2023-2027 CORPORATE PLAN SUMMARY

- OPERATING BUDGET
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EDC

TAKE ON THE WORLD

Canada

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EXECUTIVE SUMMARY

Export Development Canada (EDC) is a financial Crown corporation that provides Canadian companies with the solutions they need—when and where they need them—to go, grow and succeed internationally. Our mandate is to support and develop, directly or indirectly, Canada's export trade and Canadian capacity to engage and respond to international business opportunities. Our mandate was amended in 2020 to include temporary domestic support, in order to contribute to Canada's economic response and recovery to the COVID-19 pandemic.

The 2023-2027 Corporate Plan continues EDC's new strategic journey—introduced in last year's Corporate Plan—one that aims to build Canada's trade competitiveness by accelerating the success of Canadian companies in high growth international markets and sectors. Specifically, EDC's long-term strategy will focus on accelerating the international growth of medium-sized exporters—the key drivers of Canada's economic performance.

This plan will detail EDC's efforts to make an impact on Canada's trade performance. This includes our growing support for Canada's key business segments, including our evolving service model to support the growth of medium-sized companies, our investments to increase accessibility to products and services in support of micro- and small companies, and our continued support for large companies that act as anchors for international trade growth.

Environmental sustainability, social equality, and responsible governance (ESG) is central to our value proposition and continues to guide our 2030 Strategy, as a key to the international success of Canadian companies. This plan will highlight the evolution of our ESG practices and our work to support Canada's climate goals, through the commitments and actions we are taking to reduce carbon intensity and serve under-represented groups such as women-led business, indigenous businesses, LGBTQ2+ led and owned businesses. In addition, this plan will also outline progress and intentions in tackling other key dimensions of ESG such as human rights, corruption, and modern slavery.

In 2021, EDC launched a multi-year enterprise-wide transformation to support our new strategic direction, to develop the critical capabilities to serve Canadian companies more effectively and efficiently and better meet their needs, while supporting Canada's long-term prosperity. This plan will outline the key investments, particularly in ESG, digital enablement, the workforce of the future, our risk practices and partnerships across the trade ecosystem.

In 2017, our mandate grew, with the creation of FinDev Canada, Canada's Development Finance Institution (DFI), established as a wholly owned subsidiary of EDC. FinDev Canada's mandate is to provide development financing and technical assistance consistent with Canada's international development priorities and the United Nations Sustainable Development Goals. As part of the Government of Canada's Indo-Pacific Strategy, FinDev Canada will begin to expand into the Indo-Pacific region in 2023, alongside continuing to deepen its presence in the Sub-Saharan Africa, Latin America and the Caribbean regions.

1.0 OVERVIEW

EDC is Canada's export credit agency and a member of the Government of Canada's international trade portfolio. Our role is to support Canadian companies doing business internationally, by giving them a platform to grow and providing the tools they need to expand and diversify. As such, EDC has defined a clear role for the organization in building back Canada's share of international trade through its 2030 Strategy.

In an increasingly globalized economy, Canada's economic prosperity relies on international trade and investment. Canada's relative trade performance has lagged in comparison to its Organisation for Economic Co-operation and Development (OECD) peers over the last 20 years. As globalization continues to bring new players into the global trade system, Canada will need to leverage its diversity and ability to innovate, to maintain a meaningful share of the international trade marketplace.

EDC's 2030 Strategy aims to improve Canada's trade performance and accelerate the success of Canadian companies in high-growth international markets, by engaging throughout the trade ecosystem and listening to the needs of Canadian companies, we are able to inspire and support global growth by delivering targeted products and services to exporters, particularly in those industries in high demand internationally.

At its heart, EDC is about managing the risks of international business. Our core offering is a set of financial solutions and knowledge products that give Canadian exporters of all sizes, as well as their supply chains and bankers, the confidence to move forward with international sales. Our business operates on commercial principles consistent with the OECD Arrangement on Export Credits guidelines. We do not provide grants or subsidies.

In 2021, we served more than 29,800 unique customers, an increase of 23 percent over 2020. More than 14,760 Canadian companies used one of our financial solutions and another 18,300 Canadian companies used at least one of our knowledge solutions, an increase of 21 percent and 22 percent respectively from 2020. We helped facilitate $111 billion dollars in Canadian business in 147 countries and contributed to the maintenance of about half-a-million Canadian jobs. With a growing role as an equity investor, EDC continues to increase support for entrepreneurs as they need capital to grow their businesses and retain Canadian control. For more details on our 2021 corporate performance, please refer to our 2021 Integrated Annual Report.

A large portion of our business is delivered in partnership with Canada's banks and private credit insurers. By working with a range of partners, including Canada's Trade Commissioner Service (TCS), insurance providers, banks and other export-oriented firms, government departments and agencies, business associations, financial institutions and logistics companies, we reach more Canadian companies and accelerate their ability to conduct business abroad.

Beyond growth in our core business operations, through 2022 EDC continued to build on its commitment to world class environmental, social and governance (ESG) practices and contribute positively to critical issues such as climate change and human rights. These commitments underscore all our activities as we work to ensure that long-term trade growth is sustainable and equitable, while creating the positive environmental and social impact that Canadians demand. We also aim to be a champion in supporting Canadian companies as they transition to a lower carbon future and pursue new business opportunities. We will do so by deploying capital within carbon-intensive sectors, by helping to drive climate related financial disclosure, and by supporting clean technology and innovation, as Canada strives to achieve net-zero emissions by 2050.

EDC remains committed to our strategic priorities while supporting companies as they navigate the post-pandemic environment, particularly Canada's medium-sized companies.

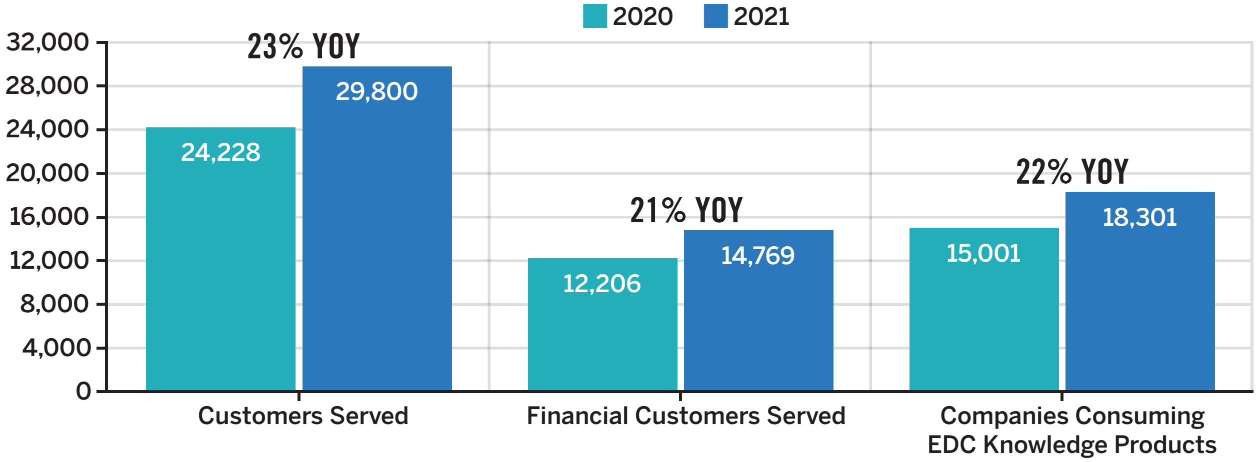
To do so, we will consider the unique opportunities for growth of companies in this segment and deliver more targeted solutions. As such, we are evolving our service model to support a 'higher-touch' engagement, to ensure these companies are supported through each step of their export journey.

For small and micro companies, we will invest in our digital capabilities to simplify our solutions and improve the customer experience.

EDC AT A GLANCE

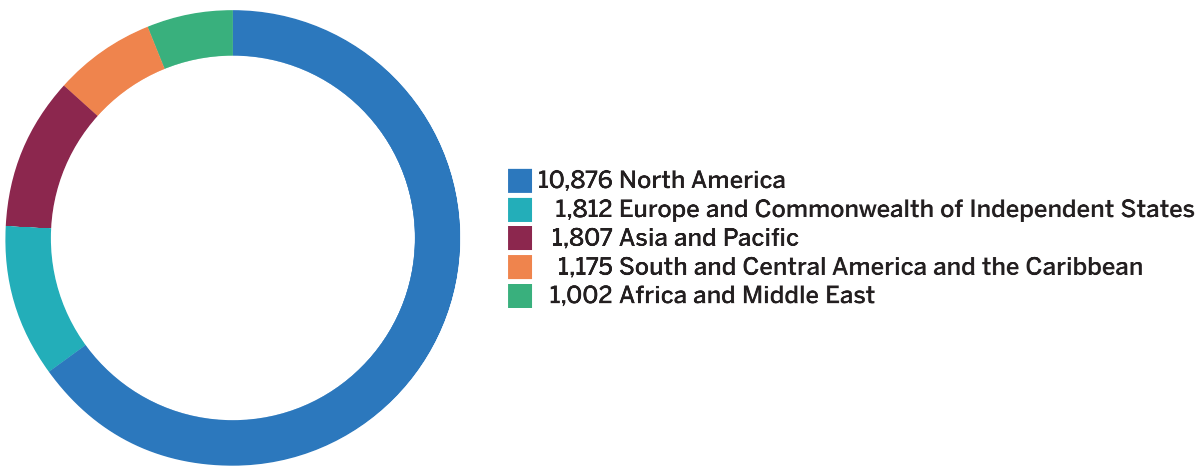
EDC has had greater than a 20% increase across customers served over the past year.

Customers Served



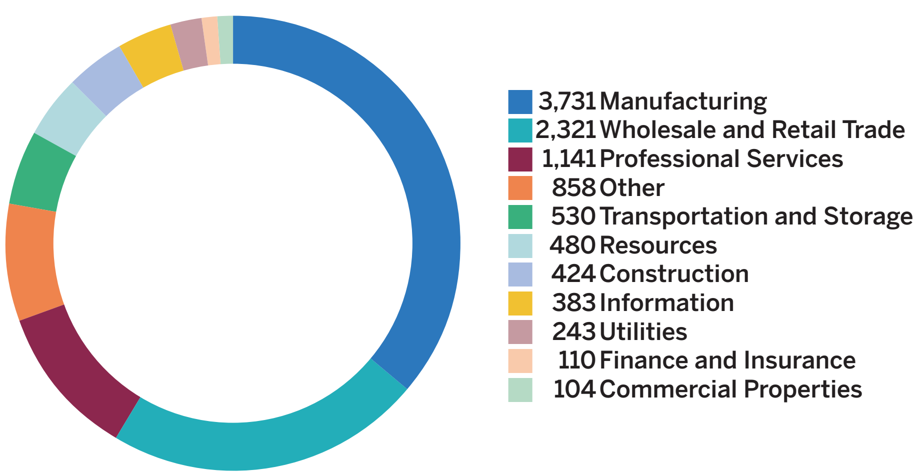
The following figures describe the geographic footprint of our financial customers served and financial transactions by industry within our micro, small and medium segments.

Financial Customers Served by Geographic Region*



** The number of customers served by geographic region is not a unique customer count. Customers can be served, and therefore counted, in more than one region.*

Financial Transactions With Micro/small/medium-sized Customers by Industry



EDC's Brand Health is getting stronger. More companies in our total addressable market, particularly within the medium segment, are becoming familiar with EDC. Tracking Brand Health Index allows us to measure EDC's recognition in the market across five key drivers. By improving our Brand Health Index, we increase our opportunity to connect, inspire, and support Canadian businesses in going global.

Brand Drivers	Key Brand Health Metrics	Historical Trend 2019 2020 2021	MY2022 Results
REACH	Do they know EDC? How many companies do we have in our database?	40% 43% 47% 41% 37% 38%	41%
FAMILIARITY	Do they know what we do and what we offer?	31% 35% 37% 33% 27% 35%	39%
PERCEPTION	What do they believe to be true about EDC and what we offer?	49% 52% 57% 61% 61% 62%	56%
AFFINITY	Do they like us? Are they inspired by us? Would they feel good about working with us?	42% 50% 39% 56% 61% 57%	48%
CONSIDERATION	Would they consider buying our products in the next year?	43% 59% 45% 65% 67% 64%	51%
BRAND HEALTH INDEX	2022 targets: Threshold 4.4-4.79, Target 5.0 -5.2, Overachieve > 5.2	4.1 4.5 4.5 4.9 4.7 4.9	4.6

1.1 VOICE OF OUR CUSTOMERS

CUSTOMER FEATURE - P&P OPTICA

By combining spectral imaging technology with artificial intelligence (AI), P&P Optica[1] is helping food processors assess food composition, quality and contamination in real time. Its patented Smart Imaging System can detect foreign materials, like plastics, rubber, bone, and cardboard, that are difficult to find with other detection solutions.

As the only company on the continent to offer these capabilities, P&P Optica was named an EDC Cleantech Export "One to Watch" in 2018. Today, the company employs 50 people and is expanding rapidly—a level of growth CEO Olga Pawluczyk attributes in part to Export Development Canada's support, including a $1 million investment that helped it develop and launch its system throughout North America.

1 https://www.edc.ca/en/article/ppoptica-uses-the-science-of-light.html

"EDC was one of our first institutional investors- and without their financial support we wouldn't be a company today," she says. "It's so critical for startups that have a good idea and initial prototypes to be able to scale to the next phase and develop a commercial product. EDC also provided additional security and Purchase Order (PO) Financing to allow some of our customers from the U.S. to have systems installed and tested. Trust is critical in building relationships and having a warm introduction to EDC's networks and contacts was very important for our success."

CUSTOMER FEATURE - WESTPORT FUEL SYSTEMS

Vancouver-based Westport Fuel Systems,[2] is developing a technology that would allow hydrogen to become substantially more competitive with other low-carbon alternatives—reducing greenhouse gas emissions (GHG) to almost zero while offering the same power, efficiency, and reliability as diesel fuel. Its patented technology known as HPDI 2.0 (high pressure direct injection) is using infrastructure already in place in internal combustion engines to move towards a net zero carbon future.

Since being named an EDC Cleantech Export Star in 2018, demand for Westport's innovative technologies has increased as GHG emission reduction targets are being implemented across the globe.

The company anticipates growing demand throughout North America as trucking companies and regulators continue to revamp their policies to fight climate change affordably by switching from liquid fossil fuels to gaseous fuel solutions. Developing clean and affordable systems that can meet the expectations of discerning customers requires extensive resources, says executive vice-president of corporate development and Chief Legal Officer Lance Follett, who adds that Export Development Canada (EDC) has played a critical role in enabling its success.

In 2017, EDC signed a US$20-million loan agreement with Westport to help get its technology commercialized, followed by an important US$10-million term credit facility in 2020 to bolster its liquidity at the height of the COVID-19 pandemic. In addition to funding, access to EDC's global networks of governments and policy-makers, as well as industry leaders, has helped extend Westport's market reach around the world.

CUSTOMER FEATURE - CBS

Founded in 2006, CBS[3] is an Alberta-based tech company that specializes in optical engineering, software development and online management systems with a heavy focus on customer support and training. But unlike other small startups that wait years to expand internationally, CBS opened its first global office in Tokyo that same year. Fast-forward to 2022 and CBS has become one of the world's largest providers of optical engineering design services and tools, and builds smart, green solutions for clients across many industries on five different continents.

Combining data from various technological, geographical and socio-economic sources, their technology can improve how traffic and crowds flow, the safety of crosswalks, how the tourism industry operates and the planning and execution of urban development.

With declining domestic sales in 2021 because of the global pandemic, founder and CEO Audrey Charles had the insight to focus more on exporting to international markets, where company sales were steadily rising. Unable to travel due to restrictions, she recognized the importance of having people "on the ground" internationally and began to investigate loan options, so she could hire more employees and strengthen her company's global presence.

Initially, Charles heard about Export Development Canada (EDC) through startup events and trade expos held by the Trade Commissioner Service (TCS). At these events, she met with trade commissioners and found out how EDC helps Canadian companies grow internationally. With an understanding of EDC's products, she approached her bank to apply for our Export Guarantee Program (EGP). With the EGP, EDC provides a guarantee on the money clients borrow from their financial institution (FI). By sharing the risk, we can encourage the FI to increase a customer's access to working capital.

EDC's export guarantee also gave CBS the opportunity to expand their business in Europe, as well as participate in international trade shows to further promote their company. CBS has always been a company with an international mandate, prioritizing services to enterprises mainly across Asia and Europe. Today, the company has multiple partnerships across three continents, and has increased their revenue fivefold within a three-year period.

2 https://www.edc.ca/en/article/westport-fuel-systems-drives-innovation-power-cleaner-tomorrow.html
3 https://www.edc.ca/en/article/cbs-success-story-edc-export-guarantee-program.html

2.0 ENVIRONMENT AND CONTEXT

2.1 GLOBAL ECONOMIC CONTEXT

After more than two years of a global pandemic, the near-term outlook for the global economy has shifted to deal with the reverberations and challenges emerging from such an abnormal period, including supply chain obstacles, the rebalancing of demand between goods and services, multi-decade highs in inflation and changes to central bank strategies. In addition, the Russian invasion of Ukraine upset key commodity markets, increased uncertainty, and raised inflationary pressures in this transitional time.

These factors are key contributors to why expectations for the global economy have moderated, with growth of 2.2% this year, followed by modest growth of 2.6% in 2023.

While there was an expectation that the global economy would eventually move past COVID-19, the ripple effects from impacts of the virus are preventing a much hoped for “return to normal”. The removal of public health restrictions in most countries has allowed consumers to reorient their spending and purchase more services, but lingering supply chain issues continue to hamper goods manufacturing. Additionally, at odds with much of the world, China’s government has continued to pursue a very strict COVID-zero policy, periodically forcing the shutdown of major cities and production or export hubs. This is significantly contributing to backed-up global supply chains.

Faced with still-strong consumer demand, persistently constrained supply chains and historically tight labour markets, companies have responded by increasing prices at their highest rates in the last four decades. Adding fuel to the inflationary pressures has been the hit to global oil and food supplies following Russia’s invasion of Ukraine, which has removed critical supplies from these key markets—pushing prices up for the remaining stocks available. Russia’s decision to use its energy supplies as a weapon is creating significant pressure on Europe, as tight energy supply is going to lead to a winter of rationing, tripled prices, and a large hit to the German and European economies.

Despite risks to economic growth, central banks have redoubled their efforts to combat this period of historically high inflation. Major central banks have increased interest rates through the end of 2022 and are expected to maintain restrictive rates throughout 2023. When combined with central banks unwinding of their quantitative easing programs, monetary conditions have tightened significantly in 2022 and will tighten further in 2023.

Despite the bumpy road, and the difficult decisions facing policymakers, global conditions remain supportive of growth, albeit very moderate. As noted above, Canadian and U.S. labour markets are historically tight, and unemployment is scraping the lowest levels on record. Supply chain issues have gradually improved through 2022 and while interest rates have increased quickly, they are only just reaching historically normal levels.

While our base case forecasts moderate growth in Canada and the U.S., we expect the Eurozone to move into recession given energy supply issues. Additionally, volatility remains high as economic support measures are removed and inflation threatens to cut into consumers’ wealth and ability to spend, increasing market instability. EDC remains concerned about the risk that central banks unwind their balance sheets and increase interest rates too quickly and by too much, causing widespread economic pain and financial market dislocation. Furthermore, as the Russia-Ukraine conflict illustrates, geopolitical risk factors could also upend the outlook and impact the global economic outlook. All of this together heightens risk of a much worse outlook for the global economy.

2.2 CANADIAN ECONOMIC CONTEXT

Canada's emergence from the COVID-19 pandemic and transition towards more normal economic activity has been challenged primarily by global, rather than domestic, factors. However, despite the volatile international environment, the outlook for the Canadian economy remains relatively volatile, with growth of 3.2% anticipated for 2022 and 1.3% for 2023.

Volatility resulting from the halting emergence out of COVID-induced supply chain disruptions and Russia's early-year invasion of Ukraine has complicated the operating environment for many parts of the Canadian economy. Commodity exporters have generally benefitted from tight global supplies and record-high prices across much of the commodity complex. However, transport and logistics constraints have prevented some producers from realizing the full benefits of the current environment.

Agricultural producers have suffered the additional limitations imposed rising input costs while demand for wood products is expected to weaken as consumer spending rotates back toward services. Meanwhile, producers of manufactured goods are wrestling with a tight labour market and changing consumption patterns, just as supply chain disruptions begin to abate. For other sectors – like the energy, metals, aerospace, automotive and tourism-dependent sectors – conditions are improving significantly.

All parts of the Canadian economy are facing headwinds from the aggressive cycle of interest rate increases by the Bank of Canada since the start of 2022. This was undertaken to tame inflation, which has reached nearly 40-year highs. As these hikes flow through the wider economy, we expect the domestic economy to gradually weaken.

With the challenging and volatile geopolitical environment such as ongoing tensions between the West and China, and new fiscal measures in the UK, EDC can play a key role in a number of areas. As countries seek energy security and renewable sources of energy, investment and support in building and exporting these sources will be key. At the same time, agricultural exports from Canada will remain critical to feeding the world while the war in Ukraine continues.

While the reasons will vary, from the easing of public health restrictions and recovery of global supply chains to the pricing impact of global geopolitical upheaval, many sectors are positioned to see better performance in the near-term. Overall, while the domestic economy will slow, we expect trade to have a positive impact on Canada's economic prospects.

2.3 EDC CONTEXT

Given increasing interest rates, talks of recession, geopolitical conflicts and climate change impacts, EDC has a critical role to play in helping our customers navigate the current uncertainty of global markets. Our commitment to provide a better customer experience underpins our success, and includes:

- A flexible and temporary broadened mandate that enables us to evolve our solutions to support and develop trade for a diverse range of Canadian companies
- More than 75 years of business and risk management experience in more than 200 markets
- International representations in 21 key markets, which enables us to be where our customers are, and where they are going, and leverage relationships with the Trade Commissioner Service, international buyers and borrowers
- A highly engaged workforce, as demonstrated by our Spring 2022 employee engagement survey which placed EDC in the top 25 percent of Canadian organizations for its employee Net Promoter Score in response to the question "I would recommend EDC/FinDev Canada as a great place to work"
- Strong customer satisfaction and loyalty among export clients, as demonstrated by a Net Promoter Score in the top 15 percent of North American B2B companies

OPPORTUNITIES AND CHALLENGES

We regularly assess our operations to identify both challenges and opportunities. Highlights of this assessment, included in the following tables, help to inform our strategic direction in areas where we can deliver the most value to Canadian companies and drive Canadian trade.

EXTERNAL ENVIRONMENT

	Opportunities	Challenges
Federal Partners	Canadian companies stand the best chance of succeeding internationally when they have a coordinated network of support at home. To this end, we continue to work closely with our federal partners to improve the experience for Canadian companies. These partners include the Trade Commissioner Service (TCS), Business Development Bank of Canada (BDC), Canadian Commercial Corporation (CCC), Sustainable Development Technology Canada (SDTC), Innovation, Science and Economic Development Canada (ISED), Environment and Climate Change Canada (ECCC), Farm Credit Canada (FCC), and Agriculture and Agri-Food Canada. EDC's stewardship of the Minister of Small Business, Export Promotion and International Trade's Business Economic and Trade Recovery Committee (BETR), is a top priority to improve customer experience and collaborate with federal partners. In late 2021 and throughout 2022, EDC will work with Innovation, Science and Economic Development Canada's (ISED) and other government partners to develop ISED's Hyper Growth Passport Program, support high growth companies and help them scale up. For more details, please see the Leverage our Partnerships section 3.3.5.	While all partners within Canada's trade ecosystem must be aware of each other's offerings to ensure a seamless experience for Canadian companies, we must focus on improving delivery among all agencies.
Private Sector Partners	Opportunities exists to collaborate in new ways with financial partners, industry associations and innovation centers, for the benefit of small and micro-sized enterprises. 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. In 2021, EDC launched our Global Partnership Program, added new partners and deepened relationships with existing FIs and credit unions, and worked alongside our FI partners on inclusive trade initiatives.	Financial institutions are rapidly evolving their solutions, technology, delivery methods and processes to meet increasing demands from our clients. We must continue to evolve our digital capabilities to engage with these partners.

	Opportunities	Challenges
Canadian Companies	While the economic recovery period will bring opportunities to serve and support companies of all sizes. A lasting feature of the COVID-19 crisis will be its impact on the future of work and a hastening of the move toward digitization and e-commerce. The resulting change in needs and expectations has accelerated digital transformation across the economy. Many sectors, including finance, manufacturing, retail, agriculture, and mining, are looking at more relevant digital offerings enabled by the simplification and automation of internal processes.	As the economy recovers from the pandemic, Canadian companies continue to experience challenges in securing their supply chains, as global shortages becoming more prevalent due to inflationary pressures, rapid interest rate hikes, labour, and geo-political issues.
EDC as Canada's Export Credit Agency (ECA)	EDC is a critical tool in the Canadian trade ecosystem to ensure Canadian companies can compete internationally. Our broad range of innovative products sets us apart from other Export Credit Agencies (ECAs). However, as other ECAs evolve in response to economic pressures and the changing global trade landscape, EDC must be more proactive to provide innovative solutions and support trade. The OECD Arrangement remains a framework through which EDC may facilitate trade opportunities for Canadian exporters. In addition, ECAs increasingly have a strong alignment with industrial and innovation policy and the export strategies of their respective governments. This enables ECAs to innovate and direct targeted support toward priority growth areas of strategic national interests. In addition, most successful ECAs have a strong alignment with industrial and innovation policy and the export strategies of their respective governments. This enables ECAs to increase their risk appetite. Increased engagement with other government departments and agencies responsible for these policies will help to highlight these opportunities.	EDC continues to share experiences and help advance best practices with other financial institutions and ECAs. We also advocate for a more advanced OECD ESG framework to raise the bar on due diligence requirements. This work will be critical to ensure we are working towards similar goals to create a level-playing field for Canadian companies. In addition, non-OECD economies that do not adhere to the OECD Arrangement on Export Credits have become increasingly important providers of export credits, disrupting the level playing field. EDC will continue to support the Government of Canada as it works to eliminate competitive disadvantages to Canadian companies, and advance international rules and level the playing field with respect to the global use of export credits.

