assigned ownership and responsibility for preparing and executing risk response plans in relation to these priorities. A status check against each risk response plan is performed and reported to the Board of Directors each quarter.

3.9 EXPECTED RESULTS AND PERFORMANCE INDICATORS

The following provides an overview of our corporate measures for the 2019-2023 planning period. These measures drive our behaviors and contribute to the achievement of the objectives laid out in the Plan, thereby ensuring that we are delivering on our mandate and creating value for Canadian companies engaged in international trade. Success is achieved by meeting or exceeding the target range set for individual measures for the business year. EDC reports out on actual results by way of our Annual Report. Detailed forecast and result information can be found in Appendix II.

Net Promoter Score (NPS)	The measure of our customers' satisfaction, loyalty and willingness to recommend us to others. EDC's score, relative to other organizations, is strong and remains in the top 10 per cent of North American B2B companies. We expect the NPS score for 2018 to finish at 72.9 and will keep the range at 70.0 – 76.0 for 2019.
Canadian Direct Investment Abroad (CDIA)	Supporting CDIA transactions is an integral part of EDC's core business and continues to be critical to the health of the Canadian economy. In the context of today's volatile global economy, establishing a local presence in international markets is an effective way for Canadian companies to mitigate new and existing protectionist measures that disrupt trade flows. In 2018, we anticipate growth in CDIA transactions of 9 per cent and have set the 2019 range at 5 – 20 per cent.
Small Business and Commercial Transactions (SBC)	Over the past number of years EDC has placed a strong emphasis on supporting small and medium sized enterprises (SMEs) in both developed and emerging markets. This emphasis on SMEs will continue into the planning period and is directly aligned with the Government of Canada's goal to increase the number of exports by 30 per cent by 2025. In 2018, we anticipate the SBC transaction measure to reach 5,845 transactions and have set a 2019 target growth range for the measure at 3 – 12 per cent.
Productivity Ratio (PR)	Our PR captures in aggregate form how well we use our resources. It is the ratio of administrative expenses to net revenue. These investments are essential to our ability to operate effectively and engage with customers in a digital world. We also expect that many of these investments will enable EDC to serve even more customers over the course of the planning period, contributing to increased revenue streams. In 2018, we expect PR to reach 33.7 per cent by year-end and, for 2019 we are raising the expected range for PR to 35 – 39.
Total Business Facilitated	This measure represents the amount of business Canadian companies were able to carry out with the help of EDC's solutions. We expect to end the 2018 year with $106.2 billion in business facilitated. Looking forward to 2019, we are forecasting that business facilitated will reach $110.6 billion.

4.0 FINANCIAL OVERVIEW

4.1 OVERVIEW

EDC's commitment to financial sustainability is critical to our ability to help Canadian companies go, grow and succeed internationally today, and in the future. Our financial results over the Corporate Plan period underline this commitment while also placing emphasis on our other strategic objectives.

EDC is encouraging more Canadian companies to start exporting and encouraging those that are exporting to export more and into diversified markets. We are expanding our core offerings to better meet the needs of exporters, including experimenting with new solutions to meet evolving exporter needs along the entire continuum of the exporter journey. A key area of focus is on continuing to grow our portfolio of services serving micro and SME exporters. We achieve this with channel strategies and by introducing financial solutions directly or with partners. While this benefits Canadian micro and SME exporters as they begin their export journey, typically these deals are smaller in size. As such, growth in our business facilitated levels for financing and investments will be moderate over the five-year planning period.

Over the planning period EDC must evolve and modernize our solutions, and their delivery, to continue to increase our reach and relevance to Canadian companies engaged in, or exploring the possibilities of exporting. Additionally, we need to be able to move quickly in order to meet the ever-evolving needs of Canadian exporters. Ongoing investment in many areas of our business including our digital capability need to be made in order to meet these objectives.

EDC continues to improve and leverage our strong risk management and sustainable and responsible business practices. We continue to invest in compliance related initiatives such as the major change program relating to the build-out of our enterprise risk management framework (ERM).

4.2 SIGNIFICANT ITEMS

Detailed financial statements and analysis can be found in Appendix IV of the Plan. Key items of note are as follows:

- Net income in the range of $776 to $906 million for the Corporate Plan period. Net income is projected to be $776 million in 2018.
- Net revenue[1] is projected to be $1.5 billion in 2018 and expected to be within the range of $1.5 billion to $1.7 billion for the Corporate Plan period.
- Our financial position remains strong due to growth in interest earning assets throughout the Corporate Plan period.

4.3 KEY ASSUMPTIONS

A series of key assumptions, including business facilitated, risk profile of business facilitated, foreign exchange and interest rates, all of which have an impact on our business activity and financial performance, drive the plan projections. Using these assumptions, which align with our business strategy and economic outlook, projected financial statements are developed for the planning period, including a forecast to the end of the current fiscal year. Any changes to our business strategy or to the underlying assumptions may materially affect the projections over the planning period.

1 Net income excluding the provision for credit losses, claims-related expenses, administrative expenses, and unrealized gains and losses.

BUSINESS FACILITATED

The level of business facilitated for each program is presented in the table below.

Table 1: Projected Level of Business Facilitated (2017-2023)

(in millions of Canadian dollars)	2017 Actual	2018 Plan	2018 Fcst	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Business Facilitated								
Direct lending	23,854	29,100	25,200	24,500	24,500	24,700	25,000	25,200
Project finance	3,060	3,600	2,800	3,900	3,900	3,900	4,000	4,000
Loan guarantees	1,280	1,600	1,300	1,400	1,400	1,400	1,400	1,500
Investments	163	280	200	230	230	230	230	230
Total financing and investments	28,357	34,580	29,500	30,030	30,030	30,230	30,630	30,930
Credit insurance	55,827	59,700	58,600	61,500	64,600	67,500	70,200	73,000
Financial institutions insurance	8,205	6,900	6,000	6,400	6,700	7,000	7,300	7,600
Contract insurance and bonding	8,795	9,300	9,300	9,800	10,200	10,600	11,000	11,400
Political risk insurance	2,551	2,800	2,800	2,900	3,000	3,100	3,200	3,400
Total insurance	75,378	78,700	76,700	80,600	84,500	88,200	91,700	95,400
	103,735	113,280	106,200	110,630	114,530	118,430	122,330	126,330

2018 Forecast

The 2018 financing and investments business facilitated is projected to decrease by $5.1 billion from the Corporate Plan. We are expanding our reach of products to better serve the needs of Canadian exporters, including SME's. In doing so we are increasing the number of customers served but with lower dollar value transactions as typically SME deals are smaller in size.

Forecast business facilitated for our insurance offerings has decreased by $2.0 billion from the 2018 Plan due to less demand than planned for our credit and financial institutions insurance products. Business facilitated within our credit insurance product group decreased mainly due to a decline in the need for the product by a policyholder in the mining sector. The decline in financial institutions insurance relates primarily to a decrease in demand for the product by an existing policyholder.

2019 Plan to 2023 Plan

We are projecting the business facilitated for 2019 in our financing and investments program to remain consistent with 2018 volumes with moderate growth in the later years. Business facilitated for our insurance products is projected to grow by 3.5 to 5 per cent per year.

RISK PROFILE OF BUSINESS FACILITATED

Table 2 provides the projected risk profile for new loan signings for the remainder of 2018 and throughout the planning period.

Table 2: Risk Categories for New Loan Signings (2017-2023)

(Based on $ value of signings)	2017 Actual	2018 Plan	2018 Fcst	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Investment grade	63%	66%	56%	61%	61%	61%	61%	61%
Non-investment grade	37%	34%	44%	39%	39%	39%	39%	39%

We are forecasting the level of investment grade signings for 2018 to be 10 per cent lower than the 2018 Corporate Plan as year to date signings have been evenly split between investment and non-investment grade. We facilitate a large number of higher risk, lower dollar value loan transactions in support of SME exporters. Based on number of transactions, 85 per cent of financing signings in the first half of 2018 were with non-investment grade obligors.

FOREIGN EXCHANGE

The Financial Plan uses a year-to-date average rate as the U.S. dollar foreign exchange rate assumption for the remainder of 2018 and all subsequent years. This methodology removes the volatility associated with yearly dollar fluctuations and ensures more comparable projections. The rate used in this Plan, based on the average rate for the period January 2018 through June 2018, is U.S. $0.78. To provide perspective on the impact of movements in the Canada/U.S. exchange rate on EDC's net income and total assets, a depreciation in the Canadian dollar of 5 cents will result in an increase to net income of $35 million and total assets of $2.7 billion in 2019 based on current projections.

OTHER KEY ASSUMPTIONS

Other (income) expense projections include realized gains on our investments portfolio. The projections are based on a complex model, using market-driven internal rate of returns, which evaluates the expected cash distributions of current and future investments. The realized gains are then estimated based on those projections. Should actual results differ from projections, our profitability and productivity ratio will be impacted.

Due to the volatility and difficulty in estimating fair value gains or losses on long-term debt, marketable securities, investments and related derivative instruments, no forecast for these items is included in the Corporate Plan financial results.

The administrative expense projections include a significant amount related to accounting pension expense in each year. The pension expense is an actuarially determined amount and is difficult to predict as it is determined using a discount rate which is dependent on year-end market data. The discount rate has decreased in 2018 and we expect to end the year lower than the 4.0 per cent at the end of 2017. We are forecasting the discount rate to increase throughout the planning period, reaching 4.85 per cent for the 2023 expense. Included in the administrative expense projections are pension cost reductions commencing in 2019 as a result of the projected increase in the discount rate.

4.4 DIVIDEND

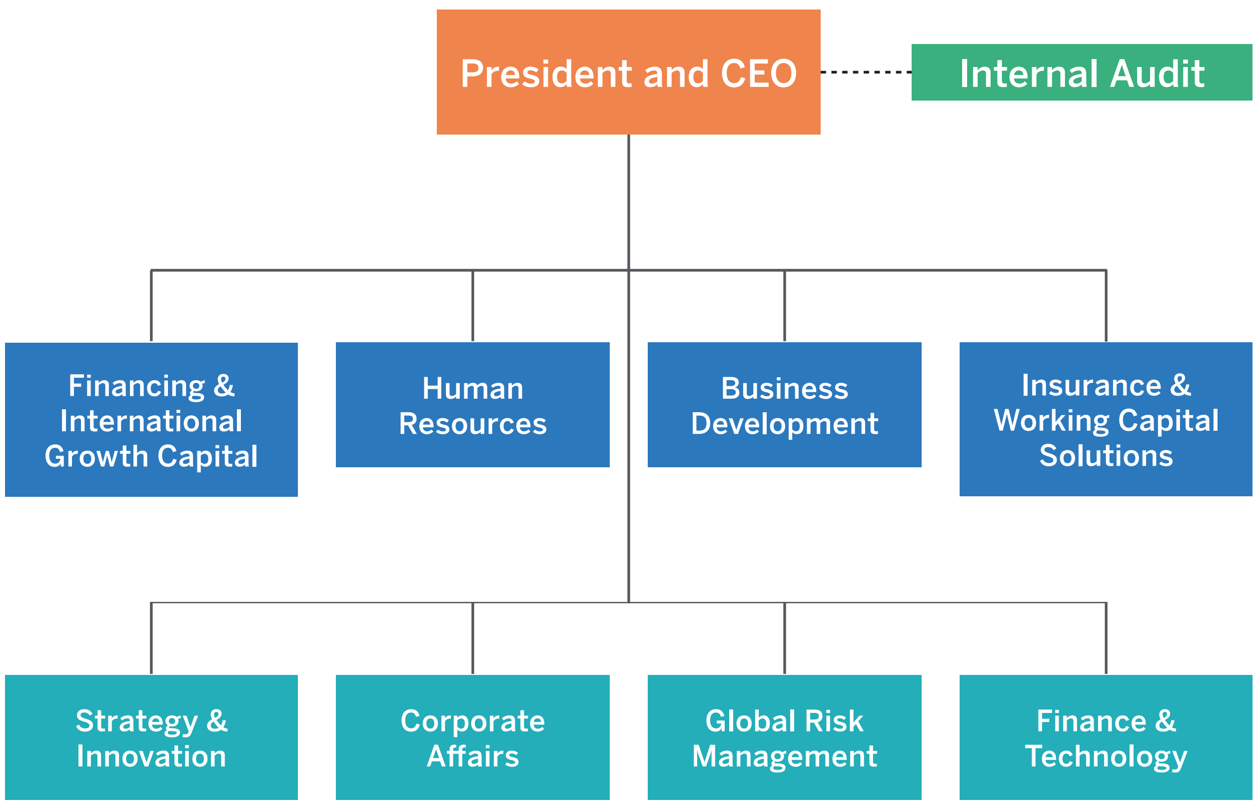
Strong results over the plan period will result in eligible dividend payments in each year. The 2018 financial results are expected to lead to an eligible dividend payment of $1,006 million in 2019. The eligible dividends for the remainder of the Corporate Plan period range between $812 and $957 million.

EDC Customer G3

5.0 APPENDICES

APPENDIX I: CORPORATE GOVERNANCE STRUCTURE

MANAGERIAL AND ORGANIZATIONAL STRUCTURE



BOARD AND COMMITTEE STRUCTURE

Chair of the Board

Board of Directors

Executive Committee

- Handling of urgent matters between Board meetings
- Authority to exercise certain Board powers

Audit Committee

- Financial and management control systems
- Financial reporting
- Corporate financing
- Approval of certain major expenditures
- Internal and external audit matters, including audits of the Directive on environmental review and special examinations
- Dividend: review eligibility, and authorize
- Review of financial reporting, audit and special examination requirements for EDC's wholly-owned subsidiaries

Human Resources Committee

- HR strategic planning
- Compensation policy and budgets
- Succession planning, including approval of or recommendations to the Board re certain senior appointments
- President's objectives, recommendations re performance, salary and benefits
- Design and compliance of EDC pension plans
- Oversight of pension plan administration

Nominating and Corporate Governance Committee

- Appointment process for CEO, Board Chairperson, and Directors
- Board and Committee effectiveness Governance Survey
- Director orientation and ongoing education

Risk Management Committee

- Oversight of management of credit, market and other enterprise risks and of overall capital adequacy relative to EDC's risk profile and Corporate Plan Objectives
- Recommendations to the Board re risk management and capital adequacy policies and strategies
- Ethical compliance, including Compliance Officer oversight
- Environmental compliance
- Review of proposed transactions, and policy limit increases for recommendation to Board
- Oversight of implementation of EDC's ERM transformation

Business Development and Strategy Committee

- Input into strategic policy direction, including recommendations to the Board re: Corporate Plan
- Oversight of analysis of market conditions, and responses
- Monitors performance as against business strategies and policies including review of Canadian Benefits Framework

In June 2018, six new members were appointed to the EDC Board of Directors to replace those Directors whose terms had expired. New Directors and their respective terms are detailed below:

2018 New Board Members		
	Term Start	Term End
Boivin, Pierre	06/14/2018	06/13/2022
Gupta, Karna	06/14/2018	06/13/2021
MacWilliam, Karen	06/14/2018	06/13/2022
Matuszewski, Pierre	06/25/2018	06/24/2022
Stairs Krishnappa, Andrea	06/14/2018	06/13/2021
Yuers, Kari	06/14/2018	06/13/2022

APPENDIX II: PLANNED RESULTS

SHORT TERM (JANUARY 1, 2018 – DECEMBER 31, 2019)

OUTCOMES	PERFORMANCE INDICATOR	TARGET(S)				MEASUREMENT FRAMEWORK
		2017 ACTUAL	2018 PLAN	2018 FORECAST*	2019 PLAN	
EDC continues to operate in an efficient and financially sustainable manner SMEs are supported in their export journey Canadian companies have accelerated and/or increased international growth Canadian companies have diversified international sales and are succeeding in global markets More Canadian companies are relying on EDC's financial solutions and expert advice to support their international business	Net Promoter Score	77.3	70.0 – 76.0	72.9	70.0 – 76.0	Our Net Promotor Score follows an industry standard approach. Surveys are conducted through an independent third party and take place throughout the calendar year. A random pool of EDC customers is selected for the survey which is comprised of various questions. Responses are tabulated and weighted and the final Net Promoter Score is computed.**
	CDIA Transactions	508	5 – 20%	554	5-20%	Transactions that qualify as CDIA are counted and tabulated throughout the calendar year as they are signed and finalized.**
	SBC Transactions	5,500	7 – 20%	5,845	3-12%	The SBC measure reflects the use of EDC's financial and insurance products by SME exporters. SBC transactions are counted and tabulated throughout the calendar year as they are signed.**
	Productivity Ratio (%)	28.5	32 – 36%	33.7%	35 – 39%	This is a measure of EDC's administrative expenses as a percentage of EDC's operating revenue. It is computed and reported annually.**
	Total Business Facilitated ($B)	103,735	113,280	106,200	110,630	The amount of business Canadian companies are able to carry out with the help of EDC's financing and insurance solutions.**

Forecast for 2018 year-end actuals

***Actual results for a given year are comprised of business activities of the fiscal year beginning January 1st and ending December 31st. Results are finalized in the first quarter of the following year. Actual results are gathered and tracked throughout the year via various dashboards and reporting tools. Forecasting for the subsequent year begins early in the current year and is finalized by year end of the current year.*

Net Promoter Score

Our score, relative to other organizations, is strong and remains in the top 10 per cent of North American B2B companies. We expect the NPS score for 2018 to finish at 72.9 which is slightly lower than last year's score but still within the high target range set in the previous Plan (70.0 – 76.0).

Given EDC's strong focus on the customer experience and exceptional NPS results, we will keep the range at 70.0 – 76.0 in 2019. We believe this range represents a strong commitment to a superior customer experience. Beyond 2019, and as we look to serve an increasing number of Canadian companies, we will adjust our NPS methodology as required to ensure that it continues to capture the voices of the customers we support with our broad spectrum of trade enabling solutions.

Canadian Direct Investment Abroad (CDIA) Transactions

CDIA continues to be critical to the health of the Canadian economy and supporting CDIA transactions remains an integral part of EDC's core business.

In 2018, we anticipate growth in CDIA transactions of 9 per cent due, in large part, to the continued and strong usage of our CDIA Export Guarantee Program by our partner financial institutions. This is a testament to our ongoing efforts to streamline and simplify our processes around this important type of EDC support.

We expect this strong growth trend to continue into 2019, and as such have forecast growth in the range of 5 - 20 per cent. This range reflects continued growth in the Export Guarantee Program (EGP) due to ongoing efforts to maintain and build relationships with our banking partners.

Small Business and Commercial Transactions

EDC is committed to helping more companies, conduct more business in more international markets than ever before. This is particularly true for Canada's small- to medium-sized enterprises (SMEs) conducting business in both developed and emerging markets. This emphasis on SMEs will continue into the planning period. Our Small Business and Commercial measure is reflective of the comprehensive range of businesses that export, and ensures that we have an eye on companies at all sizes and stages of the SME spectrum.

In 2018, we anticipate the SBC transaction measure to reach 5,845 transactions by the end of the year — a 6% increase over last year. The measure's success in 2018 is attributed strong customer retention, a growing customer base and strong uptake on our SME working capital solutions.

The 2019 growth range is forecast to be 3 - 12 per cent. We have established a 2019 SBC range that better reflects the way this measure is impacted by the Customer Served measure, which we have now been tracking for one full year. It also takes into consideration the need to find the right balance between customer acquisition and customer retention efforts, and the introduction of our new EGP Express program which could see EGP customers transition to the new delivery method for this solution.

Productivity Ratio

Our Productivity Ratio (PR) captures in aggregate form how well we use our resources. It is the ratio of administrative expenses to net revenue.

In 2018, we expect PR to reach 33.7 per cent by year-end, which is within the Corporate Plan range of 32 – 36 per cent outlined last year. For 2019 we are raising the expected range for PR to 35 - 39 per cent, given an anticipated increase in our administrative expenses to support the proposed Corporate Plan. As previously noted, EDC will need to add capacity to service an increasing number of customers, notably SMEs, through our core financing and insurance solutions. Similarly, additional resources are required to successfully implement critical programs under our ongoing ERM transformation program. Further information on this PR range is provided in Appendix IV.

Total Business Facilitated

We expect to end the 2018 year with $106.2 billion in business facilitated – a 2 per cent increase over 2017.

Looking forward to 2019, we are forecasting that business facilitated will reach $110.6 billion, which would represent a 4 per cent increase compared to 2018 forecasted year end results. Please see Section 4.0 for more information on our Business Facilitated measure.

MEDIUM-TO-LONG TERM (JANUARY 1, 2020 – DECEMBER 31, 2023)

EDC has identified three medium-to-long term objectives that form the foundation of the business strategy.

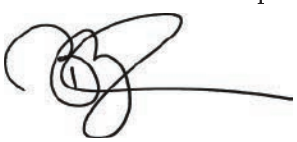
1. Help more Canadian companies go international by generating greater awareness of the benefits of exporting and the broad suite of EDC solutions to support their journey.
2. Anticipate the needs of Canadian companies with a range of financial solutions that will launch - and then accelerate – their international growth.
3. Promote and facilitate trade diversification to propel the international success of Canadian companies.

The establishment of these objectives underpins EDC’s ultimate objective to support, develop, directly or indirectly, Canada’s export trade and Canadian capacity to engage in that trade, as well as respond to international business opportunities. As our core mandate, this broader objective guides EDC’s business strategy beyond 2023.

OUTCOMES	PERFORMANCE INDICATOR	TARGET(S) 2020	2021	2022	2023	MEASUREMENT FRAMEWORK
EDC continues to operate in an efficient and financially sustainable manner Canada has augmented trade and increased capacity to engage in trade and respond to international business opportunities.	Productivity Ratio (%)	36.7%	36.7%	35.8%	35.5%	The medium to long term forecast for the productivity ratio is a function of our forecasts for administrative expenses and operating revenue. A series of key assumptions, including business facilitated, risk profile of business facilitated, foreign exchange and interest rates and yields, all of which have an impact on our business activity and financial performance, and drive the plan projections in these areas, thereby driving the forecast of the productivity ratio over the medium to long term. We revise the medium to long term forecast for the productivity ratio on an annual basis.
	Total Business Facilitated ($B)	114,530	118,430	122,330	126,330	The business facilitated measure for the medium to long term is based on growth rates, which vary by product and by year. We revise the medium to long term forecast for business facilitated on an annual basis.

CHIEF EXECUTIVE OFFICER COMMITMENT

I, Benoit Daignault, as Chief Executive Officer of Export Development Canada, am accountable to the Board of Directors of Export Development Canada for the implementation of the results described in this corporate plan and outlined in this Appendix. I confirm that this commitment is supported by the balanced use of all available and relevant performance measurement and evaluation information.



Benoit Daignault,
Chief Financial Officer
Export Development Canada

October 19, 2018

APPENDIX III: CHIEF FINANCIAL OFFICER ATTESTATION

In my capacity as Chief Financial Officer at Export Development Canada, accountable to the Board of Directors of Export Development Canada through the Chief Executive Officer, I have reviewed the financial projections provided in EDC's 2019-2023 Corporate Plan. It is in all material respects, in accordance with International Financial Reporting Standards, based on information available at the time of the preparation of this submission, that I considered necessary, as of the date indicated below. Based on this due diligence review, I make the following conclusions:

1. The nature and extent of the proposal is reasonably described and assumptions having a significant bearing on the associated financial requirements have been identified and are supported.
2. Significant risks having a bearing on the financial requirements, the sensitivity of the financial requirements to change in key assumptions, and the related risk-mitigation strategies have been disclosed.
3. Financial resource requirements have been disclosed and are consistent with the assumptions stated in the proposal, and options to contain costs have been considered.
4. Funding has been identified and is sufficient to address the financial requirements for the expected duration of the proposal.
5. The proposal is compliant with relevant financial management legislation and policies, and the proper financial management authorities are in place or are being sought through the proposal.
6. Key financial controls are in place to support the implementation and ongoing operation of the proposal.

In my opinion, the financial information contained in this proposal is sufficient overall to support decision making.

The Corporate Plan 2019-2023 was approved by EDC's Board of Directors on October 19, 2018.

I, therefore, recommend that you endorse this submission for the Minister for International Trade's approval.

Ken Kember,
Senior Vice-President, Finance and Technology, and Chief Financial Officer
Export Development Canada

October 19, 2018

APPENDIX IV: FINANCIAL STATEMENTS AND NOTES

STATEMENT OF COMPREHENSIVE INCOME

Table 3: Projected Condensed Statement of Comprehensive Income (2017-2023)

for the year ended December 31 *(in millions of Canadian dollars)*	2017 Actual	2018 Plan	2018 Fcst	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Financing and Investment Revenue:								
Loan	1,915	2,031	2,167	2,349	2,464	2,595	2,725	2,786
Marketable securities	93	176	234	287	300	287	308	314
Investments	9	5	6	6	6	7	7	7
Total financing and investment revenue	2,017	2,212	2,407	2,642	2,770	2,889	3,040	3,107
Interest expense	715	881	1,163	1,385	1,500	1,582	1,703	1,750
Financing related expenses	45	37	30	27	25	23	23	23
Net Financing and Investment Income	1,257	1,294	1,214	1,230	1,245	1,284	1,314	1,334
Loan Guarantee Fees	43	45	49	49	52	51	51	53
Insurance premiums and guarantee fees	239	238	242	257	280	288	299	308
Reinsurance ceded	(39)	(31)	(37)	(40)	(40)	(40)	(41)	(40)
Net Insurance Premiums and Guarantee Fees	200	207	205	217	240	248	258	268
Other (Income) Expenses	34	(2)	(64)	(6)	(10)	(7)	(6)	(20)
Administrative Expenses	429	518	500	554	567	584	583	594
Income before Provision and Claims-Related Expenses	1,037	1,030	1,032	948	980	1,006	1,046	1,081
Provision for (Reversal of) Credit Losses*	(119)	10	75	20	70	45	25	95
Claims-Related Expenses	157	91	181	93	111	113	115	118
Net Income	999	929	776	835	799	848	906	868
Other comprehensive income:								
Retirement benefit plans re-measurement	66	89	93	89	85	80	75	67
Comprehensive Income	1,065	1,018	869	924	884	928	981	935

** 2018-2022 reflects the adoption of IFRS 9*

2018 Forecast Versus 2018 Corporate Plan

We are forecasting net income of $776 million for 2018, a decrease of $153 million from the 2018 Corporate Plan. Items of note regarding this forecast are as follows:

- Net financing and investment income has decreased by $80 million when compared to the Plan primarily due to foreign exchange translation as a result of the strengthening of the Canadian dollar relative to the U.S. dollar and a decrease in net loan disbursements during the second half of 2017.
- Other income is forecast to be $64 million compared to $2 million in the 2018 Corporate Plan. The increase is mainly due to year to date unrealized gains in our investments portfolio.
- We are projecting a provision charge of $75 million, a change of $65 million when compared to the Corporate Plan. Year to date credit migration is greater than was contemplated in the Plan.
- Claims-related expenses are forecast to be $181 million, an increase of $90 million compared to Plan resulting from heightened risk in our insurance programs.

2019 Corporate Plan Versus 2018 Forecast

We are anticipating that interest rates will rise in 2019 thereby increasing both loan revenue and interest expense. Over this time period, we are projecting net financing and investment income to grow when compared to 2018 due to increases in our interest earning assets. We are projecting a slight decrease in the overall yield on our loan portfolio as the forecast for the spreads on our new loans are lower than the spreads on maturing loans.

The planned net income for 2019 is $835 million, which is an increase of $59 million from 2018.

- The provision for credit losses is expected to be less than forecast as we do not expect the 2018 level of negative credit migration to reoccur.
- We are not anticipating the heightened risks in our insurance programs to continue resulting in a decrease in claims related expenses of $88 million.
- Administrative expenses are expected to grow in 2019 by $54 million due largely to continued investments in our ERM program as well as increased costs to support expanding operations to support Canadian exporters. Please see the Operating Budget section for further details.
- Other income of $6 million is forecast for 2019 compared to $64 million in 2018 due to unrealized gains on our financial instruments during the first half of 2018 as previously discussed. Due to the volatility and difficulty in estimating fair value gains or losses, a forecast for these items are not included in the Plan.

STATEMENT OF FINANCIAL POSITION

Table 4: Projected Condensed Statement of Financial Position (2017-2023)

as at December 31	**2017**	**2018**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
(in millions of Canadian dollars)	**Actual**	**Plan**	**Fcst**	**Plan**	**Plan**	**Plan**	**Plan**	**Plan**
Assets								
Cash	157	79	167	95	109	121	130	138
Marketable securities	8,057	10,541	10,244	11,182	11,570	11,566	12,275	11,632
Derivative instruments	315	280	490	490	490	490	490	490
Assets held-for-sale	34	-	-	-	-	-	-	-
Loans receivable	51,127	54,647	51,929	52,666	56,055	58,858	59,949	64,262
Allowance for losses on loans[1]	(1,363)	(1,200)	(1,040)	(1,053)	(1,129)	(1,177)	(1,202)	(1,296)
Investments at fair value through profit or loss	1,124	1,235	1,310	1,420	1,508	1,511	1,480	1,426
Investment in FinDev Canada	-	100	100	200	300	300	300	300
Amounts due from FinDev Canada	-	-	-	-	1	146	288	421
Net investment in aircraft under finance leases	-	5	5	5	-	-	-	-
Recoverable insurance claims	65	66	57	50	44	35	38	40
Reinsurers' share of premium and claims liabilities	103	140	149	152	158	164	172	179
Other assets	140	103	167	160	153	146	140	140
Retirement benefit assets	69	207	157	238	313	388	453	516
Property, plant and equipment	54	63	50	47	42	41	41	40
Intangible assets	106	109	112	114	114	111	106	100
Building under finance lease[2]	134	127	127	129	120	111	102	94
Total Assets	60,122	66,502	64,024	65,895	69,848	72,811	74,762	78,482
Liabilities and Equity								
Accounts payable and other credits	123	111	109	102	95	87	81	81
Loans payable	47,114	52,794	50,499	52,505	56,528	59,452	61,286	64,888
Derivative instruments	1,690	2,107	1,866	1,866	1,866	1,866	1,866	1,866
Obligation under finance lease[2]	154	150	150	144	137	131	124	117
Retirement benefit obligations	185	247	178	176	175	174	174	173
Allowance for losses on loan commitments[1]	14	25	26	28	27	26	25	24
Premium and claims liabilities	608	579	691	624	650	678	707	736
Loan guarantees[1]	192	136	163	190	183	176	174	173
Total Liabilities	50,080	56,149	53,682	55,635	59,661	62,590	64,437	68,058
Equity								
Share capital	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333
Retained earnings	8,709	9,020	9,009	8,927	8,854	8,888	8,992	9,091
Total Equity	10,042	10,353	10,342	10,260	10,187	10,221	10,325	10,424
Total Liabilities and Equity	60,122	66,502	64,024	65,895	69,848	72,811	74,762	78,482

(1) 2018-2023 reflects the adoption of IFRS 9
(2) 2019-2023 reflects the adoption of IFRS 16

2018 Forecast Versus 2018 Corporate Plan

Loans receivable are forecast to be $2.7 billion lower than Plan, primarily as a result of foreign exchange translation due to the strengthening of the Canadian dollar relative to the U.S. dollar, higher than anticipated prepayments, as well as a decrease in the forecast for business facilitated. The decline in loans payable is consistent with the loans receivable forecast as our borrowing requirements are largely driven by our loan portfolio.

2019 Corporate Plan Versus 2018 Forecast

Low projected net disbursements will result in marginal growth in loans receivable in 2019.

2020 to 2023

The proportion of our debt to equity increases by 0.7 over the planning period with the debt to equity ratio reaching 6.5 in 2023. Since the end of 2011 we have paid $5.7 billion in dividend payments and we are projecting another $4.6 billion over the planning period.

STATEMENT OF CHANGES IN EQUITY

Table 5: Projected Condensed Statement of Changes in Equity (2017-2023)

for the year ended December 31 *(in millions of Canadian dollars)*	2017 Actual	2018 Plan	2018 Fcst	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Share Capital	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333
Retained Earnings								
Balance beginning of year	8,430	8,470	8,709	9,009	8,927	8,854	8,888	8,992
IFRS 9 impairment transition adjustment	-	400	400	-	-	-	-	-
Net income	999	929	776	835	799	848	906	868
Other comprehensive income								
Retirement benefit plans re-measurement	66	89	93	89	85	80	75	67
Dividend paid	(786)	(868)	(969)	(1,006)	(957)	(894)	(877)	(836)
Balance end of year	8,709	9,020	9,009	8,927	8,854	8,888	8,992	9,091
Total Equity at End of Year	10,042	10,353	10,342	10,260	10,187	10,221	10,325	10,424
Return On Equity	11.3%	9.2%	7.6%	8.1%	7.8%	8.3%	8.8%	8.4%

Effective January 1, 2018, allowance for losses on loans, loan commitments and loan guarantees are reported in accordance with *IFRS 9 – Financial Instruments*. The standard introduces an expected credit loss impairment model and these changes are highly relevant to us. The transitional adjustment of adopting the amended standard is an increase to opening retained earnings in 2018 of $400 million, consistent with our expectations.

STATEMENT OF CASH FLOWS

Table 6: Projected Condensed Statement of Cash Flows (2017-2023)

for the year ended December 31	**2017**	**2018**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
(in millions of Canadian dollars)	**Actual**	**Plan**	**Fcst**	**Plan**	**Plan**	**Plan**	**Plan**	**Plan**
Cash Flows from (used in) Operating Activities								
Net income	999	929	776	835	799	848	906	868
Adjustments to determine net cash from (used in) operating activities								
Provision for (reversal of) credit losses*	(119)	10	75	20	70	45	25	95
Actuarial change in the net allowance for claims on insurance	3	(82)	17	(78)	24	22	21	20
Depreciation and amortization	36	50	41	44	46	47	49	49
Realized (gains) and losses	(7)	(11)	(11)	(34)	(32)	(29)	(22)	(42)
Changes in operating assets and liabilities								
Change in accrued interest and fees on loans receivable	(67)	14	(44)	43	(5)	29	46	42
Change in accrued interest and fair value of marketable securities	33	-	71	-	-	-	-	-
Change in accrued interest and fair value of loans payable	(79)	-	(56)	-	-	-	-	-
Change in derivative instruments	(283)	(271)	(109)	-	-	-	-	-
Other	(15)	(61)	(67)	9	11	8	2	(4)
Loan disbursements	(27,743)	(24,550)	(32,589)	(31,899)	(33,402)	(33,983)	(34,041)	(34,206)
Loan repayments and principal recoveries from loan asset sales	29,284	24,385	32,533	31,261	30,099	31,247	32,990	29,936
Net cash from (used in) operating activities	2,042	413	637	201	(2,390)	(1,766)	(24)	(3,242)
Cash Flows from (used in) Investing Activities								
Disbursements for investments	(270)	(286)	(305)	(296)	(288)	(278)	(256)	(238)
Receipts from investments	141	173	218	220	231	303	309	334
Finance lease repayments	-	-	-	-	5	-	-	-
Disbursements for investments in FinDev Canada	-	(100)	(100)	(100)	(100)	-	-	-
Purchases of marketable securities	(7,123)	(7,837)	8,230	12,254	12,346	8,709	12,225	13,919
Sales/maturities of marketable securities	5,604	5,677	(9,066)	(12,933)	(12,621)	(8,709)	(12,740)	(13,451)
Purchases of property, plant and equipment	(13)	-	(6)	(8)	(4)	(8)	(7)	(8)
Purchases of intangible assets	(33)	-	(31)	(28)	(28)	(27)	(26)	(27)
Proceeds on sale of assets held-for-sale	-	33	23	-	-	-	-	-
Net cash from (used in) investing activities	(1,694)	(2,340)	(1,037)	(891)	(459)	(10)	(495)	529
Cash Flows from (used in) Financing Activities								
Issue of long-term loans payable	12,847	17,175	14,725	17,564	17,230	15,269	15,863	18,970
Repayment of long-term loans payable	(10,084)	(13,478)	(12,302)	(14,414)	(12,026)	(12,440)	(14,128)	(15,448)
Issue of short-term loans payable	27,156	38,546	39,622	51,930	47,585	35,784	50,268	48,351
Repayment of short-term loans payable	(29,441)	(38,946)	(39,104)	(53,208)	(48,863)	(35,784)	(50,268)	(48,351)
Disbursements from sale/maturity of derivative instruments	(345)	-	(286)	-	-	-	-	-
Receipts from sale/maturity of derivative instruments	88	-	9	-	-	-	-	-
Amounts borrowed by FinDev Canada	-	-	-	-	(1)	(146)	(142)	(133)
Dividend paid	(786)	(868)	(969)	(1,006)	(957)	(894)	(877)	(836)
Net cash from (used in) financing activities	(565)	2,429	1,695	866	2,968	1,789	716	2,553
Effect of exchange rate changes on cash and cash equivalents	(47)	-	83	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(264)	502	1,378	176	119	13	197	(160)
Cash and cash equivalents								
Beginning of year	1,891	1,561	1,627	3,005	3,181	3,300	3,313	3,510
End of year	1,627	2,063	3,005	3,181	3,300	3,313	3,510	3,350
Cash and cash equivalents are comprised of								
Cash	157	79	167	95	109	121	130	138
Cash equivalents included within marketable securities	1,470	1,984	2,838	3,086	3,191	3,192	3,380	3,212
	1,627	2,063	3,005	3,181	3,300	3,313	3,510	3,350

** 2018-2023 reflects the adoption of IFRS 9*

ACCOUNTING POLICIES AND FUTURE ACCOUNTING CHANGES

The accounting policies used in the preparation of this Financial Plan are in accordance with International Financial Reporting Standards (IFRS). The earnings of the corporation and its subsidiary are not subject to the requirements of the *Income Tax Act*.

Amended and Evolving Standards

The International Accounting Standards Board (IASB) has a number of projects underway, some of which will affect the standards relevant to EDC.

IFRS 16 – Leases – In January 2016, the IASB released the new Leases Standard requiring lessees to recognize assets and liabilities for the rights and obligations created by leases. The standard is effective for reporting periods beginning on or after January 1, 2019. As a result of adopting the new standard, approximately 16 leases are expected to be capitalized on transition resulting in additional assets and liabilities of approximately $13 million. The Corporate Plan has included the impacts of the new standard in the "Building under finance lease" and "Obligation under finance lease" lines on the balance sheet which will be reclassified beginning on January 1, 2019.

IFRS 17 – Insurance Contracts – In May 2017, the IASB issued IFRS 17 which establishes recognition, measurement, presentation, and disclosure requirements of insurance contacts. The standard ensures entities provide relevant information that faithfully represents those contracts. The standard is expected to have a significant impact on our financial statements and is effective for reporting periods beginning on or after January 1, 2021. The impact of this standard has not been incorporated in the Corporate Plan.

RISK MANAGEMENT

For a comprehensive discussion on our risk management, please refer to pages 62-71 of our 2017 Annual Report.

CAPITAL MANAGEMENT

Capital Adequacy Policy (CAP)

In December 2017, the Minister of Finance and the President of the Treasury Board formally rolled out a capital and dividend policy framework that applies to large financial Crown corporations, including EDC. The framework represents significant collaboration between the Department of Finance and the financial crown corporations. The objectives of the framework are to ensure Crown corporations have appropriate methodologies in place to determine their capital adequacy requirements, that they effectively manage their capital in relation to risk and that dividends are paid to the shareholder when capital is in excess of the levels required to deliver on their mandates. The framework also outlines minimum disclosure expectations related to risk, capital and financial performance.

As a financial institution, EDC efficiently manages its capital through the Board-approved CAP in order to be able to meet the demands of current and future business while maintaining the ability to withstand future, unpredictable risks. This is a key governance mechanism for both management and the shareholder.

A key principle of our CAP is the establishment of a target solvency standard for EDC that determines the level of capital that is required to cover our exposures even in exceptional circumstances. As a corporation, we target the maintenance of a AA solvency rating, consistent with the level targeted by leading financial institutions. Maintaining a AA target solvency rating ensures that our capital position is strong enough to enable us to remain a self-sustaining Crown corporation and to contribute, in a positive manner, to Canada's bottom line. Our capital position is also subject to downside vulnerabilities, and a AA target provides an appropriate level of resilience to the risks we take on in order to fulfill our mandate.

Table 7: Projected Capital Position (2017-2023)

(in millions of Canadian dollars)	2017 Actual	2018 Plan	2018 Fcst	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Credit risk	2,825	3,669	3,108	3,354	3,661	3,757	4,005	4,162
Market risk	930	976	864	862	856	864	889	926
Operational risk	246	238	230	225	232	238	244	251
Total pillar I risks	4,001	4,883	4,202	4,441	4,749	4,859	5,138	5,339
Strategic risk	400	488	420	444	475	486	514	534
Pension plan risk	492	492	492	492	492	492	492	492
Total pillar II risks	892	980	912	936	967	978	1,006	1,026
Total economic capital	4,893	5,863	5,114	5,377	5,716	5,837	6,144	6,365
Capital reserved for strategic initiatives	300	-	200	100	-	-	-	-
Capital reserved to withstand a stressed period	-	-	-	-	-	-	-	-
Total capital demand	5,193	5,863	5,314	5,477	5,716	5,837	6,144	6,365
Supply of capital	10,042	10,353	10,342	10,260	10,187	10,221	10,325	10,424
Capital surplus/ (deficit)	4,849	4,490	5,028	4,783	4,471	4,384	4,181	4,059
EDC target rating	AA	AA	AA	AA	AA	AA	AA	AA
EDC implied solvency rating	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA

In order to better understand the drivers behind EDC's capital demand from a macro-economic perspective, the following two tables show a historical breakdown along both a geographical and industry lens.

Table 8: Distribution of the Demand for Credit Risk by Region

Region	2015 Actual	2016 Actual	2017 Actual
Africa and Middle East	8.6%	8.6%	10.0%
Asia and Pacific	10.7%	22.6%	21.6%
Europe and CIS	12.3%	13.0%	19.3%
North America	50.4%	46.7%	41.9%
South and Central America and the Caribbean	18.0%	9.1%	7.2%

Table 9: Distribution of the Demand for Credit Risk by Industry

Industry	2015 Actual	2016 Actual	2017 Actual
Aerospace	37.6%	13.6%	17.7%
Agri-food	1.8%	0.8%	0.7%
Automotive	1.0%	1.7%	1.4%
Construction	1.8%	4.6%	4.5%
Environmental	1.5%	3.2%	3.3%
Financial and insurance services	7.2%	15.4%	17.6%
Forestry	0.4%	1.1%	0.7%
Knowledge technologies	1.2%	2.8%	3.7%
Light manufacturing	4.9%	10.7%	8.9%
Mining	12.3%	15.9%	9.9%
Oil and gas	13.5%	15.7%	14.9%
Sovereign	6.9%	2.2%	2.0%
Surface transportation	1.0%	2.2%	2.1%
Telecom and media	6.1%	6.2%	6.2%
Tourism and government services	0.0%	0.1%	0.0%
Utilities and alternative and renewable energy	2.8%	3.8%	6.4%

Eligible Dividends

In periods where EDC generates a capital surplus, the surplus is released back to the Shareholder as a dividend over a certain period of time which should tie in with the forecasted outlook period. Table 10 shows the expected dividend payments that would be generated by the capital forecasts of Table 7 with a repayment period of five years as per the Corporate Plan projection period.

Table 10: Dividends (2017-2023)

(in millions of Canadian dollars)	2017 Actual	2018 Plan	2018 Fcst	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Total capital demand	5,193	5,863	5,314	5,477	5,716	5,837	6,144	6,365
Supply of capital	10,042	10,353	10,342	10,260	10,187	10,221	10,325	10,424
Capital surplus/(deficit)	4,849	4,490	5,028	4,783	4,471	4,384	4,181	4,059
Calculated dividend	969	898	1,006	957	894	877	836	812

STATUTORY LIMITS

EDC is subject to two limits imposed by the *Export Development Act*:

- A limit on our contingent liability arrangements which is currently $45 billion ('Contingent Liability Limit'); and
- A limit on our borrowings ('Loans Payable Limit'), as discussed on page 56.