INTERNAL ENVIRONMENT

	Opportunities and Challenges
Digital Strategy	To remain relevant in a global marketplace increasingly shaped by technology and to deliver on our long-term strategy, we must invest in our core business and digital infrastructure. As EDC progresses on its digital strategy and roadmap, eliminating our technical debt will be a priority throughout the planning period. We will continue to evolve our digital resources and capabilities to address the distinct needs of each customer segment.
ESG	We are committed to sustainable and responsible business—good business and good trade can contribute to a better Canada and a better world. That is why EDC is integrating sound ESG principles and practices at the core of our 2030 corporate strategy. As part of our value proposition, these principles guide how we operate and position us a leader in international trade.We joined and grew several new partnerships and organizations including the Business Ethics Leadership Alliance, Powering Past Coal Alliance, Partnership for Carbon Accounting Financials, and the Canadian Aboriginal and Minority Supplier Council.
People	Over the planning period, we will continue supporting our employees as they transition back from the pandemic to a more structured work environment.
ID&E	We value and respect the differences among our employees and celebrate the diversity of a global organization. We are dedicated addressing systemic barriers for employees and customers who are Black, Indigenous or part of other traditionally marginalized groups.

2.4 OVERSIGHTS AND REVIEWS

EDC reports to Parliament through the Minister of Small Business, Export Promotion and International Trade. We are governed by a Board of Directors, whose representatives are from the private sector and appointed by the Government of Canada.

We are accountable and responsive to the Government of Canada through several oversight mechanisms, including the Corporate Plan and Annual Report, both of which are approved by the Minister and tabled in Parliament, and the Ministerial Statement of Priorities and Accountabilities (SPA). A copy of the 2021 SPA can be found in Appendix I. Ministerial directives also form part of this system of oversight, and we are compliant with nine directives as outlined in Appendix VIII, including the most recent COVID-19-related Ministerial Directive and the associated legislative change, which extended our mandate to include domestic businesses operating in Canada.

2018 LEGISLATIVE REVIEW

Section 25 of the *Export Development Act* (the Act) requires that the Minister of International Trade Diversification, in consultation with the Minister of Finance, initiate a review of the provisions and operation of the Act every 10 years. Among other things, the review examines different aspects of our role, functions, and governance, as well as how we should evolve to meet the needs of Canadian companies.

The 2018 Legislative Review examined our complementary role with the domestic private sector, our ability to meet evolving Canadian business needs in a changing global context and our adherence to high corporate social responsibility standards. The review process involved consultations with the Canadian public, whereby interested parties had the opportunity to submit their views through a website. The Minister's 2018 Legislative Review Report of EDC was tabled in Parliament on June 20, 2019. While there is still the potential for Parliament to review the Minister's report, the findings have been instructive in the development of our new corporate strategy, as well as ongoing relationship building with federal and private sector partners.

At the same time, COVID-19 had significantly changed the Canadian landscape when these findings were generated. In some cases, outstanding issues related to our role in the domestic credit insurance market were superseded by the extension of our domestic powers to help deploy the pandemic response. In other cases, the pandemic accelerated or supercharged areas of interest in the findings, such as our ability to take risk. As such, we have taken on a significantly elevated risk profile. Engagement with the Board and government officials on the development of the new strategy will address the longer-term view on risk appetite and how we evolve this through the recovery phase and beyond. Similarly, we continue to evolve our Environmental, Social and Governance (ESG) practices consistent with the Legislative Review findings, Ministerial letters, and public expectations. EDC is renewing its suite of ESG policies over the fall of 2021 and will undertake stakeholder and shareholder consultations.

SPECIAL EXAMINATIONS

A special examination is mandated at least every 10 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: our approach to risk management, organizational transformation, and corporate management practices. We were pleased that the conclusions of the OAG's Special Examination Report validated our Enterprise Risk Management (ERM) project plans. The specific findings of this examination and EDC's response is available through the OAG website.[1]

ENVIRONMENT AUDIT

The Act also stipulates that the OAG must undertake an audit of the design and implementation of EDC's *Environmental and Social Review Directive* (the ESRD Audit) every five years. The 2019 audit is complete, and the findings were tabled in Parliament. As articulated in EDC's responses to the OAG's recommendations on the ESRD, EDC will be implementing any actions committed to in future updates of the ESRD and associated process. A copy of the 2019 Environmental and Social Audit is publicly available.[2] A new environment audit is scheduled at the end of 2022.

1 https://www.oag-bvg.gc.ca/internet/English/parl_oag_201805_12_e_43044.html
2 https://www.oag-bvg.gc.ca/internet/English/parl_otp_201912_e_43500.html

3.0 GOALS AND OBJECTIVES

3.1 MAIN OBJECTIVES

EDC OBJECTIVES

EDC's 2023 – 2027 objectives are grounded in our 2030 vision and strategy to create a positive impact on Canadian trade.

As outlined in the 2021 Annual Report, performance against our objectives is an area of ongoing importance at EDC. While the 2016-2020 Strategy focused on growing EDC's customer base, the 2030 Strategy emphasizes EDC's role as Canada's export credit agency in addressing Canada's trade performance. In essence, EDC's 2030 Strategy aims to help reverse Canada's trade performance gap by supporting and accelerating the success of Canadian companies in high growth international markets. By focusing on a segmentation approach[1] to delivering targeted products and services to exporters in target sectors, EDC will drive future Canadian trade competitiveness, particularly for those industries in high demand internationally.

The 2023-2027 corporate planning priorities include staying the course relative to our 2030 vision, through accelerating investments in the medium segment, implementing our ESG commitments, and prioritizing our efforts to adjusting our technological approaches and organizational mindset, while meeting our financial commitments set out in the corporate plan.

1 Note. Segments referenced in EDC's 2030 strategy are defined as: Small (less than $10M annual sales), Medium (annual sales between $10M and $300M), Large (annual sales greater than $300M).

EDC's top priority in 2023 continues to be evolving its solutions and service models to meet the needs of the different Canadian business segments.

We are moving to position the customer at the heart of our organizational model and are committed to addressing the specific needs of micro-small, medium, and large Canadian companies. To do so, we will leverage our expanded risk approach, developed during the pandemic response period, and our knowledge business to ensure that Canadian companies have the tools and expertise they need to enter new markets, grow their international sales and diversify their businesses.

We continue to place a priority on medium-sized firms—the catalysts to Canadian economic growth—through increased trade. EDC is adjusting the way it listens and responds to the unique needs of these companies, by bringing together experts from across business lines to work directly with customers and deploy the solutions that will accelerate their international growth. EDC will focus on growing market penetration of medium-segment companies, improving our speed and consistency of delivery, and adjusting our risk appetite to accelerate the growth of this segment.

Canadian micro- and small businesses are the foundation of the Canadian economy, contributing to growth, innovation and job creation, and many are already engaged in international trade. The current environment, however, presents unique challenges for these companies, that do not have the resources and expertise of larger businesses. To better serve this growing segment, EDC is investing in simplifying and digitizing access to our solutions.

Large companies are the backbone of the Canadian economy and drive Canada's export and international investment. EDC will continue to provide dedicated account management to our large customers, as anchor clients in new markets to spur growth for small- and medium-sized companies. Specifically, we will leverage these companies as strategic partners, and seek opportunities to support their customers, suppliers and partners, to develop purpose-specific solutions that mainstream banks do not provide.

LEADING WITH VALUES

In developing our 2030 strategy, we revisited and strengthened the core values that guide how we conduct our business. These are:

- Our customers' success is our success
- We act with integrity and are ethical, genuine, and transparent
- We strive to make the communities we live and work in better
- We care about people and our impact on the environment

We will strive to embed these values at the center of everything we do. These values are embedded in the priorities outlined in this plan. As follows:

Our customer's success is our success

We act with integrity and are ethical, genuine and transparent

We strive to make the communities we live and work in better

We care about people and our impact on the environment

3.2 MEASURING OUR IMPACT: EDC'S IMPACT FRAMEWORK & 2021 REPORT

As we advance our 2030 strategy, an important aspect is monitoring and quantifying our progress towards our target. The impact framework and report allow us to consider our progress towards our long-term goals. This framework and report are used to support the organization in keeping an eye on the broader impact it is looking to have with the 2030 strategy for Canadian business and the country.

THE FRAMEWORK

EDC's Impact Framework is a theory for how our trade solutions deliver impact to Canada. The Impact Framework reads from left to right and shows EDC's impact statement in the dark blue box on top and the impact narrative in the light blue boxes below. Each of the four blue boxes represents a different step in the impact narrative going from (1) activities; to (2) outputs; (3) outcomes, and ultimately (4) impact.

EDC provides trade solutions...	... to boost the competitiveness of Canadian companies internationally...	... creating a stronger, more equitable and sustainable economy...	... and building a better future for all Canadians in the decade ahead.
Utilize a mix of capital, risk mitigation, trade knowledge and global connections Provide guidance on responsible and sustainable business standards Provide access to global markets through government, business, and civil society partnership	Unlocking export markets for micros & small businesses • Enable first-time exporters • Expand export opportunities Accelerating growth potential of medium business • Scale high potential companies Partnering with large businesses • Enhance future competitiveness and supply chains • Diversify markets, partners and clients Promoting responsible & inclusive business for all • Empower diverse exporters • Spur sustainable business models • Address human rights issues • Strengthen business integrity	Stronger trade & investment opportunities • Increase Canada's export growth increasing Canada's share of global exports* • Increasing Canadian GDP facilitated & jobs facilitated • Improving trade diversification More equitable & sustainable economy • More diverse and inclusive exporters • Lower carbon and climate-resilient economy	By 2030, Canada will regain it's standing as a leader in international trade, building a better and stronger economic future for all Canadians

* *EDC's aspirational Goal*

THE IMPACT REPORT

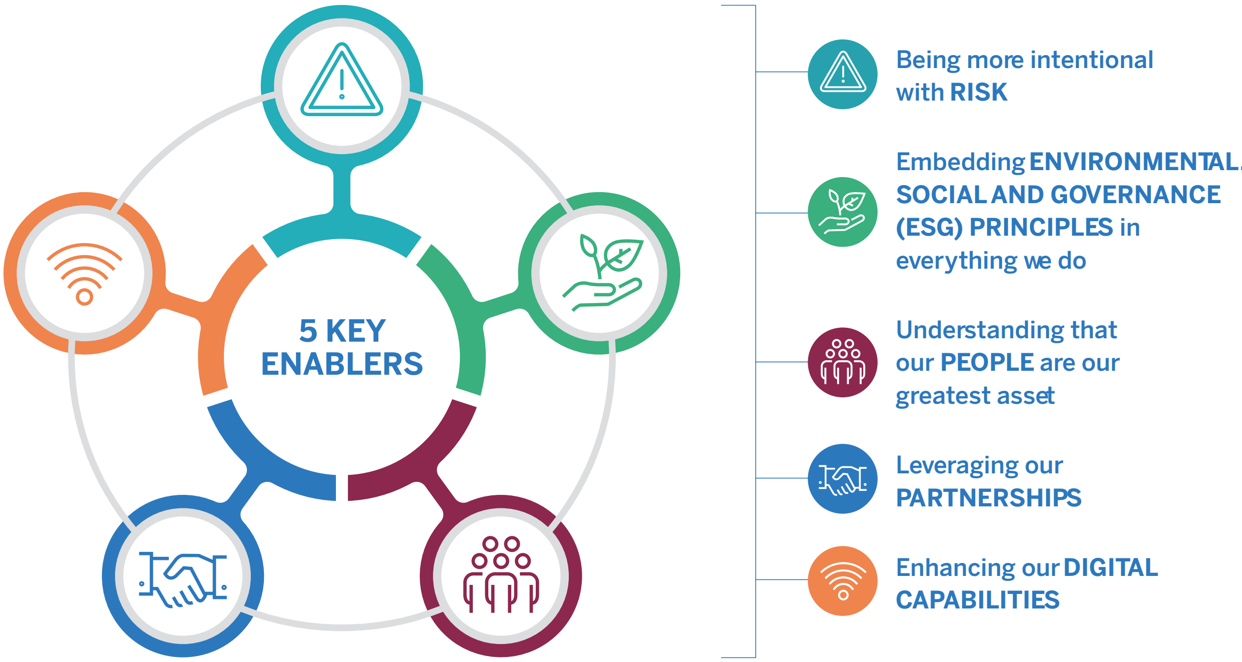
A key priority over the past 18 months has been to measure the impact of our 2030 strategy, namely the impact on customers and the impact on Canada.

IMPACT ON CUSTOMERS

To grow Canadian trade and tailor our support for medium-sized companies, we need to better understand our direct impact on customers. We are compiling anecdotal customer stories, in order to quantify and capture and assess this impact, in order to derive insights that may help refine our future strategies and plans.

3.3 THE 5 KEY ENABLERS

In developing the 2030 Strategy, EDC identified five key enablers to guide the organization's new direction. These enablers also act as the key areas of transformation investment over the planning period



3.3.1 ENHANCE OUR DIGITALLY ENABLED CAPABILITIES

Considering the new realities and challenges emerging from the COVID-19 pandemic, enhancing our digital capabilities are a priority. In 2020, EDC sought client and partner feedback to inform a transformation roadmap to help to deliver on our long-term strategy and better serve Canadian companies during the post COVID-19 recovery phase. Three elements inform EDC's digital investments:

- **Increase customer centricity** – We are upgrading our digital capabilities to marketplace expectations (clients, partners, and shareholder). This includes easy digital payments, simple single account login to our systems and easy access to our product and services on the web when it makes sense.
- **Easy and timely access to relevant data** – We are enabling our clients to have easy access to relevant information about our products and services and our employees will have easy access to pertinent information to provide relevant advice to clients for more informed decisions.
- **Larger impact on the Canadian economy** – We are improving platform stability and exploring new, agile ways of working, in order to reduce time-to-market of new products and develop new business models to reach more companies, particularly in the medium segment and advanced technology sector.

DIGITAL ROADMAP

In 2020, we committed to a five-year investment to modernize our digital capabilities with a focus on five key pillars.

- **Modernizing our network**: Provide a stable and secure network so employees can safely access systems from anywhere
- **Transitioning to Cloud**: Transition on-premises data center to cloud to improve system resiliency, ability, and speed to develop new business application and connectivity with partners
- **Improving our data posture**: Enable improved informed decisions and insights based on data that is trusted, verified, accessible and that is seamlessly integrated across the enterprise
- **Bolstering our Cybersecurity**: Improve our ability to protect against, detect and counter cyber-attacks and related effects
- **Developing modern applications**: Offer relevant business application to drive required strategic outcomes (e.g., client growth in the medium segment)

The key elements of the modernization plan are spread over three phases: **Phase 1** - Rebuilding the core to catch up with industry; **Phase 2** - Leverage rebuilt core to enable business strategy; and **Phase 3** - Scale and innovate to maximize impact.

The COVID-19 crisis underscored the importance of digital capabilities. The new normal will be increasingly digital for our clients, partners, and employees, and we need to be prepared to play in this environment to serve more Canadian companies and engage with our partners. As we continue our path to upgrade our infrastructure, systems, and applications to meet our strategic goals, we continue to learn and adapt (e.g., multiple interdependent systems supporting sub-scale businesses create additional complexity, delays, and costs to modernize) and remain prudent around our investment choices, the sequencing of initiatives and the pace of transformation.

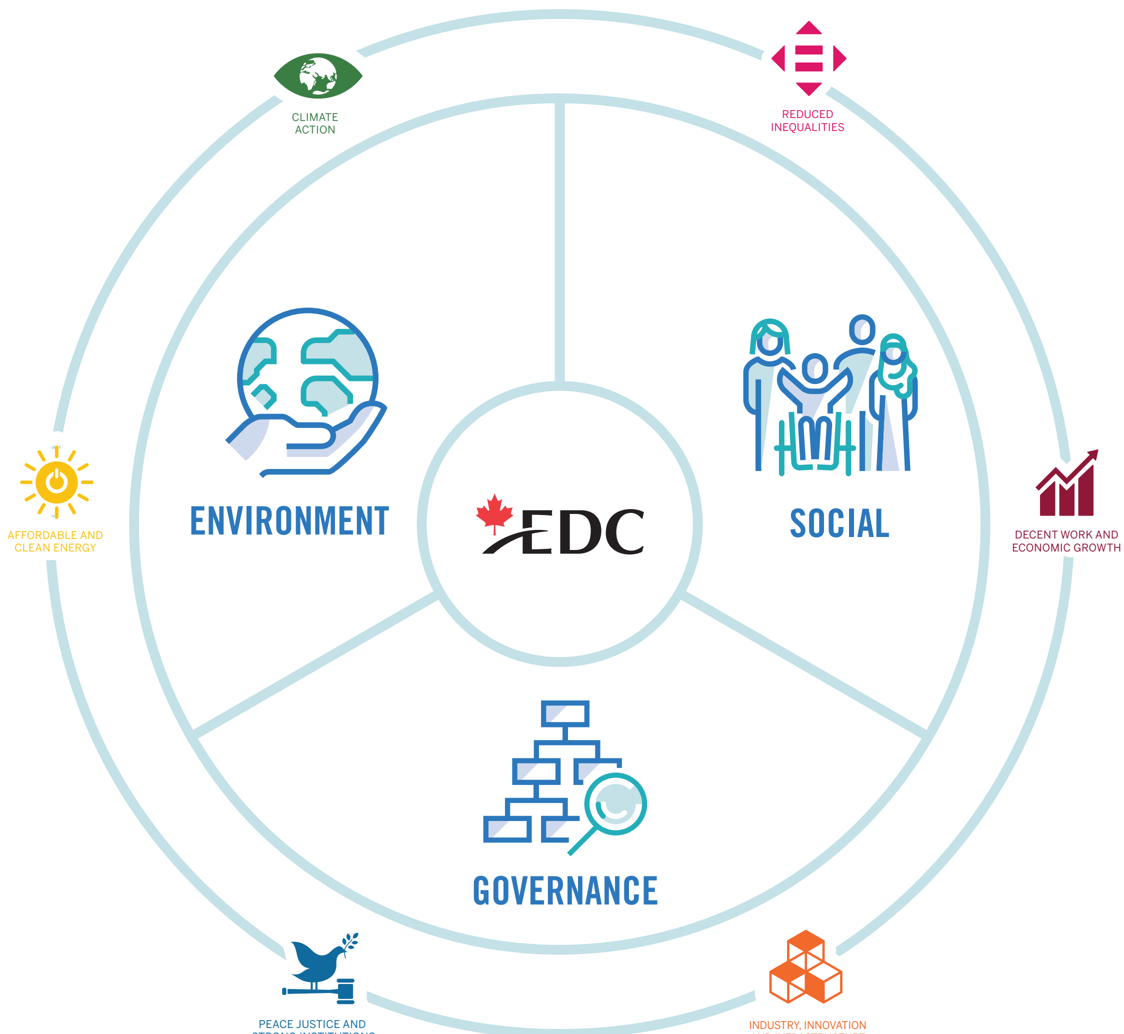
3.3.2 EMBED ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) IN EVERYTHING WE DO

ESG is fundamental to EDC's 2030 strategy, which calls for us to lead with our values and embed ESG principles in everything we do.

Four objectives underpin our approach:

1. Make ESG part of our core operating system, running through all aspects of our products, people, communications, and reporting.
2. Support our customers in considering how ESG will enable business growth and evolution.
3. Demonstrate leadership among export credit agencies and influence among financial institutions.
4. Build our portfolio of the future with strong ESG principles embedded in all products.

Over the past year, we've made important strides in embedding ESG values, principles, and processes across our organization, in support of Canadian companies.



The table below summarizes our progress over the past year.

Environment	Social	Governance
• Committed to Net Zero by 2050 • Introduced Science-Based Targets for airlines and upstream oil and gas sectors • Published fourth Climate-related Disclosure • Launched the EDC-BMO Sustainable Finance Guarantee[2] • Joined Powering Past Coal Alliance, the Partnership for Carbon Accounting Financials, and the Berne Union Climate Working Group • Began an ESG Advisory Services Pilot	• Began operationalizing Leverage and Remedy Framework • Published Human Rights Disclosure • Released new Sustainable Bond Framework,[3] which includes social and transition bonds • Joined Shift's Financial Institutions Practitioners Circle	• Created the Chief Corporate Sustainability Officer Role, supported by three Vice-Presidents dedicated to ESG • Increased time dedicated to ESG at Board of Directors and Executive Committee meetings • Conducted review of ESG Advisory Council and welcomed five new members • Conducted ESRM Policy Review • Completed ESG Materiality Assessment • Strengthened Financial Crime Program • Joined the Business Ethics Leadership Alliance

LOOKING FORWARD

As we continue to make progress on the four objectives underpinning our ESG approach, our focus will remain on:

- integrating ESG across the organization;
- supporting customers to ensure ESG is a competitive advantage as they compete internationally (by educating small companies to raise awareness; helping medium companies build their ESG capabilities; and ensuring our large customers meet world class standards;
- creating products and services that integrate ESG considerations and increase capital flows needed for the climate transition; and
- using our influence to inspire action among our peers.

OUR APPROACH TO ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT

Our approach to risk is governed by our ESRM policies, which align with international frameworks, including the OECD Common Approaches, the Equator Principles, the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD), the UN Guiding Principles on Business and Human Rights (UNGPs) and the OECD Guidelines on Multinational Enterprises.

Our policies include:

- *Environmental and Social Risk Management Policy*
- *Environmental and Social Review Directive*
- *Climate Change Policy*
- *Human Rights Policy*
- *Transparency and Disclosure Policy*

In 2021, we began a review of our policies, in accordance with our commitment to update the policies every three years to ensure they align with best practices, consider stakeholder expectations and reflect a broad range of perspectives.

We plan to issue updated policies in Q1 of 2023, alongside a Public Response Paper outlining the feedback we heard and the resulting changes we are making to the policy.

2 https://www.edc.ca/en/about-us/newsroom/edc-and-bmo-announcement-on-sustainable-finance-solutions.html
3 https://www.edc.ca/content/dam/edc/en/non-premium/sustainable-bond-framework.pdf

ESG PARTNERSHIPS

EDC is committed to working with our partners to make progress on global ESG issues that affect businesses, economies and society at large. For many years, we have actively engaged with OECD environmental and social practitioners and Equator Principles Association working groups, to tackle issues such as climate change and human rights.. For a list of our memberships, as well as international agreements and standards we adhere to, please visit our website.[4]

In 2021, we also joined:

- the Powering Past Coal Alliance, a coalition of national and subnational governments, businesses and organizations working to advance the transition from unabated coal power generation to clean energy;
- the Partnership for Carbon Accounting Financials, an industry-led partnership to facilitate transparency and accountability of the financial industry to the Paris Agreement;
- Shift's Financial Institutions Practitioners Circle, a space for leading practitioners in the financial sector to discuss human rights challenges and co-create cutting-edge solutions customized to their needs;
- the Berne Union Climate Working Group, a new flagship committee, which presents an opportunity for EDC to exert leadership and contribute its expertise to advance common practices across our closest peer group. EDC was asked to take on the Chair position and help set a mandate and direct the work of the group over 2022;
- The Business Ethics Leadership Alliance, a 300+ member-strong globally recognized organization of leading companies collaborating to share best practices in governance, risk management, compliance and ethics.

EDC reaffirmed our support for the Ten Principles of the United Nations Global Compact in the areas of human rights, labour, environment and anticorruption through a letter from our CEO, which together with our 2020 Integrated Annual Report served as our first Communication on Progress.

HUMAN RIGHTS

Our *Human Rights Policy* articulates the principles and commitments that guide our approach to protecting and respecting human rights through the business we support and is aligned with the United Nations Guiding Principles, Government of Canada's expectations., and internationally respected guidelines on Responsible Business Conduct (RBC).

In 2021, as part of the larger review of our ESRM Policy Framework, we began a review process to update our *Human Rights Policy*, to ensure it remains relevant in fast-changing and complex ecosystem. As part of this process, we completed a peer benchmarking assessment and conducted consultations with stakeholders, including our employees, Board of Directors, industry, and civil society. We also aligned our policy review with the 2021 Statement of Priorities and Accountabilities (SPA), which directed EDC to continue to uphold high RBC standards within the business community and strengthen our disclosures. We expect to publish the updated policy in Q1, 2023, alongside a Public Response Paper outlining the feedback we heard and the changes we're making to the policy as result. In 2022, we published our second[5] standalone Human Rights Disclosure. We will continue to align our policies with the UNGP Reporting Framework and RBC strategy.

Over the next two years, we will:

- Complete the review of our *Human Rights Policy* and implement new policy commitments.
- Continue to improve as we implement our approach on leverage and remedy.
- Develop a 3 to 5-year strategic plan to define key human rights priorities.

EDC SUPPORT FOR CLIMATE CHANGE INITIATIVES

Our approach to climate is guided by our *Climate Change Policy*, which sets out the principles and commitments that guide our approach to climate change-related risks and opportunities.

In 2021, we reviewed our *Climate Change Policy*, which included a peer benchmarking assessment and consultations with stakeholders across the trade ecosystem. We expect to publish the updated policy in Q1, 2023, alongside a Public Response Paper outlining the feedback we heard and the resulting changes we are making to the policy.

4 https://www.edc.ca/en/about-us/esg/agreements-memberships.html
5 https://www.edc.ca/content/dam/edc/en/corporate/corporate-reports/annual-reports/edc-2021-human-rights.pdf

In July 2021, EDC was the first export credit agency to commit to net-zero emissions by 2050, in alignment with the Government of Canada and the Paris Agreement. In 2022, we disclosed additional details of our plan to reach net zero. These include:

- Interim science-based targets for airlines and upstream oil and gas financing portfolios. These targets will enable EDC to work with customers as they transition to drive significant reductions in emissions over time.
- Sustainable finance approach and sub-targets: These targets will deliver impact for customers, society, and the environment, ensuring principles of measurement, transparency, sound methodology and alignment to international standards and our shareholder. We continue to evolve our climate strategy with best practices and current science, as our internal capacity and expertise grows.

To achieve our net-zero targets, we will need to balance both short- and long-term commitments and implement structural changes. These include:

- Identifying high-emitting sectors and customers to understand where to focus decarbonization efforts
- In 2022, surpassing our previously set carbon exposure target of 40%, and increasing the target to a reduction of 45% from the 2018 baseline. Align reduction of financed emissions with net zero emissions, particularly for high-emitting sectors.
- Increase support for sectors and activities that are critical to achieving new zero (e.g. renewable/alternative fuels, clean tech) and facilitate innovation and sustainable development (such as future sustainable bond offerings) across all sectors.

Our work on reducing EDC's own operational emissions in efforts to pursue net-zero operational emissions by 2050 continues to progress. While we have been measuring and disclosing our operational greenhouse gas (GHG) emissions for many years, we recognize there are opportunities for improvement as per evolving industry standards, specifically the GHG Protocol for measuring GHG emissions and Science Based Targets Initiative (SBTi) for setting science based interim targets. In 2022, we added new capacity and resources to ensure we continue to make progress in this area. Our strategy and plan to achieve net-zero in our operational emissions will be brought to the Board of Directors in the Fall and updates on progress will be provided once the plan is in operation.

Climate reporting is part of our efforts to ensure transparency of our operations. The Government of Canada, through its 2021 SPA, acknowledged EDC's initiative in endorsing and aligning to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), since 2018, and has encouraged us to continue to implement the recommendations.

We continue to work with our customers to help them transition to a low-carbon economy.

In 2022, we announced an agreement with BMO Financial Group to bring sustainable finance solutions to medium- and large-sized Canadian exporting businesses, to help them transition from carbon-intensive operations to those that eliminate or reduce emissions. The program will provide an initial $1 billion in financing over the next three years to support sustainable initiatives, including hydrogen, renewable infrastructure, and grid modernization, across nine carbon-intensive sectors. Over the planning period, we will expand the program to include other financial institutions to support more Canadian companies transition to net zero.

We also released a new Sustainable Bond Framework[6] (independently reviewed by Sustainalytics), to enable greater support for initiatives that create a more equitable and sustainable world. In addition to green bonds, EDC will issue sustainable, social and transition bonds. While green bonds remain an important part of the framework, EDC has intensified its focus on climate change by adding transition proceeds, targeted specifically to facilitate the transition to a low-carbon economy.

In 2021, we provided $84.9 million in climate finance to support of the Government of Canada's commitment to the UN Framework Convention on Climate Change, which is directed to low-carbon or carbon-resilient transactions in developing countries.

Finally, we continued to implement the Equator Principles 4 (EP4) updated disclosure requirements, as well as the requirement that Equator Principles financial institutions consider climate-related physical and transition risks, based on specific criteria.

6 https://www.edc.ca/content/dam/edc/en/non-premium/sustainable-bond-framework.pdf

The following initiatives are planned for 2022 to 2024:

- Issue an updated *Climate Change Policy*
- Release the 2021 Green Bond Impact Report
- Disclose financed emissions from our portfolio in accordance with our net zero commitments
- Continue implementing operational GHG emissions abatement initiatives
- Develop an ESG Product Strategy that outlines EDC's intentions to expand the product suite to ESG-focused solutions

ONE OF CANADA'S LARGEST FINANCIERS OF CLEANTECH

In partnership with the private sector and other government departments, agencies and Crown corporations, EDC is proud to be one of the largest providers of financial solutions to Canadian cleantech companies. After making cleantech a corporate priority in 2012, EDC has facilitated more than $20 billion in cleantech exports, investments, and trade opportunities. In 2021, we provided support to 324 cleantech companies (a 13% increase over 2020), facilitating more than $6.3 billion in clean and low carbon activities, an 41% increase from 2020. For 2022, EDC set a Business Facilitated target for the cleantech sector of $8.9 billion and is seeking to serve over 356 customers. In addition, EDC announced its Sustainable Bond Framework in 2022. Going forward, EDC will continue to prioritize support to Canadian cleantech companies and low-carbon businesses. In developing our Sustainable Finance framework, EDC will also support larger emitters as they transition to a Net-Zero commitment. In addition to support through our corporate account, EDC also administers the cleantech Canada Account envelope, established by the Government of Canada to support early stage and capital-intensive clean technologies.

BUSINESS INTEGRITY

We continue to support Canada and other leading trading nations in their efforts to fight corruption and abide by the Organization for Economic Cooperation and Development's (OECD), Recommendation on Bribery and Officially Supported Export Credits. We will also continue to support the Canadian delegation to the OECD by contributing to and participating in anti-bribery and corruption conversations and implementing our enhanced commitments to business integrity.

Our *Code of Conduct* outlines our commitment to not knowingly support transactions that have been facilitated by the offer or the giving of a bribe. In 2021, we reviewed and updated the Code, adding new content in areas such as diversity and inclusion, cybersecurity and third-party risk management. We also adopted an updated Conflicts of Interest Standard, which provides guidance to employees on how to avoid and mitigate the risks of conflicts of interest between their personal and professional roles, and how to address organizational conflicts on behalf of EDC.

Our *Financial Crime Policy* establishes the due diligence program elements to support this commitment, as well as broader financial crime prevention, detection and deterrence commitments.

A key component of our ESG Strategy is increased accountability and business integrity throughout our organization and customers' businesses. This includes training to enable front-line employees to discuss sustainable and responsible business practices with customers. We continue to leverage our automated risk assessment tool, and our underwriting and business development staff conduct baseline due-diligence reviews on every transaction. If risk indicators are present and require enhanced due diligence, our team then considers risk mitigation measures. In addition, we continue to educate our customers on the importance of implementing strong ESG practices.

3.3.3 BEING MORE INTENTIONAL WITH RISK

EDC customers' long-term, sustainable success hinges on our knowledge of international trade and our ability to take on and manage financial and non-financial risks. A well-defined risk approach helps us balance our customers' interests and build a stronger and more sustainable economic future for *all* Canadians while upholding the principles of responsible business.

We continue to mature our risk management practices, guided by our Risk Management Maturity Model, which measures progress across six risk attributes. The Risk Taxonomy—a comprehensive set of risk categories that formalize, define, and classify risks—enables consistent risk identification, assessment, and reporting. This taxonomy ensures that we consider all types of risks in our transactions, and that risk information is aggregated to provide an enterprise-wide view using a common risk language.

Senior management reviews the Risk Taxonomy annually. The three risk categories in our risk taxonomy are:

1. Financial: Risk associated with our revenue-generating and financing activities.
2. Strategic: Risk to strategic objectives arising from ineffective business strategies, improper implementation of business strategies, or a lack of responsiveness to changes in the business environment.
3. Operational: Risk of direct or indirect losses due to failure attributable to people, processes, systems, or external events.

Senior management reviews strategic and operational risk profiles. The Top Strategic and Operational Risks are determined based on the residual risk level to achieve EDC's objectives and priorities.

We monitor financial risks associated with our financial services and revenue-generating activities for their impact on specific portfolios, concentration types, product groupings, and the Corporation as a whole.

On top of ensuring strong risk practices to support the operations of EDC, risk is also a crucial piece that enables EDC's 2030 strategy and EDC's value proposition. Early in the execution of the strategy, EDC has stepped up to lean into its risk appetite to create value and meaningful engagement in the different customer segments. As we continue to evolve the service offering for each segment, leveraging our risk appetite and sound risk practices will be key to being there to unleash the potential of Canadian companies to succeed internationally.

3.3.4 OUR PEOPLE ARE OUR GREATEST ASSET

The success of our Business Strategy is dependent on sound management of our most valuable resource – our people. Our business strategy provides the roadmap for change—but it is our employees who drive that change. Highly qualified, passionate and engaged employees create exceptional customer experiences. Given the current global economic situation and post pandemic reality, Canada's labour market and employee expectations are rapidly changing. EDC is responding to these shifts through by anticipating and forecasting business needs and trends, and focusing on those elements necessary to attract, engage, develop, empower and retain a competent and diverse workforce.

THE FUTURE OF WORK

The impact of the COVID-19 pandemic will continue to reshape how we live, work, and play for years to come. As the global economy recovers and we progress to a post-pandemic future, EDC will continue to ensure the safety and wellness of employees.

The COVID-19 pandemic challenged us to reflect on who we are as an organization, how we want to grow and what the future of work will look like for EDC, as we move through the recovery phase.

The broader "future of work" direction that we have taken at EDC is one that is driven by meeting customer needs while also providing employees with flexibility in how and where they work. To address the implications to our business, customers, employees, and office spaces, while ensuring we maintain customer centricity, build a winning workforce and energize our business, we developed "Community Hubs" as a model for how we work. The Community Hub is central for purpose-driven activities to help drive business and strengthen EDC Culture. Employees have a primary "Community Hub" for these activities. Currently, we have one central Community Hub and an additional six across Canada in Vancouver, Calgary, Toronto, Ottawa, Montreal, and Halifax.

INCLUSION, DIVERSITY AND EQUITY (ID&E)

Fostering diverse and inclusive teams within our organization positions us to serve customers better and make a greater positive impact on Canadian society. When employees feel they belong and have an equal chance for success—regardless of their gender, race, ethnicity, sexual orientation, ability or experience—they are more likely to realize their full potential and to help us drive change that benefits our customers, communities and the economy.

Several initiatives aimed at improving core HR processes, systems and structures that impact the employee experience are underway to create more transparency and equity across the organization.

Our 10 employee resource groups (ERGs), each with an Executive Sponsor, are key to this initiative. ID&E initiatives and events by our ERGs. To accelerate our path toward a healthy, inclusive and safe workplace, our corporate-wide Five Key Behaviours training, with basic norms for how we interact and work with each other, is being embedded into all ongoing learning and development training.

We are committed to providing accessible and inclusive experiences for our employees and customers, including those with disabilities. To meet Accessible Canada Act (ACA) legislative requirements, we will publish our 3-year accessibility plan by December 31, 2022, outlining actions being taken in seven priority areas defined by the ACA to proactively identify, prevent and remove barriers to accessibility for people with disabilities. Increasing our bilingual capacity, particularly at the leadership level, is a corporate priority. Initiatives are underway to broaden employees' language mindset and their understanding of, and respect for, official languages. We encourage the use of both French and English on a daily basis, to ensure employees are able to work and interact in their language of choice.

RECOGNIZING WELLNESS AS AN EMPLOYMENT DIFFERENTIATOR

We pride ourselves on delivering an employee experience that focuses on employee health and well-being. Our inclusive wellness program, focused on mind, body, relations and finances, provides employees with tools and resources to help maintain a healthy lifestyle at work and at home. All leaders are empowered to support their employees in these efforts. We continue to have a strong focus on mental health with workplace training for leaders and employees. Together, these programs support employee health and well-being, and help maintain EDC's position as one of the best places to work in Canada. EDC was recognized in 2022 by the Canadian HR Awards for 'The Lifeworks Award for Excellence for Financial, Physical & Mental Wellness'.

3.3.5 LEVERAGING OUR PARTNERSHIPS

Partnerships are one of the five key enablers of our 2030 Strategy, designed to help spur trade for Canada. In 2016, EDC invested in a defined partnership strategy, in order to increase our distribution network drive reach, intelligence and ability to innovate. The COVID-19 pandemic underscored the importance of strong partnerships and collaboration within the Canadian financial sector including federal and provincial departments, stakeholder groups, and Canadian companies.

We have developed a strong partnership base with coverage across multiple sectors and industries. We have multiple types of partnerships, each that serve a purpose in delivering impact for the business. Our partners provide market intelligence and feedback that enables us to adapt our products and services to reduce barriers and complexity to trade, and better address the needs of Canadian companies.

Moving forward, we will invest in those areas that drive the greatest impact to deliver our 2030 strategy. We will continue to drive impact through partnerships and employ digital channels to reach more micro and small companies, particularly high growth companies. We will also continue to invest in our Inclusive Trade Strategy (outlined in section 3.3) to reach more underrepresented groups, level the playing field and advance our ESG strategy (outlined in section 3.2.2).

PARTNERING WITH FINANCIAL INSTITUTIONS

We have had long-standing partnerships with Canadian financial institution partners who are critical to support the delivery of our core financial solutions in market. This includes working capital, financing and insurance solutions. Leveraging the learnings gained throughout the COVID-19 pandemic, we have right-sized our partnerships and continue to invest in partners, segments and capabilities with FIs to enable them to deliver relevant solutions to all segments by simplifying and expanding our guarantee programs.

We remain focused on continuing to advance partnerships with key FI's and regional players to increase penetration while exploring the partnership opportunities within the international, credit union and fintech space. Our partnerships are required to demonstrate eligibility to EDC's core and/or portfolio-level financial solutions by meeting both credit and non-credit risk due diligence requirements. We are committed to serving companies in a simpler, more accessible and streamlined way by improving our processes and enhancing our products to meet the needs of our end customers.

PARTNERING WITH BROKERS

Through the relationships we have built with our credit insurance network, we continue to explore and advance opportunities to reach more companies. Insurance brokers play a pivotal role in helping us achieve this goal and as such, we are focusing our efforts on the following:

- Increasing our value proposition to both brokers and clients;
- Streamlining operations and increasing new business capacity;
- Using broker insight to help us target key improvement initiatives that increase relevance and experience; and
- Equipping brokers with new sales tools and training as required.

Throughout the planning period, we will continue to build relationships with new and existing broker partners.

BUSINESS PARTNERSHIPS

We are seeking strategic business partnerships from a diverse range of export-oriented organizations to support companies along their export journey and maximize Canadian trade. These include the Government Alliances team, which consists of federal, and crown partners working to advance Canada's trade mandate and economic trade recovery program by enabling seamless service and faster outcomes for Canadian businesses. In addition, Private and Associations partnerships focus on strategies making trade more accessible to Canadian business by meeting exporters where they are through digital distribution networks.

Partnerships with organizations such as our government partners, Fonds de Solidarité F.T.Q., MaRS Discovery, Google Canada and Start-Up Canada help to increase our market exposure, reach more Canadian companies and build new capabilities and solutions that foster our partner ecosystem.

EDC also aims to partner with leading institutions that our clients already work with such as Shopify. As growing strategic partner to EDC, Shopify is open to collaborating on business connections and relationship building opportunities. As Shopify has existing relationships with many Canadian companies, this strategic partnership will allow us to explore trade connection opportunities in the future.

We will continue to deepen our existing alliances and explore opportunities to develop joint and collaborative solutions with financial and non-financial partners, to support more Canadian companies, particularly SMEs. To maximize impact, we will continue with a targeted and integrated approach to advance opportunities within our high priority sectors and micro, small and medium segments.

TEAM CANADA PARTNERSHIPS

As part of our commitment to a "Team Canada" approach to advancing Canadian Trade, we have built strategic alliances with key federal and crown partners in the trade ecosystem to leverage each other's capabilities. We continue to nurture these relationships to improve collaboration and better serve Canadian exporters.

To support a collaborative, diverse and cross-government model of support for business, the federal Business, Economic and Trade Recovery (BETR) initiative, chaired by EDC, was created to foster greater collaboration and innovation within the Small Business, Export Promotion and International Trade portfolio, with a focus on achieving a robust economic recovery and longer-term inclusive growth.

The BETR committee currently has three key initiatives in progress:

- Develop the Infrastructure Government-to-Government framework initiative, initially targeting opportunities for Canadian exporters in Asia and West Africa.
- Established the Single Window work stream to enhance customer experience by amplifying of existing tools, coordinating partner content, and improving digital awareness of partner offerings.
- Established the Free Trade Agreement promotion work stream to develop a digital hub to guide customers through the Free Trade Agreement ecosystem.

CANADIAN COMMERCIAL CORPORATION (CCC)

Collaboration between EDC and CCC enables both organizations to leverage their respective areas of expertise to identify trade opportunities for Canadian exporters. CCC continues to work with EDC to determine the foreign markets that are the most receptive to the government-to-government procurement opportunities. Over the balance of 2022 and into 2023, EDC and CCC will develop a more focused and collaborative market identification and business strategy, to help Canadian exporters access foreign opportunities.

TRADE COMMISSIONER SERVICE (TCS)

Our partnership with the TCS continues to expand and deepen. EDC and the TCS signed a renewed Memorandum of Understanding (MOU) to expand strategic areas of cooperation, advancing both organizations' mandates to provide value to the Canadian exporting community.

We will continue to identify opportunities to strengthen the partnership and are developing greater coordination, coherence, and complementarity to address national and global economic opportunities and challenges for Canadian businesses and Canada's international competitiveness. Through continued collaboration, we will focus on opportunities that enhance Canadian businesses access to a suite of federal trade and business development services to help them grow and compete in global markets.

FARM CREDIT CANADA (FCC)

We continue to strengthen our collaboration with the FCC, by sharing knowledge and expertise and implementing regional strategies to increase frontline engagement and understanding of our respective offerings. We will continue to consult with FCC on research and exploration into areas that support agri-food and agribusinesses throughout their growth journey and recovery from the COVID-19 pandemic.

BUSINESS DEVELOPMENT BANK OF CANADA (BDC)

Our alliance with BDC enables both organizations to leverage our respective areas of expertise, to better support Canadian companies throughout their growth journey.

In response to the COVID recovery efforts, BDC and EDC focused on Government Support Programs with the launch of Business Credit Availability Program – BDC (BDCAP-BDC), Business Credit Availability Program (BCAP-EDC), Highly Affected Sectors Credit Availability Program (HASCAP-BDC). As a result of the economic shift, in 2021 we conducted a review of our joint financial products. Findings showed that due to COVID, exporters needs shifted, and other similar financial offerings are meeting market demand.

Regular engagement with BDC allow our teams to better communicate and coordinate efforts to advise customers and work with our FI partners. To ensure our products and services are addressing market need, we continue to innovate and adapt our programs to make them more accessible and relevant for Canadian businesses.

INCLUSIVE TRADE PARTNERSHIPS

A fundamental pillar of the Inclusive Trade Strategy, further detailed in the plan (section 3.3), is the development of partnerships and collaboration initiatives with trusted organizations that support the economic development and advancement of Canadian businesses owned by members of equity-seeking groups. The Inclusive Trade Strategy is also being integrated into our trade ecosystem, to co-create relevant trade solutions that reach and enable under-served Canadian businesses. Collaboration and partnerships are essential to help remove barriers, address market gaps and ensure our products and services are known, relevant and accessible. By working together with the entire trade ecosystem, our aim is to create an equitable playing field that enables more Canadian businesses owned and led by women, Indigenous Peoples, Black and racialized Canadians, people living with disabilities and those from the 2SLGBTQ+ community, to achieve success in global markets.

- Deepening our engagement with existing strategic and financial institution partners with like-minded inclusive business objectives to ensure accessibility of our financial solutions to companies owned by equity-seeking entrepreneurs.
- Activating cohorts of diverse women owned micro entrepreneurs through a 12-month Coralus x EDC Go Global program to support these businesses' export growth goals co-created and delivered with ecosystem partners to provide business support (Coralus – formerly SheEO), trade knowledge and mentorship (Forum for International Trade Training) and referrals to CanExport Funding (TCS).
- Partner to deliver export knowledge workshops to women's enterprise advisors across Canada (Women's Enterprise Organizations of Canada – WEOC Export Week) and to Aboriginal Financial Institutions (NACCA), to build the trade capacity & capabilities within the ecosystem to multiply reach to more women and Indigenous business owners.
- Outreach and partner with ecosystem organizations across Canada to deliver export knowledge workshops to many business owners from equity-seeking groups (StrikeUp, CANDO, BEBC, BBABC, Group3737, CGLCC, CCAB, WBE Canada, CAMSC and many others across the country).
- Leveraging a Memorandum of Understanding with Canadian Council for Aboriginal Business (CCAB), BDC and FCC to support the sustainability and growth of Indigenous businesses and entrepreneurs through the post COVID-19 economic recovery period. We will collaborate to build awareness of the full range of financing and other resources available and provide capacity-building education around international trade.
- Building connections for businesses owned by members of equity-seeking groups through programs such as the Trade Accelerator Program and by growing our database of diverse-owned company capabilities to increase matchmaking activities.

INTERNATIONAL PARTNERSHIPS

TCS PARTNERSHIP ABROAD

EDC and the Trade Commissioner Service (TCS) have had a Memorandum of Understanding (MoU) since 2013. Through this agreement, EDC and the TCS aim to provide more seamless services to Canadian exporters and investors.

Collaboration between TCS and EDC representatives through trade promotion and trade creation activities is a key undertaking for both organizations in markets abroad and helps us address a major challenge for small businesses—the cost and challenges of connecting with international buyers and opportunities. EDC representatives often partner with the TCS to provide knowledge services including webinars and information sharing events.

Both EDC and the TCS understand that Canadian companies have a better chance of succeeding internationally when they have a network of support available to them. As such, when it comes to trade creation, such as matchmaking activities, EDC's in-market representatives leverage the "Team Canada" approach.

EXPORT CREDIT AGENCY (ECA) PARTNERSHIPS

Partnerships with ECAs enable EDC to:

- build streamlined and standardized approaches to working with other ECAs on shared transactions;
- collaborate to support Canadian businesses' international supply chains;
- respond to requests from other ECAs to support our mutual customers; undertake more risk sharing; and
- better serve our customers' needs.

Examples of the specific tools EDC employs to partner with other ECAs include: (i) memoranda of understanding, wherein we formalize our relationship with another ECA at the highest organizational levels to commit to continue to build our relationship, share knowledge, and create shared opportunities; and (ii) reinsurance agreements, where we formalize arrangements for reinsurance and risk-sharing in order to encourage transactions of shared interest and to ensure transactions under such agreements flow smoothly.

An important forum for engaging and collaborating with our peers is the International Union of Credit and Investment Insurers (the "Berne Union"), a not-for-profit association with a membership that spans the world's largest and most active export credit agencies, multilateral financial institutions and private underwriters of credit and political risk insurance. EDC is an active contributor to many of the Berne Union's committees and specialized working groups.

3.4 MARKET AND SECTOR FOCUS

To achieve our 2030 vision, EDC will balance the needs of Canadian exporters today while positioning Canada to take advantage of longer-term opportunities. Over the next planning period, EDC will focus on building our expertise in key sectors and markets that offer significant and net new growth potential, to set up the next generation of globally competitive Canadian exporters.

To do so, we will focus on the following sectors:

- Advanced Manufacturing
- Advanced Digital Technologies
- Clean Technologies
- Agri-Food
- Resources of the Future

In evaluating markets with the most growth potential for Canada, EDC has identified short-, medium- and long-term opportunities in the U.S., Europe, and Asia. We have defined key goals and outcomes for three areas of success: Canadian Trade, our customers and our business.

For most Canadian exporters, the U.S. is the first international market they supply and is often critical to increasing their reach. In the short-term, in collaboration with the TCS and other trade partners, EDC will continue to support this initial step, by engaging in U.S. regions with high infrastructure and cleantech spend, as well as the agriculture and electric vehicle markets.

In the medium-term, EDC will prioritize growth in Europe, taking advantage of free trade agreements such as the Canada-European Union Comprehensive Economic and Trade Agreement (CETA), Canada-Ukraine Free Trade Agreement (CUFTA), and the Canada-United Kingdom Free Trade Agreement with a focus on Agri-food, by diversifying our export market to capture market share and cleantech, by embedding Canadian companies into the supply chain.

Over the long term, the Asia market offers the greatest net new growth potential for Canadian companies and the best opportunity to increase Canadian trade performance. In the coming decade it will be critical for Canadian companies to develop deeper connections in this region, embed themselves within Asian supply chains, build local networks, access market knowledge and be able to assume risk.

Throughout the planning period, EDC's Asia strategy will focus on these success factors to promote sustainable trade, as we continue to build our footprint in Asian markets.