Our projected position against each of these statutory limits at year-end throughout the planning period is provided in the following table:

Table 11: Statutory Limits (2017-2023)

(in millions of Canadian dollars)	2017 Actual	2018 Plan	2018 Fcst	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Contingent Liability Limit	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Credit insurance	9,044	8,994	10,763	11,423	11,994	12,534	13,035	13,556
Financial institutions insurance	3,392	2,965	2,483	2,640	2,772	2,897	3,013	3,133
Contract insurance and bonding	8,297	9,314	8,659	8,120	7,873	8,065	8,305	8,578
Political risk insurance	915	1,616	611	939	972	1,010	1,056	1,103
Loan guarantees	2,616	2,991	2,740	2,908	2,762	2,707	2,759	2,832
Position against limit	24,264	25,880	25,256	26,030	26,373	27,213	28,168	29,202
Percent used	54%	58%	56%	58%	59%	60%	63%	65%
Loans Payable Limit	146,445	147,045	150,630	155,130	153,900	152,805	153,315	154,875
Position against limit	47,114	52,794	50,499	52,505	56,528	59,452	61,286	64,888
Percent used	32%	36%	34%	34%	37%	39%	40%	42%

OPERATING BUDGET AND NOTES

Administrative Expenses and Productivity Ratio

Table 12: Projected Administrative Expenses and Productivity Ratio (2017-2023)

(in millions of Canadian dollars)	2017 Actual	2018 Plan	2018 Fcst	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Salaries and benefits	212	237	229	261	277	293	303	313
Pension, other retirement and post-employment benefits	51	47	48	43	38	33	28	24
Professional services	34	63	56	61	61	62	50	50
Amortization and depreciation	27	39	33	37	37	38	40	41
Occupancy	27	29	28	28	30	30	30	31
Systems costs	25	33	37	44	46	47	49	51
Marketing and communications	20	27	29	30	27	28	28	28
Travel, hospitality and conferences	9	12	12	14	14	14	15	15
Other	24	31	28	36	37	39	40	41
Total administrative expenses	429	518	500	554	567	584	583	594
Productivity Ratio	28.5%	33.5%	33.7%	36.9%	36.7%	36.7%	35.8%	35.5%

We are targeting administrative expenses of $554 million for 2019 compared to a current forecast for 2018 of $500 million. As previously mentioned, our expenses are increasing to reflect the significant foundational investments we are making in support of our expanding business. Items of significance in our administrative expense projections for 2019 and beyond are as follows:

- Additional resources are required as we continue to invest in compliance related initiatives such as the major change program relating to the build-out of our enterprise risk management framework (ERM). The benefits of our ERM plan will be a strong risk culture of oversight and clear direction, ownership and accountability and the requirement for robust monitoring and reporting.
- To increase our capacity to serve micro and SME exporters, we plan to continue to expand our core offerings to better meet their needs through channel and partner strategies. We have a number of initiatives to drive this growth and expand the number of customers we serve each year. To deliver on these initiatives and continue to meet the needs of exporters, additional resources will be required leading to an increase in our salaries and benefits expenditures.
- Over the plan period we will continue to modernize our legacy systems and improve the ease of doing business with our customers through digital platforms. While there are costs associated with these improvements, we believe that we can realize future savings in addition to meeting the diverse needs of our customers.
- Consistent with business trends we are leveraging more infrastructure and software as a service solutions which do not meet the criteria for capitalization therefore contributing to an increase in administrative expenses.
- Pension costs are expected to decline throughout the Corporate Plan period. In addition, closing EDC's defined benefit pension plan to new members at the end of 2011 and introducing a defined contribution plan for new employees as of January 1, 2012 is also having a positive impact on our pension expense during the planning period.

We remain committed to ensuring long term financial sustainability through the management of our productivity ratio (PR), which measures our administrative expenses as a percentage of our net revenue. In 2018 we are expecting our PR to be on target with the Corporate Plan.

In 2019, we are projecting PR to increase to 36.9 per cent due to the factors previously discussed. While administrative expenses are increasing over the planning period we expect that the investments we are making, such as digital improvements, will contribute to increased revenues and operational efficiencies therefore we anticipate that the PR will stabilize in the range of 35 to 36 per cent in the latter years of the Plan.

The following tables provide information on our travel, hospitality and conferences expenses from 2015 to 2023. We are projecting these costs to increase marginally over the plan period.

Table 13: Travel, Hospitality and Conferences Expenses (2015-2023)

(in thousands of Canadian dollars)	2015 Actual	2016 Actual	2017 Actual	2018 Plan	2018 Fcst	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Travel	6,932	7,855	7,418	9,989	11,000	11,533	11,648	11,765	11,883	12,001
Hospitality	1,179	959	994	1,320	900	1,550	1,565	1,581	1,597	1,613
Conferences*	-	667	742	758	500	1,011	1,021	1,031	1,042	1,052
Total	8,111	9,481	9,154	12,067	12,400	14,094	14,234	14,377	14,522	14,666

** 2015 conferences information is not readily available*

Table 14: Travel, Hospitality and Conferences Expenses as a Percentage of Total Administrative Expenses (2015-2023)

(in millions of Canadian dollars)	2015 Actual	2016 Actual	2017 Actual	2018 Plan	2018 Fcst	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Total travel, hospitality and conferences expenses	8.1	9.5	9.2	12.1	12.4	14.1	14.2	14.4	14.5	14.7
Total administrative expenses	351	385	429	518	500	554	567	584	583	594
Travel, hospitality and conferences as a % of total administrative expenses	2.3%	2.5%	2.1%	2.3%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

CAPITAL BUDGET AND NOTES

Capital Expenditures

Table 15: Projected Capital Expenditures (2017-2023)

(in millions of Canadian dollars)	2017 Actual	2018 Plan	2018 Fcst	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Facilities*	3.0	5.2	2.6	6.7	3.1	6.7	6.2	6.6
Information technology	37.0	41.5	33.6	29.0	28.9	28.1	27.2	28.0
Total capital expenditures	40.0	46.7	36.2	35.7	32.0	34.8	33.4	34.6

**Facilities capital expenditures include leasehold improvements, furniture and equipment. Information technology capital expenditures include hardware, internally developed and purchased software.*

Capital expenditures for the 2018 forecast are lower than the 2018 Plan. There is a reduction in the technology forecast for hardware and software costs. As previously mentioned, we are leveraging more infrastructure and software as a service solutions and as a result do not meet the criteria for capitalization which have lowered our capital expenditures.

Capital expenditures for 2019 are in line with the 2018 forecast. We continue to invest in capital throughout the planning period in order to modernize our business platforms where required as well as maintain and enhance our existing systems and deliver on our mandate to support exporters.

Beyond 2019, the plan assumes the need to continue to invest in technology at similar levels to keep pace with the accelerating change in technology, the ever-expanding information technology risks and growing customer expectations of financial institutions like EDC.

No capital expenditures during the plan period meet the requirements for disclosure per the value and risk tests.

OPERATION OF SUBSIDIARIES

Exinvest Inc.

We incorporated Exinvest Inc. in 1995 and acquired shares of Exinvest Inc. in accordance with the applicable provisions of the *Financial Administration Act* and the *Export Development Act*. The authorized objectives of Exinvest Inc. are to establish and/or invest in corporations, partnerships, joint ventures or any other form of unincorporated bodies (financing vehicles), all of which will provide financial assistance for, or to the benefit of, sales or leases of goods, or the provision of services, or any combination thereof.

During 2018 and over the planning period, no new financing vehicles and no potential business transactions are anticipated. We are maintaining the subsidiary so that it will be available for future initiatives if required.

FinDev Canada

In May 2017, for the purposes of creating a Canadian Development Finance Institution (DFI), the Government of Canada broadened EDC's mandate and scope of activity to include providing, directly or indirectly, development financing and other forms of development support in a manner that is consistent with Canada's international development priorities. This new mandate is independent and not subordinated to EDC's existing trade mandate. Development Finance Institute Canada (DFIC) Inc. was incorporated on September 14, 2017 and operates under the trade name FinDev Canada.

The Corporate Plan for FinDev Canada is included in Annex I.

Consolidated results for EDC and its subsidiaries are presented in the following tables.

Consolidated Statement of Comprehensive Income

Table 16: Projected Condensed Consolidated Statement of Comprehensive Income (2017-2023)

for the year ended December 31 *(in millions of Canadian dollars)*	2017 Actual	2018 Plan	2018 Fcst	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Financing and Investment Revenue:								
Loan	1,915	2,032	2,167	2,350	2,472	2,610	2,747	2,815
Marketable securities	93	176	235	289	302	287	308	314
Investments	9	5	6	6	6	7	7	7
Total financing and investment revenue	2,017	2,213	2,408	2,645	2,780	2,904	3,062	3,136
Interest expense	715	881	1,163	1,385	1,500	1,584	1,709	1,760
Financing related expenses	45	37	30	27	25	23	23	23
Net Financing and Investment Income	1,257	1,295	1,215	1,233	1,255	1,297	1,330	1,353
Loan Guarantee Fees	43	45	49	49	52	51	51	53
Insurance premiums and guarantee fees	239	238	242	257	280	288	299	308
Reinsurance ceded	(39)	(31)	(37)	(40)	(40)	(40)	(41)	(40)
Net Insurance Premiums and Guarantee Fees	200	207	205	217	240	248	258	268
Other (Income) Expenses	34	(2)	(64)	(6)	(10)	(7)	(6)	(20)
Administrative Expenses	431	527	513	569	582	600	600	612
Income before Provision and Claims-Related Expenses	1,035	1,022	1,020	936	975	1,003	1,045	1,082
Provision for (Reversal of) Credit Losses*	(119)	11	75	22	74	56	35	102
Claims-Related Expenses	157	91	181	93	111	113	115	118
Net Income	997	920	764	821	790	834	895	862
Other comprehensive income:								
Retirement benefit plans re-measurement	66	89	93	89	85	80	75	67
Comprehensive Income	1,063	1,009	857	910	875	914	970	929

** 2018-2023 reflects the adoption of IFRS 9*

Consolidated Statement of Financial Position

Table 17: Projected Condensed Consolidated Statement of Financial Position (2017-2023)

as at December 31 *(in millions of Canadian dollars)*	2017 Actual	2018 Plan	2018 Fcst	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Assets								
Cash	157	79	169	97	111	123	132	140
Marketable securities	8,057	10,585	10,301	11,230	11,570	11,566	12,275	11,632
Derivative instruments	315	280	490	490	490	490	490	490
Assets held-for-sale	34	-	-	-	-	-	-	-
Loans receivable	51,127	54,687	51,929	52,716	56,196	59,085	60,253	64,634
Allowance for losses on loans(1)	(1,363)	(1,201)	(1,040)	(1,055)	(1,136)	(1,194)	(1,224)	(1,320)
Investments at fair value through profit or loss	1,124	1,236	1,336	1,492	1,634	1,693	1,721	1,727
Net investment in aircraft under finance leases	-	5	5	5	-	-	-	-
Recoverable insurance claims	65	66	57	50	44	35	38	40
Reinsurers' share of premium and claims liabilities	103	140	149	152	158	164	172	179
Other assets	138	103	167	160	153	146	140	140
Retirement benefit assets	69	207	157	238	313	388	453	516
Property, plant and equipment	54	64	51	48	43	41	41	40
Intangible assets	106	111	112	115	115	112	107	102
Building under finance lease(2)	134	127	127	131	122	112	103	95
Total Assets	60,120	66,489	64,010	65,869	69,813	72,761	74,701	78,415
Liabilities and Equity								
Accounts payable and other credits	123	111	109	102	95	87	81	81
Loans payable	47,114	52,794	50,499	52,505	56,528	59,452	61,286	64,888
Derivative instruments	1,690	2,107	1,866	1,866	1,866	1,866	1,866	1,866
Obligation under finance lease(2)	154	150	150	146	139	132	125	118
Retirement benefit obligations	185	247	178	176	175	174	174	173
Allowance for losses on loan commitments(1)	14	25	26	28	27	26	25	24
Premium and claims liabilities	608	579	691	624	650	678	707	736
Loan guarantees(1)	192	136	163	190	183	176	174	173
Total Liabilities	50,080	56,149	53,682	55,637	59,663	62,591	64,438	68,059
Equity								
Share capital	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333
Retained earnings	8,707	9,007	8,995	8,899	8,817	8,837	8,930	9,023
Total Equity	10,040	10,340	10,328	10,232	10,150	10,170	10,263	10,356
Total Liabilities and Equity	60,120	66,489	64,010	65,869	69,813	72,761	74,701	78,415

(1) 2018-2023 reflects the adoption of IFRS 9
(2) 2019-2023 reflects the adoption of IFRS 16

Consolidated Statement of Changes in Equity

Table 18: Projected Condensed Consolidated Statement of Changes in Equity (2017-2023)

for the year ended December 31 *(in millions of Canadian dollars)*	2017 Actual	2018 Plan	2018 Fcst	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Share Capital	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333
Retained Earnings								
Balance beginning of year	8,430	8,466	8,707	8,995	8,899	8,817	8,837	8,930
Transitional adjustment on the application of IFRS 9	-	400	400	-	-	-	-	-
Net income	997	920	764	821	790	834	895	862
Retirement benefit plans re-measurement	66	89	93	89	85	80	75	67
Dividend paid	(786)	(868)	(969)	(1,006)	(957)	(894)	(877)	(836)
Balance end of year	8,707	9,007	8,995	8,899	8,817	8,837	8,930	9,023
Total Equity at End of Year	10,040	10,340	10,328	10,232	10,150	10,170	10,263	10,356
Return On Equity	10.4%	9.2%	7.5%	8.0%	7.8%	8.2%	8.8%	8.4%

Consolidated Statement of Cash Flows

Table 19: Projected Condensed Consolidated Statement of Cash Flows (2017-2023)

for the year ended December 31	2017	2018	2018	2019	2020	2021	2022	2023
(in millions of Canadian dollars)	Actual	Plan	Fcst	Plan	Plan	Plan	Plan	Plan
Cash Flows from (used in) Operating Activities								
Net income	997	920	764	821	790	834	895	862
Adjustments to determine net cash from (used in) operating activities								
Provision for (reversal of) credit losses*	(119)	11	75	22	74	56	35	102
Actuarial change in the net allowance for claims on insurance	3	(82)	17	(78)	24	22	21	20
Depreciation and amortization	36	50	41	44	46	48	50	50
Realized (gains) and losses	(7)	(11)	(11)	(34)	(32)	(29)	(22)	(42)
Changes in operating assets and liabilities								
Change in accrued interest and fees on loans receivable	(67)	14	(44)	43	(6)	30	51	50
Change in accrued interest and fair value of marketable securities	33	-	71	-	-	-	-	-
Change in accrued interest and fair value of loans payable	(79)	-	(56)	-	-	-	-	-
Change in derivative instruments	(283)	(271)	(109)	-	-	-	-	-
Other	(13)	(68)	(69)	9	14	7	(8)	(18)
Loan disbursements	(27,743)	(24,591)	(32,589)	(31,949)	(33,494)	(34,074)	(34,127)	(34,288)
Loan repayments and principal recoveries from loan asset sales	29,284	24,386	32,533	31,261	30,100	31,252	32,999	29,950
Net cash from (used in) operating activities	2,042	358	623	139	(2,484)	(1,854)	(106)	(3,314)
Cash Flows from (used in) Investing Activities								
Disbursements for investments	(270)	(287)	(331)	(342)	(342)	(334)	(315)	(298)
Receipts from investments	141	173	218	220	231	303	309	334
Finance lease repayments	-	-	-	-	5	-	-	-
Purchases of marketable securities	(7,123)	(7,837)	8,128	12,167	12,256	8,709	12,225	13,919
Sales/maturities of marketable securities	5,604	5,677	(9,014)	(12,820)	(12,507)	(8,709)	(12,740)	(13,451)
Purchases of property, plant and equipment	(13)	-	(7)	(8)	(4)	(8)	(7)	(8)
Purchases of intangible assets	(33)	-	(31)	(29)	(29)	(28)	(27)	(28)
Proceeds on sale of assets held-for-sale	-	33	23	-	-	-	-	-
Net cash from (used in) investing activities	(1,694)	(2,241)	(1,014)	(812)	(390)	(67)	(555)	468
Cash Flows from (used in) Financing Activities								
Issue of long-term loans payable	12,847	17,175	14,725	17,564	17,230	15,268	15,863	18,970
Repayment of long-term loans payable	(10,084)	(13,478)	(12,302)	(14,414)	(12,026)	(12,440)	(14,128)	(15,448)
Issue of short-term loans payable	27,156	38,546	39,622	51,930	47,585	35,784	50,268	48,351
Repayment of short-term loans payable	(29,441)	(38,946)	(39,104)	(53,208)	(48,863)	(35,784)	(50,268)	(48,351)
Disbursements from sale/maturity of derivative instruments	(345)	-	(286)	-	-	-	-	-
Receipts from sale/maturity of derivative instruments	88	-	9	-	-	-	-	-
Dividend paid	(786)	(868)	(969)	(1,006)	(957)	(894)	(877)	(836)
Net cash from (used in) financing activities	(565)	2,429	1,695	866	2,969	1,934	858	2,686
Effect of exchange rate changes on cash and cash equivalents	(47)	-	83	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(264)	546	1,387	193	95	13	197	(160)
Cash and cash equivalents								
Beginning of year	1,891	1,561	1,627	3,014	3,207	3,302	3,315	3,512
End of year	1,627	2,107	3,014	3,207	3,302	3,315	3,512	3,352
Cash and cash equivalents are comprised of								
Cash	157	79	169	97	111	123	132	140
Cash equivalents included within marketable securities	1,470	2,028	2,845	3,110	3,191	3,192	3,380	3,212
	1,627	2,107	3,014	3,207	3,302	3,315	3,512	3,352

** 2018-2023 reflects the adoption of IFRS 9*

Consolidated Administrative Expenses

Table 20: Projected Consolidated Administrative Expenses (2017-2023)

(in millions of Canadian dollars)	2017 Actual	2018 Plan	2018 Fcst	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Salaries and benefits	213	243	235	269	285	302	313	323
Pension, other retirement and post-employment benefits	51	47	48	43	38	33	28	24
Professional services	35	64	59	64	64	65	53	53
Amortization and depreciation	27	39	33	37	37	39	41	42
Occupancy	27	29	28	29	31	31	31	32
Systems costs	25	33	38	44	46	47	49	51
Marketing and communications	20	28	30	31	28	29	29	29
Travel, hospitality and conferences	9	13	13	15	15	15	16	16
Other	24	31	29	37	38	39	40	42
Total administrative expenses	431	527	513	569	582	600	600	612

Consolidated Capital Expenditures

Table 21: Projected Consolidated Capital Expenditures (2017-2023)

(in millions of Canadian dollars)	2017 Actual	2018 Plan	2018 Fcst	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Facilities*	3.0	6.5	3.1	6.8	3.2	6.8	6.3	6.7
Information technology	37.0	43.6	33.8	29.7	29.6	28.8	27.9	28.7
Total capital expenditures	40.0	50.1	36.9	36.5	32.8	35.6	34.2	35.4

**Facilities capital expenditures include leasehold improvements, furniture and equipment. Information technology capital expenditures include hardware, internally developed and purchased software.*

APPENDIX V: BORROWING PLAN

In accordance with the *Export Development Act* and the *Financial Administration Act*, we raise our funding requirements in international and domestic capital markets by borrowing, which includes issuing bonds and commercial paper.

ASSET/LIABILITY AND MARKET RISK MANAGEMENT

We manage our exposures to interest rate, foreign exchange and credit risks arising from our Treasury operations through a policy framework, including risk and liquidity limits. Our policies are consistent with industry practices, approved by our Board of Directors and are compliant with the Minister of Finance's *Financial Risk Management Guidelines for Crown Corporations*.

Market risks to which we are exposed include movements in interest rates and the impact they have on our book of assets and our liability positions, as well as foreign exchange risk as we report our financial results and maintain our capital position in Canadian dollars, whereas our asset book and much of our liabilities are in U.S. dollars or other currencies.

Credit risk from Treasury activities arises from two sources: marketable securities and derivatives. In each case, there is a risk that the counterparty will not repay in accordance with contractual terms. The Board-approved Financial Risk Management Framework establishes minimum counterparty credit rating requirements and maximum exposure limits for the management of credit risk. We also use other credit mitigation techniques to assist in credit exposure management. EDC has a collateral program in which Treasury swap counterparties pledge highly rated sovereign debt from any of Canada, the United States, Great Britain, France and/or Germany, which typically offset a major portion of our credit exposure.

We continually monitor our exposure to movements in interest rates and foreign exchange rates as well as counterparty credit exposures. Positions against policy limits are reported on a monthly basis and any policy breach is immediately reported directly to the Chair of the Board of Directors. Our Asset Liability Committee meets, at least quarterly, to review current and future compliance with the corporation's Market Risk Management policies. Our market risk positions are reported quarterly to the Risk Management Committee of the Board of Directors.

BORROWING STRATEGIES

Statutory Borrowing Authorities

EDC's funding activities are governed by sections 12, 13 and 14 of the *Export Development Act* and section 127 of the *Financial Administration Act*. The activities must also comply with the Minister of Finance's *Financial Risk Management Guidelines for Crown Corporations*.

EDC's funding activities are governed by section 4 of the *Borrowing Authority Act* which came into force in November 2017. Under this Act, borrowings by agent corporations, including EDC, in conjunction with borrowings by the Minister of Finance must not at any time exceed $1,168 billion. EDC will report its borrowings to the Minister of Finance to comply with the Act.

The *Export Development Act* permits us to borrow and have outstanding loans payable up to a maximum of 15 times the aggregate of our current paid in capital and retained earnings as determined by the audited financial statements for the previous year. Based on the 2018 forecast, the maximum borrowing limit allowable under this Act for 2019 is estimated at CAD $155.1 billion (U.S. $121.0 billion), compared to forecast loans payable at the end of 2019 of CAD $52.5 billion (U.S. 41.0 billion).

In accordance with subsection 127(3) of the *Financial Administration Act*, EDC 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. We obtain Minister of Finance approval annually for our capital and money markets borrowing plans. Annual Board resolutions permit us to operate within the authorities prescribed by the Minister.

Occasionally, as a result of unforeseen financial market conditions or unexpected variances in approved corporate activity, there may be a need to amend the terms and conditions of the borrowing plans. In such instances, we will continue to seek the approval of the Minister of Finance and report on any associated changes in the Corporate Plan.

Should market conditions warrant, we could also request access to the Consolidated Revenue Fund (CRF). Minister of Finance authority to access the CRF is sought as part of the annual short-term and long-term borrowing approval process.

EDC may be called upon to respond to unanticipated events and may need to borrow sums of money beyond its annual borrowing plan. Under section 127(3) of the *Financial Administration Act*, EDC may seek additional borrowing authority from the Minister of Finance provided its total indebtedness outstanding at any time in respect of such borrowings does not exceed any statutory limit.

FinDev Canada

Pursuant to the corporation's expanded mandate under section 10(1)(c) of the amended *Export Development Act*, the Development Finance Institute Canada (DFIC) Inc. has been incorporated as a wholly owned subsidiary of EDC and operates under the trade name FinDev Canada. EDC began capitalizing FinDev Canada in 2018 with a CAD $100 million (U.S. $78 million) capital injection. Additional funding of CAD $100 million (U.S. $78 million) will take place in both 2019 and 2020. EDC may provide debt financing to FinDev Canada or EDC may decide to further capitalize FinDev Canada. EDC Treasury will leverage its expertise to undertake all borrowing, investing, hedging and foreign exchange activities on behalf of FinDev Canada.

Borrowing Approach

The objective of our funding programs is to ensure that commitments are met within the parameters of our Liquidity and Funding Risk Management Policy. Funding requirements are determined from a base amount as established in the Corporate Plan, adding a buffer for increased needs due to stressed market conditions or additional new business demand.