EDC looks to leverage trade agreements to support export growth in our sectors of future. Infrastructure spend in both the U.S. and among Canada-European Union Comprehensive Economic and Trade (CETA) members offers near term potential for Canadian exporters, particularly in clean technology and agriculture industries. Capturing growth in these markets is key to sustaining Canadian trade performance. EDC will support Canadian companies as they pursue opportunities offered by the Canada-EU Trade Agreement, the Canada-United Kingdom Trade Continuity Agreement, as well as the benefits of the Comprehensive and Progressive Agreement for the Trans-Pacific Partnership (CPTPP).

3.5 EXPECTED RESULTS AND PERFORMANCE INDICATORS

The following provides an overview of our corporate measures for the 2023-2027 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 III.

Net Promoter Score (NPS)	This is a measure of our customer experience which helps evaluate customer loyalty and the likelihood of them recommending EDC to others. We expect the NPS for 2022 to finish at 73.6 +/- 6.6. Relative to other organizations, EDC's score is strong and remains in the top 10%. In 2023, we commit to a range—that remains a best-in-class standard—of 65.7 – 77.8.
Total Customers Served	This measure is tied to the corporate objective of helping more Canadian companies succeed internationally, especially small and medium-sized companies. It includes companies that purchase our financial and knowledge products. We anticipate ending 2022 with 27,500 customers served, with 14,820 being financial customers. Looking ahead to 2023, we forecast the number of customers served to remain in the range of 26,000 – 30,000; while the financial customers served range is increasing to 15,500 – 16,500 from the 2022 range of 13,000 – 15,000.
Medium Financial* Customers Served	This measure reflects EDC's strategic focus on facilitating the growth of medium-sized companies (100 – 499 employees) in target sectors, matched with high-growth markets. By year-end, we expect to serve 1,165 medium-sized firms with our financial products. In 2023, we expect to increase the number of medium financial customers served in the range of 1,250 – 1,350.
Productivity Ratio (PR)	Our PR captures in aggregate form how well we use our resources. We expect PR to reach 41.8 by year-end and, for 2023, we are increasing the expected PR range to 44 – 48%.
Total Business Facilitated (BF)	This measure represents the amount of business Canadian companies were able to carry out with the help of EDC's financial solutions. We expect to end the year with $130 billion in business facilitated. Looking forward to 2023, we are forecasting that business facilitated will grow between 0 – 3 percent.
Business Facilitated in Emerging Markets	This measure is an indicator of trade diversification. As a sub-set of business facilitated; it shows the business Canadian companies carry out in emerging markets with the help of EDCs solutions. We expect business facilitated in emerging markets to reach $24.0 billion by year-end and we are forecasting growth in the range of 5-15 percent in 2023.
Business Facilitated in the Cleantech Sector	This measure is also a sub-set of business facilitated; it represents the amount of business supported in the Cleantech sector. In 2022, we expect this measure to reach $7.1 billion and we anticipate this to grow between 9 and 23 percent in 2023.
Carbon Target	This measure reflects EDC's commitment to reduce its exposure to the most carbon intensive sectors by 45% over five years against a December 31, 2018 baseline. In 2022, we forecast ending the year at $9.4 B in exposure—a 58% reduction. In 2023, we plan to maintain our exposure at no greater than $12.2 billion; hence, we set a range of $10.0 to $12.2 billion.

**Based on employee size as per shareholder reporting requirements*

3.6 CONTRIBUTING TO GOVERNMENT OF CANADA PRIORITIES

At the time that this Plan was approved by EDC's Board of Directors, a 2022 Statement of Priorities and Accountabilities (SPA) had not been issued. This Plan reflects guidance contained in the previous SPA, provided in March 2021, as well as ongoing consultation and dialogue with the Minister, her office, and government officials.

EDC was pleased to partner with Canada's Department of Finance to facilitate nearly $2 billion in loans to Ukraine on behalf of the Government of Canada, quickly mobilizing much needed budgetary support to the Government of Ukraine leveraging each institutions areas of expertise. Throughout the course of the conflict, EDC will continue to partner with the Government of Canada and leverage its expertise and financial tools as needed.

Canadian companies have a better chance of succeeding internationally when they have a network of support at home. Over the planning period, we are committed to supporting Canada's economic recovery and leveraging a "Team Canada" approach to international expansion and trade diversification. To do so we will work closely with key Government partners including the TCS, the Business Development Bank of Canada (BDC), the Canadian Commercial Corporation (CCC), Farm Credit Canada (FCC), Innovation, Science and Economic Development Canada (ISED), Environment and Climate Change Canada (ECCC), Natural Resources Canada (NRCan) and Sustainable Development Technology Canada (SDTC).

Our priorities in the near term include continuing to support Canada's strengthened international trade agenda, ongoing support for pandemic recovery efforts, support for small and medium-sized enterprises and underrepresented groups, as well as meeting our ambitious science-based carbon targets and net-zero commitments, including support for the Just Transition from fossil fuels to a clean economy.

Priorities over the longer-term include ongoing support to Canada's trade diversification priorities, promoting the benefits of Canada's free trade agreements, including CETA and CUFTA, continued support for medium-sized companies, seamless collaboration and service to exporters, and adjusting our approach to risk to support more companies and contribute to economic growth. This includes exploring new ways we can support companies domestically and internationally to accelerate their export growth.

Underlying these priorities is a commitment to collaboration within the Government's Trade portfolio. In this regard, we are proud to chair the Minister of Small Business, Export Promotion and International Trade's Business, Economy, Trade and Recovery (BETR) team, which brings together all Canadian Trade Portfolio partner organizations to promote collaboration and innovation to increase opportunities for Canadian businesses.

Collaboration initiatives are discussed throughout the Plan and in Appendix I (SPA). The closer collaboration with our partners that we enshrined during the pandemic period further underlined the need for data and information sharing. In accordance with previous direction from the Minister of Small Business, Export Promotion and International Trade of Canada, EDC provides quarterly reporting that demonstrates performance against Government objectives and priorities. In 2022, we completed the internal transition to the Government's North American Industry Classification Standard (NAICS).

We have firmly embedded ESG principles in every aspect of our business and continue to work with Canadian companies to do the same. This is essential to our role in contributing to important government objectives related to Human Rights and discouraging forced labour in supply chains, and in promoting a just transition toward cleaner technologies in Canada's carbon intensive sectors. The *Environmental and Social Risk Management (ESRM) Policy* Framework has a three-year review cycle and is due for an update this year. The policies included in the Framework include (ESRM, Human Rights, Climate Change and Transparency + Disclosure. The updated policies will be going to the Board for approval in October for final sign off, followed by publication on EDC's website in early 2023.

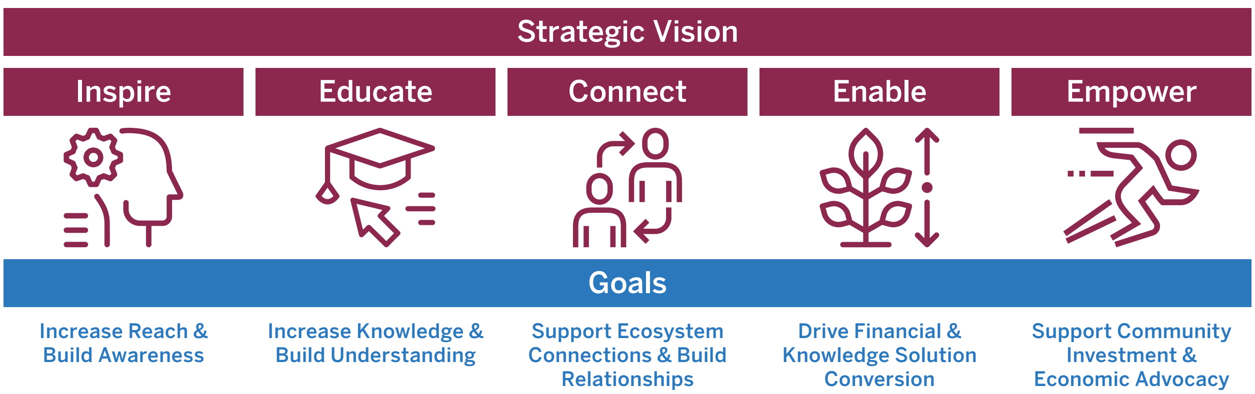
The evolution of the OECD Arrangement on Officially Supported Export Credits ("the Arrangement") is an essential framework to maintain a level international playing field for global exporters. Non-OECD economies that do not adhere to the OECD export credit framework continue to be significant providers of export credits, further disrupting the level playing field and fueling a call by many members to modernize the Arrangement to ensure its long-term relevance. As part of the Canadian delegation to the OECD, led by our counterparts at Global Affairs Canada (GAC) and Finance Canada, EDC will continue to support the Government of Canada as it works to eliminate competitive disadvantages to Canadian companies through the evolution of export credit trade rules. As the OECD is increasingly the forum where like-minded economies aim to advance responsible business commitments, EDC will also continue to support GAC and Finance Canada in raising the bar for responsible business practices of export credit agencies through the OECD.

SHOWCASE: INCLUSIVE TRADE

Inclusive Trade is embedded in EDC's strategic pillars as a key element to promote responsible and inclusive business for all and ultimately, lead to a more equitable and sustainable economy. With ESG as one of the key enablers of our 2030 strategy, we are committed to strengthening our impact on inclusion, diversity and equity with more diverse exporters. Our Inclusive Trade strategy continues to expand and evolve, to enable more Canadian businesses owned and led by members of equity-seeking groups to realize their international growth potential with confidence. We are focused on removing barriers and ensuring our services and solutions are relevant and accessible to Canadian exporting businesses owned or led by women, Indigenous Peoples, Black and racialized Canadians, people living with disabilities, and those from the 2SLGBTQ+ community.

EDC's inclusive trade strategy takes a multi-layered approach. With an aim to create an equitable playing field for Canadian businesses in international trade, our strategy addresses systemic barriers and seeks to increase the number of Canadian businesses owned by members of equity-seeking groups. Our strategy works to build awareness and understanding of exporting, to support and connect within the trade ecosystem, and improve access to our financial and non-financial solutions. We will continue to promote, influence, and act in support of economic empowerment broadly and through our commitment to enhancing and upholding high standards of responsible business conduct.

Our strategy works to build awareness and understanding of exporting, to support and connect within the trade ecosystem, and improve access to our financial and non-financial solutions. We will continue to promote, influence, and act in support of economic empowerment broadly and through our commitment to enhancing and upholding high standards of responsible business conduct.



As EDC aims to serve and support more companies owned/led by members of equity-seeking groups we need to first acknowledge and recognize the differences that exists for each of these communities and the unique challenges that they face in the business world. With a team of dedicated National Leads, we continue to build and evolve a targeted approach for each segment of diversity to better address and support these communities. Each strategy evolves along a continuum, beginning with building awareness and research to understand the trade needs to be addressed, building credibility and reach with each business audience, providing value and ultimately deepening impact. Our approach started with a strategy for women-owned and led businesses and progressively added a focus on businesses owned by those that identify with other dimensions of diversity, which has allowed us to learn and accelerate our path to impact for each community.

Black Exporters | LGBTQ2+ Exporters | Indigenous Exporters | Women in Trade

Build Awareness & Research	Build Credibility & Reach	Provide Value	Deepen Impact
Goal: Conduct research to better understand client needs and explore stakeholders who will be key to work with as we develop & build a strategy for the client segment **Partnership Strategy**: Outreach & participation in events within the segment to drive awareness	**Goal**: Build EDC's credibility & reach through the ecosystem supporting the client segment, building relationships and communicating solutions available **Partnership Strategy**: Sponsorship, Engagement & Participation in key events and programs to drive reach	**Goal**: Define partnerships & tailor programs to augment access to products & services and support growth of client segment **Partnership Strategy**: Formalize partnerships with key players; develop strategies & programs to drive value	**Goal**: Refine & focus ecosystem of partners to maximize growth & innovation through co-creation. Deliver products & programs to better serve client segment **Partnership Strategy**: Bring together and deepen partnerships to drive impact

Through our Women in Trade strategy, as of August 31 2022, we have supported more than 2,478 women-owned & led companies through our financial and non-financial solutions, facilitating more than $5.85 billion in trade. Currently we are on track to achieve or exceed our targets at which point we will be setting new targets to continue to increase our penetration and reach. We continue to deepen the impact of the Women in Trade strategy through our sales channels, integration into EDC's segment and sector strategies, and by deepening partnerships with our ecosystem of partners to reach and serve more women-owned and -led companies at every stage of their exporting journey. Moreover, with our holistic approach to Inclusive Trade, our strategic roadmap also addresses additional, intersectional barriers faced by women business leaders.

INDIGENOUS BUSINESSES

As one of Canada's fastest growing populations, Indigenous peoples are a key contributor to Canada's economic success. Indigenous businesses represent a diverse and innovative community, operating across all sectors, with an estimated 60,000 companies contributing more than $30 billion to the economy. Expectations are for this contribution to reach $100 billion within the next few years. Through our Indigenous business strategy, we are committed to supporting Indigenous companies explore, grow and capitalize on international opportunities through outreach and awareness, tailored support of our knowledge and financial solutions, building connections for Indigenous businesses, and community investment.

As of August 31 2022, we have supported more than 243 Indigenous-owned & led companies, with $552.6 M in trade facilitated since 2020. Currently we are on track to achieve or exceed our targets at which point we will be setting new targets to continue to increase our penetration and reach.

We recognize there are unique needs and challenges for Indigenous businesses, particularly Indigenous women-owned companies, and are working with Indigenous stakeholders and partners to ensure our strategy reflects the unique historical and cultural context within which Indigenous businesses operate. We continue to expand our risk appetite through flexible, creative financial solutions and credit practices that recognize the unique needs and legal structures of Indigenous Businesses and increase access to capital and other trade solutions.

BLACK BUSINESSES

We have expanded our Inclusive Trade focus to all underserved segments of the business landscape. Onboarding our most recent National Lead focused on Black Exporters enables us to deepen our outreach and engagement within the Black business community across Canada and build relationships with other organizations supporting this community. Having completed research to deeply understand the trade needs of Black-owned and -led businesses, as well as a series of consultations with the Black business community, we are designing and implementing a longer-term strategy and roadmap to help more Canadian Black entrepreneurs go, grow, and succeed internationally. We will continue to establish and maintain long-term relationships with key partners supporting Black-owned and -led businesses, and co-develop joint initiatives to build awareness, educate, connect and enable Canada's Black entrepreneurs to reach their business potential. As we learn more about the needs of businesses owned and led by other equity-seeking groups and the best ways to support them, we will evolve our strategy and establish further objectives to reflect this.

2SLGBTQ+

With an estimated 140,000 LGBT+-owned businesses in Canada today, the economic impact of this segment is growing. Leveraging our partnership with the Canadian Gay & Lesbian Chamber of Commerce (CGLCC), --the sole body in Canada that can certify a company as an LGBT+ enterprise—we continue to learn about the challenges facing this business community and are committed to engaging, providing trade tools and resources, ensuring awareness about our financial solutions to enable and increasing support for this business community. We will continue to build on this commitment throughout the planning period.

SUPPLIER DIVERSITY

As part of EDC's ongoing commitment to inclusion, diversity and equity, and aligned with the Inclusive Trade strategy, in 2020 EDC committed to diversifying its own supply chain. We became corporate members of key organizations certifying diverse-owned businesses in Canada (companies owned by women, Indigenous Peoples, Black and other racialized people, those from the 2SLGBTQ+ community, and in 2022 those owned by veterans and people with disabilities) to develop a more inclusive procurement process and establish a baseline understanding of the diversity of our supply chain. We attend events hosted by certifying organizations to meet with and expand our network of diverse suppliers.

In 2021, we began to identify diverse suppliers as they register with EDC, and foster procurement opportunities for diverse suppliers by introducing them to relevant buyers and encouraging their participation in EDC's public competitive procurement processes. We will continue to engage with certifying organizations and diverse suppliers, to expand our network and build our knowledge, as we aim to design and launch a formal Supplier Diversity Program and make procurement opportunities more accessible to diverse suppliers.

GENDER-BASED ANALYIS PLUS (GBA+)

While we have not yet identified a formal Gender-Based Analysis Plus (GBA+) assessment process, we have begun and will continue to review our solutions and process through an equity lens during the planning period. Deepening our understanding of the barriers faced by business owners who identify as members of equity-seeking groups allows us to analyze, consider and address potential barriers for these businesses in accessing our financial and non-financial solutions. We will be leveraging this analysis to explore potential mitigation measures to continue to improve the relevance and accessibility of EDC products and services to empower diverse Canadian exporters. We have established a baseline of Canadian women-owned led and Indigenous-owned/led businesses that we support and have set targets to ensure that we increase this support to more of them. We plan to establish a similar baseline for Canadian businesses that we support which are owned by people who identify with other dimensions of diversity (Black, racialized, 2SLGBTQ+, living with disabilities) in order to measure the results and impacts of our Inclusive Trade strategy.

We continue to consult key government and private stakeholders in the Canadian business community that serve businesses owned by members of equity-seeking groups, to ensure we are meeting the needs of these business communities. We have embedded an equity and inclusive lens in all that we do as part of our commitment to responsible and inclusive business for all. We will continue to review our processes and include controls that ensure we consider the needs of equity-seeking communities within our policies, practices, products, and services.

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. Our financial results over the Corporate Plan period underline this commitment while also placing emphasis on our other strategic objectives, including supporting medium-sized exporters and ESG practices.

In 2020, EDC continued to support medium-sized exporters, key drivers of economic growth, scale, diversify and grow their international trade success. Work on this objective continues in 2022 and will be a focus over the plan period. To achieve our objectives, we continue to make investments in a number of areas of our business including enhancing our digital capabilities and environmental sustainability, social equality, and responsible governance (ESG). This will lead to higher administrative expenses and, as a result, we are projecting an increase in the productivity ratio in 2022 and 2023, with the ratio declining in the out years of the Plan. Refer to page 69 for further details.

While the Plan assumes a return to more normal economic activity as we move into the recovery phase of the COVID-19 pandemic, we continue to be challenged by other global economic factors, including inflation and rising interest rates. As such, our actual results could be materially different from the financial projections in this Plan. Items most impacted by the current economic environment include our forecasts of interest rates and our estimates for provisions for credit losses as well as claims-related expenses.

To ensure that EDC had the capital required to support Canadian businesses during the pandemic, an additional capital injection of $11.0 billion occurred in 2020, bringing total share capital to $12.3 billion. Included in the injection was $5.0 billion of capital earmarked to support the oil and gas sector during the pandemic as requested by our shareholder. As the capital requirements for the Business Credit Availability Program (BCAP) and oil and gas business are reduced, the capital surplus will be returned by way of a special dividend and/ or a repurchase of share capital. Based on the capital surplus position of the BCAP programs, including the oil and gas support, a special dividend of $6.7 billion was declared and paid in 2021 and $3.1 billion has been paid in 2022 by way of a repurchase of share capital. Any additional capital surplus for the BCAP programs as well as any eligible dividends calculated based on the approved dividend calculation methodology will be paid by way of a share repurchase until such time that our share capital as a proportion of our total equity returns to pre-pandemic levels. This will allow EDC to maintain a sufficient retained earnings position to be operationally prepared and financially resilient. Refer to page 67 for further information.

4.2 SIGNIFICANT ITEMS

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

- Net income in the range of $544 million to $1,057 million for the Corporate Plan period. Net income is projected to be $1,048 million in 2022 which is largely the result of unrealized gains on our financial instruments carried at fair value through profit or loss.
- Net revenue[1] is projected to be $1.5 billion in 2022 and expected to be within the range of $1.4 billion to $1.9 billion for the Corporate Plan period.
- Our financial position remains strong due to growth in interest earning assets throughout the Corporate Plan period.

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

4.3 KEY ASSUMPTIONS

A series of key assumptions, including business facilitated, foreign exchange and interest rates and yields, 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.

BUSINESS FACILITATED

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

Table 1: Projected Level of Business Facilitated (2021-2027)

(in millions of Canadian dollars)	2021 Actual	2022 Plan	2022 Fcst	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Financing								
Direct financing	18,285	19,510	23,120	21,230	25,040	26,010	26,890	27,510
Guarantees	3,707	4,200	3,200	3,380	3,570	3,840	3,890	4,190
Total financing	21,992	23,710	26,320	24,610	28,610	29,850	30,780	31,700
Insurance								
Credit insurance	71,030	63,300	85,700	86,500	90,830	95,920	96,760	97,870
Financial institutions insurance	6,733	7,000	6,000	6,500	6,830	7,170	7,520	7,900
International trade guarantee	10,381	11,600	11,250	12,400	12,660	13,130	13,540	13,980
Political risk insurance	865	500	750	400	320	260	200	160
Total insurance	89,009	82,400	103,700	105,800	110,640	116,480	118,020	119,910
Total	111,001	106,110	130,020	130,410	139,250	146,330	148,800	151,610

Table 2: Projected Level of BCAP Support Included in Business Facilitated (2021-2027)

(in millions of Canadian dollars)	2021 Actual	2022 Plan	2022 Fcst(*)	2023 Plan(*)	2024 Plan(*)	2025 Plan(*)	2026 Plan(*)	2027 Plan(*)
Financing								
Direct lending	247	200	70	-	-	-	-	-
Guarantees	1,155	800	890	660	500	250	-	-
Total financing	1,402	1,000	960	660	500	250	-	-
Insurance								
Credit insurance	411	-	700	-	-	-	-	-
International trade guarantee	570	600	520	200	50	-	-	-
Total insurance	981	600	1,220	200	50	-	-	-
Total	2,383	1,600	2,180	860	550	250	-	-

(*) While the BCAP program ended December 31, 2021, arrangements already entered into prior to that date have the ability to renew. It is these renewals that are shown in 2022 and beyond.

2022 FORECAST

We are projecting an increase in business facilitated of $23.9 billion in 2022 from the Corporate Plan. The primary reason for the increase is an increase in the demand for credit insurance from our existing customers due to a general increase in commodity prices. The increase is partially offset by a decrease in business facilitated for financial institution insurance and loan guarantees reflecting reduced demand for these products.

2023 PLAN TO 2027 PLAN

We are projecting business facilitated to increase over the planning period which is made up of growth across the existing portfolios, new volumes in both financing and insurance that are due to our strategic focus on medium-sized exporters and growth in the Global Corporate Partnerships (GCP) program, as previously discussed.

FOREIGN EXCHANGE

The Financial Plan uses a month to date average rate as the foreign exchange rate assumption for all currencies for the remainder of 2022 and all subsequent years. This methodology removes the volatility associated with yearly exchange rate fluctuations and ensures more comparable projections. Our assets and liabilities are primarily denominated in U.S. dollars and were translated to Canadian dollars based on the average rate for June 30, 2022, U.S. $0.78. For further information regarding our foreign exchange sensitivity, please see page 81.

INTEREST RATES

This forecast is based on Bloomberg financial market data and is driven by supply and demand as well as market expectations for interest rates.

OTHER KEY ASSUMPTIONS

Other (income) expense projections include realized gains or losses 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 or losses are then estimated based on those projections. Also included are gains or losses on loan sales that are undertaken for a variety of reasons including risk mitigation purposes. 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 non-consolidated Corporate Plan financial results.

4.4 DIVIDEND AND REPURCHASE OF SHARE CAPITAL

A strong capital position, along with a return to normal profitability levels over the planning period, will result in payments for the repurchase of share capital in each year of the Plan.

Capital injections of $11.0 billion were received in 2020 to provide us with the capital needed to support business undertaken to aid in Canada's recovery from the pandemic. If take-up of pandemic-related support programs is lower than expected and/or if less capital is required to absorb program losses, EDC will return excess capital provided for both the BCAP and oil and gas support by way of a special dividend payment and/ or a repurchase of share capital. The total repurchase of share capital for 2022 is $3.8 billion, made up of $3.1 billion related to the BCAP support and $675 million related to EDC core operations.

The 2022 financial results are expected to lead to the repurchase of share capital of $243 million related to the BCAP support, including oil and gas support, and $618 million related to EDC core operations in 2023.

5.0 APPENDICES

APPENDIX I: STATEMENT OF PRIORITIES AND ACCOUNTABILITIES

Minister of Small Business, Export Promotion and International Trade

Ministre de la Petite Entreprise, de la Promotion des exportations et du Commerce international

Ottawa, Canada K1A 0G2

February 4, 2021

Ms. Martine M. Irman
Chair of the Board
Export Development Canada
150 Slater Street
Ottawa ON K1A 1K3

Dear Ms. Irman:

I am pleased to provide Export Development Canada (EDC) with its 2021 Statement of Priorities and Accountabilities (SPA).

Over the past year, we have faced extraordinary challenges. Now, as we look toward an increasingly clearer horizon, we see that in order to get there, much work lies ahead. However, with every new challenge there is also an opportunity to ensure a brighter, more inclusive and sustainable future for all Canadians. This starts with ensuring our promise to create one million jobs, including by expanding on the successes of the Women's Entrepreneurship Strategy and the Black Entrepreneurship Program. It means working with Indigenous peoples and racialized Canadians, as well as creating supports and opportunities for the young and the old, 5th generation or 1st generation Canadians, the LGBTQ2 community and the differently abled.

This brighter future means putting the fight against climate change into the core of every action we take—ensuring our decisions are in the best interest of future generations and building upon the agreements we have made to Canadians here at home and to our allies abroad. In this, it remains paramount that we support innovative Canadian businesses as they grow through exports —to lead by example and make our part of the global economy even more sustainable. This better future will be emboldened by Canada's leadership on the international stage, and by our steadfast commitment to advancing fair, rules-based trade around the world. All of this future will be possible due to the timely and targeted investments we made into Canadians and their futures throughout the COVID-19 crisis. So as we step forward on the road to recovery, we will know that as our nation faced one of the greatest challenges of modern history, we rose to the occasion and overcame it, securing a brighter future for all Canadians. With that, let's work together to build back better.

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Canada

This begins by looking at the incredible strides EDC has made thus far and the extraordinary service you have provided to Canadians during this trying time. EDC's rapid and robust delivery of new emergency programs, such as the Canada Emergency Business Account (CEBA) and Business Credit Availability Program (BCAP), in addition to its core offerings, is enabling thousands of businesses to weather the crisis and emerge ready to rebuild and grow.

Without EDC, this simply would not have been possible. The figures are staggering in terms of what EDC has delivered: over $41 billion in loans approved to over 823,000 businesses through CEBA, and nearly 1,000 loan guarantees unlocking access to over $1 billion in credit under the BCAP. These remarkable numbers are a testament to EDC's capacity and commitment to serving Canadian businesses.

While these numbers are impressive, our work is not done. COVID-19 has not halted trade, but it has complicated trade from a practical and logistical point of view. We are seeing greater barriers, protectionism and in some cases, export bans on critical products. What has not changed is the fact Canada is dependent on trade for our economic prosperity and now, more than ever, our economic recovery will depend on a return to robust activity in our traditional sectors and diversified exports by companies of all sizes and sectors.

That's why our government remains committed to the core priorities and goals of the ambitious trade agenda outlined in my December 2019 mandate letter from Prime Minister Justin Trudeau. As Minister of Small Business, Export Promotion and International Trade, my priorities will continue to include:

- export growth and diversification;
- export mobilization of Canada's small and medium-sized enterprises (SMEs);
- implementation and maximization of Canada's free trade agreements, including the Canada-United States-Mexico Agreement (CUSMA), the Canada-European Union Comprehensive Economic and Trade Agreement (CETA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership(CPTPP); and,
- maximization of Canada's trade promotion capabilities

In support of the foregoing priorities, I am pleased to provide you with the government's key expectations of EDC in the year ahead:

Business Economic and Trade Recovery Team (BETR)

In my mandate letter, the Prime Minister has asked me to work across my portfolio to ensure that all resources are maximizing Canada's trade capabilities to the benefit of businesses of all sizes, and I am thankful for EDC's leadership in chairing BETR.

Through BETR, it is my expectation that EDC will coordinate specific strategic transactions to advance business growth through international trade—in turn, driving our economic recovery. From key strategic growth sectors like clean tech, health tech, agrifood, agritech and infrastructure,

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to key strategic growth regions such as the countries of CPTPP and ASEAN—EDC should use BETR as a senior-level working committee to mobilize the full suite of tools available in my portfolio to support global growth and prosperity for businesses of all sizes as Team Canada. For example, Canadian exporters supported by the CCC for government to government contracting, in particular for major infrastructure projects, would benefit from a more holistic product offering from EDC.

It is also my expectation that EDC will take steps through BETR to provide Canadian companies a seamless experience when accessing federal business development and trade services to the success of Canadian exporters. This should include a strategic focus on coordinated communication and marketing activities between Crown Corporations, as well as building out digital collaboration capacities in order to ensure that the full range of services available to SMEs is presented and navigable in an efficient, user-friendly way.

Resilience and Growth

For Canadian exporters to be in the best possible position to compete globally, EDC must continue supporting Canada's export diversification agenda, bringing trade finance programs into ever closer alignment with government priorities. Specifically, I am looking forward to EDC establishing service standards for countries where Canada has a free trade agreement (i.e. South Korea, Ukraine, Israel, etc.) or a strong presence in the market (i.e. India, etc.). Furthermore, for Canada's core export markets—as covered by CUSMA, CETA (i.e. Europe Union), and the CPTPP (i.e. Japan, Singapore, Vietnam, etc.)—I would ask EDC to develop enhanced services and products to help Canadian companies take advantage of these important multilateral trade agreements.

EDC's export diversification efforts should continue to focus on: 1) increasing the number of Canadian companies exporting, including SMEs, 2) growing the value of exports by Canadian companies, 3) expanding the types of products and services Canadians are exporting, in particular, those from knowledge-based and data-driven sectors, 4) increasing the number of Canadian exporters from Canada's diverse, racialized communities that are historically under-represented in international trade, and 5) increasing the volume of exports to diverse international markets. This will help accelerate Canadian business growth and fuel an economic revival in a post-COVID environment.

Support for the Modernization of Multilateral Export Credit Agreements

Sustaining a well functioning multi-lateral trade system is a priority for Canada. Canada helped build the rules-based international trade system, and we are always working to make it better and more equitable. It establishes stability and predictability in trade relationships. It ensures balance and fairness. It generates new opportunities for businesses. And it supports and creates prosperity and well-paying jobs for Canadians.

In 2020, the Participants to the Arrangement on Officially Supported Export Credits are embarking on a process to modernize trade rules for export credit agencies. This process presents

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a unique opportunity to ensure that the framework for officially supported export credits is up to date and market reflective, while securing a level playing field for Canadian exporters into the future. Once completed, the new rules would become a standard operating model for OECD export credit providers, including EDC. To this end, EDC's committed engagement is necessary to ensure that negotiated outcomes are credible and robust, compatible with EDC's current operational practices, including its market-reflective approach, and in the interest of Canadian exporters.

I ask that EDC enhance its engagement in this important trade negotiation, including by identifying opportunities and risks in multilateral export credit practices, identifying level playing field challenges for Canadian exporters, and providing analysis of pricing proposals in relation to EDC programs, with a view to minimize subsidies and place Canadian exporters in the best possible competitive position. I expect EDC, with Global Affairs Canada and Finance Canada, to develop a strategy for engagement in these negotiations.

Foreign Direct Investment

Foreign direct investments can also contribute to Canada's export capacity. As such, I ask that EDC collaborate with the Trade Commissioner Service and Invest in Canada to ensure that all related instruments and services to attract foreign direct investment are deployed, and coordinated where appropriate. My request to EDC, similar to Invest in Canada, focuses on foreign direct investments that strengthen our domestic supply chains and those that can play a role in growing Canada's innovation ecosystem while ensuring they generate overall benefits to Canadians.

Climate Change & Cleantech

I want to congratulate EDC on its 2019 Climate Change Policy. Recognizing EDC's commitment to review its Climate Change Policy, and I request that EDC update the Policy to go further in aligning investments across its portfolio with the climate goals of the Paris Agreement. EDC has taken great steps in the recent past to contribute to Canada's commitments for the future, but a more ambitious approach to addressing the challenges of climate change is required. EDC's commitment to reduce its exposure to the six most carbon intensive sectors by 15% by 2023 is commendable, but EDC must also seek to examine the impact of the entirety of its portfolio, not just the most carbon intensive sectors. Specifically, the updated Policy should outline a strategy that will commit EDC to Canada's objectives of net-zero emissions by 2050, considering all sectors of support, and should further consider the merits of setting an interim 2030 emissions reduction objective. In the updated Policy, it is my expectation that EDC only provide financial support to transactions in the oil and gas sector involving Canadian companies, and that EDC fully consider and evaluate GHG emissions and climate change considerations as a key aspect of transaction due-diligence. In particular, I applaud EDC for endorsing the Task Force on Climate-Related Financial Disclosures (TCFD) standards. I encourage EDC to accelerate its work to fully implement the TCFD recommendations in 2021.

In November 2020, the Government of Canada tabled Bill C-12: An Act respecting transparency and accountability in Canada's efforts to achieve net-zero greenhouse gas emissions by the

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year 2050. This legislation includes, at section 23, a requirement that the Minister of Finance must, in cooperation with the Minister of Environment and Climate Change, prepare an annual report respecting key measures that the federal public administration has taken to manage its financial risks and opportunities related to climate change. The Minister of Finance must make that report available to the public. Going forward, I ask that EDC work with the Department of Finance to feed into the Government of Canada report on managing financial risks and opportunities associated with climate change, including with respect to fully implementing the TCFD recommendations within Canadian Crown-corporations.

I also request that the updated Policy outline a framework for consultations with Canadian indigenous peoples, civil society groups, as well as the federal and provincial governments, when supporting domestic energy projects. Building on EDC's existing CSR Advisory Body, I further request that the you review the composition of the Advisory Council to ensure it reflects a diverse range of perspectives and civil society organizations across Canada.

I am proud of the key role EDC plays in supporting the clean technologies sector, including facilitating over $2.5 billion in business in this sector. It is my expectation that EDC build on this important support, and that it will regularly report to me on progress in this important sector of the future. This reporting should continue to include total volumes of business and the total number of clients served in this sector, in addition to providing a further breakdown support to subsectors, and convey what types of projects this support is going toward. In future Corporate Plans, I expect EDC to outline specific steps it will take to increase its support to clean technologies, and explore innovative financing mechanisms to crowd in private financing for projects contributing to achieving Canada's climate goals and commitments. The steps outlined should demonstrate EDC's commitment to rapidly scale up support for sustainable, renewable and equitable climate change solutions, including, but not limited to: renewable energy, energy efficiency, batteries and storage, interconnectors, smart-grid technologies, the electrification of heat, and clean public transportation.

Responsible Business Conduct

EDC should uphold high standards of responsible business conduct (RBC), including by continuing to work collaboratively with RBC leaders, and continuing to use its influence to promote RBC within the business community. I would like to take this opportunity to acknowledge the efforts that EDC has taken to strengthen its RBC policies and augment its RBC reporting in the 2019 Annual Report and the 2020-2024 Corporate Plan.

Moving forward, I encourage EDC to continue to improve its accessibility of information for stakeholders and Canadians to further its accountability related to supporting RBC standards.

Excess Share Capital Dividend

In 2020, EDC has been provided almost $11 billion in additional capital to help Canadian businesses meet the challenges of the COVID-19 pandemic. As outlined in my letter of March 15, 2020, regarding the government's purchase of additional share capital in EDC, I expect EDC to provide quarterly reporting on how it is utilizing this additional capital to support

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Canadian businesses. I also expect that EDC prepare a detailed plan for the return of any excess amount of capital injected that is no longer required for COVID-19 measures. This plan should take into consideration the capital required for any expanded risk EDC may continue to bear in support of ongoing COVID recovery efforts, export diversification and support for SMEs. I ask that any capital required for expanded risk for ongoing COVID support be provided in detail in this plan.

Performance and Accountability

I expect EDC to establish clear targets and track success related to export diversification, support for SMEs, and support for exporters who belong to underrepresented groups to be reflected in the next Corporate Plan and subsequent Annual Reports. I appreciate EDC's delivery of 2019 baseline aggregate data and ongoing quarterly reporting as requested in my letter of March 26, 2020. This reporting is a great opportunity for EDC to measure and demonstrate its success in supporting Canadian exporters.

I also look forward to reporting in future Corporate Plans and Annual Reports to track EDC's financial support to SMEs by number of employees (1 to 99 for small, 100 to 499 for medium), as is the practice for reporting on SME-oriented programming across the Government of Canada. EDC's attention to this request will help establish a uniform approach to tracking and assessing federal support provided to SMEs.

I would like to recognize EDC for taking initial steps in tracking its support to women-owned and led businesses, as well as the industry sectors in which they do business. EDC's recently announced increase in available support through the Women in Trade Investments Program to $100 million is an important step in the right direction. Furthermore, I welcome EDC's new target to facilitate $2 billion in trade by women-owned and led businesses and to serve 1,000 unique customers in this demographic segment by 2023. I ask that EDC continue its work to collect similarly detailed information related to the support of Indigenous and racialized Canadian owned and led businesses.

In addition to tracking and providing specific support to underrepresented exporter segments, as mentioned above, EDC should also increase its support for (and tracking of) knowledge-based and data-driven exporters, including clean technologies, health technologies, agriculture technologies. Identifying and supporting these and other sectors of the future should be a top priority for EDC.

I expect that the requested targets and metrics will be established in a clearly measurable format in all future Corporate Plans and Annual Reports. These tracking mechanisms will assist in understanding how EDC is contributing to government priorities, and will be key to informing future action.

Conclusion

EDC will play a vital role in determining how Canadian exporters perform during the economic recovery and Canada's international competitiveness in the longer-term.

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I would like to thank EDC again, not only for its work in support of exporters during 2019, but also for the corporation's extraordinary service to Canadian businesses during the COVID-19 pandemic. Canadians will continue to rely on EDC to help Canadian businesses and entrepreneurs—and the millions of Canadians they employ—survive this period and grow through the recovery phase. I know that EDC will strive to embody the highest standards of client service, good governance and responsible business conduct as it helps Canadian companies get back on track.

Thank you for your hard work and ongoing collaboration with my office and departmental officials, especially in these recent months. I look forward to continued dialogue, partnership and progress on the priorities outlined in this letter in the year ahead.

Sincerely,

The Honourable Mary Ng, P.C., M.P.

c.c. The Honourable Chrystia Freeland, P.C., M.P., Deputy Prime Minister and Minister of Finance

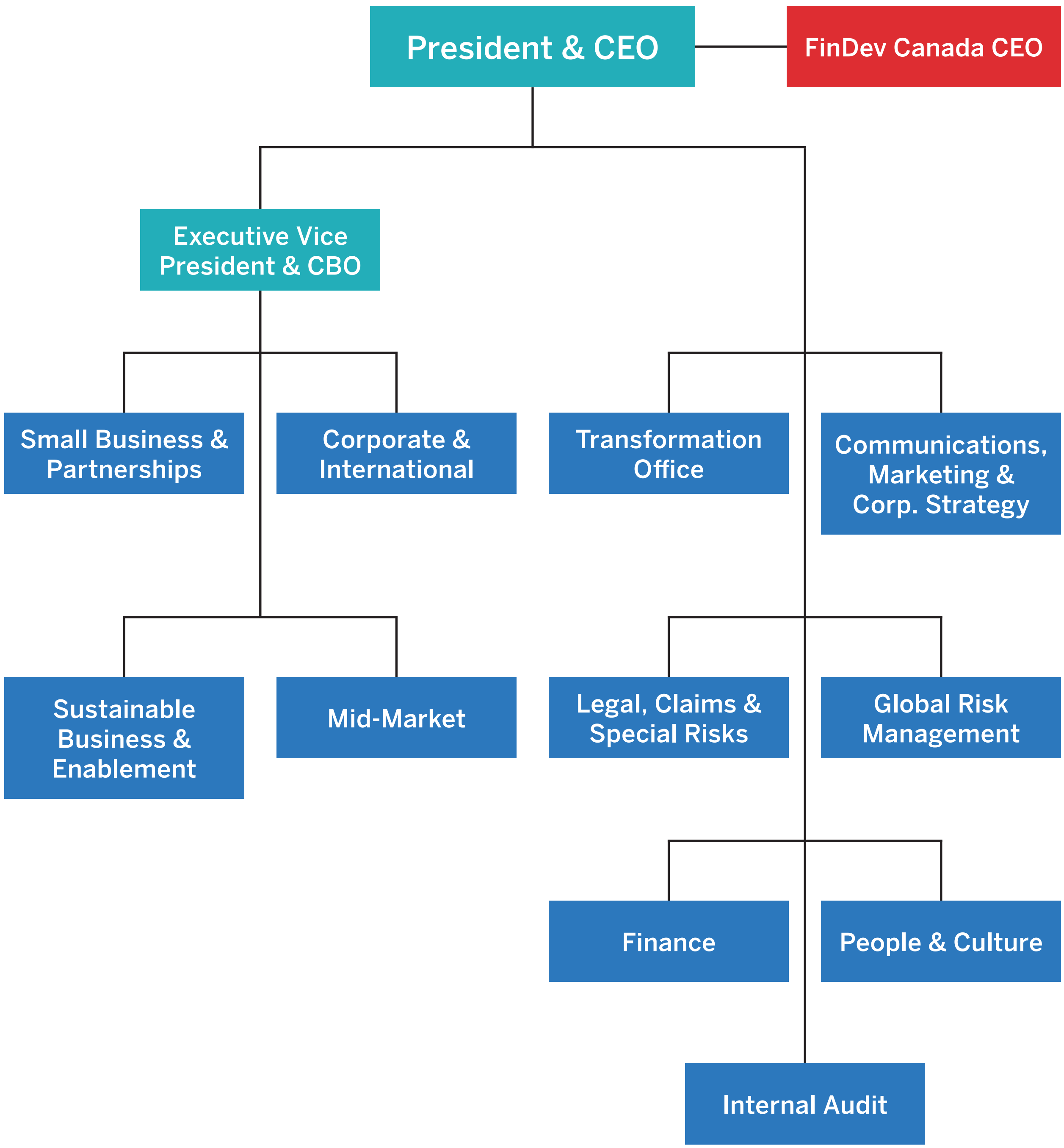
Mr. John Hannaford, Deputy Minister of Foreign Affairs, Global Affairs Canada

Mr. Michael Sabia, Deputy Minister of Finance, Department of Finance

Ms. Mairead Lavery, President and Chief Executive Officer, Export Development Canada

APPENDIX II: CORPORATE GOVERNANCE STRUCTURE

MANAGERIAL AND ORGANIZATIONAL STRUCTURE



BOARD AND COMMITTEE STRUCTURE

Chair of the Board

Board of Directors

Executive Committee

- Has the authority to exercise certain Board powers.
- Deals with urgent matters that arise between Board Meetings.

Business Development and Performance Committee

- Provides EDC with strategic policy direction as to how it can best continue to meet the evolving needs of Canadian exporters and investors;
- Oversees the execution of the strategic direction of EDC; through the review of quarterly business reports, monitors the performance of EDC against approved business strategies, plans, targets, and policies;
- Monitors performance of key Environmental, Social, and Governance (ESG) initiatives and targets, and ensuring that ESG policies are reflected in undertaking EDC's business;
- Promotes an overall corporate tone of customer-focus.

Risk Management Committee

- Supports the Board's oversight of the prudent management of EDC's capital structure, including the identification, assessment, and reporting of principal financial, strategic, and operational risk.
- Oversees and recommends updates to the internal policy framework governing authorization of EDC's business activities.
- Reviews and recommends transactions requiring Board approval and oversees EDC's risk management related to ESG matters.
- Oversees EDC's compliance and ethics programs and receives updates on portfolio management activities.

Nominating and Corporate Governance Committee

- Handles matters relating to Board governance for EDC and its subsidiaries. It provides input on the ethics program for Directors, selection criteria for appointments of the President, the Chair, and the Directors, profiles of the desirable skills and competencies required of Directors, ESG best practices as they relate to governance, and Board orientation and education programs.
- Monitors relations with management and reviews the membership and mandates of committees.

Human Resources Committee

- Supports the Board's oversight of human resources strategic planning, management succession, employee and executive compensation policy and design, and other strategic initiatives relating to people and culture at EDC and ensuring that ESG is embedded in Corporate practices.
- Sets objectives and advises the Board on the assessment of the President's performance and oversees the design, investment strategy and performance of pension plans for employees, ensuring that ESG matters are considered in EDC's pension investments.

Audit Committee

- Ensures Board fulfills its mandate in financial matters, as well as with respect to reporting any investigations by the VP & Chief Compliance & Ethics Officer, the Chief Internal Auditor, and the external auditors.
- Approves and monitors important capital and admin expenditures.
- Reviews implications of new accounting policies, and internal and external audit results.
- Approves quarterly financial statements for public release.
- Oversees the design, implementation, and evolution of ESG auditing and financial reporting.

APPENDIX III: PLANNED RESULTS & 2021 IMPACT REPORT

SHORT TERM (JANUARY 1, 2022 – DECEMBER 31, 2023)

Performance Indicator	Target(s)				Data Strategy
	2021 Actual*	2022 Plan	2022 Forecast**	2023 Plan**	
Net Promoter Score	72.3	63.0 – 71.0	73.6 +/- 6.6	65.7 – 77.8	Our Net Promoter Score follows an industry standard approach. Surveys are conducted through an independent third party and take place in the calendar year. A random pool of EDC financial 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.
Customers Served	14,769 financial	13,000 – 15,000 financial	14,820 financial	15,500 – 16,500 financial	The Customer Served measure is the count of unique companies EDC transacts with over a 12-month period. We consider a customer to be one that provides EDC with either financial payment or information on their company that goes above and beyond publicly available information, allowing us to expand our own knowledge-base and target them for migration to financial products.
	29,800	26,000 – 30,000	27,500	26,000 – 30,000	Our financing and insurance solutions count both Canadian and foreign customers while our knowledge solutions only count Canadian customers.
Medium Financial Customers Served	1,203	n/a	1,165	1,250 – 1,350	The methodology for medium is similar to above, except it only includes financial customers with 100 – 499 employees.
Productivity Ratio (%)	31.4%	41.0 – 45.0%	41.8%	44 – 48%	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 ($M)	111,001	106,110	130,020	130,020 – 133,921 +0 – 3%	The amount of business Canadian companies can carry out with the help of EDC's financing and insurance solutions: on the insurance side it represents the value of the exports being insured and on the financing side it represents the loan amount or guarantee amount, as well as the committed amount for investments. BFEM is a sub-set the above but is limited to business carried out in emerging markets.
Business Facilitated in Emerging Markets ($M)	22,025	22,050 – 24,150 +5 – 15%	23,950	25,148 – 27,543 +5 – 15%	

Business Facilitated in the Cleantech Sector ($M)	6,328	+15 – 25%	7,051	7,700 – 8,700 +9 – 23%	This is a sub-set of business facilitated based on EDC's definition of cleantech. Cleantech is defined as any process, product, or service that reduces environmental impacts through: • Environmental protection activities that prevent, reduce, or eliminate pollution or any other degradation of the environment, • Resource management activities that result in the more efficient use of natural resources, thus safeguarding against their depletion, or • The use of goods that have been adapted to be significantly less energy or resource intensive than the industry standard.
Carbon Target ($M)	13,600	14,000 – 15,000	9,400	10,000 – 12,200	This measure is based on the carbon-intensive exposure in our lending portfolio. These carbon-intensive sectors include cement manufacturing; thermal power generation; metals smelting and processing; petrochemicals, refining and chemicals manufacturing; upstream oil and gas; and airlines.

* *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 reporting tools.*

** *Forecasting for the subsequent year begins early in the current year and is finalized early in the fourth quarter.*

NET PROMOTER SCORE

We expect the NPS score for 2022 to finish at 73.6 +/- 6.6 which puts it either in or above the 2022 Corporate Plan range. Our score, relative to other organizations, is strong and remains in the top 10 percent of North American B2B companies.

In 2023, we are adjusting the range to better align with our segment strategy and corresponding customer experience goals. The range will be between 65.7 – 77.8 and remains a best-in-class standard, while continuing to take into consideration the changes to our service model. The range reflects our commitment to customer experience by fulfilling demand from our medium-sized customers and better digital service to our small-sized customer, while also putting emphasis and resources to deliver in other areas.

The lower end of the range accounts for expected economic volatility with the Russia-Ukraine war, supply chain bottlenecks, continuing capacity constraints, and the inflation and interest rates impacting the bottom line of our customers. The upper end of the range assumes that economic conditions will improve and that we stay at our historical levels of customer satisfaction by improving our digital offerings to meet customer needs and delivering a better customer experience.

CUSTOMERS SERVED

We expect customers served to reach 27,500 by year-end—falling within the 2022 Corporate Plan range of 26,000 – 30,000. Financial customers served are also expected to fall within the Corporate Plan range with an anticipated year-end result of 14,820. Results are due to a combination of factors such as the uncertain business environment, perceived risks by Canadian exports, as well as the successful partnerships with financial institutions and businesses to reach more Canadian companies, especially small-sized companies (less than 100 employees).

Meanwhile, we expect to serve 1,165 medium customers (100-499 employees) with our financial products by year-end. This is down from the previous year as the improving economy led to private insurers and financial institutions being more competitive, which resulted in less demand for EDC's financial solutions, particularly with medium-sized firms. This is good news for Canadian businesses as the competitive market offers more choice and better pricing. Although results are down from 2021, which includes pandemic levels of heightened demand, the number of new medium-size customers is higher in 2022 compared to pre-pandemic periods.

In 2023 we forecast the number of customers served to remain in the range of 26,000 – 30,000; while the financial customers served range is increasing to 15,500 – 16,500. As well, we expect to increase the number of medium financial customers served in the range of 1,250 – 1,350. Growth in financial customers served reflects the corporate strategy to increase support for small- and medium-sized companies. Especially medium-sized companies, which we've identified as the greatest source of trade growth potential.

PRODUCTIVITY RATIO

In 2022, we expect PR to reach 41.8 percent by year-end, which is within the Corporate Plan range of 41 – 45 percent outlined last year.

For 2023 the expected range for PR is 44 – 48 percent, an increase from 2022 due to a decrease in net revenue.

TOTAL BUSINESS FACILITATED

We expect to end the 2022 year with $130.0 billion in business facilitated, which is above the $106.1 billion outlined in the Corporate Plan. This strong performance is primarily due to two factors—1) high commodity prices in the energy, resource and agricultural sectors which led to an increase in the value of insured sales; and 2) supply chain disruptions, where Canadian companies are filling market gaps.

Looking forward to 2023, we are forecasting that business facilitated will grow between 0 – 3 percent. This increase is due to the focus we will be placing on medium-sized companies, deepening relationships with existing large-sized Canadian customers, growing our connection financing and Global Corporate Partnerships programs.