We issue commercial paper (CP) to meet operating requirements and may, in cases of restricted capital markets access, issue CP to fund long-term requirements for short durations. We issue capital market debt to meet requirements for maturing debt, our loan asset portfolio, the liquidity portfolio, DFI related funding and future lending activities. The Treasury team seeks to maximize market access and flexibility, price debt issues fairly in the primary market and closely monitor secondary market performance to minimize debt service costs. The team also seeks to take advantage of opportunities to raise funds in currencies which match the currencies of our assets.

Derivatives are used as part of the asset/liability management process. Our policies prohibit the issuance of any financial instrument, derivative, or structured note whose value and hence financial risk cannot be calculated, monitored and managed on a timely basis.

The execution of the borrowing and liquidity strategies is monitored on a daily basis by the Treasury team's management. Monthly reports are provided to senior management and quarterly reports are provided to the Audit Committee of the Board.

SOURCES OF FINANCING

Money Markets Borrowing Program

We issue commercial paper in the money markets, in various currencies under multiple platforms for cash management purposes to fund our short-term financial commitments as well as to manage interruptions in capital markets access and unpredictable cash flow demands.

The Liquidity and Funding Risk Management Policy requires the liquidity portfolio to meet anticipated cash requirements on a daily basis during a liquidity event. The period required to be covered by the liquidity portfolio is a minimum of one month. Forecast cash requirements are calculated using a one month rolling forecast based on components such as operations, loan disbursements, revolver commitments and debt maturities. The target size of the USD component of our liquidity portfolio will be U.S. $6.0 - $7.5 billion (CAD $7.7 - 9.6 billion). We will also maintain a CAD component of the liquidity portfolio with a target size of CAD $300 - 500 million (U.S. $234 - 390 million). In addition, a daily minimum U.S. $2.0 billion (CAD $2.6 billion) of unused CP capacity will be required.

Capital Markets Borrowing Program

The capital markets borrowing program diversifies its funding sources by offering debt securities to investors worldwide. Typical capital markets instruments include, but are not limited to: benchmark global bonds, plain vanilla bonds, structured and medium-term notes.

Structured and medium-term notes may be used to smooth the maturity profile, respond to investor demand or access local currency funding in priority emerging markets. These notes can be issued in a variety of maturities including maturities of under one year as well as longer-dated issues with callable features. Longer-dated callable instruments are swapped into floating or fixed rate obligations. The mix of funding is guided by numerous factors including relative cost, market conditions and the profile of the loan assets portfolio.

Total Borrowings – New and Outstanding

2018 Borrowings

As at August 31, 2018, we have issued U.S. $8.4 billion (CAD $10.8 billion) in long term debt compared to the Minister of Finance approved 2018 maximum of U.S. $15.9 billion (CAD $20.4 billion). Commercial paper outstanding amounted to U.S. $8.97 billion (CAD $11.5 billion) as at August 31, 2018 compared to the Minister of Finance authorized 2018 maximum of U.S. $14.0 billion (CAD $18.0 billion). 2018 long term borrowing is forecast to be CAD $2.5 billion (U.S. $2.0 billion) lower than the 2018 Plan due to unanticipated receipts. 2018 short-term borrowing outstanding at year end is forecast to be CAD $0.4 billion (U.S. $0.3 billion) higher than the 2018 Plan reflecting variations in forecast requirements.

In 2018, the liquidity portfolio is forecast to maintain an average balance of CAD $9.3 billion (U.S. $7.3 billion), with a minimum balance of CAD $7.0 billion (U.S. $5.5 billion) and a maximum balance of CAD $9.6 billion (U.S. $7.5 billion).

2019 Borrowings

Money Market Borrowings (Short-Term Borrowings)

Unpredictable cash flow demands most often result from undrawn revolver commitments, estimated at U.S. $11.9 billion (CAD $15.3 billion) at December 31, 2019. Revolver commitments range in size from approximately U.S. $600 thousand to U.S. $300 million (CAD $769 thousand to CAD $385 million), can provide for same day advances and can be highly concentrated among certain industries and individual borrowers. Additional committed facilities which have not yet been drawn are forecast to total U.S. $6.9 billion (CAD $8.8 billion) at the end of 2019.

In 2019, the liquidity portfolio is forecast to maintain an average balance of CAD $9.6 billion (U.S. $7.5 billion), with minimum and maximum balances in line with the average. The entire liquidity portfolio can be accessed during a liquidity event. At December 31, 2019, short term borrowings outstanding are projected to be CAD $1.3 billion (U.S. $1.0 billion) lower than the forecast December 31, 2018 term borrowings outstanding reflecting a reduced reliance on short term funding to meet long term debt maturity requirements.

Capital Market Borrowings (Long-Term Borrowings)

The Corporate Plan projects a baseline borrowing requirement of U.S. $13.7 billion (CAD $17.7 billion equivalent) with potential additional long-term requirements of U.S. $3.0 billion (CAD $3.9 billion) for contingency purposes. The baseline borrowing requirement is U.S. $0.8 billion (CAD $1.0 billion) higher than the 2018 plan requirement primarily due to higher debt maturities and reduced reliance on short term funding offset by a reduction in the funding required for the liquidity portfolio.

Total Outstanding Borrowings

The aggregate principal amount outstanding of borrowings will not at any time in 2019 exceed CAD $56.1 billion (U.S. $43.8 billion), which is well below the maximum statutory limit of fifteen times the current paid in capital and retained earnings (equivalent to CAD $155.1 billion (U.S. $121.0 billion) estimated as of December 31, 2019).

PRIMARY USES OF FINANCING

Refinancing of Maturing Debt – Maturing debt is refinanced through new issuance.

Change in Marketable Securities – Funding of the Liquidity Porfolio.

Increased Lending Activity (Term Loan and Revolver New Business) – Positive net loan disbursements are forecast in 2019.

CP Outstanding – Decrease in the level of CP outstanding.

Development Finance Institute Canada Inc. – Funding the second tranche of capitalization.

POTENTIAL INCREASES IN REQUIREMENTS

Increased Lending and Investment Activity – New business activity requirements could increase further if global economic activity outpaces our forecasts and/or world liquidity is reduced. Additional lending and investment program activity could increase borrowing requirements.

Reduce CP Outstanding – An increase in capital markets funding in response to favourable market conditions may permit us to reduce the amount of CP outstanding.

Pre-Funding of 2020 Business Facilitated – We may seek to pre-fund some of our 2020 capital markets requirements to minimize debt service costs and lock-in longer term funding.

Table 22: Capital Markets Borrowing Requirement Projection for 2019

(in millions of U.S. dollars)	**USD**	**2019 Plan**
Decrease/(increase) in cash from operations	(628)	
Net loan disbursements	559	
Capital injection into FinDev Canada	78	
Eligible dividend	787	
Activity from operations		796
Funding required for change in CP outstanding	1,000	
Funding required for change in marketable securities at fair value through profit or loss	669	
Refinancing of debt maturities	11,178	
Buybacks	100	
Activity from liabilities		12,947
Forecast Borrowing Requirements for Corporate Plan		**13,743**
Potential increases to cash requirements		
Changes to assumption on lending activity		1,000
Changes to assumption on revolving facilities		1,000
Reduction of outstanding commercial paper		500
Pre-funding of 2020 volumes/maturities		500
Forecast Borrowing Requirements Including Contingencies		**16,743**

Table 23: Projected Borrowing Plans (2016-2023)

(in millions of Canadian dollars)	**2016 Actual**	**2017 Actual**	**2018 Plan**	**2018 Fcst**	**2019 Plan**	**2020 Plan**	**2021 Plan**	**2022 Plan**	**2023 Plan**
Capital Markets Borrowing Limit (U.S. $15.9 billion)*	17,079	17,978	20,320	20,320	-	-	-	-	-
Position	13,972	12,459	17,175	14,725	17,564	17,230	15,269	15,863	18,970
Percent used	82%	69%	85%	72%	-	-	-	-	-
Short-Term Borrowing Limit (U.S. $14.0 billion)*	18,827	17,601	17,892	17,892	-	-	-	-	-
Position	9,238	6,424	6,669	7,029	5,751	4,473	4,473	4,473	4,473
Percent used	49%	36%	37%	39%	-	-	-	-	-

**Refers to 2018 limit. The limits are set each year in consultation with the Department of Finance, and accordingly, there are no limits set for 2019 to 2023.*

Table 24: Projected Total Outstanding Borrowings (2016-2023)

as at December 31 *(in millions of Canadian dollars)*	2016 Actual	2017 Actual	2018 Plan	2018 Fcst	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Short-term borrowings	9,238	6,424	6,669	7,029	5,751	4,473	4,473	4,473	4,473
Long-term borrowings	39,863	40,690	46,125	43,470	46,754	52,055	54,979	56,813	60,415
Total borrowings	49,101	47,114	52,794	50,499	52,505	56,528	59,452	61,286	64,888

Table 25: Projected Short-Term Borrowings by Currency (2016-2023)

as at December 31 *(in millions of Canadian dollars)*	2016 Actual	2017 Actual	2018 Plan	2018 Fcst	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Canadian dollar	-	-	-	-	-	-	-	-	-
U.S. dollar	9,238	6,424	6,669	7,029	5,751	4,473	4,473	4,473	4,473
Other currencies	-	-	-	-	-	-	-	-	-
Total short-term borrowings	9,238	6,424	6,669	7,029	5,751	4,473	4,473	4,473	4,473

Table 26: Projected Peaks in Short-Term Borrowings by Currency (2016-2023)

for the year ended December 31 *(in millions of Canadian dollars)*	2016 Actual	2017 Actual	2018 Plan	2018 Fcst	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Canadian dollar	-	61	-	-	-	-	-	-	-
U.S. dollar commercial paper	10,900	8,256	8,669	10,907	7,285	7,668	4,473	7,668	8,307
U.S. dollar line of credit	-	-	-	-	-	-	-	-	-
Other currencies	-	-	-	-	-	-	-	-	-
Total short-term borrowings	10,900	8,317	8,669	10,907	7,285	7,668	4,473	7,668	8,307

Table 27: Projected Long-Term Borrowings (2016-2023)

(in millions of Canadian dollars)	2016 Actual	2017 Actual	2018 Plan	2018 Fcst	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Opening balance	36,998	39,863	42,636	40,690	43,470	46,754	52,055	54,979	56,813
Maturities	(9,206)	(10,084)	(13,478)	(12,302)	(14,414)	(12,026)	(12,440)	(14,128)	(15,448)
New issuances	13,733	12,847	17,175	14,725	17,564	17,230	15,269	15,863	18,970
FX translation and other changes	(1,662)	(1,936)	(208)	357	134	97	95	99	80
Total long-term borrowings	39,863	40,690	46,125	43,470	46,754	52,055	54,979	56,813	60,415

Table 28: Projected Long-Term Borrowings by Type (2016-2023)

as at December 31 *(in millions of Canadian dollars)*	2016 Actual	2017 Actual	2018 Plan	2018 Fcst	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Fixed rate	8,718	15,802	8,989	16,884	18,177	19,332	20,685	21,924	22,816
Floating rate	31,145	24,888	37,136	26,586	28,576	32,723	34,294	34,889	37,599
Total long-term borrowings	39,863	40,690	46,125	43,470	46,754	52,055	54,979	56,813	60,415

APPENDIX VI: COMPLIANCE WITH LEGISLATIVE AND POLICY REQUIREMENTS

EDC takes compliance with the Government of Canada's legislative and policy requirements seriously in order to protect EDC, our employees, and the Government of Canada from potential exposure to legal, reputational and financial consequences. EDC has a comprehensive suite of policies that, among other business objectives, are designed to address legislative and policy requirements that are relevant to our operations. Furthermore, we systematically monitor new bills that are tabled in Parliament to ensure we are prepared for continued compliance with any new federal requirements.

COMPLIANCE RISK MANAGEMENT AT EDC

As a Crown corporation engaged in international trade, EDC is subject to a diverse range of laws, regulations, international agreements and treaties, government policies, directives and industry standards across multiple jurisdictions resulting in a wide array of compliance obligations. To manage the risk of non-compliance with our many compliance obligations, including those to the Government of Canada, EDC has adopted a Compliance Risk Management Policy (the Policy).

In the spring of 2018, and on the recommendation of our President and CEO, this Policy was approved by EDC's Board of Directors. The Policy requires an enterprise-wide Compliance Risk Management program that sets out the structure, roles and responsibilities, processes, and controls through which EDC shall identify, assess, respond to, monitor and report on compliance risk. Work on this multi-year program commenced in 2018 and will carry through the planning period. Along with better positioning EDC to comply with our obligations, the Policy and attending guidelines and processes will further promote a compliance risk aware culture at EDC.

Initial efforts in 2018 have focused on the review and assessment of existing compliance controls related to federal laws with higher inherent compliance risk for EDC such as the *Corruption of Foreign Public Officials Act*, *Privacy Act*, *Special Economic Measures Act*, and the *Financial Administration Act* among others.

COMPLIANCE WITH MINISTERIAL DIRECTIVES

Ministerial directives are an important component of the Government of Canada's oversight mechanisms for Crown corporation and are issued to EDC under Section 89 of the *Financial Administration Act* (FAA). EDC is compliant with four directives as described below.

In September 2008, together with other federal Crown corporations involved in commercial lending, EDC was issued a directive to give due consideration to the personal integrity of those they lend to or provide benefits to is in accordance with Government's policy to improve the accountability and integrity of federal institutions. In the implementation of this directive, EDC undertook a full review of our policies and programs and confirmed that these were fully sufficient to ensure that due consideration is given to the personal integrity of persons seeking support or other benefits from EDC, as well as to the effect that transactions in which EDC may enter into would have on the reputation of the Corporation.

In July 2015, EDC, together with other federal Crown corporations was issued a directive to align our travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with our legal obligations. We reported on the implementation of this directive by way of EDC's 2016-2020 Corporate Plan and have complied with the directive in a way that does not hinder our ability to deliver on our mandate for Canadian companies. Each year, we report out on EDC's travel and hospitality by way of the Corporate Plan.

In 2014, the Government of Canada issued directives requiring a number of Crown corporations to implement pension plan reforms. EDC supports the principles underlying the directives and has taken action to implement the spirit and intent of these reforms such as increases to employee contributions in the Defined Benefit plan and a later age of retirement for Defined Contribution employees hired since 2015. In 2017, a new directive was issued for EDC, repealing the previous directive and granting EDC exemption from strict 50:50 cost sharing, required under the 2014 directive. The exemption helps mitigate high service costs for employees resulting from the closure of the Defined Benefit plan to new employees and ensures the viability and competitiveness of the Defined Contribution plan introduced in 2012. Consistent with the spirit of the reforms, EDC has implemented cost sharing with our Defined Benefit employees as though the Defined Benefit plan had remained open.

On June 1, 2018, a directive issued by the Minister for International Trade directed EDC to perform any activity consistent with any authorization obtained from the Minister for International Trade pursuant to section 23 of the *Export Development Act* in respect of the project known as the Trans Mountain Pipeline Expansion.

TRADE AGREEMENTS

As a corporation focused on supporting Canadian exporters, EDC is keenly aware of the importance of trade agreements and works closely with Global Affairs Canada to ensure that our operations are consistent with both those trade agreements as well as EDC's, and Canada's, international obligations more broadly.

APPENDIX VII: GOVERNMENT PRIORITIES AND DIRECTION

TRANSPARENCY AND OPEN GOVERNMENT

Maintaining a relationship based on trust and accountability with all of our stakeholders through accurate and timely disclosure of information is critical to the long-term success of EDC. In alignment with the Government of Canada's commitment to open government, EDC has in place a number of mechanisms to provide transparency around our business practices and polices.

Our transparency efforts aim to balance the role EDC plays in the commercial banking sector, and the role we play as a Crown corporation. In so doing, we provide access to information while maintaining the commercial confidentiality of our customers. Supporting this effort is our Disclosure Policy (the Policy) that directs how we publicly release significant quantities of information on transactions. The Policy is authorized by EDC's Board of Directors and provides the framework that governs our disclosure practices in relation to EDC's business activities. The application of the Policy is overseen by EDC's Compliance Officer and monitored for compliance by our Internal Audit and Evaluation department. We review the Policy on a regular basis with the goal of increasing stakeholder's understanding of what we do and how we analyze issues prior to deciding to support Canadian exporters and investors. The next review is scheduled for 2019. In accordance with our Disclosure Policy, we make available on our website:

- Aggregate quarterly reporting information by region, sector and EDC product/service category;
- Individual transaction information on all financing and political risk insurance to lenders as well as equity transactions;
- Environmental and social reporting to inform the public of Category A projects we are considering for support and, those Category A and Category B projects that have been signed, along with the environmental standards used to review them, and the information reviewed; and
- EDC's Corporate Social Responsibility Annual Report. This includes reporting on the number of human rights risk assessments conducted, the number of anti-corruption enhanced due diligence reviews conducted, and our involvement in international working groups such as the OECD Working Party on Export Credit and Guarantees, and the Equator Principles Association where EDC is a member of the Steering Committee.

In addition to the disclosure of transaction information, we make publicly available on our website information on EDC's:

- Travel and Hospitality expenses;
- Annual Reports on the Administration of the Access to Information Act;
- Information about EDC's function, programs, activities and information holdings (Info Source); and
- Any disclosure reports of wrongdoing under the Public Servants Disclosure Protection Act.

In support of increased transparency, EDC actively seeks input from stakeholders and key Non-Governmental Organizations regarding our business practices. An important example of this is our CSR Advisory council that is made up of prominent experts that advise on and guide EDC's CSR practices.

Further, EDC holds public consultations and information sessions in order to connect with our stakeholders and discuss issues of mutual concern. We also conduct an Annual Public Forum to hear from members of the public and host an annual Stakeholder Panel which assembles national business and industry associations with shared interests in Canadian trade and investment. During this annual forum, members identify common priorities, competitive issues and market developments, examine questions of major significance to Canada's exporters and draw attention to areas where Canada is falling behind.

Efforts to bring increased visibility to our business, the companies we support, and our work to increase corporate responsibility in the markets where we operate will continue to be a key area of focus over the planning period. These efforts are intended to remove barriers to information for the public and to help further embed transparency within EDC's corporate culture, enabling discussions that support sustainable business decisions at all levels of the organization.

New and important initiatives in 2018 include the development and posting of EDC's Due Diligence Transaction Roadmap on edc.ca. This infographic provides increased clarity around our due diligence process for corporate loans, which considers a number of different factors including financial, environmental, social and business ethics related risks. The infographic helps our stakeholders understand the numerous and important checks and balances we undertake when assessing opportunities for support.

A second new and significant effort to bolster our commitment to open government and better align our practices with civil society is our call to the public to provide input and constructive feedback on EDC's Environmental and Social Risk Management policies as part of our ESRM Policy review. Following the review and in early 2019, EDC will issue a Public Response Paper upon the release of the revised policies. This paper will summarize the main areas of feedback and provide a high-level description of how the feedback was incorporated in the policy review outcomes. It will be available on edc.ca for the public to understand what changes have been made at which point, revised policies and procedures will also be shared publicly on our website.

EDC will continually work to enhance our ability to provide increased access to information for our customers, partners and civil society over the planning period.

GENDER-BASED ANALYSIS PLUS

EDC has not identified a formal Gender-Based Analysis Plus (GBA+) consideration within the context of our business. However, to ensure that we have the measures in place to monitor and assess GBA+ issues as they arise, we have been working to establish a baseline that is indicative of the diversity of Canadian businesses we support, notably in the area of women-owned and women-led businesses.

To date, the development of our women business baseline has included:

- External consultation with key stakeholders in the Canadian women's business community to obtain needs insights from women-led business, as well as the public and private organizations that support them (includes GAC's BWIT division, BDC, WBE Canada and RFAQ, amongst others);
- Consultation within our own organization to better understand our current state and surface ideas and potential roadblocks that may exist in support of women-owned and women-led businesses;
- Identification of the addressable market of women business in Canada (both current exporters and those companies that are export-ready) and the formal adoption of our corporate definition of 'women-owned' and 'women-led' businesses; and
- The development of a corporate roadmap to guide our women's strategy into the planning period.

Similarly, EDC has also undertaken an accessibility review of Indigenous-led businesses which will help us strengthen our support for Indigenous exporters.

In addition, EDC has always been a leader in supporting the LGBTQ2 community, both within our organization and among the customers we serve; something that has been recognized as part of our Top 100 status in recent years. In August 2018, EDC also participated in Canada's first LGBTQ2 Trade Mission to Philadelphia.

It is through the establishment of these baselines that we deepen our understanding of how different groups access EDC solutions. In doing so, we will be better poised to identify any potential GBA+ considerations over the planning period. They will also help shape our corporate direction in these important areas into the future.

DIVERSITY AND EMPLOYMENT EQUITY

We are fortunate in Canada to have such a diverse population. It means that on a regular basis we are exposed to unique ideas, perspectives, and talents; harnessing and unleashing these is part of what makes Canada strong and successful on the international stage. EDC's ongoing diversity and inclusion strategy is to reflect that same strength within our organization. Our success in helping Canadian exporters is driven by a culture that continually strives for a diverse and inclusive workforce, rewards excellence and values development. We believe that our people and their unique perspectives, experiences, and cultures are fundamental to our success. Fielding a diverse workforce and creating an environment where every employee – regardless of background – feels comfortable, will ultimately make EDC stronger, and allow us to better serve the diversity found in Canadian companies.

The recognition of EDC as one of Canada's Best Diversity Employers in 2018 is a testament to our ongoing efforts to strengthen the diversity of our organization over the years. In 2018, we are proud to have, for the second time in EDC's almost 75-year history, a female Chair of our Board of Directors. Additionally, as of June 2018, EDC's Board of Directors is gender-balanced. We also have in place corporate objectives to achieve equal representation throughout EDC. By 2020, we endeavor to have a 50 per cent female workforce, 50 per cent female leaders and 50 per cent female line of business leaders, and we are making significant progress in this regard reaching 50, 45 and 39 per cent, respectively, thus far in 2018.

From an external perspective, EDC is one of eight companies involved in the private sector Gender Equality Leadership Project funded by the Status of Women and being led by the Global Compact Network Canada to help eliminate barriers facing women in the workplace. This three-year project is focused on developing, testing and implementing a set of tools that will lead to a blueprint for gender equality in the workplace and a certification methodology.

Our diversity focus extends beyond our efforts to support women and includes initiatives and goals that promote the representation of visible minorities, Indigenous peoples and persons with disabilities within our workforce. Our goal, in this regard, is to have our internal employee population represent external availability across these groups. Guiding this effort is EDC's Diversity and Inclusion Strategy and Action Plan - a roadmap for increasing our workforce representation and developing a culture of belonging where all employees feel comfortable and respected at work. We are working to update our Action Plan over the near term to ensure that our data is robust and reflective of our increasingly diverse population.