BUSINESS FACILITATED IN EMERGING MARKETS

In 2022, we expect business facilitated in emerging markets (BFEM) to reach $24.0 billion by year-end, which is within what was outlined in the 2022 Corporate Plan. Similar to above, results reflect high commodity prices and supply chain disruptions, leading to growth in BFEM in countries such as Chile, Mexico, and India.

We are forecasting BFEM to grow in the range of 5-15 percent in 2023. This growth is being driven by factors such as GDP growth in developing countries where EDC's customers tend to be trade engaged such as China, Brazil, India, and Mexico, along with EDC placing more emphasis on international lending activities.

BUSINESS FACILITATED IN THE CLEANTECH SECTOR

Business Facilitated in the cleantech sector supports our Environmental, Social and Governance strategic objectives. This measure is expected to reach $7.1 billion by year-end 2022 which is slightly below the growth (+15 – 25%) outlined in the 2022 Corporate Plan. This shortfall primarily reflects the better-than-expected year-end result for 2021 of $6.3 billion versus a forecast of $5.0 billion. We are still expecting solid growth of 11.4% off a strong year in 2021. In addition, the number of new cleantech customers is increasing; however, they tend to be early-stage companies requiring products with lower amounts business facilitated.

Growth in 2023 will be driven by growing the cleantech customer base, in particular leveraging relationships with Canadian financial investors to create lending, project finance and guarantee opportunities. Further growth could be accomplished via sustainable finance initiatives.

CARBON TARGET

In 2019, we set an initial target to reduce exposure to our most carbon-intensive sectors by 15% below 2018 levels by 2023. In 2020, we surpassed that goal and strengthened it to target a reduction of 40% on the same timeline. We achieved the target early in 2022 and now plan to maintain our exposure at no greater than $12.2B through to the end of 2023.

In 2023, we remain committed to assessing our financing portfolio and making decisions on how to manage its overall carbon intensity. We expect our exposure to be in the range of $10.0 - $12.2 billion as we move toward building the portfolio of the future.

MEDIUM-TO-LONG TERM (JANUARY 1, 2024 – DECEMBER 31, 2027)

EDC forecasts, monitors and reports out on four key medium-to-long term performance indicators as detailed below:

Performance Indicator	Target(s) 2024	2025	2026	2027	Data Strategy
Customers Served	1,450 medium 16,675 financial 28,000	1,760 medium 18,000 financial 28,000	1,885 medium 18,400 financial 28,000	1,950 medium 18,600 financial 28,000	The medium-to-long term forecast for Customers Served represents continued growth with medium financial and financial customers up to 2027. However, the pace of growth will slow in the 2026-2027 period. Growth will be driven by factors such as the continued evolution of the Trade Expansion Lending Program, new service delivery methods, and continued growth from our partnership strategies. This will be partially offset by the loss of BCAP customers, particularly domestic, that we supported during the pandemic. Stabilization of total customers served in 2024 and beyond, reflects the emphasis on financial customers while maintaining and servicing a large customer base.
Productivity Ratio (%)	38.9%	34.6%	31.0%	30.7%	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 ($M)	139,250	146,330	148,800	151,610	The business facilitated measure for the medium to long term is based on growth rates, which vary by product and by year. We revise the medium to long term forecast for business facilitated on an annual basis. Business facilitated is expected to increase over the planning period which is made up of growth across the existing portfolios, new volumes in both financing and insurance that are due to our strategic focus on medium-sized exporters and growth in the Global Corporate Partnerships (GCP) program.
Carbon Target ($M)	10,000 – 12,200	n/a	n/a	n/a	The carbon target measure is relatively new; it was introduced in 2021. The medium to long-term forecast was set over the 2021-23 period. We are looking at developing a new Carbon measure in the coming year—moving away from a measure based on the carbon-intensive exposure in our lending portfolio to one that is based on emissions.

CHIEF EXECUTIVE OFFICER COMMITMENT

I, Mairead Lavery, 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.

Mairead Lavery

Mairead Lavery, Chief Executive Officer
Export Development Canada

December 15, 2022

2021 IMPACT REPORT

GROWTH IN CANADA'S EXPORTS – WE ASPIRE FOR A 60% GROWTH IN CANADA'S EXPORTS

	2018	2019	2020	2021	Growth Past Decade 2011-2021*	Target Growth Coming Decade 2021-2030
Canada: Real Exports of Goods and Services (Bil.2012.C$)	667.4	682.5	616.3	624.8	16%	60%*
Annual growth (% yr/yr)	3.8%	2.3%	-9.7%	1.4%		

Source: Statistics Canada
**TBD: please treat as placeholder. Additional analysis required before providing final proposal.*

SHARE OF GLOBAL EXPORTS – WE WILL MAINTAIN AND BUILD BACK CANADA'S MARKET SHARE IN GLOBAL TRADE

	2018	2019	2020	2021	Change Since 2011	Rank (out of 38 OECD countries)	Insights
Canada: Share of Global Exports (%) (Goods & Services Bil.2010.US$)	2.3%	2.4%	2.3%	2.2%	-12%	26	Canada ranks 26 out of 32 countries in the OECD based on the change in share of global trade over the past decade (e.g., the percent change in share of global trade in 2011 vs. 2021; if a country had 3% share in 2011 and a 2% share in 2021, this represents a 50% decline). Canada's share of global exports declined in 2021 from 2.3% to 2.2% and we moved down in the ranking- from 20 in 2020 to 26 in 2021. This was due to an increase in exports of larger economies such as Austria, France, Italy, Japan and Spain. The average annual increase in exports for these five countries was 11% as opposed to 1.4% for Canada. The group of 32 countries used for comparison purposes are 38 OECD countries excluding Turkey, Poland, Mexico, Costa Rica, Chile and Columbia, which are still considered 'emerging/developing' by EDC and the International Monetary Fund.
OECD: Share of Global Exports (%) (Goods & Services Bil.2010.US$)	61%	62%	61%	60%	-4%		
Non-OECD: Share of Global Exports (%) (Goods & Services Bil.2010.US$)	39%	38%	39%	40%	6%		

Source: EIU trade data. 2021 Trade data for Canada has been updated using growth numbers from Statistics Canada

CANADIAN GDP FACILITATED & NUMBER OF JOBS FACILITATED – WE WILL CREATE JOBS, WEALTH, AND OPPORTUNITY FOR CANADIANS

	2018	2019	2020	2021	5-year Average	Insights
Total GDP Supported by EDC (bn C$ market prices)	$66.13	$64.54	$65.33	$71.14	$66.53	The exports, CDIA, and domestic business facilitated by EDC in 2021 are estimated to have supported over $71 billion in Canadian nominal GDP, an increase of 9% over 2020. The contribution to the Canadian economy in 2021 represented 3.3% of Canada's total GDP, higher than the previous year but down from the peak of 3.6% in 2018.
Share of Total Canadian GDP Supported by EDC (%)	3.6%	3.3%	3.4%	3.3%	3.4%	
Total Employment Supported by EDC (# of Jobs)	499,659	487,431	470,298	512,117	492,882	EDC's business facilitated supported almost 0.5 million Canadian jobs, an increase of 9% over last year. This represents 2.7% of the Canadian labour force. This is consistent with the levels seen in 2018 and slightly above the 5-year average. During the same period, the Canadian labour force grew by 4.7%.
Share of Total Canadian Employment	2.7%	2.6%	2.6%	2.7%	2.6%	

Source: EDC calculations and Statistics Canada data.

SUSTAINABLE AND EQUITABLE BUSINESS – WE WILL SUPPORT CANADIAN COMPANIES ON THEIR ESG AND LOW-CARBON JOURNEY

	2018	2019	2020	2021
All Canadian SMEs				
A. Total SME Exporters, Canada (note 1 and 4)	88,892	92,152	95,413	99,754
B. EDC Supported SMEs	11,008	14,411	15,587	20,480
C. EDC Supported Domestic BCAP Customers	–	–	524	942
D. EDC Supported Share of Total Canadian SMEs That Export (%) – EXCLUDES DOMESTIC BCAP in 2020/21	12.4%	15.6%	15.8%	19.6%
Indigenous SMEs (Majority-owned Only)				
E. Indigenous Majority-owned SME Exporters (Notes 1 and 2)	773	775	777	795
F. EDC Supported Indigenous SMEs	19	33	106	187
G. EDC Supported Indigenous Domestic BCAP Customers	–	–	20	53
H. EDC Supported Share of CDN Indigenous SMEs That Export (%): (Line F - Line G) / Line E – EXCLUDES DOMESTIC BCAP IN 2020/21	2.5%	4.3%	11.1%	16.9%
Women-owned/led SMEs (Minority + 50/50 + Majority)				
I. Women-owned/led SME Exporters, Canada (Note 1 and 3)	39,242	38,751	38,261	39,403
J. Women-owned SME Exporters (Minority, 50/50 and Majority) as a Share of Total SME Exporters, Canada	44%	42%	40%	40%
K. EDC Supported Women-owned/led (Minority, 50/50 and Majority) SME Exporters	469	723	1,237	1,655
L. EDC Supported Women Domestic BCAP Customers	–	–	99	269
M. EDC Supported Share of Total CDN Women-owned/led SMEs That Export (%): (Line K - Line L) / Line I – EXCLUDES DOMESTIC BCAP in 2020/21	1.2%	1.9%	3.0%	3.5%
See CSR Dashboard for Carbon Targets and Other ESG Measures				

Insights

- From 2017 to 2020, the number of SME exporters in Canada grew at an annual rate of 3.7%. In contrast, the number of women-owned and led SME exporters declined while Indigenous exporter counts remained flat. The weaker performance for women and Indigenous exporters reflects the bigger negative bigger impact of COVID on these groups relative to the broader export sector.
- There are an estimated 60,000 Indigenous entrepreneurs and companies in Canada with sole proprietors and micro companies representing around 70% of this total. Incorporated Indigenous SMEs are estimated at around 18,000 to 20,000.
- Women-owned/led SMEs export a higher proportion of services. Exports of services were impacted much more negatively by the pandemic, relative to merchandise goods.
- In 2020, 18.3% of debt requests by Indigenous SMEs was rejected compared with an average rejection rate of 8.3% for all SMEs.
- Statscan defines SMEs as companies with 1-499 employees and minimum $30k in annual revenue.

  EDC reported numbers may include some large companies (statistically insignificant).

Notes:

1. The aggregate amounts for total Canadian, Women owned/led and Indigenous owned SME exporters (lines A, D and G) are derived from the StatsCan/ISED SME Financing and Growth Survey (SME FGS). Latest available year is 2020.
2. The SME FGS provides data for majority Indigenous majority-owned SMEs only. Data for 50/50 and minority ownership is not available for Indigenous SMEs in the Survey. Given that EDC Indigenous support includes minority-owned and led, EDC support ratios for Indigenous SMEs is likely to be overestimated.
3. The SME FGS provides Women owned percentage levels of: 1-49%; 50% and 51-100%. The aggregate data in line G includes all three ownership categories.
4. The Canadian SME aggregates for 2018, 2019 and 2021 are extrapolated from the 2017 and 2020 SME Financing and Growth Surveys. Historical data are therefore subject to change as new information becomes available.
5. Historical EDC #'s are subject to further change. With improvements in EDC data collection, estimates for Indigenous and Women owned/led business supported by EDC increased compared with the 2021 EDC Impact Report. Better data coverage allows new information on ownership (Indigenous, Women) to be added to existing and previous EDC customer profiles, boosting overall counts.

APPENDIX IV: 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 2023-2027 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 2023-2027 was approved by EDC's Board of Directors on December 15, 2022 and was further amended in July 2023 to adjust the administrative expenses for 2023 – 2027 based on the direction contained within Budget 2023. The amended Corporate Plan was subsequently approved by EDC's Board of Directors on July 17, 2023.

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

Scott Moore

Scott Moore
Senior Vice-President and Chief Financial Officer
Export Development Canada

July 17, 2023

APPENDIX V: FINANCIAL STATEMENT AND NOTES

STATEMENT OF COMPREHENSIVE INCOME

Table 3: Projected Statement of Comprehensive Income (2021-2027)

for the year ended December 31 (in millions of Canadian dollars)	2021 Actual	2022 Plan	2022 Fcst	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Financing and Investment Revenue:								
Loans	1,455	1,428	1,901	3,150	3,217	3,307	3,429	3,647
Marketable securities	82	80	175	340	269	258	254	258
Investments	16	2	20	16	16	16	16	16
Total financing and investment revenue	1,553	1,510	2,096	3,506	3,502	3,581	3,699	3,921
Interest expense	324	347	943	2,426	2,330	2,301	2,305	2,483
Financing-related expenses	25	12	35	36	39	36	35	34
Net Financing and Investment Income	1,204	1,151	1,118	1,044	1,133	1,244	1,359	1,404
Loan Guarantee Fees	97	109	73	83	70	73	74	75
Insurance premiums and guarantee fees	285	270	288	299	318	329	335	342
Reinsurance ceded	(33)	(28)	(30)	(30)	(29)	(29)	(29)	(29)
Net Insurance Premiums and Guarantee Fees	252	242	258	269	289	300	306	313
Other (Income) Expense	(744)	(21)	(479)	(20)	(96)	(138)	(198)	(149)
Administrative Expenses	606	661	640	652	617	607	600	595
Income before Provision and Claims-Related Expenses	1,691	862	1,288	764	971	1,148	1,337	1,346
Provision for (Reversal of) Credit Losses	(561)	(175)	210	150	150	150	150	150
Claims-Related Expenses (Recovery)	(84)	134	8	59	111	133	125	146
Reinsurers' share of claims-related expenses	33	41	22	11	9	7	5	4
Net Claims-Related Expenses (Recovery)	(51)	175	30	70	120	140	130	150
Net Income	2,303	862	1,048	544	701	858	1,057	1,046
Other comprehensive income:								
Retirement benefit plans remeasurement	343	33	181	4	4	4	5	5
Comprehensive Income	2,646	895	1,229	548	705	862	1,062	1,051

2022 FORECAST VERSUS 2022 CORPORATE PLAN

We are forecasting net income of $1,048 million for 2022, an increase of $186 million from the 2022 Corporate Plan. Items of note regarding this forecast are as follows:

- Other income of $479 million in 2022 is mainly due to unrealized gains on our financial instruments. Due to the volatility and difficulty in estimating fair value gains or losses, a forecast for unrealized gains or losses is not included in the Plan.
- We are projecting a provision charge of $210 million compared to a $175 million provision reversal in the Plan. The charge is primarily due to a deterioration in the macroeconomic variables used to derive the forecast. The Plan anticipated a global recovery post-pandemic leading to reversal of provisions; however, due to a deterioration in the macroeconomic forecast, we are anticipating a provision charge for the year.
- Net claims-related expenses are projected to decrease by $145 million mainly due to a decrease in the forecast of claim payments combined with a reduction in the allowance for insurance claims as a result of the removal of the risk adjustment related to the COVID-19 pandemic.
- Loan guarantee fees are projected to decrease by $36 million when compared to the Plan primarily as a result of a decrease in demand for the products.
- Net financing and investment income is expected to decrease by $33 million. A large portion of the decrease relates to market factors such as rising interest rates. In order to pay for the repurchase of share capital, we raise funds by borrowing. As interest rates continue to rise, the cost associated with funding the repurchase of share capital has risen.
- Other comprehensive income is expected to increase by $148 million as a result of an increase in the discount rates used to value our pension obligations partially offset by negative returns on plan assets.

2023 CORPORATE PLAN VERSUS 2022 FORECAST

The planned net income for 2023 is $544 million, which is a decrease of $504 million from 2022.

- Other income of $20 million is forecast for 2023 compared to $479 million in 2022 mainly due to unrealized gains on our financial instruments in 2022. As mentioned above, a forecast for unrealized gains or losses is not included in the Plan.
- While interest rates are forecast to continue to rise in 2023, resulting in an increase in loan revenue and interest expense, net financing and investment income is expected to decrease by $74 million. As mentioned above, a large portion of the decrease relates to the cost to fund the repurchase of share capital. These costs are partially offset by an increase in revenue from our lending portfolio.
- The provision for credit losses is expected to decrease by $60 million as the economic outlook begins to stabilize. As previously discussed, our base case projections do not foresee a global recession in 2023. Should a recession occur, we would anticipate that actual results would differ from this forecast.
- Other comprehensive income is expected to decrease by $177 million as the discount rate used to value our pension obligations is expected to remain stable throughout the planning period.

STATEMENT OF FINANCIAL POSITION

Table 4: Projected Statement of Financial Position (2021-2027)

as at December 31 *(in millions of Canadian dollars)*	2021 Actual	2022 Plan	2022 Fcst	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Assets								
Cash	182	239	78	78	78	78	78	78
Marketable securities	9,070	7,447	9,805	8,221	8,259	8,387	7,619	7,620
Derivative instruments	1,138	1,850	1,835	1,835	1,835	1,835	1,835	1,835
Loans receivable	48,204	48,348	51,368	53,376	57,001	61,033	65,739	66,973
Allowance for losses on loans	(1,751)	(1,440)	(1,725)	(1,537)	(1,006)	(999)	(1,009)	(1,004)
Investments	2,609	2,417	2,506	2,688	2,839	2,986	3,192	3,422
Investment in FinDev Canada	300	300	300	600	950	1,350	1,350	1,350
Amounts due from FinDev Canada	1	2	2	6	7	9	16	25
Reinsurers' share of premium and claims liabilities	110	78	97	86	77	70	65	61
Property, plant and equipment	44	43	41	39	38	37	36	34
Intangible assets	63	50	54	40	31	24	17	7
Right-of-use assets	126	115	116	106	96	86	76	66
Retirement benefit assets	346	299	466	480	497	516	537	560
Other assets	201	278	294	252	273	288	293	305
Total Assets	60,643	60,026	65,237	66,270	70,975	75,700	79,844	81,332
Liabilities and Equity								
Accounts payable and other credits	169	95	126	126	126	126	126	126
Loans payable	43,525	45,106	47,831	49,257	54,504	59,192	63,035	64,151
Derivative instruments	1,002	894	4,039	4,039	4,039	4,039	4,039	4,039
Lease liabilities	157	150	150	142	135	128	121	114
Loan guarantees	188	227	229	209	214	224	224	234
Allowance for losses on loan commitments	18	30	11	16	21	26	26	31
Premium and claims liabilities	670	542	582	518	495	487	470	470
Retirement benefit liabilities	226	249	162	169	176	184	191	200
Total Liabilities	45,955	47,293	53,130	54,476	59,710	64,406	68,232	69,365
Share capital	12,300	9,797	8,490	7,629	6,395	5,562	4,818	4,122
Retained earnings	2,388	2,936	3,617	4,165	4,870	5,732	6,794	7,845
Total Equity	14,688	12,733	12,107	11,794	11,265	11,294	11,612	11,967
Total Liabilities and Equity	60,643	60,026	65,237	66,270	70,975	75,700	79,844	81,332

2022 FORECAST VERSUS 2022 CORPORATE PLAN

Loans receivable are forecast to be $3.0 billion higher than Plan mainly due to higher net disbursements than anticipated in the Plan.

2023 CORPORATE PLAN VERSUS 2022 FORECAST

Loans receivable are forecast to grow in 2023 as a result of an increase in our direct financing business, leading to a corresponding increase in loans payable as our borrowing requirements are largely determined by our loan portfolio.

2024 TO 2027

Loans receivable are expected to grow from 2024 to 2027 due to the business volumes anticipated as a result of our strategic focus on medium-sized exporters and growth in the GCP progam. We will see a corresponding increase in our loans payable as our borrowing requirements are largely driven by our loan portfolio.

The proportion of our debt to equity increases over the planning period with the debt to equity ratio reaching 5.8 in 2027. Between 2011 and 2021 we have paid $14.0 billion in dividend payments, including $6.7 billion in special dividend payments relating to the BCAP. Over this same period, we have received capital injections of $11.0 billion. In 2022 we will repurchase share capital of $3.8 billion. We are projecting to repurchase additional share capital of $4.4 billion over the planning period, including $1.1 billion related to the BCAP support.

STATEMENT OF CHANGES IN EQUITY

Table 5: Projected Statement of Changes in Equity (2021-2027)

for the year ended December 31 (in millions of Canadian dollars)	2021 Actual	2022 Plan	2022 Fcst	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Share Capital								
Balance beginning of year	12,300	12,300	12,300	8,490	7,629	6,395	5,562	4,818
Shares repurchased	-	(2,503)	(3,810)	(861)	(1,234)	(833)	(744)	(696)
Balance end of year	12,300	9,797	8,490	7,629	6,395	5,562	4,818	4,122
Retained Earnings								
Balance beginning of year	7,022	2,041	2,388	3,617	4,165	4,870	5,732	6,794
Net income	2,303	862	1,048	544	701	858	1,057	1,046
Other comprehensive income (loss)								
Retirement benefit plans remeasurement	343	33	181	4	4	4	5	5
Dividends	(7,280)	-	-	-	-	-	-	-
Balance end of year	2,388	2,936	3,617	4,165	4,870	5,732	6,794	7,845
Total Equity End of Year	14,688	12,733	12,107	11,794	11,265	11,294	11,612	11,967
Return on Equity	13.5%	6.4%	8.4%	4.6%	6.1%	7.6%	9.2%	8.9%

Share capital decreases over the Plan period as excess capital is returned by way of the repurchase of share capital until such time that our share capital as a proportion of our total equity returns to pre-pandemic levels.

Effective January 1, 2023, the recognition, measurement, presentation, and disclosure requirements of insurance contracts are to be reported in accordance with IFRS 17 – Insurance Contracts, with retroactive application to our reporting period beginning January 1, 2022. We continue to work through the complexities of this standard; however, our preliminary assessment of the transitional adjustment of adopting the new standard is a restatement increasing opening retained earnings in 2022 estimated to be in the range of $100 - $200 million.

STATEMENT OF CASH FLOWS

Table 6: Projected Statement of Cash Flows (2021-2027)

for the year ended December 31 (in millions of Canadian dollars)	2021 Actual	2022 Plan	2022 Fcst	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Cash Flows from (used in) Operating Activities								
Net income	2,303	862	1,048	544	701	858	1,057	1,046
Adjustments to determine net cash from (used in) operating activities								
Provision for (reversal of) credit losses	(561)	(175)	210	150	150	150	150	150
Change in the net allowance for claims on insurance	(89)	(37)	(101)	(72)	(20)	(10)	(20)	(3)
Depreciation and amortization	32	36	32	33	27	25	25	26
Realized (gains) and losses	(315)	(21)	(32)	(20)	(96)	(138)	(198)	(149)
Changes in operating assets and liabilities								
Change in fair value of investments and accrued interest on loans receivable	(397)	91	345	99	7	11	(29)	(3)
Change in accrued interest and fair value of marketable securities	185	-	432	-	-	-	-	-
Change in accrued interest and fair value of loans payable	(473)	-	(1,524)	-	-	-	-	-
Change in derivative instruments	546	-	2,033	-	-	-	-	-
Other	29	(91)	(229)	(151)	(187)	(321)	(893)	(959)
Loan disbursements	(16,135)	(21,716)	(19,703)	(19,692)	(21,865)	(22,340)	(24,223)	(24,163)
Loan repayments and principal recoveries from loan asset sales	20,960	22,326	17,184	17,442	17,632	18,266	19,513	22,957
Net cash from (used in) operating activities	6,085	1,275	(305)	(1,667)	(3,651)	(3,499)	(4,618)	(1,098)
Cash Flows from (used in) Investing Activities								
Disbursements for investments	(378)	(368)	(491)	(501)	(496)	(510)	(534)	(549)
Receipts from investments	438	330	407	363	447	507	532	474
Disbursements for investments in FinDev Canada	-	-	-	(300)	(350)	(400)	-	-
Purchases of marketable securities	(7,698)	(10,965)	(8,428)	(10,606)	(7,492)	(7,345)	(5,190)	(5,722)
Sales/ maturities of marketable securities	7,767	11,714	9,796	11,494	7,461	7,274	5,616	5,722
Purchases of property, plant and equipment	(7)	7	2	2	2	2	2	2
Purchases of intangible assets	(1)	3	8	5	5	5	5	2
Net cash from (used in) investing activities	121	721	1,294	457	(423)	(467)	431	(71)
Cash Flows from (used in) Financing Activities								
Issue of long-term loans payable	7,205	15,835	13,781	19,618	12,597	17,666	22,131	22,310
Repayment of long-term loans payable	(10,807)	(13,936)	(13,618)	(13,137)	(7,265)	(12,168)	(16,902)	(20,447)
Issue of short-term loans payable	25,216	60,985	52,006	90,337	60,224	61,506	60,224	64,069
Repayment of short-term loans payable	(21,719)	(62,685)	(47,423)	(95,462)	(60,224)	(62,146)	(60,865)	(64,069)
Disbursements from sale/ maturity of derivative instruments	(34)	-	(240)	-	-	-	-	-
Receipts from sale/ maturity of derivative instruments	114	-	78	-	-	-	-	-
Issue (repurchase) of share capital	-	(2,503)	(3,810)	(861)	(1,234)	(833)	(744)	(696)
Dividend paid	(7,280)	-	-	-	-	-	-	-
Net cash from (used in) financing activities	(7,305)	(2,304)	774	495	4,098	4,025	3,844	1,167
Effect of exchange rate changes on cash and cash equivalents	(24)	-	147	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(1,123)	(308)	1,910	(715)	24	59	(343)	(2)
Cash and cash equivalents								
Beginning of year	2,779	2,692	1,656	3,566	2,851	2,875	2,934	2,591
End of year	1,656	2,384	3,566	2,851	2,875	2,934	2,591	2,589
Cash and cash equivalents are comprised of:								
Cash	182	239	78	78	78	78	78	78
Cash equivalents included within marketable securities	1,474	2,145	3,488	2,773	2,797	2,856	2,513	2,511
	1,656	2,384	3,566	2,851	2,875	2,934	2,591	2,589
Operating Cash Flows from Interest								
Cash paid for interest	435	301	329	2,215	2,311	2,234	2,262	2,416
Cash received for interest	1,456	1,326	861	3,188	3,379	3,429	3,506	3,705

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. The following standards are highly relevant to EDC.