As our workforce becomes more diverse, we are shifting our mindset from diversity, to inclusion, in order to harness the benefits of our diverse talent and unleash its potential. Inclusion takes time, education and commitment and much time and effort is being spent on shifting our culture at the grassroots level including, among others: employee resource groups and grassroots initiatives; supporting ongoing employee dialogue through blogs, lunch and learns and networking events; and building on our wellness strategy with a focus on mental health. The Diversity and Inclusion Committee will continue to play an important role as the eyes and ears of EDC seeking out employee feedback, identifying and raising awareness of issues, and actively promoting and participating in diversity and inclusion initiatives. Two areas of focus have been identified by the Committee going forward – indigenous and persons with disabilities – and strategies and action plans are being developed for each.

We recognize that as our workforce becomes more diverse, EDC employees have increasing language abilities. Language diversity in the global markets in which we do business, and fluency in languages other than English and French, are increasingly valuable assets to EDC's business growth. To leverage this language diversity to help Canadian exporters compete internationally, we will reassess our Bilingualism Strategy over the planning period to ensure we have the right people with the right skills and language capabilities in place and a workplace culture conducive to the regular use of both official languages in day-to-day work-life.

INDIGENOUS ISSUES

At EDC, we recognize the importance of knowing that the businesses we support have undertaken appropriate consultation with Indigenous peoples affected by their projects and operations. Within Canada, EDC respects the Crown's legal duty to consult Indigenous peoples. When EDC considers supporting projects in Canada, as part of our assessment process we confirm that the duty, as defined under the constitution, has been met. Our due diligence processes, whether domestic or international, seeks to confirm the nature and status of community consultations, any key issues, and what actions are being undertaken by the proponent to address those issues, when considering projects, either in Canada or internationally. We also seek to confirm that Indigenous people have been active and free participants in the consultative process.

SUSTAINABLE GOVERNMENT AND GREENING OPERATIONS

EDC supports the Government of Canada's sustainability goals established under the Paris Agreement on climate change and in the Canadian Framework on Clean Growth and Climate Change. We are committed to operating our business in an environmentally responsible way and our actions and initiatives, in this regard, are aligned with Canada's efforts to be a global leader in operations that are sustainable, resilient and green.

Our commitment extends beyond EDC's own operations to include those Canadian exporters and investors we support. EDC understands that there are environmental and social risks involved in the business we undertake, and that it is critical to have strong procedures in place to identify and reduce the potential negative impacts of the businesses we support globally. Our work in this regard is critical to helping Canada augment its sustainability efforts around the world.

Through our Corporate Social Responsibility group, EDC has institutionalized our commitment to preserve the environment and reduce negative impacts from our business. The group is led by our Vice President of Corporate Social Responsibility. Our Environmental and Social Risk Management Framework guides all of our business and is further underpinned by various international agreements and standards. The framework consists of our Environmental and Social Risk Management Policy, Environmental and Social Review Directive (ERD), and Disclosure Policy.

Earlier in the Plan, we discussed the important and evolving work of EDC's CSR function, including new initiatives under the 'Environment and People' pillar of our CSR strategy. This includes the launch of a formal and comprehensive review of our environmental and social risk management policy framework in 2018 to ensure this suite of polices are relevant, streamlined and in line with our current practices and business strategy, as well as the changing landscape of international business. It also includes the ongoing assessment and review of transactions to mitigate environmental and social risks, and the monitoring and provision of guidance to our customers to help them enhance and leverage sustainable business practices.

Support for Canada's Greening Government Strategy

Transition to a Low Carbon Economy

As an important component of Canada's Greening Government Strategy, EDC fully endorses and supports the Government of Canada's efforts to transition Canada to a low carbon economy. We recognize the risk to current and future generations associated with climate change and we are doing our part to limit, reduce and mitigate our impact. Beyond our support for climate change initiatives discussed in section 3.9 of the Plan, we are also proud of the following important achievements:

- In 2016, EDC was the first export credit agency in the world to make public our decision to not support new coal fired power plant construction in developed markets and adopted the OECD sector understanding on coal fired power plant construction in developing markets; and
- EDC has further restricted our support to the refurbishment of older coal fired power plants and will not provide support for refurbishment unless there is a demonstrable reduction in GHGs. EDC along with Environment Canada (ECCC) have taken this position to the OECD to share best practices with other export credit agencies.
- In September 2018, EDC was the first Canadian Crown corporation and the first Export Credit Agency to sign on to become a supporter of the Task Force on Climate Related Financial Disclosures, joining approximately 500 other organizations committed to implementing the recommendations for transparency and disclosure of climate change-related financial risks and opportunities.

Organizational Commitment

At the organizational level, we have a dedicated group of volunteers, passionate about promoting and implementing green initiatives through their work on our Green Team. Established in 2007, the Green Team is championed by our Chief Financial Officer and mentored by our Vice President of Corporate Social Responsibility. Its mandate is to support and promote efforts to reduce EDC's operational environmental footprint, specifically in the areas of paper usage, waste sent to landfill, energy and water consumption, and business travel. The Green Team also serves as a sounding board to promote and integrate "green" initiatives into EDC's practices and leads green initiatives that promote and support being environmentally conscious in our work and our communities.

The Green Team works very closely with internal stakeholder teams including: CSR, facilities, procurement, travel services and other internal decision makers who have an impact on our operational environmental footprint. The team also works very closely with Manulife - the landlord at EDC's Head Office. Working with these stakeholders, the team helps synthesize and communicate important information received from our quarterly Waste Audits and then sets goals and implements initiatives to reduce our operational footprint.

EDC maintains various environmental management programs that align with Canada's commitments under the Greening Strategy, and also underpin our corporate commitment to sustainable, green operations. These include:

- Ongoing monitoring and Environmental Management Systems to measure environmental initiatives and progress, including: annual reporting on our Operational Footprint by way of EDC's annual CSR Report and environmental audits (conducted both internally and externally);
- A cohesive, in- house waste recycling program focused on increasing the percentage of waste diverted from landfills; in 2017, we increased our percentage of waste diverted from landfills at head office from 68 per cent to 70 per cent, with the goal of increasing our diversion rate to 72 per cent in 2018;
- The implementation of technological solutions to reduce paper consumption and travel by our employees;
- On-going investments in our digital capabilities to allow our customers to leverage our services online (i.e. digital Portfolio Credit Insurance);
- A green procurement policy that ensures that goods and services are acquired by EDC in a manner that is responsible and sustainable;
- The location of many of EDC's offices within buildings with environmental certifications (LEED and/or BOAM etc.) whenever possible, including EDC's Head office, numerous regional offices and EDC's Singapore Office which is Green-Mark Certified;
- Various employee-led, green initiatives including our annual Commuter Challenge, Environmental Education seminars and green-oriented Community Investment Day activities; and
- The awarding of scholarships to students who are pursuing an education in international business with an environmental/sustainability focus or component.

As noted under the CSR section of our Plan, EDC will also be establishing strategic measures for each of the pillars under our CSR strategy that are aligned with the goals of the Government of Canada's 2016-2019 Federal Sustainable Development Strategy.

Corporate Plan Summary 2019-2023

We are a financial institution that supports inclusive private sector growth and sustainability in developing markets.

TABLE OF CONTENTS

1.0 Executive Summary		6
2.0 Overview		8
2.1	Background	8
3.0 The Operating Environment		10
3.1	The Global Outlook	10
3.2	The Role of a Development Finance Institution	11
4.0 FinDev Canada's Business Strategy		13
4.1	Goals and the Path to Achieve Them	13
4.2	Market Positioning	15
4.3	Investment Strategy	16
4.4	Partnerships	19
4.5	Technology Strategy	20
5.0 Strategy Implementation		21
5.1	Organizational Model	21
5.2	Capabilities	22
5.3	Monitoring and Evaluation	22
5.4	Building a Distinct Brand	22
5.5	Risk Management Framework	23
5.6	Environmental, Social and Governance Practice	24
5.7	Transparency and Disclosure	24
6.0 Measuring Success		25
6.1	Development Impact Framework	25
6.2	Mobilization	26
6.3	Financial Results	26
6.4	Customer centricity	26
7.0 Financial Overview		27
7.1	Summary	27
7.2	Key Business Assumptions	27
8.0 Appendices		29
Appendix 1: Statement of Priorities and Accountabilities		29
Appendix 2: Corporate Governance Structure		29
Appendix 3: Chief Financial Officer Attestation		31
Appendix 4: Financial Statements and Budgets		32
Appendix 5: Borrowing Plan		37
Appendix 6: Compliance With Legislative and Policy Requirements		38
Appendix 7: Government Priorities and Direction		39

1.0 EXECUTIVE SUMMARY

FinDev Canada's mandate is to provide development financing and other forms of development support in a manner that is consistent with Canada's international development priorities. To deliver on this mandate, FinDev Canada is building an industry-leading team of professionals who will execute an innovative strategy, with a goal to position itself as a leading organization in development finance.

The current trends within the development finance space suggest that one of the most powerful engines for inclusive growth in developing countries are businesses that generate positive impact for their communities[1]. However, efforts to ensure that these enterprises can access the required capital and assistance are insufficient. Existing Development Finance Institutions (DFIs) are facing challenges to truly meet the needs of the private sector while remaining additional to other players. On the other hand, investors around the world are increasingly interested in opportunities for impact-oriented investment. This puts FinDev Canada in a unique position to play a role in mobilizing private sector finance and direct it to the markets that need it the most thereby contributing to the achievement of the Sustainable Development Goals (SDGs).

FinDev Canada's primary objective is to achieve meaningful, demonstrable and sustainable development impact by contributing to the success of private enterprises in developing countries. FinDev Canada will seek to stand out as an innovator in the field. It will differentiate itself over time by its nimbleness, its attention to customer needs, and by leveraging technology and data to deliver new areas of value for its customers and partners. Its action will be guided by the ability to achieve change in three main areas: women's economic empowerment, climate change mitigation and economic development through job creation. Appreciating that this endeavour will not be easy, FinDev Canada will seek to focus in the markets where it can drive the most value and be truly additional, such as least developed countries. It will position itself, over time, to better address the needs of smaller, growth stage businesses with outsized development impact potential.

Investing in women remains one of the best ways to realize impact, and yet progress towards full gender equality remains far too slow. FinDev Canada is launching its activities with a comprehensive gender lens, a boldness to conduct part of its activities in lower income (LICs) and least developed countries (LDCs), and a dedication to innovative approaches. The commitment to consider all its investments through a gender lens will position FinDev Canada as a leader in helping its clients realize the business benefits of empowering women at all levels in the economy. FinDev Canada's other ambition is to act as a pioneer, including in LDCs, which will help it identify high-impact investment opportunities and seek to mobilize its peers. All this will be done by focusing on development impact while ensuring financial sustainability. It will offer debt and equity investment solutions, either directly or through intermediaries, with a view to mobilize additional capacity from private sector investors and lenders. It will always strive to deploy its capacity in a manner that is additional to other players, both from a financial and a value perspective.

1 Business Commission. (2017). *Better Business, Better World*. Business & Sustainable Development Commission.

To ensure greater effectiveness in what it does, FinDev Canada will initially prioritize activities in two broad regions: Latin America and the Caribbean, and Sub-Saharan Africa. It will also initially focus on three main sectors: agribusiness, green growth and the financial industry. It will seek to stand out as an innovator in the field. Its preferred mode of delivery will be in partnership with complementary, like-minded organizations in both the public, private and civil society sectors, in Canada and beyond.

FinDev Canada's financial sustainability is a condition of its credibility in the market and its ability to leverage the financial capacity of others. It will measure and report on its financial performance on a portfolio basis as highlighted in the financial plan. Similarly, the financial plan describes the key business assumptions and how FinDev Canada will trend towards financial sustainability within approximately seven years.

FinDev Canada will pay particular attention to the impact of its business activities on local communities, and to the opportunities for elevating the standards of its clients in the environmental, social and governance (ESG) fields. As it conducts due diligence on its transactions, it will benchmark the performance of its clients against best practices and standards, such as the International Finance Corporation (IFC) Performance Standards and the United Nations General Principles.

To establish a strong internal foundation from which the organization can deliver on its strategic goals, FinDev Canada will employ rigorous risk management, agile operational processes and procedures, and sustainability protocols that align with best practices of the private sector. FinDev Canada's organizational model will rest on a strong team of dedicated professionals performing the functions that are critical to the delivery of its mandate, in turn supported by the considerable depth and expertise of its parent Export Development Canada (EDC).

VISION

A more sustainable and inclusive world, where women contribute to, and benefit from economic opportunities.

MISSION

To provide financial solutions to businesses in developing countries, with the potential to empower women, mitigate climate change and develop markets.

2.0 OVERVIEW

2.1 BACKGROUND

The Government of Canada announced in March 2017 its intention to create a Development Finance Institution (DFI) housed under EDC. The new Canadian DFI was incorporated under the Canadian Business Corporations Act (CBCA) in October 2017 as Development Finance Institute Canada (DFIC) Inc. / Institut de financement du développement Canada (IFDC) Inc. (hereinafter "FinDev Canada"). It will initially be capitalized with C$300 million, of which C$100 was paid in early 2018. FinDev Canada began operations in February 2018 with the signing of its first transaction.

The present Corporate Plan outlines the strategy that will guide FinDev Canada in its early years. Of note, this is FinDev Canada's first Corporate Plan as an operating company, and 2019 will be its first full year of operations.

FinDev Canada fills a gap in Canada's current development assistance toolbox, by offering solutions that enable the success of the private sector in developing countries, where access to capital is limited, and through it generate lasting economic and social impacts. Nine out of ten jobs created in developing economies are in the private sector, making it a critical contributor to sustainable development.

FinDev Canada envisions a more sustainable and inclusive world, where women contribute to, and benefit from economic opportunities. In delivering on its mandate, it will ensure it is aligned with the Government of Canada's Feminist International Assistance Policy. Foremost, it will be a leader in promoting women's economic empowerment through the private sector. This will be implemented through its mission of providing financial solutions to businesses in developing markets with the potential to positively impact market development, empower women and mitigate climate change.

2.2 BUILDING MOMENTUM

FinDev Canada enters the global development finance space with an ambitious strategy and agenda. Its goal is to offer solutions tailored to the needs of customers in underserved markets, that have the potential to have outsized impact on women. It has adopted a bold development impact framework that will be used to assess all transactions against three key impact goals: women's economic empowerment, market development and, environment and climate action. By applying a gender lens to 100% of its investments, FinDev Canada positions itself amongst the leaders within the DFI community in harnessing the effects of women's economic empowerment to maximize development impact.

To reach its impact targets, FinDev Canada will seek to operate at the leading edge of innovative finance and demonstrate that there is a viable class of businesses that can deliver commercial returns while also delivering women's economic empowerment, environment and climate action, and local market development. It will invest in markets where it can drive the most value and be truly additional, including least developed countries. It will position itself, over time, to better address the needs of smaller, growth stage businesses with outsized development impact potential.

Investment in these areas will not be easy, as demonstrated by the lack of actors—from institutional investors to other Development Finance Institutions (DFIs)—investing in them. FinDev Canada's commitment to this level of additionality, despite the inherent challenges, will require a bold, multi-faceted approach. Notwithstanding, it will keep its operations nimble and identify opportunities that match its strategy and skills. It will leverage technology and data to drive innovative solutions and provide value to its customers. It will incorporate a strong Technical Assistance stream to build sustainable businesses in challenging environments.

FinDev Canada has already started to build momentum towards its ambitious targets. Its first transaction —a US $10 million equity investment in the Kenyan energy provider M-KOPA (see p. 14)—will bring solar power to 1.5 million low-income homes across East Africa, improving the lives of women and spurring more economic activity. FinDev Canada's unique value proposition and gender focus is drawing attention across the impact investment space, helping it develop a pipeline of business opportunities. Crucially, FinDev Canada has built up its human capital, hiring in 2018 a dozen experienced professionals to help build out, in time, the organization's operations and investment capabilities. The present strategy outlines how FinDev Canada will build its capabilities and reach its goals over the planning period.

3.0 THE OPERATING ENVIRONMENT

3.1 THE GLOBAL OUTLOOK

One of the most powerful engines for inclusive growth in developing countries are businesses that generate positive impact for their communities[2]. These businesses can deliver positive impact while also providing investors with competitive rates of return on their capital[3]. To achieve success, these enterprises require capacity building, an enabling environment, and capital. A variety of public and private actors work to build enterprise capacity and shape enabling environments. They do so by increasing market access or improving businesses' market strategy - also resulting in knowledge spillovers that businesses need to innovate. However, enterprises rely almost exclusively on investors to provide the capital they need to grow and survive.

Efforts to ensure that these enterprises can access the required capital and assistance are insufficient. SMEs for example, which typically represent around 45% of the labour market and generate one third of a country's GDP, often face even more limited access to capital. In countries with low traditional banking capacity, SMEs lack access to equity financing and struggle to attract investment. Innovative financial instruments and significant risk appetite are required to cater to such enterprises, as traditional approaches have demonstrated their limits.

Investors around the world are increasingly interested in opportunities for impact-oriented investment. Institutions that manage large amounts of private capital, including banks, private equity firms, pension funds asset managers and sovereign wealth funds have increasingly invested in inclusive growth in emerging markets[4]. For example, between 2013 and 2015, impact-oriented endowments, pension and insurance funds grew substantially, by 28% and 24%, respectively. Gender-lens investing as a form of impact investing is also gaining momentum. According to a study, funds targeting women and girls have raised $1.3 billion in capital as of 2017. More funds were launched in 2017 than any other year tracked[5]. In an indication of a longer-term trend, organizations making impact investments have increased their activities by over 100% in the past 10 years[6].

While some investors are compelled by specific market opportunities, particularly in areas such as clean technology, others are responding to growing pressure to invest responsibly. Shareholders are increasingly wielding their voting power to advance environmental, social, or governance issues[7]. These trends exist within Canada as well, most notably with the rise of collaborative networks. The Responsible Investment Association (RIA), a network of Canadian investors actively integrating ESG factors into their investment strategies, has more than doubled in size since 2013[8].

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2 Business Commission. (2017). *Better Business, Better World.* Business & Sustainable Development Commission.

3 Cambridge Associates. (2017). *The Financial Performance of Real Assets Impact Investments: Introducing the Timber, Real Estate, and Infrastructure Impact Benchmarks.* Cambridge Associates.

4 *The CEO of the world's largest asset manager has encouraged public companies to incorporate a development lens in their management decisions for the past two years.* (Fink, L. (2017). *Annual Report to CEOs.* Retrieved from BlackRock: https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter)

5 Project Sage: https://socialimpact.wharton.upenn.edu/news/five-things-know-project-sage/

6 Bouri, A., Mudaliar, A., Schiff, H., Bass, R., & Dithrich, H. (2018). *Roadmap for the Future of Impact Investing: Reshaping Financial Markets.* GIIN.

7 Mufson, S. (2017). Financial firms lead shareholder rebellion against ExxonMobil climate change policies. *The Washington Post.*

8 RiA. (n.d.). *About Us.* Retrieved from Responsible Investors Association: https://www.riacanada.ca/about/

Notwithstanding, much more needs to be done to translate this interest among private sector investors into consistent, impactful action. The 2015 Addis Ababa Action Agenda on financing for development recognizes the role that private sector finance – estimated at US $200TN in assets under management[9] - must play in accomplishing 2030 Sustainable Development Goals (SDGs). The Agenda calls for an additional US$2.5TN of annual private sector investment to realize the SDGs[10]. Private sector investment often occurs in middle-income countries, where investment and financing needs are less dire. However, the largest financing gaps are in least developed (LDCs) and low-income countries (LICs), as well as fragile and conflict affected countries (FCAS), where the potential for development impact is highest. Currently, only 7% of private capital mobilized by development finance institutions reaches these markets[11]. Mobilizing this level of investment for the markets that need it the most within the 2030 timeframe will require a step change in global efforts to catalyze private sector financing for development. The enormous scale of the development finance gap indicates the complexity of the challenge facing development finance institutions (DFIs), and more generally the community of players attempting to direct investments to the markets that need it most.

The surging energy demands of rapidly growing urban populations will outpace efforts to curb fossil fuel emissions. The International Energy Agency projects a 30% increase in global energy demands by 2040, despite abatement efforts[12]. As the negative impacts of climate change become a "new normal" around the world, policymakers and investors will shift their focus from abatement to adaptation.

Investing in women will remain one of these best investments to realize impact, and yet progress towards full gender equality remains far too slow. Women in emerging markets will enter the world of work in record numbers – as entrepreneurs and as job seekers. A recent OECD study[13] found that investing in women's participation in the economy could drive GDP growth by an extra 6 percent by 2030. However, the prospects for realizing gender equality will remain uncertain – a recent study by the World Economic Forum' Global Gender Gap Report indicates that gender equality actually worsened in 2016 and, under current trajectories, realizing full economic gender equality will take another 170 years[14].

3.2 THE ROLE OF A DEVELOPMENT FINANCE INSTITUTION

Development Finance Institutions (DFIs) fill gaps left by private sector investors by investing in difficult environments, improving investment scale and developing market resilience. While there are generally significant amounts of capital available from a vast array of international financial service providers and donors, further innovation is necessary to achieve the commercial rates of return that will drive mobilization – one of DFIs' common strategic goals -, while also achieving quality development impact[15].

DFIs can play an important role in mobilizing private sector finance and direct it to the markets that need it the most. The share of global investment in developing countries increased from less than 20% in 2000 to 40% in 2009 and is projected to increase to 66% by 2030, driven largely by increases in middle income countries (MICs)[16]. These shifts demonstrate the reduced need for public sector efforts to mobilize investments in MICs. As a result, DFIs have begun to shift focus to investment opportunities in LDCs.

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9 The Blended Finance Taskforce. (2018). *Who is the Private Sector?* Business & Sustainable Development Commission.
10 UNCTAD. (2014). *World Investment Report.* United Nations.
11 Lee, N. (2017). *Billions to Trillions? Issues on the Role of Development Banks in Mobilizing Private Finance.* Center for Global Development.
12 IEA, World Energy Outlook 2017
13 OECD Recommendation of The Council on Gender Equality in Education, Employment, and Entrepreneurship, 2013
14 World Economic Forum, The Global Gender Gap Report, 2016
15 The Blended Finance Taskforce. (2018). *Who is the Private Sector?* Business & Sustainable Development Commission.
16 World Bank. (n.d.). *The Emerging Pattern of Global Investment.* World Bank.

Notably, for investment and mobilization to be successful in these environments, they generally require the complementary provision of Technical Assistance (TA). Investments in Lower Middle-Income Countries (LMICs) and LDCs encounter a dual challenge: insufficient market readiness, and a shortage of entrepreneurs able to bring their business to a bankable stage. This, despite the fewer number of financial service providers, tends to result in increased competition around few business opportunities. TA helps build capacity both at an industry and an enterprise level, generate bankable business opportunities and mitigate the risks of investments.

DFIs deploy innovative financing by building strategic relationships with bilateral donor agencies, and specializing in niche products and geographies. Strategic alignment between DFIs and their respective bilateral donor agencies can bring together the capital and capacity building that create enabling markets and support enterprises to thrive. In other contexts, financial product specialization positions DFIs to fill a specific market gap. Proparco and OPIC, the French and US DFIs, use debt issuance for up to 90% of their investments[17]. Other DFIs, like CDC, leverage regional expertise to build long-term relationships with private sector investors. CDC's nearly exclusive focus in Sub-Saharan Africa and South Asia has allowed it to occupy an outsized development finance role in those regions[18]. Collaboration with partners like Global Affairs Canada (GAC) will be critical for FinDev Canada to achieve its ambitions.

Many DFIs have struggled to maximize the additionality of their investments. Lower income and higher risk countries carry the highest impact potential but comprise only a small portion of DFI portfolios. The IFC and five of the largest DFIs[19] commit a larger share of their portfolios to LMICs (35%, on average) than to LICs and FCAS (7.5% and 12% on average, respectively)[20]. In addition, the role of DFIs will come under pressure as capital markets deepen in the countries and sectors where they have typically operated, hence the need for them to demonstrate their continued relevance alongside other sources of capital in driving measurable progress towards the SDGs.

17 Charles Kenny, Jared Kalow, Ben Leo, and Vijaya Ramachandran. 2018. "Comparing Five Bilateral Development Finance Institutions and the IFC." CGD Policy Paper. Washington, DC: Center for Global Development.
18 CDC. (2017). *Investing to Transform Lives: Strategic Framework 2017-2021.* CDC.
19 OPIC, FMO, DEG, Proparco, and CDC.
20 Kenny, C., Kalow, J., Leo, B., & Ramachandran, V. (n.d.). *Comparing Five Bilateral Development Finance Institutions and the IFC.* Center for Global Development.

4.0 FINDEV CANADA'S BUSINESS STRATEGY

FinDev Canada has a unique and critical role to play in Canada's global development agenda. FinDev Canada's mandate—to make financially sustainable investments in the local private sector that produce development impact—positions it to fill an important role in Canada's diversified, modernized international development finance assets. Wielding a varied set of financial solutions like debt, equity, and guarantees, FinDev Canada will expand Canada's range of development financing capabilities and help position Canada in a more catalytic role within innovative financing structures. As a young, nimble organization, FinDev Canada aims to differentiate itself by its focus on customer needs and the ability to address them with innovative approaches and solutions.

4.1 GOALS AND THE PATH TO ACHIEVE THEM

FinDev Canada is launching its activities with a comprehensive gender lens, a willingness to invest in LDCs and a dedication to innovative approaches. Its commitment to consider all its investments through a gender lens will position FinDev Canada as a leader in helping its clients realize the business benefits of empowering women at all levels in the economy. This will be achieved by examining each investment with a view to determine its anticipated impact on women and its potential to generate greater gender equality and women's economic empowerment. FinDev Canada's other ambition is to act as a pioneer in LDCs, which will help it identify high-impact investment opportunities and seek to mobilize its peers. Taking these approaches will require innovation and time. FinDev Canada will weave innovative approaches into its strategy and operations, leveraging technology to reimagine traditional models of structuring deals, disbursing funds, and supporting clients. All this will be done by focusing on development impact while ensuring financial sustainability.

4.1.1 DEVELOPMENT IMPACT

FinDev Canada places development impact at the core of its decision-making. It will make investments that deliver on three types of impact: women's economic empowerment, market development, and environment and climate resilience. These areas of focus correspond to SDGs 5, 8 and 9, and 7 and 13, respectively, and will anchor FinDev Canada's strategy and operations. A robust development impact framework built around these areas of focus, as well as efforts to achieving financial returns commensurate with the risks taken, will guide all investment decisions. All three impact goals are important to FinDev Canada's mission, however the goal of women's economic empowerment will be considered a key driver of its investment decisions.

FinDev Canada has adopted women's economic empowerment as a primary objective due to its potential to produce outsized development impact. A growing evidence base demonstrates the business and societal benefits of expanding women's economic opportunities as mentioned in the global outlook section. Beyond GDP, such growth could have additional, far-reaching development impacts. Evidence shows that when women have increased economic opportunities – whether through entrepreneurship, employment or access to services – they reinvest up to 90% of their income in their families, especially in their health and education[21].The private sector has a distinct role to play towards realizing these opportunities. Studies suggest that gender diversity can improve company performance. For instance, companies with more than 15% women managers reported a ROE premium of 33% compared with those with less than 10%[22]. This stance places FinDev Canada in alignment with Canada's Feminist International Assistance Policy and will enable it to contribute strategically to Canada's international assistance objectives and priorities. To ensure that we prioritize opportunities with the highest potential impact on women, we give the women's economic empowerment goal a higher weighting than the other impact areas in the final development impact score.

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21 http://womendeliver.org/resources/infographics
22 Dawson, J., Natella, S., & Kersley, R. (2016). *The CS Gender 3000: The Reward for Change*. Credit Suisse.

FinDev Canada will also invest in inclusive market growth. Market development investments will aim to provide decent jobs, grow local value chains and contribute to local GDP growth. Efforts to grow local value chains will focus on increasing local production and expanding local market and value chain linkages. Additionally, investments in SMEs – directly or indirectly - will be given particular consideration as part of FinDev Canada's broader market development efforts; every dollar invested in SMEs generates on average[23] an additional $13 in the local economy. Together, investment in these areas will support the creation of decent jobs. As it grows, FinDev Canada will consider opportunities to provide its support in the currency of its clients, an important contributor to the sustainability of portfolio companies.

Impact on climate and the environment will be the third key driver for FinDev Canada. Investments will focus on business initiatives in the areas of climate change mitigation and adaptation. Renewable energy investments, in particular, will dovetail with market development efforts to fill some of the 26 million jobs expected within the renewable energy sector by 2050[24]. In addition, these investments will support businesses and markets that can contribute to the reduction of fossil fuel consumption and resulting carbon emissions.

M-KOPA SOLAR

M-KOPA is a Kenyan energy company that is providing high quality solar home systems to off-the-grid customers in rural areas. As of January 2018, M-KOPA has connected over 600,000 homes to affordable solar power with 500 new homes being added every day. Current customers will make projected savings of US$ 450M over the next four years. M-KOPA customers will enjoy 75 million hours of kerosene–free lighting per month. FinDev Canada's first deal was to support M-KOPA to expand its operations with a goal of bringing solar power to low-income homes across East Africa and improving the lives of women by affording them first time access to electricity and spurring more economic activity. In line with FinDev Canada's gender focus, M-KOPA is creating good-quality jobs for women; over 50% of its workforce are women.

The impact FinDev Canada intends to produce with this investment is co-linear; the growth of a business such as M-KOPA translates to sustainable impact in FinDev Canada's priority areas such as women's economic empowerment and climate action.

You can keep up to date with the transformative work that M-KOPA is doing by following @mkopasolar on twitter

4.1.2 FINANCIAL SUSTAINABILITY

At the portfolio level, FinDev Canada will maximize its development impact while meeting its general objective of becoming financially sustainable. Based on current projections, the organization is expecting to reach break-even shortly beyond the current planning period, after approximately seven years from its launch. It will achieve this goal by balancing commercially-priced, higher-risk investments, with lower-risk investments providing a reliable return stream. While it will initially not set specific return targets, FinDev Canada will monitor its portfolio on an on-going basis to ensure it remains on track with its sustainability objectives.

23 Komsa, S., Wheeler, K., & Atanasova, T. (2011). *Impact Beyond Investment*. Small Enterprise Assistance Funds.
24 IRENA. (2017). *Untapped Potential for Climate Action: Renewable Energy in Nationally Determined Contributions.* International Renewable Energy Agency.

4.2 MARKET POSITIONING

In order to be effective, FinDev Canada needs to build its expertise in limited sectors and geographies. Being a new organization with fewer resources, FinDev Canada needs to be strategic in the deployment of its resources so as to be effective. Moreover, deep understanding in a particular area contributes heavily towards the organization's success, hence the decision to start by focusing and building expertise in limited sectors and geographies.

FinDev Canada will initially concentrate its business origination efforts in sectors that align with Canada's broader priorities and areas of expertise: agribusiness, green growth, and financial services. In many developing economies, agribusiness supply chains are a key contributor to employment and livelihoods, particularly for women. FinDev Canada's efforts to improve these supply chains—from production to distribution, including enabling infrastructure—will help boost production, increase liquidity, and improve logistics and distribution.

FinDev Canada's activities in green growth will focus on supporting innovative and sustainable delivery models to expand access to clean energy and water, especially for women. It will support specific climate change mitigation and adaptation solutions but will also consider environmental performance improvements as cross-cutting to all types of investments. And it will place an emphasis on growth stage enterprises with significant potential to scale, as these businesses face significant financing gaps despite their potential for strong market returns.

FinDev Canada will collaborate with local financial institutions to increase the offer of financial services to those who have difficulty accessing them, such as women entrepreneurs and small and medium size enterprises. In doing so, FinDev Canada will seek to leverage the recognized capabilities of Canada's financial industry. Working with local financial institutions will help FinDev Canada reach smaller, high impact customers that it could not serve directly.

FinDev Canada will concentrate its investments in countries where Canada's strong institutional connections align with existing gaps in development financing[25], focusing initially in Latin America, the Caribbean and Sub-Saharan Africa. A successful private sector is dependent on the local business environment and the existence of adequate rule of law, governance and regulatory frameworks. As such, FinDev Canada will generally select priority markets where capacity-building initiatives are underway and, where relevant, leverage those led by the Canadian government and Canadian civil society. Within Latin America and Sub-Saharan Africa, FinDev Canada will particularly focus on LDCs and those countries insufficiently served by private sector financial service providers, such as smaller countries and island states in the Caribbean.

GENDER STRATEGY

Its commitment to consider all its investment through a gender lens will position FinDev Canada as a leader in helping its clients realize the business benefits of empowering women at all levels in the economy. To ensure a common and consistent approach to promoting gender equality and women's economic empowerment throughout FinDev Canada's operations and transactions, in alignment with Canada's Feminist International Assistance Policy, a customized gender strategy will be developed and adapted to its size, capitalization, and country and sectoral focus. It will build upon its existing Development Impact Framework which makes the potential for positive impact on women a central element in its decision making. To optimize the delivery of the gender strategy, FinDev Canada has created and staffed a gender advisor position, whose role will be to lead the development, implementation, monitoring and evaluation of the activities and disciplines that will deliver on its gender objectives.

25 Development financing gaps are particularly acute in small island developing states. These countries' middle-income status precludes their access to IDA financing and high debt service ratios that deters other potential lenders. (Richards-Kennedy, S. (2015). *The paradox of development financing in Caribbean small islands.* UNDP.)

Expected to be finalized in 2019, the gender strategy will draw from innovative approaches and latest thinking on promoting gender equality and women's economic empowerment in the private sector, including DFI and private sector best practices in this area. The strategy will be fully aligned with – and maximize the outcomes of – FinDev Canada's development impact framework. It will keep evolving over time, as FinDev Canada strives to remain at the forefront in promoting women's economic empowerment in the Development Finance space.

FinDev Canada has already positioned itself in a leading role with its active role in launching the 2X Challenge in the spring of 2018 (see below).

2X CHALLENGE
FINANCING FOR WOMEN

FinDev Canada together with other G7 development finance institutions (DFIs) launched the *2X Challenge* - an initiative to raise USD 3 billion by 2020 in financial support for development finance projects that would benefit women: as business owners, leaders and beneficiaries of products and services provided by business.

The DFIs have made a commitment to invest their own resources as well as to mobilize and 'crowd in' "2X" that amount of capital from other sources, principally from the private sector. These resources will be directed toward financing or investments in businesses or Funds and other financial vehicles that would provide women in developing countries access to leadership opportunities, quality employment, finance, enterprise support and products and services that enhance economic participation and access for women.

Since the June 9th,2018 launch at the G7 Summit, the seven DFIs have established a working group with the short-term aim of attracting other non-G7 DFIs to this initiative and to better define the underlying terms of the commitment, the means to track and monitor progress, and to determine how to assess impacts.

The 2X Challenge will be an important component of FinDev Canada's gender-focused business strategy over the planning period and will be used as a platform to test and launch innovative approaches and initiatives in a highly collaborative environment, and giving them visibility and scale.

4.3 INVESTMENT STRATEGY

FinDev Canada will focus on investment targets with the highest potential for development impact, additionality, and mobilization. To preserve its long-term financial sustainability, FinDev Canada will take a holistic portfolio approach, balancing ambitious investments with the highest potential for long-term innovation and impact, with investments that represent more short-term impact and stable financial returns.

4.3.1 ADDITIONALITY AND MOBILIZATION

As FinDev Canada identifies opportunities in target sectors and geographies, it will also ensure its investments are additional. It will assess additionality along two dimensions: financial additionality, which refers to the provision of capital that is not offered by the private sector, or only offered in insufficient quantity or with unreasonable terms;[26] and value-added additionality, which refers to the knowledge, connections and capacity provided in support of the advancement of its clients and their potential for success. Measures of additionality will play an important role in the investment screening process and may inform which financial products FinDev Canada deploys in specific markets and investment circumstances.

FinDev Canada is developing a methodology for measuring additionality which will be implemented over the course of 2019, drawing from examples such as the additionality test adopted by the World Bank[27] and the definition of additionality promoted by the OECD.

The requirement of additionality will reinforce FinDev Canada's intention to focus on lower-income markets with limited access to long-term, appropriately structured financial instruments and the potential for significant development impacts. FinDev Canada will seek to develop solutions that enable, over time, the reduced dependency of local economies on external noncommercial support.

FinDev Canada will use its investments to engage in innovative finance and mobilize private sector financing for development. Mobilization is the use of approaches and tools to attract private sector investment where it would otherwise not go. FinDev Canada will prioritize opportunities for direct mobilization, in which it deploys capital alongside that of private sector actors. It will also consider opportunities for indirect mobilization – where its investments create the right environment or demonstrate an opportunity for other investors to get involved in those markets. Across its portfolio, FinDev Canada will initially target a rate of mobilization of one-to-one on average given its bold portfolio ambitions – where each dollar invested by FinDev Canada can be shown to have mobilized a dollar of private sector investment. FinDev Canada will work with its peers and refine its definition and methodology for tracking mobilization that reflects best practices and ensures consistency across areas of activity. Over time, it will seek to increase its mobilization targets.

FinDev Canada envisions targeting a broad array of actors in its efforts to mobilize private sector funds, including pension funds, insurance companies, private equity, sovereign wealth funds, corporations, family offices and foundations. Mobilizing funds from these investor groups in the long term will require dedicated outreach, as well as proactive efforts to demonstrate and highlight adequate returns. Achieving success in this space will require time and strong partnership, as the nature and scale of investment opportunities sought by these organizations do not always match the type of business opportunities originated by FinDev Canada. Collaboration with partners like Global Affairs Canada, which offer pre-commercial innovative finance, Convergence, a platform for blended finance transactions, and others, can set the stage for successful and commercially viable and scalable mobilization initiatives where FinDev Canada's capability for innovation would be instrumental.

26 CDC. (2017). *Investing to Transform Lives: Strategic Framework 2017-2021*. CDC.
27 World Bank. (2017). *Maximizing Finance for Development: Leveraging the Private Sector for Growth and Sustainable Development*. Development Committee of the World Bank.

Co-financing will be an important component of its mobilization efforts early on in FinDev Canada's development. It will position itself alongside strategic partners that share its mission and impact focus, while ensuring that the partnership adds more value to the transaction than it would have alone. Many of FinDev Canada's early transactions will be syndicated with other DFIs or other strategic partners that have an impact focus on women's empowerment, market development, or climate action. FinDev Canada will build these partnerships by sharing market insights transparently with its peer DFIs and impact investors using a variety of tools, including digital platforms. Knowledge-sharing encourages collaboration across these different groups and enhances their missions for development impact rather than letting competition impede reaching its development goals.

As it implements its strategy, FinDev Canada's will seek to maintain a balance between additionality, which is more easily achieved in least developed markets where the offer of financial services is limited, and mobilization, which is more easily achieved in more developed markets. In markets where mobilization is not immediately possible, FinDev Canada will maximize its additionality and strive to pave the way for future private capital involvement by demonstrating how to invest successfully.

4.3.2 INVESTMENT PARAMETERS AND ORIGINATION APPROACH

FinDev Canada's investment and go-to-market strategy for 2019 will be governed by the following criteria, established to ensure the sound initial development of its portfolio: FinDev Canada will only offer products and currencies that are also offered by its parent EDC; it will engage in individual transactions up to a maximum of US$20 million; it will prioritize transactions conducted in partnership with other DFIs or strategic partners; and it will not leverage its balance sheet until it has used up its initial capital.

As FinDev continues building its investment team, its origination and deal-structuring capacity is more limited. It will therefore focus its efforts on a limited number of key, trusted partners to generate business opportunities, complemented by the existing networks of its key professionals, the business opportunities that are brought to its attention by a broad network of Canadian or impact stakeholders, and leads identified through its web presence. FinDev Canada will also initially be mindful of transaction costs and avoid engaging in very small transactions until such a time it has developed the requisite technological and staffing capabilities. At the start, the target range for its investments will notionally be between US$5 – 20 million, with smaller transactions being considered if due diligence arrangements can be found with third parties, to expedite the process and reduce transaction costs, while remaining compliant with FinDev Canada's risk and investment policies.

4.3.3 PORTFOLIO MIX

FinDev Canada is developing initial plans for the portfolio's target composition, its complementary offerings such as Technical Assistance, and the partnerships necessary to realize the portfolio's goals. Its portfolio's composition will change over time, and the composition described here is an illustrative view of the portfolio's long-term characteristics rather than a discrete target or requisite composition.

FinDev Canada will build its investment portfolio from a blend of products, and direct and indirect investments. FinDev Canada will initially target a 60/40 mix between debt (including guarantees) and equity over time, pursuing more innovative deal structures in less difficult operating environments and more traditional structures in more difficult operating environments. It will endeavour to concentrate its equity investments in direct deals with immediate disbursement. FinDev Canada will, however, leverage intermediaries and Funds where direct investment proves unfeasible due to investment size, operating environment, or risk, and where Fund Managers embrace its development impact model and mobilization targets.

4.3.4 INCENTIVE USE AND STRUCTURE

FinDev Canada's will consider innovative deal structures, particularly where high potential impact is expected. By blending the use of traditional structuring tools, such as longer tenor and extended grace periods, with more flexible conditions, such as performance-based pricing incentives, FinDev Canada will explore new ways to demonstrate financial viability and increase mobilization levels. While experimenting with product design and issuance, FinDev Canada will manage the risks inherent in innovative deal structures—credit, political, environmental, and reputational—through close coordination with investees, local counterparts, and a variety of partners, including Global Affairs Canada.

4.3.5 TECHNICAL ASSISTANCE

Technical assistance (TA) will be an essential contributor to realizing FinDev Canada's high impact strategy. The sectors and impact objectives that it has chosen will require that it be able to help its clients build capabilities as successful enterprises and ensure their sustainability. FinDev Canada can reduce risk and bolster financial returns with investee-targeted TA that improves the operational, governance, management, and technological capacity of a specific enterprise. It can also favour the emergence of bankable business opportunities by directing TA to clusters of pre-investment stage companies in sectors and regions that match its priorities and align well with its development impact objectives.

TA will be particularly instrumental in achieving FinDev Canada's women's economic empowerment objectives, especially in jurisdictions where there exists limited understanding of its impact and little buy-in to its principles. The organization can better monitor and evaluate its impact with TA that advises investees on improved operational policies and impact measurement.

FinDev Canada does not currently have funds available for TA. It will seek to leverage donor funding, in a manner consistent with its mandate and authorities. To optimize the delivery of TA in conjunction with its investment strategy, FinDev Canada has created a dedicated role, which has recently been staffed. Over the remainder of 2018, a comprehensive strategy will be developed for the design and delivery of TA. The strategy will include the identification of potential beneficiaries, a typology of TA missions and a fundraising strategy.

In particular, FinDev Canada intends to develop a strong design and delivery capability for TA in the field of gender-related impact in the private sector. It will collaborate closely with GAC in developing TA solutions that contribute to the achievement of Canada's priorities.

4.4 PARTNERSHIPS

As it develops its portfolio, FinDev Canada will leverage operational relationships with Canadian developmental institutions, other DFIs, the private sector, and civil society. Where strategic goals align, entities such as GAC's development focal points and trade streams such as the Trade Commissioner Service can play a role in developing and delivering complementary services, such as TA. FinDev Canada will also work with EDC to identify local partners with the capacity to support emergent investees. EDC's expansive international network may help to highlight investment opportunities and investment partners. FinDev Canada will leverage its relationships with other DFIs to identify market gaps and develop new products. FinDev Canada will seek to bolster its relationship with private sector and civil society actors in Canada, as well as in target markets.

Canadian businesses can be a strong partner and help FinDev Canada achieve its impact objectives. Although FinDev Canada's activities are not tied to Canadian interests, its areas of focus were identified in part on the basis of Canada's competitive strengths. FinDev Canada will seek to develop strong relationships with the business community to identify opportunities where it can work with businesses that can contribute technological knowhow, local presence, networks and help identify business opportunities that meet its development impact objectives.

FinDev Canada will also seek to partner with organizations such as Canada's International Development Research Centre (IDRC) and Convergence, that receive funding from the Government of Canada and have complementary expertise and mandates in the international assistance space.

4.5 TECHNOLOGY STRATEGY

FinDev Canada plans to differentiate itself from other players in this space by incorporating technology and leveraging data in all facets of its business. Over the course of 2019, it will develop an Information Technology (IT) roadmap, that will articulate strategic objectives and propose technology options to achieve those objectives. The roadmap will seek to integrate leading technological solutions into its operations and investment activities. The use of transactions and Customer Relationship Management (CRM) tools will help maximize efficiency as well as mitigate risks due to availability of better data on clients' risk profiles and performance.

Appreciating the need to be client centric, FinDev Canada will utilize data collection and analytics tools to better connect with clients and understand what drives their success. Creation of platforms for data-sharing and visualization will create opportunities for deeper analysis, lead to better-informed investment decisions and generate tailored offerings to best suit the clients' needs.