IFRS 17 – Insurance Contracts - In May 2017, the IASB issued IFRS 17, which replaces the guidance in IFRS 4 and establishes recognition, measurement, presentation, and disclosure requirements of insurance contracts. The standard requires entities to measure the contract liabilities using their current fulfillment cash flows and revenue to be recognized using one or more of three methods. We are planning to adopt two of these methods – the General Measurement Model and the Premium Allocation Approach to measure insurance contracts. IFRS 17 is effective for annual periods beginning on or after January 1, 2023. We are currently assessing the impact of applying the standard to our consolidated financial statements and disclosures.

Interest Rate Benchmark Reform – Phase 2 - In August 2020, the IASB issued amendments to IFRS 9 – Financial Instruments, IAS 39 – Financial Instruments: Recognition and Measurement, IFRS 7 – Financial Instruments: Disclosures, IFRS 4 – Insurance Contracts and IFRS 16 – Leases to address the reforms related to the interest rate benchmark.

The amendments include changing the effective interest rate of financial instruments to reflect the change to the alternative benchmark rate, as well as additional disclosure about new risks arising from the reform and how we are managing the transition to alternative benchmark rates. For financial assets and liabilities measured at amortized cost, the amendments introduce a practical expedient that allows the change in contractual cash flows to be accounted for as an update to the effective interest rate, as opposed to immediately recognizing a gain or loss, provided that the modification is made on an economically equivalent basis and is a direct consequence of interest rate benchmark reform. For further information, please see Note 3 of our 2021 Annual Report.

RISK MANAGEMENT

For a comprehensive discussion on our risk management, please refer to pages 95-103 of our 2021 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 Capital Management and Dividend Policy (CMDP) 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 CMDP 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. 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 to fulfill our mandate. EDC pays dividends to the shareholder or repurchases share capital when there is a capital surplus.

Table 7: Projected Capital Position (2021-2027)

(in millions of Canadian dollars)	2021 Actual	2022 Plan	2022 Fcst	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Credit risk	4,634	5,341	5,100	4,739	4,777	4,942	5,192	5,387
Market risk	1,543	1,124	1,205	1,234	1,268	1,313	1,339	1,334
Operational risk	244	228	225	207	228	259	285	285
Total pillar I risks	6,421	6,693	6,530	6,180	6,273	6,514	6,816	7,006
Strategic risk	552	542	563	586	615	648	682	701
Pension plan risk	594	594	591	591	591	591	591	591
Total pillar II risks	1,146	1,136	1,154	1,177	1,206	1,239	1,273	1,292
Total economic capital	7,567	7,829	7,684	7,357	7,479	7,753	8,089	8,298
Capital reserved for strategic initiatives	300	300	1,050	750	400	-	-	-
Capital reserved to withstand a stressed period	-	-	-	-	-	-	-	-
Total capital demand	7,867	8,129	8,734	8,107	7,879	7,753	8,089	8,298
Supply of capital	14,640	12,666	12,067	11,757	11,238	11,285	11,627	12,012
Capital surplus/ (deficit)	6,773	4,537	3,333	3,650	3,359	3,532	3,538	3,714
EDC target rating	AA	AA	AA	AA	AA	AA	AA	AA
EDC implied solvency rating	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA

In 2020, we received capital injections totalling $11.0 billion of which $5.0 billion was to support the oil and gas sector through the COVID-19 pandemic. While table 7 above includes the total capital position for EDC, the following tables shows the projected capital position for the separate oil and gas support and the BCAP support:

Table 8: Capital - Oil and Gas (2021-2027)

(in millions of Canadian dollars)	2021 Actual	2022 Plan	2022 Fcst	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Capital demand	907	1,275	897	315	120	36	-	-
Supply of capital	2,891	1,486	1,120	916	326	91	-	-
Capital surplus/ (deficit)	1,984	211	223	601	206	55	-	-

Table 9: Capital - BCAP (2021-2027)

(in millions of Canadian dollars)	2021 Actual	2022 Plan	2022 Fcst	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Capital demand	5	-	7	5	-	-	-	-
Supply of capital	250	-	27	35	-	-	-	-
Capital surplus/ (deficit)	245	-	20	30	-	-	-	-

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

Table 10: Distribution of the Demand for Credit Risk by Region

Region	2019 Actual	2020 Actual	2021 Actual
Africa and Middle East	22.7%	18.1%	10.6%
Asia and Pacific	18.3%	13.8%	12.6%
Europe and CIS	19.0%	23.9%	30.8%
North America	27.7%	37.6%	35.5%
South and Central America and the Caribbean	12.3%	6.6%	10.5%

Table 11: Distribution of the Demand for Credit Risk by Industry

Industry	2019 Actual	2020 Actual	2021 Actual
Aerospace	11.5%	25.3%	23.4%
Agri-food	4.1%	4.3%	3.4%
Automotive	3.7%	4.2%	6.0%
Construction	1.2%	1.1%	2.2%
Environmental	0.2%	0.3%	3.5%
Financial and insurance services	4.4%	2.5%	2.7%
Forestry	3.7%	1.7%	1.7%
Knowledge technologies	1.0%	1.2%	2.0%
Light manufacturing	4.0%	5.5%	7.6%
Mining	16.5%	9.2%	11.6%
Oil and gas	24.1%	19.0%	4.6%
Sovereign	1.7%	3.3%	4.5%
Surface transportation	5.1%	7.8%	7.0%
Telecom and media	9.0%	3.3%	4.6%
Tourism and government services	0.4%	0.3%	0.5%
Utilities and alternative and renewable energy	9.4%	11.0%	14.7%

The loan capital distribution reflected in tables 11 and 12 is impacted by the corresponding business volumes and risk characteristics as well as risk transfer activities conducted by EDC. The capital distribution is consequently not a direct representation of the outstanding loan amounts by country or industry.

ELIGIBLE DIVIDENDS AND REPURCHASE OF SHARE CAPITAL

Under normal conditions when we generate 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. Based on our Capital Management and Dividend Policy, under normal conditions, the amount of dividend shall be based on 20 percent of available capital surplus; however, the Shareholder and EDC each retains the right to request that a dividend be paid based on a different methodology, or that no dividend be paid. In 2021, we declared and paid a $580 million dividend according to our current dividend policy and a special dividend of $6.7 billion based on the capital surplus position of the BCAP programs and a targeted ICAAP ratio. As previously discussed, over the Plan period, any capital surplus related to both the BCAP programs and EDC core operations will be returned by way of a repurchase of share capital. In 2022, a $675 million repurchase of share capital has been paid according to our current dividend policy as well as a special repurchase of share capital of $3,135 million based on the capital surplus position of the BCAP programs and a targeted ICAAP ratio.

Table 12: Total Dividends and Repurchase of Share Capital (2021-2027)

(in millions of Canadian dollars)	2021 Actual	2022 Plan	2022 Fcst	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Total capital demand	7,867	8,129	8,734	8,107	7,879	7,753	8,089	8,298
Supply of capital	14,640	12,666	12,067	11,757	11,238	11,285	11,627	12,012
Capital surplus/(deficit)	6,773	4,537	3,333	3,650	3,359	3,532	3,538	3,714
Calculated repurchase of share capital	3,810	1,076	861	1,234	833	744	696	726

Table 13: Dividends and Repurchase of Share Capital Oil and Gas (2021-2027)

(in millions of Canadian dollars)	2021 Actual	2022 Plan	2022 Fcst	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Total capital demand	907	1,275	897	315	120	36	-	-
Supply of capital	2,891	1,486	1,120	916	326	91	-	-
Capital surplus/(deficit)	1,984	211	223	601	206	55	-	-
Calculated repurchase of share capital*	1,765	211	223	601	206	55	-	-

* *The repurchase of share capital has been capped such that the total dividends paid and share capital repurchased do not exceed the initial capital injection of the program. Any future capital surplus from the program will be included in EDC core operations.*

Table 14: Dividends and Repurchase of Share Capital BCAP (2021-2027)

(in millions of Canadian dollars)	2021 Actual	2022 Plan	2022 Fcst	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Total capital demand	5	-	7	5	-	-	-	-
Supply of capital	250	-	27	35	-	-	-	-
Capital surplus/(deficit)	245	-	20	30	-	-	-	-
Calculated repurchase of share capital*	200	-	20	30	-	-	-	-

* *The repurchase of share capital has been capped such that the total dividends paid and share capital repurchased do not exceed the initial capital injection of the program. Any future capital surplus from the program will be included in EDC core operations.*

In order to pay dividends or repurchase share capital, we raise funds by borrowing. While we have sufficient liquid assets to cover such a payment, these assets are held in order to comply with the parameters of our Liquidity and Funding Risk Management Policy as approved by our Board.

STATUTORY LIMITS

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

- A limit on our contingent liability arrangements which is currently $90 billion (‘Contingent Liability Limit’); and
- A limit on our borrowings (‘Loans Payable Limit’), as discussed on page 75.

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

Table 15: Statutory Limits (2021-2027)

(in millions of Canadian dollars)	2021 Actual	2022 Plan	2022 Fcst	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Contingent Liability Limit	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Credit insurance	13,996	14,231	15,351	15,570	16,350	17,265	17,418	17,616
Financial institutions insurance	2,366	2,453	2,055	2,330	2,446	2,569	2,697	2,832
International trade guarantee	11,738	11,112	13,269	14,193	13,718	14,066	14,478	14,957
Political risk insurance	479	463	387	384	353	258	258	253
Loan guarantees	4,399	5,060	4,218	3,821	4,069	4,352	4,406	4,683
Position against limit	32,978	33,319	35,280	36,298	36,936	38,510	39,257	40,341
Percent used	37%	37%	39%	40%	41%	43%	44%	45%
Loans Payable Limit	289,350	214,275	219,600	181,005	176,310	168,465	169,095	174,150
Position against limit	43,525	45,106	47,831	49,257	54,504	59,192	63,035	64,151
Percent used	15%	21%	22%	27%	31%	35%	37%	37%

OPERATING BUDGET AND NOTES

ADMINISTRATIVE EXPENSES AND PRODUCTIVITY RATIO

Table 16: Projected Administrative Expenses and Productivity Ratio (2021-2027)

(in millions of Canadian dollars)	2021 Actual	2022 Plan	2022 Fcst	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Salaries and benefits	294	325	325	348	341	343	351	361
Systems costs	53	55	51	57	58	60	61	63
Professional services	83	102	106	106	94	83	83	50
Pension, other retirement and post-employment benefits	62	49	48	17	16	16	15	15
Amortization and depreciation	23	25	25	23	17	15	15	16
Marketing and communications	24	27	25	22	21	21	21	21
Occupancy	28	29	26	30	30	29	30	29
Information services	22	23	22	24	24	25	26	27
Travel, hospitality and conferences	-	4	4	6	6	6	6	6
Other	17	22	8	22	23	27	17	32
Previous Corporate Plan Administrative Expenses	606	661	640	655	630	625	625	620
Reduction to Administrative Expenses								
Permanent Reduction to Discretionary Administrative Expenses	n/a	n/a	n/a	-	(5)	(10)	(17)	(17)
Further Reductions to Discretionary Consulting, Travel, and Professional Services	n/a	n/a	n/a	(3)	(8)	(8)	(8)	(8)
Total Reductions to Administrative Expenses	-	-	-	(3)	(13)	(18)	(25)	(25)
Current Corporate Plan Administrative Expenses	606	661	640	652	617	607	600	595
Productivity Ratio	31.4%	43.4%	41.8%	46.0%	38.9%	34.6%	31.0%	30.7%

Budget 2023, released on March 28, 2023 outlined expectations for Crown Corporations to achieve expense savings. As a result this Corporate Plan has been amended to reflect the required savings. The adjustments made include planned reductions to consolidated administrative expenses beginning in 2023 and as follows:

- 0.8% beginning in 2024
- 1.7% beginning in 2025
- 3.0% beginning in 2026 and every year thereafter.

In addition to the 3% reduction, EDC has reduced spending on consulting, other professional services and travel by 15% from planned discretionary spending in these areas from 2024 - 2027 commencing with a 5% reduction in 2023. The total savings over the 5 years of the plan is $84 million. In order to achieve these savings EDC will look to find efficiencies in areas such as minimizing advisory services, reducing business travel and slowing down the replacement of resources while ensuring we do not impact our ability to serve Canadian Exporters.

We will report on how these reductions are being achieved in future annual reports and corporate plans.

We are targeting administrative expenses of $652 million for 2023 compared to a current forecast for 2022 of $640 million. Items of significance in our administrative expense projections for 2023 and beyond are as follows:

- As noted in the 2021-2025 Corporate Plan, our focus is to help medium sized exporters scale and grow their international success. In addition, we are modernizing our digital capabilities that will allow us to further extend our reach and effectiveness in understanding our customers' needs to drive better trade outcomes for Canada. These objectives will require a significant investment in a number of areas and over the plan period we expect to realize benefits, both increased revenue and cost savings, as a result of our investment in the transformation.
- EDC continues to support Canadian businesses in their ESG transition through sharing knowledge and advice and providing financial solutions that help their business succeed in a changing global marketplace. Developing and regularly updating our ESG practices helps ensure EDC and Canada remain leaders in proactive risk management and sustainable and responsible economic development. Investments will need to be made in our people and processes in order to achieve our objectives in this space.
- The administrative expenses projections include amounts 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. Included in the administrative expense projections are substantial pension cost reductions over the planning period mainly due to a higher discount rate, which aligns with our outlook on interest rates. Other factors contributing to the decline include a decreasing number of members as the plan is closed to new entrants and a sizable surplus from the interest on assets exceeding the current service costs.

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.

We anticipate that the PR will gradually decline over the Corporate Plan period as we are projecting an increase in revenues and a decrease in our pension expense as previously discussed.

The following tables provide information on our travel, hospitality and conferences expenses from 2019 to 2027. Strong efforts are being made to reduce our travel related expenditures from pre-pandemic levels over the plan period to support our commitment to net zero emissions by 2050.

Table 17: Travel, Hospitality and Conferences Expenses (2019-2027)

(in thousands of Canadian dollars)	**2019 Actual**	**2020 Actual**	**2021 Actual**	**2022 Plan**	**2022 Fcst**	**2023 Plan**	**2024 Plan**	**2025 Plan**	**2026 Plan**	**2027 Plan**
Travel*	9,053	1,372	235	3,421	3,325	5,205	5,169	5,171	5,171	5,171
Hospitality	1,480	181	56	574	487	569	566	566	566	566
Conferences	840	81	84	150	-	150	150	150	150	150
Previous Corporate Plan Total	11,373	1,634	375	4,145	3,812	5,924	5,885	5,887	5,887	5,887
Reduction to Administrative Expenses										
Further Reductions to Discretionary Travel	n/a	n/a	n/a	n/a	n/a	(350)	(1,050)	(1,050)	(1,050)	(1,050)
Current Corporate Plan Administrative Expenses	11,373	1,634	375	4,145	3,812	5,574	4,835	4,837	4,837	4,837

* *2019 actuals include travel related to employee training.*

Table 18: Travel, Hospitality and Conferences Expenses as a Percentage of Total Administrative Expenses (2019-2027)

(in millions of Canadian dollars)	2019 Actual	2020 Actual	2021 Actual	2022 Plan	2022 Fcst	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Total travel, hospitality and conferences expenses	11.4	1.6	0.4	4.1	3.8	5.6	4.8	4.8	4.8	4.8
Total administrative expenses	528	543	606	661	640	652	617	607	600	595
Travel, hospitality and conferences as a % of total administrative expenses	2.2%	0.3%	0.1%	0.6%	0.6%	0.9%	0.8%	0.8%	0.8%	0.8%

CAPITAL BUDGET AND NOTES

CAPITAL EXPENDITURES

Table 19: Projected Capital Expenditures (2021-2027)

(in millions of Canadian dollars)	2021 Actual	2022 Plan	2022 Fcst	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Facilities	1.2	1.0	2.2	2.5	2.5	2.5	2.5	2.5
Information technology	7.3	8.8	7.6	4.6	4.6	4.6	4.6	1.8
Total capital expenditures	8.5	9.8	9.8	7.1	7.1	7.1	7.1	4.3

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

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 2022 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 20: Projected Consolidated Statement of Comprehensive Income (2021-2027)

for the year ended December 31 ***(in millions of Canadian dollars)***	**2021 Actual**	**2022 Plan**	**2022 Fcst**	**2023 Plan**	**2024 Plan**	**2025 Plan**	**2026 Plan**	**2027 Plan**
Financing and Investment Revenue:								
Loans	1,462	1,446	1,921	3,209	3,299	3,419	3,580	3,845
Marketable securities	82	80	175	340	269	258	254	258
Investments	16	2	21	16	16	16	16	16
Total financing and investment revenue	1,560	1,528	2,117	3,565	3,584	3,693	3,850	4,119
Interest expense	324	348	946	2,444	2,350	2,326	2,352	2,563
Financing-related expenses	25	12	36	37	40	37	36	35
Net Financing and Investment Income	1,211	1,168	1,135	1,084	1,194	1,330	1,462	1,521
Loan Guarantee Fees	97	109	73	83	70	73	74	75
Insurance premiums and guarantee fees	285	270	288	299	318	329	335	342
Reinsurance ceded	(33)	(28)	(30)	(30)	(29)	(29)	(29)	(29)
Net Insurance Premiums and Guarantee Fees	252	242	258	269	289	300	306	313
Other (Income) Expense	(741)	(23)	(495)	(26)	(103)	(146)	(209)	(165)
Administrative Expenses	619	682	656	681	655	653	653	655
Income before Provision and Claims-Related Expenses	1,682	860	1,305	781	1,001	1,196	1,398	1,419
Provision for (Reversal of) Credit Losses	(554)	(166)	219	167	174	185	192	199
Claims-Related Expenses (Recovery)	(84)	134	8	59	111	133	125	146
Reinsurers' share of claims-related expenses	33	41	22	11	9	7	5	4
Net Claims-Related Expenses (Recovery)	(51)	175	30	70	120	140	130	150
Net Income	2,287	851	1,056	544	707	871	1,076	1,070
Other comprehensive income:								
Retirement benefit plans remeasurement	343	33	181	4	4	4	5	5
Comprehensive Income	2,630	884	1,237	548	711	875	1,081	1,075

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Table 21: Projected Consolidated Statement of Financial Position (2021-2027)

as at December 31 ***(in millions of Canadian dollars)***	**2021 Actual**	**2022 Plan**	**2022 Fcst**	**2023 Plan**	**2024 Plan**	**2025 Plan**	**2026 Plan**	**2027 Plan**
Assets								
Cash	207	246	85	85	85	85	85	85
Marketable securities	9,082	7,457	9,817	8,231	8,267	8,394	7,625	7,626
Derivative instruments	1,139	1,855	1,835	1,835	1,835	1,835	1,835	1,835
Loans receivable	48,345	48,484	51,479	53,727	57,610	61,917	66,418	67,448
Allowance for losses on loans	(1,760)	(1,458)	(1,745)	(1,572)	(1,059)	(1,075)	(1,112)	(1,136)
Investments	2,707	2,522	2,676	2,938	3,208	3,522	3,989	4,487
Reinsurers' share of premium and claims liabilities	110	78	97	86	77	70	65	61
Property, plant and equipment	44	43	41	39	39	37	36	34
Intangible assets	63	51	54	40	31	25	18	8
Right-of-use assets	127	116	117	107	97	86	76	66
Retirement benefit assets	346	299	466	480	497	516	537	560
Other assets	205	280	300	258	279	294	298	311
Total Assets	60,615	59,973	65,222	66,254	70,966	75,706	79,870	81,385
Liabilities and Equity								
Accounts payable and other credits	185	108	139	137	135	134	133	133
Loans payable	43,525	45,106	47,831	49,257	54,504	59,192	63,035	64,151
Derivative instruments	1,003	894	4,050	4,050	4,050	4,050	4,050	4,050
Lease liabilities	158	151	151	143	136	129	121	114
Loan guarantees	188	227	229	209	214	224	224	234
Allowance for losses on loan commitments	20	30	11	17	25	33	36	44
Premium and claims liabilities	670	542	582	518	495	487	470	470
Retirement benefit liabilities	226	249	162	169	176	184	191	200
Total Liabilities	45,975	47,307	53,155	54,500	59,735	64,433	68,260	69,396
Share capital	12,300	9,797	8,490	7,629	6,395	5,562	4,818	4,122
Retained earnings	2,340	2,869	3,577	4,125	4,836	5,711	6,792	7,867
Total Equity	14,640	12,666	12,067	11,754	11,231	11,273	11,610	11,989
Total Liabilities and Equity	60,615	59,973	65,222	66,254	70,966	75,706	79,870	81,385

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Table 22: Projected Consolidated Statement of Changes in Equity (2021-2027)

for the year ended December 31 ***(in millions of Canadian dollars)***	**2021 Actual**	**2022 Plan**	**2022 Fcst**	**2023 Plan**	**2024 Plan**	**2025 Plan**	**2026 Plan**	**2027 Plan**
Share Capital								
Balance beginning of year	12,300	12,300	12,300	8,490	7,629	6,395	5,562	4,818
Shares repurchased	-	(2,503)	(3,810)	(861)	(1,234)	(833)	(744)	(696)
Balance end of year	12,300	9,797	8,490	7,629	6,395	5,562	4,818	4,122
Retained Earnings								
Balance beginning of year	6,990	1,985	2,340	3,577	4,125	4,836	5,711	6,792
Net income	2,287	851	1,056	544	707	871	1,076	1,070
Other comprehensive income (loss)								
Retirement benefit plans remeasurement	343	33	181	4	4	4	5	5
Dividends	(7,280)	-	-	-	-	-	-	-
Balance end of year	2,340	2,869	3,577	4,125	4,836	5,711	6,792	7,867
Total Equity at End of Year	14,640	12,666	12,067	11,754	11,231	11,273	11,610	11,989
Return on Equity	13.5%	6.3%	7.9%	4.6%	6.2%	7.7%	9.4%	9.1%

CONSOLIDATED STATEMENT OF CASH FLOWS

Table 23: Projected Consolidated Statement of Cash Flows (2021-2027)

for the year ended December 31 (in millions of Canadian dollars)	2021 Actual	2022 Plan	2022 Fcst	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Cash Flows from (used in) Operating Activities								
Net income	2,287	851	1,056	544	707	871	1,076	1,070
Adjustments to determine net cash from (used in) operating activities								
Provision for (reversal of) credit losses	(554)	(166)	219	167	174	185	192	199
Change in the net allowance for claims on insurance	(89)	(37)	(101)	(72)	(20)	(10)	(20)	(3)
Depreciation and amortization	32	36	32	33	27	26	26	27
Realized (gains) and losses	(315)	(21)	(32)	(20)	(96)	(138)	(198)	(149)
Changes in operating assets and liabilities								
Change in fair value of investments and accrued interest on loans receivable	(394)	91	330	93	(6)	(5)	(45)	(24)
Change in accrued interest and fair value of marketable securities	185	-	432	-	-	-	-	-
Change in accrued interest and fair value of loans payable	(473)	-	(1,524)	-	-	-	-	-
Change in derivative instruments	552	-	2,025	-	-	-	-	-
Other	41	(91)	(248)	(155)	(189)	(323)	(896)	(960)
Loan disbursements	(16,196)	(21,713)	(19,698)	(19,837)	(22,209)	(22,711)	(24,028)	(24,191)
Loan repayments and principal recoveries from loan asset sales	20,982	22,351	17,218	17,354	17,724	18,365	19,524	23,186
Net cash from (used in) operating activities	6,058	1,301	(291)	(1,893)	(3,888)	(3,740)	(4,369)	(845)
Cash Flows from (used in) Investing Activities								
Disbursements for investments	(413)	(395)	(542)	(577)	(610)	(670)	(784)	(802)
Receipts from investments	440	330	410	363	447	507	532	474
Purchases of marketable securities	(7,706)	(10,965)	(8,482)	(10,906)	(7,842)	(7,745)	(5,190)	(5,722)
Sales/ maturities of marketable securities	7,775	11,716	9,865	11,794	7,811	7,674	5,616	5,722
Purchases of property, plant and equipment	(7)	7	2	2	2	2	2	2
Purchases of intangible assets	(1)	2	8	5	5	5	5	2
Net cash from (used in) investing activities	88	695	1,261	681	(187)	(227)	181	(324)
Cash Flows from (used in) Financing Activities								
Issue of long-term loans payable	7,205	15,835	13,781	19,618	12,597	17,666	22,131	22,310
Repayment of long-term loans payable	(10,807)	(13,936)	(13,618)	(13,137)	(7,265)	(12,168)	(16,902)	(20,447)
Issue of short-term loans payable	25,216	60,985	52,006	90,337	60,224	61,506	60,224	64,069
Repayment of short-term loans payable	(21,719)	(62,685)	(47,423)	(95,462)	(60,224)	(62,146)	(60,865)	(64,069)
Disbursements from sale/ maturity of derivative instruments	(34)	-	(240)	-	-	-	-	-
Receipts from sale/ maturity of derivative instruments	114	-	78	-	-	-	-	-
Issue (repurchase) of share capital	-	(2,503)	(3,810)	(861)	(1,234)	(833)	(744)	(696)
Dividend paid	(7,280)	-	-	-	-	-	-	-
Net cash from (used in) financing activities	(7,305)	(2,304)	774	495	4,098	4,025	3,844	1,167
Effect of exchange rate changes on cash and cash equivalents	(24)	-	147	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(1,183)	(308)	1,891	(717)	23	58	(344)	(2)
Cash and cash equivalents								
Beginning of year	2,876	2,699	1,693	3,584	2,867	2,890	2,948	2,604
End of year	1,693	2,391	3,584	2,867	2,890	2,948	2,604	2,602
Cash and cash equivalents are comprised of:								
Cash	207	246	85	85	85	85	85	85
Cash equivalents included within marketable securities	1,486	2,145	3,499	2,782	2,805	2,863	2,519	2,517
	1,693	2,391	3,584	2,867	2,890	2,948	2,604	2,602
Operating Cash Flows from Interest								
Cash paid for interest	435	302	331	2,229	2,329	2,258	2,302	2,488
Cash received for interest	1,461	1,342	872	3,239	3,450	3,529	3,643	3,888

CONSOLIDATED ADMINISTRATIVE EXPENSES

Table 24: Projected Consolidated Administrative Expenses (2021-2027)

(in millions of Canadian dollars)	2021 Actual	2022 Plan	2022 Fcst	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Salaries and benefits	303	338	336	366	367	376	391	407
Professional services	84	105	108	111	99	87	87	55
Pension, other retirement and post-employment benefits	63	50	49	18	17	17	16	16
Systems costs	53	56	52	58	59	61	62	65
Occupancy	28	29	26	31	31	30	32	31
Marketing and communications	25	28	26	23	22	22	22	22
Amortization and depreciation	23	25	25	23	17	15	15	16
Information services	22	23	22	24	24	25	26	28
Travel, hospitality and conferences	-	4	5	7	8	8	8	8
Other	18	24	7	23	24	30	19	32
Previous Corporate Plan Administrative Expenses	619	682	656	684	668	671	678	680
Reduction to Administrative Expenses								
Permanent Reduction to Discretionary Administrative Expenses	n/a	n/a	n/a	-	(5)	(10)	(17)	(17)
Further Reductions to Discretionary Consulting, Travel, and Professional Services	n/a	n/a	n/a	(3)	(8)	(8)	(8)	(8)
Total Reductions to Administrative Expenses	-	-	-	(3)	(13)	(18)	(25)	(25)
Current Corporate Plan Administrative Expenses	619	682	656	681	655	653	653	655

CONSOLIDATED CAPITAL EXPENDITURES

Table 25: Projected Consolidated Capital Expenditures (2021-2027)

(in millions of Canadian dollars)	2021 Actual	2022 Plan	2022 Fcst	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Facilities	1.1	1.4	2.2	2.8	2.8	2.7	2.7	2.7
Information technology	7.3	9.6	7.7	4.9	4.9	4.7	4.7	1.9
Total capital expenditures	8.4	11.0	9.9	7.7	7.7	7.4	7.4	4.6

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

APPENDIX VI: 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 Board 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. We have a collateral program in which Treasury swap counterparties may pledge cash collateral in some cases or 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. In the event of a Market Risk, Liquidity or Counterparty policy limit breach, management shall develop a remediation plan for the Board's review. Our Asset Liability Committee meets, at least quarterly, to review compliance with these policy limits. Board limit compliance for Market, Liquidity, and Counterparty risk is reported quarterly to the Risk Management Committee of the Board.