FinDev Canada will look to develop partnerships with other digital innovators to help provide insights and expertise on new ways to aggregate, analyze and utilize both internally generated and externally sourced data.

The goal of the IT roadmap is to truly differentiate FinDev Canada from other organizations in this space as well as, over time, lower transaction costs and help to consider smaller investment opportunities.

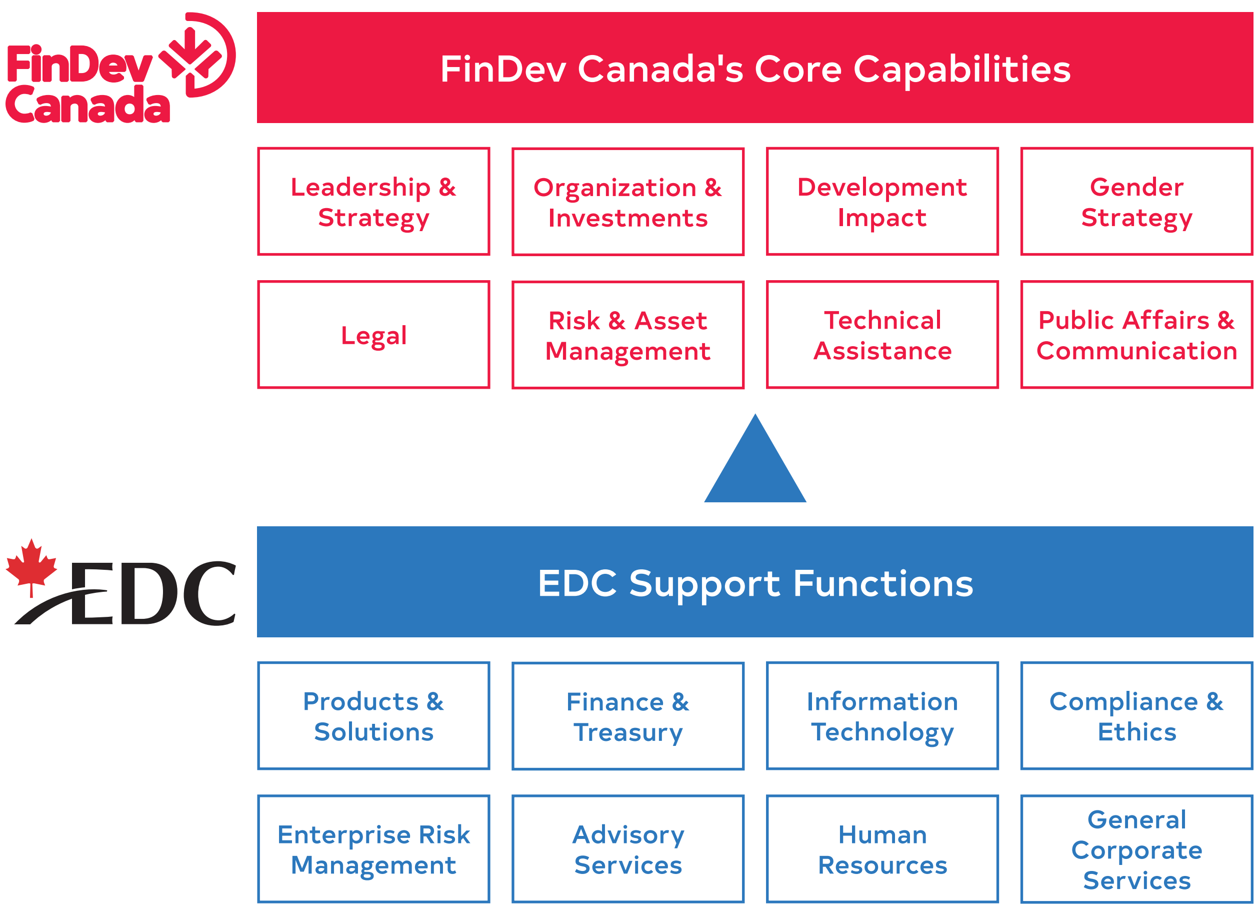
5.0 STRATEGY IMPLEMENTATION

FinDev Canada was established as a subsidiary of EDC to be best positioned to deliver on its mandate and objectives. The operating model that was developed and the capabilities that were established over 2017 and 2018 constitute the base on which FinDev Canada will continue to build in 2019 and beyond to execute its strategy.

5.1 ORGANIZATIONAL MODEL

FinDev Canada's critical functions will be performed by a core team of FinDev Canada employees based at its head office in Montreal. This includes all customer and most externally-facing roles, as well as all functions that are specific to the mission of FinDev Canada. They will receive the support of EDC, through contracted shared services, for general corporate functions and specialized roles that cannot initially be supported by a small structure or are better performed within a dedicated team. The delivery of shared services is governed by a series of Service Level Agreements, developed according to industry best practices. The functioning of this shared services model will be constantly assessed and adjusted to reflect the needs and capacities of both organizations. It will evolve with the growth and maturity of FinDev Canada.

Chart 1: Shared services model



5.2 CAPABILITIES

In 2018, FinDev Canada has built an initial team of high-performing professionals, with a goal to give the organization the means to achieve its ambitious strategy. In 2019 and beyond, the team will be complemented with new roles that will shore up its capabilities and position FinDev Canada as a leader in its space. Attention will be given to the ability of the team to operate in a customer-centric manner and be agile to respond to business opportunities which will contribute towards its development objectives.

The performance of FinDev Canada employees will be measured and assessed against FinDev Canada's specific mandate and objectives, and particularly its ability to achieve development impacts. FinDev Canada offers and will continue to offer an Employee Value proposition that ensures it can attract and retain the talent it needs, drawing from EDC's best practices in human resource management, including its code of conduct for employees.

5.3 MONITORING AND EVALUATION

It is important for FinDev Canada to assess the performance and the developmental impact of its investments. FinDev Canada will, over the course of 2019, establish a monitoring and evaluation framework that will ensure impact is measured and reported accurately. In building this system, FinDev Canada will also take into account the need for a cost-efficient and practical framework from the perspective of its customers. Furthermore, it intends to incorporate in the process a double feedback loop: to management and staff, to inform the institution's decision-making; and to customers, to provide them with value-added information and benchmarks

5.4 BUILDING A DISTINCT BRAND

The FinDev Canada brand, under the tagline "Inclusive business for a sustainable future" will be synonymous with transparency, credibility, collaboration and inclusion. The brand will be supported by online and social media platforms as the core means of connecting with its clients, partners and stakeholders, complemented by traditional media channels.

FinDev Canada will focus on creating rich, educational, dynamic content. This will help increase awareness about FinDev Canada and the development finance space in general, especially targeting new actors that do not usually play in this domain. Also, through sharing impact reports and storytelling, light will be shed on the enterprises and communities in its target regions, drawing in more players.

FinDev Canada expects to initiate a debate in the development finance sphere through thought-leadership pieces that will be internally generated and through collaboration with experts in the field. To elicit credibility and in the spirit of transparency, communication of new deals, impact reports and high responsiveness on pertinent issues through social media will be undertaken.

5.5 RISK MANAGEMENT FRAMEWORK

It is critical for a Financial Institution, particularly when operating in developing economies, to rely on solid risk management practices. Building on EDC's recognized expertise in this domain, FinDev Canada is building a comprehensive Enterprise Risk Management Framework that will inform its decisions across all areas of risk. The framework and its policies and charters it comprises will reflect the particular nature of the business and ensure that FinDev Canada adequately identifies and manages its risks while maximizing its development impact, in accordance with its mandate. The framework will be based on the principle of three lines of defense (3LD), which is consistent with industry best practice and EDC's approach to risk management. FinDev Canada's risk identification process distinguishes risks across three key group – strategic, financial and operational, which are regularly monitored and assessed.

The risk management group will assess the impact and likelihood of each risk element inherent to FinDev Canada's business annually or when the business arises. Those risk elements considered to have the highest impact and/or likelihood of occurrence bearing in mind existing controls and processes are identified as top priorities.

On a quarterly basis, a status check against each risk response plan will be performed and reported to the Board of Directors.

To mitigate risks, particularly in its early years, FinDev Canada will focus on transactions done in partnership with organizations it can trust, particularly fellow DFIs. It will also ensure it conducts activities in a limited number of markets and sectors, to build expertise and networks that will help guide its decisions.

A PHASED APPROACH

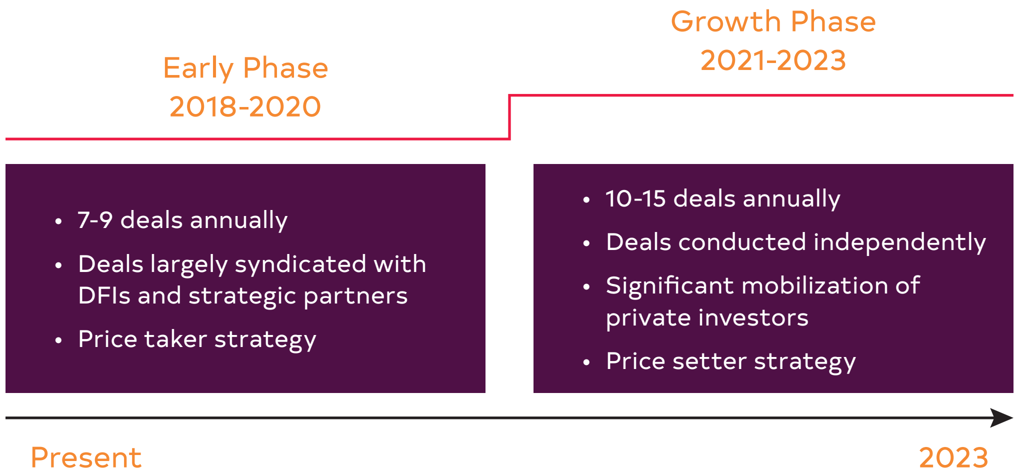
To reach its impact targets, FinDev Canada will seek to operate at the leading edge of innovative development finance and demonstrate that there is a viable class of investments that can deliver commercial returns while also delivering on women's economic empowerment, local market development and environment and climate action. Achieving these bold ambitions will take time. As such, FinDev Canada will take on a phased implementation approach as outlined below; highlighting how it intends to build its capabilities, origination approach, product offering and general market positioning in order to reach its goals over the planning period.

Its growth will occur in phases:

- Early phase: over its first three years of operations (2018-2020), FinDev Canada will focus on building its capabilities and a viable portfolio. During this period, the team will validate its strategic choices, refine its market positioning, and experiment with innovative approaches and tools, thereby building a solid base for its future success. It will still operate alongside other more experienced organizations.

- Growth phase (2021-2023): having established its operations, demonstrated its credibility, shown initial mobilization success and built relationships with key partners, FinDev Canada will start to clearly demonstrate the boldness of its ambitions. During this period, FinDev Canada will more systematically propose innovative structures in challenging jurisdictions and be in a position to lead transactions to which it will convene other actors and play a much greater role in defining terms and conditions.

Figure 1: ILLUSTRATIVE FinDev Canada Development Timeline



5.6 ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICE

DFIs must pay particular attention to the impact their activities have on local communities and the environment. To this end, FinDev Canada will follow a stringent set of international standards to conduct its Environmental, Social and Governance (ESG) activities, notably the International Finance Corporation's Performance Standards for Environmental and Social Sustainability. Furthermore, FinDev Canada will look to EDC to provide the necessary expertise, taking into account its considerable experience in this space, and will leverage the current review of practices being undertaken by EDC, based on broad consultations with the stakeholder community and subject matter experts.

FinDev Canada will apply rigorous screening to every transaction it supports. ESG assessments of all transactions will be critical to not only identify risks, but also to surface opportunities to work with clients to improve their practices in these areas, and by extension to improve their development impacts. Environmental and Social Action Plans (ESAPs) will be included in transactions wherever relevant, setting objectives that customers are committed to meet. FinDev Canada ESG practice will continue to evolve, to ensure that it is on par with international best practices, through continued engagement with other DFIs, as well as the stakeholder community.

5.7 TRANSPARENCY AND DISCLOSURE

FinDev Canada will apply a high level of transparency to its activities in line with international best practices and international requirements, including those of the Organisation for Economic Co-operation and Development/ Development Assistance Committee. Since inception in early 2018, FinDev Canada has actively engaged stakeholders in a variety of ways: through dedicated stakeholder sessions aimed at discussion and ideation, an online consultation process around its development impact framework, numerous individual meetings and briefings, and via its website. It will continue to not only engage with stakeholders, but also collaborate with other organizations including professional bodies and academic institutions.

An important forum to involve the stakeholder community is FinDev Canada's Advisory Council, first convened in May 2018 (see appendix 1).

FinDev Canada's disclosure policy makes it one of the few DFIs that commit to disclose the transactions it considers prior to signing. In addition, it will endeavour to provide to the public, information on all its investments and their impact, compatible with its commercial confidentiality obligations.

6.0 MEASURING SUCCESS

FinDev Canada's 2019 scorecard will help achieve its ambitious objectives by driving behaviours and corporate decisions. At its core will be its Development Impact Framework and its proposed performance indicators. Measures of impact will indicate how it is doing against its core mandate. They will be complemented by measures related to two other important dimensions of its activities, as outlined by the Government of Canada: the ability to mobilize other investments, particularly from the private sector; and its own financial sustainability. Lastly, it also intends to track the level of satisfaction of its clientele.

Actual targets under this scorecard will be defined in late 2018.

6.1 DEVELOPMENT IMPACT FRAMEWORK

KEY PRINCIPLES AND ARCHITECTURE

Development impact is the primary consideration in FinDev Canada's investment process, from pre-screening through to investment due diligence, approval, monitoring and reporting. A company's current and potential contribution to its three impact goals is the most critical factor in its deal selection and decision-making process. Once a company is in its portfolio, it supports the client to fulfill its operational impact goals and closely monitor actual KPIs and results.

Its impact measurement approach draws on industry accepted development impact methodologies and aligns with globally accepted standards such as the Harmonized Indicators for Private Sector Operations (HIPSO), the Global Impact Investing Network (GIIN)'s Impact Reporting and Investment Standards (IRIS) and others.

Data will be drawn at three levels: company, end customer and national or sectoral.

PERFORMANCE INDICATORS:

The framework rests on three main goals, each with a number of related Key Performance Indicators (KPIs). FinDev Canada's Corporate scorecard will be derived from its performance under these KPIs:

Goals	Examples of potential KPIs (draft)
Women's economic empowerment	Women-owned companies supported (%, #) Women in senior leadership (%, #) Women in direct and indirect employment (%, #) Gender-inclusive governance (%, #) Women with first time access to essential services or empowerment tools (#, %)
Environment & climate	Renewable energy produced (KwH) Natural resource use reduction Net CO2 emissions avoided (MT) (MT=metric tons) Waste reduced (tonnes) Customers accessing climate adaptation tools (#)
Market development	SME companies supported (#) Decent jobs created & sustained (#, M/F) Local procurement ($, %) Net profit ($) Salaries paid ($, mgt/staff) Taxes paid ($) Local ownership (%)

OTHER ELEMENTS OF METHODOLOGY:

FinDev Canada will align with industry initiatives that seek to attribute results amongst collaborating partners. It continues to refine its attribution model, which will differ between direct client engagements and indirect engagements.

6.2 MOBILIZATION

It is developing a methodology to measure FinDev Canada's ability to mobilize investments from private sector sources. It will be based on industry best practices. Its initial goal will be to reach a ratio of mobilization of one-to-one. As FinDev Canada grows and gains experience, this target can be adjusted.

6.3 FINANCIAL RESULTS

FinDev Canada's financial sustainability is a condition of its credibility in the market and its ability to leverage the financial capacity of others. It will measure and report on its financial performance on a portfolio basis. FinDev Canada has not set specific return targets at the corporate or the transactional level.

6.4 CUSTOMER CENTRICITY

As it develops its portfolio and building on the experience of EDC in this domain, FinDev Canada will develop, over the planning period, a measure of the satisfaction of its clients, and their likelihood to recommend working with FinDev Canada ("net promoter score").

7.0 FINANCIAL OVERVIEW

7.1 SUMMARY

Key items to highlight in the Financial Plan are as follows:

- FinDev Canada will initially be funded by capital injected by its parent company, Export Development Canada ("EDC"). An injection of $100 million occurred in 2018. Further injections of $100 million are forecast to occur in 2019 and 2020.
- FinDev Canada is projecting a net loss of $12 million in 2018. In its early years of operation, FinDev Canada is concentrating its efforts on building up its capabilities and market presence, and progressively building a portfolio that meets its impact goals. The profile of transactions that match FinDev Canada's strategy also do not typically generate strong revenue streams at an early stage. Losses are projected over the plan period with a trend to profitability in the out years.
- Loans receivable are projected to grow to $372 million over the plan period.
- Investments are projected to be $26 million in 2018 and are expected to grow to $301 million by the end of the plan period.
- FinDev Canada expects to have consumed the capital injections from EDC by the end of 2020. At that time, to support its continuing growth, EDC will borrow money on its behalf or may decide to further capitalize FinDev Canada.

EDC will engage in any borrowing, investing and hedging activities on behalf of FinDev Canada.

The Financial Plan will first present the key business assumptions which were used to derive the projected financial results followed by a discussion of its projected operating expenses and planned capital expenditures. Projected financial statements are also included.

7.2 KEY BUSINESS ASSUMPTIONS

A series of key assumptions, including business facilitated, risk profile of business facilitated, foreign exchange and interest rates, all of which have an impact on FinDev Canada's business activity and financial performance, drive the Financial Plan. Using these assumptions, which align with its business strategy and economic outlook, projected financial statements are developed for the planning period, including a forecast to the end of the current fiscal year. Any changes to the business strategy or to the underlying assumptions may materially affect the projections over the planning period.

BUSINESS FACILITATED

The level of business facilitated for each program is presented in the table below.

Table 1: Projected Level of Business Facilitated (2017-2023)

(in millions of Canadian dollars)	2017 Actual	2018 Plan	2018 Fcst	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Business Facilitated								
Direct lending	-	41	-	50	90	90	90	85
Investments	-	14	26	50	60	60	60	65
	-	55	26	100	150	150	150	150

2018 FORECAST

The 2018 financing and investments business facilitated is projected to be $26 million, which is less than the $55 million forecast in the 2018 Corporate Plan. Business development efforts were slower than anticipated in the original plan as FinDev Canada continued to establish operations and hire the investment team.

2019 TO 2023 PLAN

FinDev Canada is projecting growth in business facilitated in the financing and investments program of 50 per cent between 2019 and 2020, as market awareness of FinDev Canada increases and early business development efforts start to deliver benefits. Business facilitated is expected to remain stable in 2021 and beyond.

RISK PROFILE OF BUSINESS FACILITATED

FinDev Canada is projecting that the financing and investment business undertaken by it will be largely non-investment grade due to its high-impact strategy. The risk profile of the financing portfolio is one of the key drivers of both the provision for credit losses and capital demand for credit risk.

FOREIGN EXCHANGE

The Financial Plan uses a year-to-date average rate as the U.S. dollar foreign exchange rate assumption for the remainder of 2018 and all subsequent years. This methodology removes the volatility associated with yearly dollar fluctuations and ensures more easily comparable projections. The rate used in this Plan, as represented by the average rate for the period January 2018 through June 2018, is U.S. $0.78.

8.0 APPENDICES

APPENDIX 1: STATEMENT OF PRIORITIES AND ACCOUNTABILITIES

The Export Development Act (ED Act) was amended in June 2017 to give the Corporation an additional purpose of "providing, directly or indirectly, development financing and other forms of development support in a manner that is consistent with Canada's international development priorities".

Directions regarding FinDev Canada are provide to EDC by the Minister of International Trade, in consultation with the Minister of International Development, in the annual Statement of Priorities and Accountabilities [2019 SPA].

APPENDIX 2: CORPORATE GOVERNANCE STRUCTURE

As a corporation established under the Canadian Business Corporations Act (CBCA), FinDev Canada is governed by an independent Board of Directors, appointed by EDC's Board of Directors. FinDev Canada's Board was initially composed of Directors of EDC. Several new members were appointed to EDC's board in the summer of 2018; consequently, EDC will conduct an in-depth assessment of the skills required on FinDev Canada's Board, identify potential gaps in the skills available among EDC's directors and, as required, conduct a search for additional talent, with a goal to have a tailored Board in place by the end of 2018.

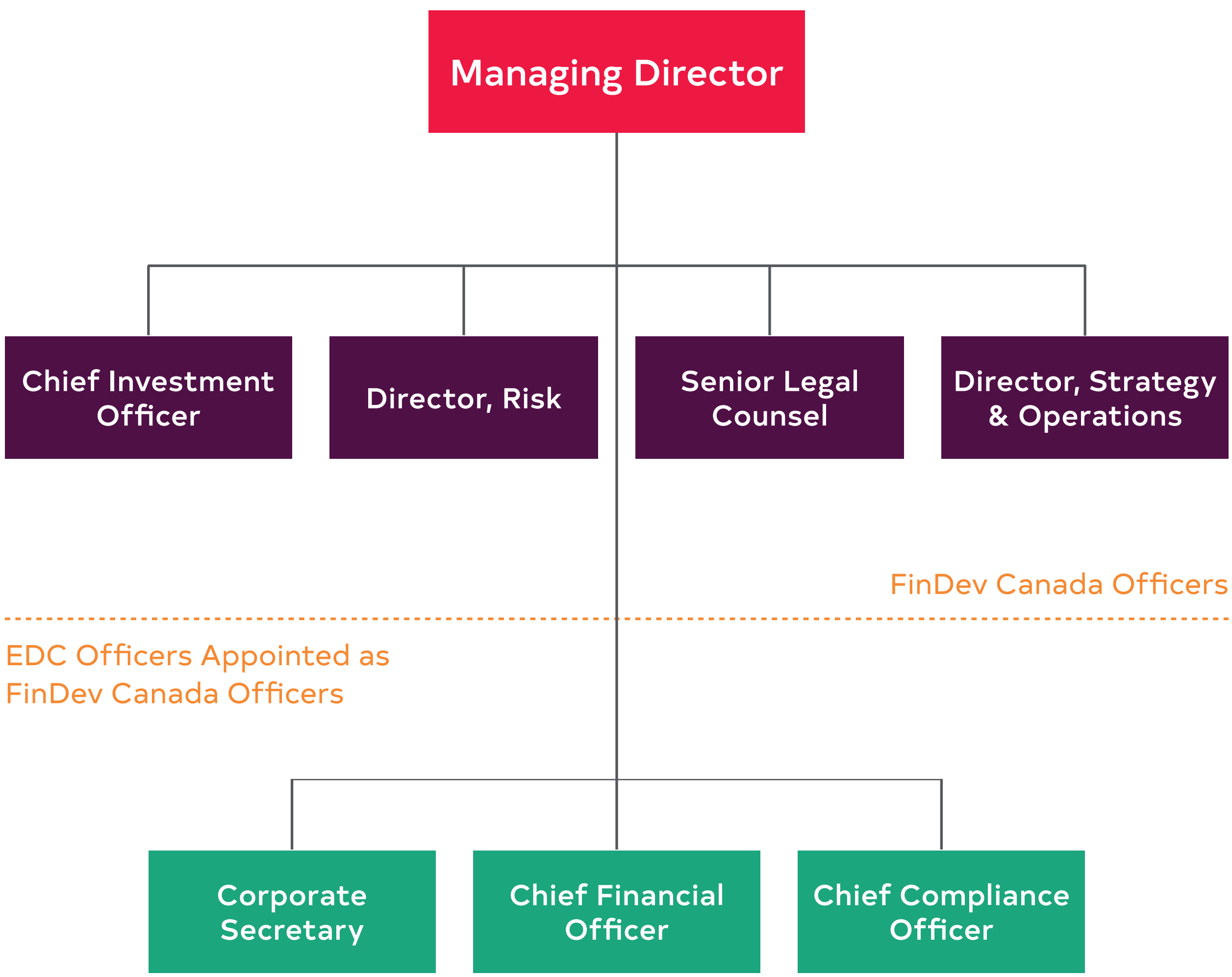
In order to ensure adequate coordination between the two organizations, and optimize the deployment of shared services, FinDev Canada's Board of Directors is chaired by EDC's President and CEO.

FinDev Canada created an Advisory Council on Development Finance, in consultation with the Ministers of International trade and International Development, which was first convened in the spring of 2018. The Advisory Council is composed of independent personalities, appointed for their recognized depth of expertise in the fields of development and development finance. The Advisory Council will provide guidance and advice on topics such as: priority sectors and regions of activity, development impact framework, opportunities for innovative approaches to development finance, monitoring and evaluation, transparency, technical assistance, disclosure and reporting, grievance mechanism(s), stakeholder management and engagement, and sustainability goals. The Council will not be involved in operational, transactional, governance or staffing matters.

The duties of the Council are solely advisory in nature – to act as a sounding board in the formulation of some of the procedures and policies of FinDev Canada. The Advisory Council advises the leadership of FinDev Canada. The Advisory Council will be convened annually for a strategic planning session with FinDev Canada's Board, to fully leverage their complementary roles.

FinDev Canada is led by a Managing Director reporting directly to the Board of Directors and whose responsibility is to determine the business strategy, in line with the government of Canada's mandate guidance and the Board's direction. The Managing Director is responsible for building and leading a team of professionals and is accountable for the performance of the corporation. He is assisted in his functions by a senior management team.

MANAGERIAL AND ORGANIZATIONAL STRUCTURE



APPENDIX 3: CHIEF FINANCIAL OFFICER ATTESTATION

In my capacity as Chief Financial Officer at FinDev Canada, accountable to the Board of Directors of FinDev Canada through the Managing Director, I have reviewed the financial projections provided in FinDev Canada's 2019-2023 Corporate Plan. It is in all material respects, in accordance with International Financial Reporting Standards, based on information available at the time of the preparation of this submission, that I considered necessary, as of the date indicated below. Based on this due diligence review, I make the following conclusions:

1. The nature and extent of the proposal is reasonably described and assumptions having a significant bearing on the associated financial requirements have been identified and are supported.
2. Significant risks having a bearing on the financial requirements, the sensitivity of the financial requirements to change in key assumptions, and the related risk-mitigation strategies have been disclosed.
3. Financial resource requirements have been disclosed and are consistent with the assumptions stated in the proposal, and options to contain costs have been considered.
4. Funding has been identified and is sufficient to address the financial requirements for the expected duration of the proposal.
5. The proposal is compliant with relevant financial management legislation and policies, and the proper financial management authorities are in place or are being sought through the proposal.
6. Key financial controls are in place to support the implementation and ongoing operation of the proposal.

In my opinion, the financial information contained in this proposal is sufficient overall to support decision making.

The Corporate Plan 2019-2023 was approved by FinDev Canada's Board of Directors on September 18, 2018.

I, therefore, recommend that you endorse this submission for the Minister for International Trade's approval.

Ken Kember
Senior Vice-President, Finance and Technology, and Chief Financial Officer
Export Development Canada

October 19, 2018

APPENDIX 4: FINANCIAL STATEMENTS AND BUDGETS

4.1 FINANCIAL STATEMENTS AND NOTES

STATEMENT OF COMPREHENSIVE INCOME

Table 2: Projected Condensed Statement of Comprehensive Income

for the year ended December 31 *(in millions of Canadian dollars)*	2017 Actual	2018 Plan	2018 Fcst	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Financing and Investment Revenue:								
Loan	-	1	-	1	8	15	22	29
Marketable securities	-	-	1	2	2	-	-	-
Total financing and investment revenue *	-	1	1	3	10	15	22	29
Interest expense	-	-	-	-	-	2	6	10
Net Financing and Investment Income	-	1	1	3	10	13	16	19
Administrative Expenses	2	9	13	15	15	16	17	18
Income (Loss) before Provision for Credit Losses	(2)	(8)	(12)	(12)	(5)	(3)	(1)	1
Provision for Credit Losses	-	1	-	2	4	11	10	7
Net and Comprehensive Loss	(2)	(9)	(12)	(14)	(9)	(14)	(11)	(6)

** During the Plan period, FinDev Canada does not expect to earn investment revenue or divest any investments.*

2018 FORECAST

FinDev Canada is forecasting a net loss of $12 million for 2018 due to costs incurred to establish FinDev Canada.

2019 CORPORATE PLAN

FinDev Canada is forecasting a net loss of $14 million in 2019. Although it is forecasting $3 million of net financing and investment income, this revenue will be offset by administrative expenses and provision for credit losses. For the years 2019 to 2023, net losses are projected to gradually decline as FinDev Canada trends towards profitability.

STATEMENT OF FINANCIAL POSITION

Table 3: Projected Condensed Statement of Financial Position

as at December 31 *(in millions of Canadian dollars)*	2017 Actual	2018 Plan	2018 Fcst	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Assets								
Cash	-	-	2	2	2	2	2	2
Marketable securities	-	44	57	48	-	-	-	-
Loans receivable	-	40	-	50	141	227	304	372
Allowance for losses on loans	-	(1)	-	(2)	(7)	(17)	(22)	(24)
Investments at fair value through profit or loss	-	1	26	72	126	182	241	301
Property, plant and equipment	-	1	1	1	1	-	-	-
Intangible assets	-	2	-	1	1	1	1	2
Building under finance lease(1)	-	-	-	2	2	1	1	1
Total Assets	-	87	86	174	266	396	527	654
Liabilities and Equity								
Owing to Export Development Canada	2	-	-	-	1	146	288	421
Obligation under finance lease(1)	-	-	-	2	2	1	1	1
Total Liabilities	2	-	-	2	3	147	289	422
Equity								
Share capital(2)	-	100	100	200	300	300	300	300
Retained earnings (deficit)	(2)	(13)	(14)	(28)	(37)	(51)	(62)	(68)
Total Equity	(2)	87	86	172	263	249	238	232
Total Liabilities and Equity	-	87	86	174	266	396	527	654

(1) 2019-2023 reflects the adoption of IFRS 16
(2) Share capital at the end of 2017 was $100 Canadian dollars

2019 CORPORATE PLAN

FinDev Canada is funded by capital injections from its parent company, EDC. A capital injection of $100 million occurred in 2018, with additional capital injections planned in 2019 and 2020 of $100 million each. Surplus capital will be invested in marketable securities until it is required for cash outlays.

Investments are projected to reach $72 million in 2019 and are expected to grow to $301 million over the Corporate Plan period. Loans receivable in 2019 are expected to reach $50 million with strong growth over the plan.

Initially FinDev Canada will use capital injections to fund cash requirements. After the capital is consumed, debt will be raised through EDC. EDC will undertake all investing, borrowing and hedging activities on behalf of FinDev Canada.

STATEMENT OF CHANGES IN EQUITY

Table 4: Projected Condensed Statement of Changes in Equity

for the year ended December 31 *(in millions of Canadian dollars)*	2017 Actual	2018 Plan	2018 Fcst	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Share Capital	-	100	100	200	300	300	300	300
Retained Earnings (Deficit)								
Balance beginning of year	-	(4)	(2)	(14)	(28)	(37)	(51)	(62)
Net loss	(2)	(9)	(12)	(14)	(9)	(14)	(11)	(6)
Balance end of year	(2)	(13)	(14)	(28)	(37)	(51)	(62)	(68)
Total Equity (Deficit) at End of Year	(2)	87	86	172	263	249	238	232
Return on Equity	n/a	-9.6%	-12.9%	-10.9%	-4.1%	-5.5%	-4.5%	-2.6%

STATEMENT OF CASH FLOWS

Table 5: Projected Condensed Statement of Cash Flows

for the year ended December 31 ***(in millions of Canadian dollars)***	**2017 Actual**	**2018 Plan**	**2018 Fcst**	**2019 Plan**	**2020 Plan**	**2021 Plan**	**2022 Plan**	**2023 Plan**
Cash Flows from (used in) Operating Activities								
Net loss	(2)	(9)	(12)	(14)	(9)	(14)	(11)	(6)
Adjustments to determine net cash from (used in) operating activities								
Provision for credit losses	-	1	-	2	4	11	10	7
Depreciation and amortization	-	-	-	-	-	1	1	1
Changes in operating assets and liabilities								
Change in accrued interest and fees receivable	-	-	-	-	(1)	1	5	8
Other	-	(7)	(2)	-	3	(1)	(10)	(14)
Loan disbursements	-	(41)	-	(50)	(92)	(91)	(86)	(82)
Loan repayments	-	1	-	-	1	5	9	14
Net cash used in operating activities	(2)	(55)	(14)	(62)	(94)	(88)	(82)	(72)
Cash Flows from (used in) Investing Activities								
Disbursements for investments	-	(1)	(26)	(46)	(54)	(56)	(59)	(60)
Purchases of marketable securities	-	-	(102)	(87)	(90)	-	-	-
Sales/maturities of marketable securities	-	-	52	113	114	-	-	-
Purchases of property, plant and equipment	-	-	(1)	-	-	-	-	-
Purchases of intangible assets	-	-	-	(1)	(1)	(1)	(1)	(1)
Net cash used in investing activities	-	(1)	(77)	(21)	(31)	(57)	(60)	(61)
Cash Flows from (used in) Financing Activities								
Amounts borrowed from Export Development Canada	2	-	-	-	1	145	142	133
Capital injection	-	100	100	100	100	-	-	-
Net cash from financing activities	2	100	100	100	101	145	142	133
Net increase (decrease) in cash and cash equivalents	-	44	9	17	(24)	-	-	-
Cash and cash equivalents								
Beginning of year	-	-	-	9	26	2	2	2
End of year	-	44	9	26	2	2	2	2
Cash and cash equivalents are comprised of								
Cash	-	-	2	2	2	2	2	2
Cash equivalents included within marketable securities	-	44	7	24	-	-	-	-
	-	44	9	26	2	2	2	2

ACCOUNTING POLICIES AND FUTURE ACCOUNTING CHANGES

The accounting policies used in the preparation of this Financial Plan are in accordance with International Financial Reporting Standards (IFRS) currently in effect. The earnings of the corporation are not subject to the requirements of the *Income Tax Act.*

AMENDED AND EVOLVING STANDARDS

The International Accounting Standards Board (IASB) has a number of projects underway, some of which will affect the standards relevant to FinDev Canada.

IFRS 16 – Leases – In January 2016, the IASB released the new Leases Standard requiring lessees to recognize assets and liabilities for the rights and obligations created by leases. The standard is effective for reporting periods beginning on or after January 1, 2019. As a result of adopting the new standard, one lease is expected to be capitalized on transition resulting in additional assets and liabilities of approximately $2 million. The Corporate Plan has included the impacts of the new standard in the "Building under finance lease" and "Obligation under finance lease" lines on the balance sheet which will be reclassified beginning on January 1, 2019.

CAPITAL MANAGEMENT

CAPITAL ADEQUACY POLICY (CAP)

For the initial years of operations, it is anticipated that supply of capital (i.e. the capital injection) will meet all of the operating needs of the corporation. During that period, FinDev Canada will develop a capital management framework.

4.2 OPERATING BUDGET AND NOTES

ADMINISTRATIVE EXPENSES

Table 6: Projected Administrative Expenses

(in millions of Canadian dollars)	2017 Actual	2018 Plan	2018 Fcst	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Salaries and benefits	1.0	5.9	6.4	8.0	8.4	9.0	9.5	10.2
Professional services	0.9	1.1	2.6	2.8	2.8	2.9	2.9	2.9
Amortization and depreciation	-	0.4	0.1	0.3	0.4	0.6	0.7	0.8
Occupancy	-	0.4	0.4	0.7	0.7	0.7	0.7	0.6
Systems costs	-	0.1	0.6	0.5	0.4	0.4	0.4	0.4
Marketing and communications	0.1	0.7	1.1	0.7	0.7	0.7	0.7	0.8
Travel, hospitality and conferences	0.1	0.5	0.5	0.9	1.0	1.0	1.1	1.1
Other	-	0.3	0.8	0.7	0.9	0.7	0.8	0.8
Total administrative expenses	2.1	9.4	12.5	14.6	15.3	16.0	16.8	17.6

2018 FORECAST

Administrative expenses are expected to be $3.1 million higher than projected in the 2018 plan. Certain foundational work that was initially planned to occur in 2017 during the creation of FinDev Canada was deferred to 2018, leading to the increased expenditures.

2019 PLAN

FinDev Canada is targeting administrative expenses of $14.6 million for 2019. Items of significance in the administrative expense projections for 2019 and beyond are as follows:

- Salaries and benefits are projected to increase as new employees are onboarded to support FinDev Canada's business. Salaries and benefits also include the chargeback of EDC salaries and benefits for supporting FinDev Canada.
- Professional services are mainly consulting fees to continuously improve operations, as well as legal costs to investigate new markets and develop transaction documentation standards.
- Marketing and communications costs will be incurred as FinDev Canada builds brand awareness and create business opportunities in support of sustainable development in emerging economies. Also included are costs to report back to key stakeholders on the activities of FinDev Canada.
- Travel costs are expected to grow in 2019. FinDev Canada's business objectives call for a presence in target markets at various stages of transaction development. Although FinDev Canada intends to leverage partnerships and technology to reduce the need for travel, its success will in many respects depend on a local presence and the expertise that it helps build over time. As the organization matures and its portfolio grows, the ratio of travel costs to revenue will steadily decrease.

Table 7: Travel and Hospitality Expenses

(in thousands of Canadian dollars)	2017 Actual	2018 Plan	2018 Fcst	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Travel	53	435	385	770	820	870	920	970
Hospitality	4	10	20	35	35	36	36	36
Conferences	-	100	50	100	101	102	103	104
Total	57	545	455	905	956	1,008	1,059	1,110

Table 8: Travel and Hospitality Expenses as a Percentage of Total Administrative Expenses

(in thousands of Canadian dollars)	2017 Actual	2018 Plan	2018 Fcst	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Total travel, hospitality and conferences	57	545	455	905	956	1,008	1,059	1,110
Total administrative expenses	2,137	9,441	12,509	14,608	15,291	16,023	16,793	17,577
Travel and hospitality as a % of total administrative expenses	2.7%	5.8%	3.6%	6.2%	6.3%	6.3%	6.3%	6.3%

4.3 CAPITAL BUDGET AND NOTES

CAPITAL EXPENDITURES

Table 9: Projected Capital Expenditures

(in millions of Canadian dollars)	2017 Actual	2018 Plan	2018 Fcst	2019 Plan	2020 Plan	2021 Plan	2022 Plan	2023 Plan
Facilities*	-	1.3	0.5	0.1	0.1	0.1	0.1	0.1
Information technology	-	2.1	0.2	0.7	0.7	0.7	0.7	0.7
Total capital expenditures	-	3.4	0.7	0.8	0.8	0.8	0.8	0.8

**Facilities capital expenditures include leasehold improvements, furniture and equipment. Information technology capital expenditures include hardware, internally developed and purchased software.*

Facilities expenditures of $0.5 million are included in the 2018 forecast for leasehold improvements and purchases related to opening the FinDev Canada office in Montreal.

Capital expenditures for information technology are projected to be $0.2 million for 2018 and $0.7 million for 2019 for purchases and enhancements of required technology.

No capital expenditures during the plan period meet the requirements for disclosure per the value and risk tests.

APPENDIX 5: BORROWING PLAN

BORROWING AUTHORITY

Pursuant to EDC's expanded mandate under section 10(1)(c) of the amended Export Development Act, EDC has incorporated Development Finance Institute Canada (DFIC), trade name FinDev Canada, as a wholly owned subsidiary of EDC.

BORROWING STRATEGY

FinDev Canada does not plan to borrow in 2019. EDC may provide debt financing to FinDev Canada or EDC may decide to further capitalize FinDev Canada. EDC Treasury will leverage its expertise to undertake all borrowing, investing, hedging and foreign exchange activities on behalf of FinDev Canada.

APPENDIX 6: COMPLIANCE WITH LEGISLATIVE AND POLICY REQUIREMENTS

FinDev Canada takes compliance with the Government of Canada's legislative and policy requirements seriously in order to protect the company, its employees, and the Government of Canada from potential exposure to legal, reputational and financial consequences.

FinDev Canada's suite of policies are, among other business objectives, designed to address the legislative and policy requirements that are relevant to its operations. In preparation for launch, a preliminary list of compliance obligations was identified to ensure FinDev Canada's initial operations included appropriate controls. Furthermore, EDC systematically monitors new bills that are tabled in Parliament to ensure that EDC and FinDev Canada are prepared for continued compliance with any new federal requirements.

As a company engaged in development finance, FinDev Canada is subject to a diverse range of laws, regulations, international agreements and treaties, government policies, directives and industry standards across multiple jurisdictions resulting in a wide array of compliance obligations. To manage the risk of non-compliance with its many compliance obligations, FinDev Canada is aligning its approach to Compliance Risk Management with that of EDC, with the support of EDC's Compliance and Ethics team.

FinDev Canada will align its practices with those of EDC whenever relevant to its mandate and to its operating environment. This is the case for directives that are issued to EDC under Section 89 of the under the Financial Administration Act (FAA), and in particular:

- The 2008 directive instructing EDC to give due consideration to the personal integrity of those they lend to or provide benefits to is in accordance with Government's policy to improve the accountability and integrity of federal institutions;

- the directive issued in July 2015 to EDC and other federal crown corporations to align their travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations. FinDev Canada will report on a regular basis on its travel and hospitality through the Corporate Plan and Annual Report.

- The directive, issued in 2014, requiring a number of Crown corporations to implement pension plan reforms. All employees of FinDev Canada are employees of EDC seconded to its subsidiary, and therefore fall under the same Human Resources management practices. EDC supports the principles underlying the directives and has taken action to implement the spirit and intent of these reforms such as increases to employee contributions in the Defined Benefit plan and a later age of retirement for Defined Contribution employees hired since 2015. Further detail on the implementation of this directive can be found in EDC's Corporate Plan.

APPENDIX 7: GOVERNMENT PRIORITIES AND DIRECTION

TRANSPARENCY AND OPEN GOVERNMENT

FinDev Canada is committed to establishing relationships based on trust and accountability with its stakeholders, which includes accurate and timely disclosure of information. Transparency was an important aspect raised by its stakeholders in its pre-launch consultations. A Transparency & Disclosure Policy (the Policy) was one of the critical deliverables of the project to launch FinDev Canada. It was approved by its Board in December 2017, prior to beginning its business activities. FinDev Canada will continue to evolve and build on this policy as its activities and the complexity of its organization grow.

Its transparency efforts aim to provide access to information while maintaining the commercial confidentiality of its customers. The Policy governs how it publicly releases significant quantities of information on transactions. It places FinDev Canada in a leading position, alongside just a few others, by proposing to conduct pre-signing disclosure of the transactions it considers entering into. FinDev Canada will also provide regular reporting on its aggregate activities, in particular, its development impact performance, as well information on all transactions it enters into.

In addition to the disclosure of transaction information, it makes publicly available on its website information on FinDev Canada's:

- Travel and Hospitality expenses;
- Annual Reports on the Administration of the Access to Information Act;
- Information about EDC's function, programs, activities and information holdings (Info Source);
- Any disclosure reports of wrongdoing under the Public Servants Disclosure Protection Act.

FinDev Canada will continually work to enhance its ability to provide increased access to information for its customers, partners and civil society over the planning period.

GENDER-BASED ANALYSIS PLUS

Gender equality is at the core of FinDev Canada's priorities. This applies both to its activities as a financial institution in the development finance space, and to its own corporate practices.

As is outlined in the present Corporate Plan, FinDev Canada will apply a gender lens to all its investments, therefore placing it among leading organizations in this field. To do so, it has developed a set of screening tools and practices to operationalize this goal. It has created a role dedicated to gender equality, who will have several key responsibilities:

- Actively engage with practitioners globally to monitor - and contribute to -best practices in the field;
- Contribute to the development and implementation of FinDev Canada's strategy and priorities, with a goal to achieve lasting impact;
- Develop a body of expertise and tools to support the work of other colleagues as well as customers and partners;
- Contribute to the assessment of individual transactions to ensure they meet its goals.
- FinDev Canada will strive to lead by example in its own management practices in matters of gender equality. Its hiring and management practices will create a culture of equal opportunity and advancement (see diversity and employment below).

DIVERSITY AND EMPLOYMENT EQUITY

Diversity and inclusion are fundamental dimensions of the work FinDev Canada is conducting, helping businesses of developing countries, and these values will be reflected in its own corporate practices.

FinDev Canada's relies on the support of its parent for its Human Resources management, and as such benefits from the breadth of experience and the recognized leading practices of EDC as an employer. The recognition of EDC as one of Canada's Best Diversity Employers in 2018 is a testament to its ongoing efforts to strengthen the diversity of its organization over the years.

FinDev Canada's initial team reflects a strong openness to gender diversity with a majority of female employees. As it grows its team, FinDev Canada will seek to expand its diversity by encouraging hiring professionals originating from - or with ties to - the countries where it operates. To build a culture of equality and openness, FinDev Canada has chosen to make its Montreal office entirely open space, with identical work stations for all employees, including senior management.

INDIGENOUS ISSUES

FinDev Canada will only operate outside of Canada. Through its Environmental, Social and Governance due diligence process it will pay close attention to the impacts of the activities of its clients on local communities, including indigenous communities. It will also seek to maximize, through its support to local businesses, the benefits to the poorest communities, including indigenous ones.

Development Finance Institute Canada (DFIC) Inc.