BORROWING STRATEGIES

STATUTORY BORROWING AUTHORITIES

Our 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*.

Our funding activities are governed by section 4 of the *Borrowing Authority Act*. Under this Act, borrowings by agent corporations, including EDC, in conjunction with borrowings by the Minister of Finance must not at any time exceed $1,831 billion, subject to the exceptions at sections 5 and 6 of this Act. We will report our borrowings to the Minister of Finance to comply with this 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 2022 forecast, the maximum borrowing limit allowable under this Act for 2023 is estimated at CAD $181.0 billion (U.S. $141.3 billion), compared to forecast loans payable at the end of 2023 of CAD $49.3 billion (U.S. $38.5 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.

We may be called upon to respond to unanticipated events and may need to borrow sums of money beyond our 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. We began capitalizing FinDev Canada in 2018 with a CAD $100 million (U.S. $78 million) capital injection. Additional capitalization of CAD $100 million (U.S. $78 million) took place in each of 2019 and 2020. EDC will provide additional capitalization of CAD $1,050 million (U.S. $819 million) starting in 2023 over a three-year period. EDC is expecting to provide debt financing of CAD $207 million (U.S. $162 million) in 2022 and is currently forecast to provide debt financing of CAD $275 million (U.S. $215 million) in 2023. Our Treasury team will leverage its expertise to undertake all borrowing, investing, hedging and foreign exchange activities on behalf of FinDev Canada, should business requirements or market conditions necessitate access to additional funding.

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, FinDev Canada 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 Risk Management 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, debt maturities and non-revolving loan repayments. The target size of the USD component of our liquidity portfolio will be U.S. $5.0 billion (CAD $6.4 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. Capital markets instruments may 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

2022 BORROWINGS

As at October 31, 2022, we have issued U.S. $10.2 billion (CAD $13.1 billion) in long-term debt compared to the Minister of Finance approved 2022 maximum of U.S. $16.3 billion (CAD $20.9 billion). Commercial paper outstanding amounted to U.S. $8.3 billion (CAD $10.6 billion) as at October 31, 2022 compared to the Minister of Finance authorized 2022 maximum of U.S. $14.0 billion (CAD $17.9 billion).

2022 long-term borrowing is forecast to be CAD $2.1 billion (U.S. $1.6 billion) lower than the 2022 Plan due primarily to the use of short-term funding to meet a portion of long-term funding requirements. 2022 short-term borrowing outstanding at year end is forecast to be CAD $7.9 billion (U.S. $6.2 billion) higher than the 2022 Plan reflecting the use of short-term funding to meet a portion of long-term funding requirements and the increase in the repurchase of share capital amount.

In 2022, the liquidity portfolio is forecast to maintain an average balance of CAD $6.8 billion (U.S. $5.3 billion), with a minimum balance of CAD $6.3 billion (U.S. $4.9 billion) and a maximum balance of CAD $7.6 billion (U.S. $5.9 billion).

2023 BORROWINGS

Money Market Borrowings (Short-term Borrowings)

Unpredictable cash flow demands most often result from undrawn revolver commitments, estimated at U.S. $4.8 billion (CAD $6.1 billion) at December 31, 2023. Revolver commitments range in size from approximately U.S. $12 thousand to U.S. $370 million (CAD $15 thousand to CAD $474 million), can provide for same day advances and can be highly concentrated among certain industries and individual borrowers. Revolver utilization is forecast to remain stable during 2023. Additional committed facilities which have not yet been drawn are forecast to total U.S. $3.7 billion (CAD $4.8 billion) at the end of 2023.

In 2023, the liquidity portfolio is forecast to maintain a balance of CAD $6.4 billion (U.S. $5.0 billion). There is a plan to review the liquidity portfolio to potentially reduce the target size by U.S. $1.0 billion (CAD $1.3 billion) based on forecast cash needs while remaining onside the liquidity policy. The entire liquidity portfolio can be accessed during a liquidity event. At December 31, 2023, short-term borrowings outstanding are projected to be CAD $5.1 billion (U.S. $4.0 billion) lower than the forecast December 31, 2022 short-term borrowings outstanding reflecting a forecast decrease in the use of short-term borrowing to fund long-term requirements.

Capital Market Borrowings (Long-term Borrowings)

The Corporate Plan projects a baseline borrowing requirement of U.S. $15.4 billion (CAD $19.7 billion) with potential additional long-term requirements of U.S. $3.9 billion (CAD $5.0 billion) for contingency purposes.

Total Outstanding Borrowings

The aggregate principal amount outstanding of borrowings will not at any time in 2023 exceed CAD $50.6 billion (U.S. $39.5 billion), which is well below the maximum statutory limit of fifteen times the current paid in capital and retained earnings, equivalent to CAD $181.0 billion (U.S. $141.3 billion) estimated as of December 31, 2023.

PRIMARY USES OF FINANCING

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

Increased Lending – Net loan disbursements.

CP Outstanding – Decrease in the level of CP outstanding.

Eligible Share Capital – Debt financing for repurchase of share capital.

FinDev Canada – Debt financing for operations and projects.

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.

Revolver Activity – Higher than forecast utilization of revolver facilities could increase borrowing requirements.

Pre-Funding of 2024 Business Facilitated – We may seek to pre-fund some of our 2024 capital markets requirements to minimize debt service costs and lock-in longer term funding.

Table 26: Capital Markets Borrowing Requirement Projection for 2023

(in millions of U.S. dollars)	USD	2023 Plan
Decrease/ (increase) in cash from operations	(458)	
Net disbursements/ (repayments) of loans and investments	1,864	
Funding Requirements for Fin Dev Canada	310	
Repurchase of share capital	672	
Activity from operations		2,388
Funding required for change in CP outstanding	4,000	
Funding required for change in marketable securities at fair value through profit or loss	(1,251)	
Refinancing of debt maturities	10,152	
Buybacks	100	
Activity from liabilities		13,001
Forecast Borrowing Requirements for Corporate Plan		**15,389**
Potential increases to cash requirements		
Changes to assumption on lending activity		2,000
Changes to assumption on revolving facilities		750
Reduction of outstanding commercial paper		500
Pre-funding of 2024 volumes/ maturities		500
Changes to assumption on FinDev Canada activities		100
Forecast Borrowing Requirements Including Contingencies		**19,239**

Table 27: Projected Borrowing Plans (2020-2027)

(in millions of Canadian dollars)	2020 Actual	2021 Actual	2022 Plan	2022 Fcst	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Capital Markets Borrowing Limit (U.S. $16.3 billion)*	18,723	14,048	20,886	20,886	-	-	-	-	-
Position	11,298	7,290	15,835	13,781	19,618	12,597	17,666	22,131	22,310
Percent used	60%	52%	76%	66%	-	-	-	-	-
Short-Term Borrowing Limit (U.S. $14.0 billion)*	25,474	17,718	17,939	17,939	-	-	-	-	-
Position	2,781	6,265	3,028	10,946	5,795	5,795	5,151	4,507	4,507
Percent used	11%	35%	17%	61%	-	-	-	-	-

* *Refers to 2022 limit. The limits are set each year in consultation with the Department of Finance, and accordingly, there are no limits set for 2023 to 2027.*

Table 28: Projected Total Outstanding Borrowings (2020-2027)

as at December 31 *(in millions of Canadian dollars)*	2020 Actual	2021 Actual	2022 Plan	2022 Fcst	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Short-term borrowings	2,781	6,265	3,028	10,946	5,795	5,795	5,151	4,507	4,507
Long-term borrowings	42,239	37,260	42,078	36,885	43,462	48,709	54,041	58,528	59,644
Total borrowings	45,020	43,525	45,106	47,831	49,257	54,504	59,192	63,035	64,151

Table 29: Projected Short-Term Borrowings by Currency (2020-2027)

as at December 31 *(in millions of Canadian dollars)*	2020 Actual	2021 Actual	2022 Plan	2022 Fcst	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Canadian dollar	-	-	-	-	-	-	-	-	-
U.S. dollar	1,760	6,265	3,028	10,946	5,795	5,795	5,151	4,507	4,507
Other currencies	1,021	-	-	-	-	-	-	-	-
Total short-term borrowings	2,781	6,265	3,028	10,946	5,795	5,795	5,151	4,507	4,507

Table 30: Projected Peaks in Short-Term Borrowings by Currency (2020-2027)

for the year ended December 31 *(in millions of Canadian dollars)*	2020 Actual	2021 Actual	2022 Plan	2022 Fcst	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Canadian dollar	-	-	-	-	-	-	-	-	-
U.S. dollar commercial paper	15,739	6,810	4,914	11,606	11,532	5,766	5,125	5,766	8,970
U.S. dollar line of credit	-	-	-	-	-	-	-	-	-
Other currencies	2,122	950	-	-	-	-	-	-	-
Total short-term borrowings	17,861	7,760	4,914	11,606	11,532	5,766	5,125	5,766	8,970

Table 31: Projected Long-Term Borrowings (2020-2027)

(in millions of Canadian dollars)	2020 Actual	2021 Actual	2022 Plan	2022 Fcst	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Opening balance	43,287	42,239	40,062	37,260	36,885	43,462	48,709	54,041	58,528
Maturities	(13,606)	(10,807)	(13,936)	(13,618)	(13,137)	(7,265)	(12,168)	(16,902)	(20,447)
New issuances	11,922	7,205	15,835	13,781	19,618	12,597	17,666	22,131	22,310
FX translation and other changes	636	(1,377)	117	(538)	96	(85)	(166)	(742)	(747)
Total long-term borrowings	42,239	37,260	42,078	36,885	43,462	48,709	54,041	58,528	59,644

Table 32: Projected Long-Term Borrowings by Type (2020-2027)

as at December 31 *(in millions of Canadian dollars)*	2020 Actual	2021 Actual	2022 Plan	2022 Fcst	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Fixed rate	19,189	16,186	17,588	15,915	15,705	15,432	14,625	12,290	10,363
Floating rate	23,050	21,074	24,490	20,970	27,757	33,277	39,416	46,238	49,281
Total long-term borrowings	42,239	37,260	42,078	36,885	43,462	48,709	54,041	58,528	59,644

RIGHT OF USE ASSETS

UPCOMING AND FUTURE LEASES

We currently have no leases starting in the coming year that require Ministerial approval nor are we contemplating signing any leases that will require approval.

INTEREST RATE SENSITIVITY

The table below presents the sensitivity of the net financing and investment income to a parallel 100 basis point change in interest rates given the outstanding positions as at December 31:

INTEREST RATE CHANGE

(in millions of Canadian dollars)		**2021**
	+100 Basis Points	-100 Basis Points
Change in net financing and investment income	**(54)**	**54**

We do not anticipate that a parallel 100 basis point change in interest rates over the plan period would differ materially from the results presented above.

FOREIGN EXCHANGE RISK

The table below presents the sensitivity of the net income to changes in the value of the Canadian dollar versus the other currencies to which we were exposed given the outstanding positions as at December 31:

CANADIAN DOLLAR RELATIVE TO OTHER CURRENCIES

(in millions of Canadian dollars)		**2021**
	Increases by 1%	Decreases by 1%
Change in net income	**(5)**	**5**

We do not anticipate that a one percent change in the value of the Canadian dollar versus the other currencies to which we are exposed would differ materially from the results presented above over the plan period.

BUSINESS FACILITATED SENSITIVITY

The tables below present the sensitivity of the net income to changes in the level of business facilitated for direct financing and credit insurance as at December 31. Please note that these results exclude any impacts on both the provision for credit losses and the net claims-related expenses.

BUSINESS FACILITATED CHANGE – DIRECT FINANCING

(in millions of Canadian dollars)		**2023**
	Increases by CAD $1.0 billion	Decreases by CAD $1.0 billion
Change in net income	**5**	**(5)**

BUSINESS FACILITATED CHANGE – CREDIT INSURANCE

(in millions of Canadian dollars)		**2023**
	Increases by 10%	Decreases by 10%
Change in net income	**14**	**(14)**

APPENDIX VII: COMPLIANCE AND LEGISLATIVE POLICY REQUIREMENTS

We take 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. We have a suite of policies to address legislative and policy requirements, relevant to our operations. We systematically monitor new Bills 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, we are subject to a wide range of compliance obligations. To manage the risk of non-compliance obligations, including those to the Government of Canada, we have implemented a Compliance Risk Management Program. The Compliance Risk Management program sets out the structure, roles and responsibilities, processes, and controls through which we identify, assess, respond to, monitor and report on compliance risk.

COMPLIANCE WITH MINISTERIAL DIRECTIVES

Ministerial directives are an important component of the Government of Canada's oversight mechanisms for Crown corporations and are issued to EDC under Section 89 of the *Financial Administration Act* (FAA), or more rarely under section 8.3(7) of the *Bretton Woods and Related Agreements Act.* EDC is compliant with nine 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 we lend or provide benefits to, in accordance with Government's policy to improve the accountability and integrity of federal institutions. To implement this directive, we reviewed our policies and programs and confirmed that they were sufficient to ensure that due consideration is given to the personal integrity of individuals seeking support or other benefits from EDC, and the effects that transactions into which we may enter could have on our reputation.

In 2014, the Government of Canada issued directives requiring certain Crown corporations to implement pension plan reforms. We support the principles underlying the directives and have taken action to implement the spirit and intent of these reforms, including 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, we have implemented cost sharing with our Defined Benefit employees as though the Defined Benefit plan had remained open.

In July 2015, EDC and other federal Crown corporations were 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 in our 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 also report on our Travel and Hospitality in the Corporate Plan.

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

On March 26, 2020, in accordance with subsection 149(1) of the *Financial Administration Act*, the Minister for International Trade asked EDC to provide specific, ongoing reporting that includes: aggregate baseline data for 2019 on all financial customer transactions; monthly aggregate reporting on the delivery of services under the COVID-19 economic response package; and quarterly aggregate data for all financial customer transactions. This reporting has been implemented as per the criteria provided, which we share with appropriate Ministers as required. EDC was also asked to provide Board of Director meeting materials upon request, including those related to the following government programs: Business Credit Availability Program, cleantech commercialization support program, Export Diversification Strategy, and support for women entrepreneurship and for Indigenous entrepreneurs.

On March 30, 2020, the Minister for International Trade directed EDC to carry on its activities in accordance with section 23 of the *Export Development Act*, as part of its response to the COVID-19 pandemic, to support and develop domestic business in accordance with any request made under the Act as part of that response, and to take any measures necessary to action this directive.

On August 14, 2021, 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* with respect to the Telesat Lightspeed project.

On August 6, 2021, 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* with respect to the Lower Churchill project.

On February 26, 2022, The Minister for International Trade directed EDC to perform any activity in accordance with the letter of arrangement entered into by EDC and the Minister of Finance with respect to a loan to be provided to Ukraine by EDC, as agent for the Minister of Finance pursuant to subsection 8.3(7) of the *Bretton Woods and Related Agreements Act*.

APPENDIX VIII: GOVERNMENT PRIORITIES AND DIRECTION

TRANSPARENCY AND OPEN GOVERNMENT

Maintaining relationships with all our stakeholders, based on trust and accountability through accurate and timely disclosure of information, is critical to our long-term success. In alignment with the Government of Canada's commitment to open government, we have several mechanisms in place to provide transparency around our business practices and policies.

Our transparency efforts aim to balance the role we play in the commercial banking sector, with the role we play as a Crown corporation. In so doing, we provide access to information while maintaining the commercial confidentiality of our customers. To support these efforts, in 2020 we updated and renamed the *Transparency and Disclosure Policy* (the Policy) that sets out our framework to disclose information pertaining to our business in a manner that balances the confidentiality required by our customers with the information sought by the public. It is intended to provide clarity for all audiences about the work we do, whether they are our employees, customers, members of civil society, or the general public. The Policy is authorized by our Board of Directors and provides the framework that governs our disclosure practices in relation to our business activities.

The updated policy, which was informed by feedback received during public consultations, has resulted in improved reporting practices, narrower dollar ranges and more relevant descriptions for the transactions we support and disclose. Moreover, the fact that transparency is now included in the policy's title is deliberate and symbolizes our commitment to make transparency central to EDC's culture.

The application of the Policy is overseen by our Compliance Officer and monitored for compliance by our Internal Audit and Evaluation department. In accordance with our current 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;
- Information relating to Environment, Social, and Governance issues (ESG). 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 Credits and Guarantees and the Equator Principles Association where EDC is a member of the Steering Committee.
- Formal letters we have received regarding our business and our support for specific transactions, along with our responses.

Moreover, as part of EDC's commitment to continuous improvement and open engagement, EDC is currently reviewing the *Transparency and Disclosure Policy* through the 2022 Environmental and Social Risk Management Policy Review. In 2022 EDC met with a diverse group of stakeholders and solicited submissions from both stakeholders and the public. EDC is considering the perspectives shared in those engagements and will release updates to the Policy in 2023.

Beyond disclosures mandated by our disclosure policy, we also disclose on our website:

- Travel and Hospitality expenses;
- Annual Reports on the Administration of the *Access to Information Act*;
- Information about our programs, activities and information holdings (Info Source); and
- Any disclosure reports of wrongdoing under the *Public Servants Disclosure Protection Act*.
- Information on how we are taking action on climate change through annual Climate-Related Disclosures, which align with recommendations set out by the Task Force on Climate-related Financial Disclosures (TCFD).

In support of increased transparency, we seek input from stakeholders and key Non-Governmental Organizations regarding our business practices. Our ESG Advisory council, made up of prominent experts, advise on, and guide, our ESG practices.

We hold public consultations and information sessions 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 issues relevant to Canada's exporters and draw attention to areas where Canada faces opportunities and challenges.

CORPORATE PLAN SUMMARY

2023-2027

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Executive Summary

FinDev Canada (the Corporation) is Canada's Development Finance Institution (DFI), a Crown corporation with the mandate to provide financial solutions to the private sector and mobilize private investment in developing countries to achieve development goals in a manner consistent with Canada's international development priorities. Our overarching goals are to economically empower women, develop markets, and combat or adapt to climate change.

In its first five years, FinDev Canada has experienced significant successes, with 33 clients in its portfolio for a cumulative total of commitments of U.S. $529 million.[1] We have built a team of recognized experts, established ourselves as a leader in investing with a gender lens and successfully adjusted to the COVID-19 crisis to continue supporting impactful businesses in times of acute need.

Since FinDev Canada was established in 2018, the world has experienced significant changes.

The urgency to fight the existential threat of climate change is increasing. It is anticipated that the impact of climate change could push an additional 100 million people below the poverty line by 2030. Natural disasters, receding coastlines and rising temperatures have led to increased food and water insecurity, damage to infrastructure, and disruption of supply chains. Those most impacted are in developing countries, and are the least equipped to address its consequences, among them women.

The effects of the COVID-19 pandemic continue to bring disruption and uncertainty. Low-income countries are being especially affected, economically and socially. Governments' fiscal capacity has been drained by their response to the health crisis, which has curtailed their ability to address economic challenges. Further, women are disproportionally impacted by the effects of climate change and COVID-19.

The Russian invasion of Ukraine continues to send ripple effects across the globe, affecting commodity markets, trade and financial flows. Prices for commodities such as energy, wheat and fertilizers are climbing sharply. Rising food and energy prices are in turn exacerbating poverty in developing countries, making food insecurity a notable concern and raising the potential for further geo-political instability.

FinDev Canada's strategy for the period 2023-2027 seeks to respond to these global challenges. It builds on our successes to date and on our greater financial and operational capabilities to embrace an agenda of "*growth with purpose*".

We anticipate a steady portfolio growth over the planning period, reaching $3,968 million by the end of 2027. This growth will allow us to pursue high development outcomes for women's economic empowerment while increasing our impact in climate action and market development, and to contribute significantly to the Government of Canada's development assistance priorities.

To achieve our objectives, in 2022 we conducted an in-depth review and update of our Corporate Strategy based on the three pillars of our business strategy, our operating model and our people & culture.

The business strategy builds on our priorities to date and expands the scope of our activities for greater impact. We will continue our efforts to support the financial sector in developing markets, as a conduit to reach smaller beneficiaries who remain inadequately served. The progressive reopening of markets post-pandemic will however allow us to rebalance our portfolio towards our other sectors of focus. We will expand our presence in sustainable infrastructure, critical for achieving the United Nations Sustainable Development Goals (SDGs) and Paris Agreement commitments in developing and emerging markets, with a particular focus on mid-size projects where considerable needs remain unmet and where other players are not as active. We will continue to pursue opportunities in the agri-business and forestry supply chains, a sector which plays a key role in food security and with considerable potential to advance gender equality.

We will continue to deepen our presence in our existing geographies of Sub-Saharan Africa (SSA) and Latin America and the Caribbean (LAC). The corporation will also begin to expand into the Indo-Pacific Region in 2023, consistent with the Government of Canada's Indo-Pacific Strategy.

More than ever, the world looks to private capital mobilization to help humanity achieve the SDGs and commitments under the Paris Agreement. FinDev Canada is committed to implementing a mobilization strategy to strengthen and scale our approach. Building on the successful launch of the 2X Canada facility in 2021, we will seek to expand our presence in blended finance.

Our Technical Assistance Facility will continue to play a critical role in shoring up the capabilities of our clients and of the communities we serve, and we will seek to secure its long-term funding to accompany the next phase of our growth.

As we grow our business, we need to ensure that we have a sturdy foundation to do so by enhancing our operating model. During the planning period, we will continue to evolve and strengthen key elements of our operations. To that effect, we will update our Impact Management Framework to reflect the evolution of our strategy and ensure that our impact objectives remain embedded in our business model. We will strengthen and expand the scope of our Enterprise Risk Management Framework, with a particular emphasis on operational and strategic risks and invest in the implementation of our digital roadmap, enhancing our digital capabilities and introducing new tools and practices to support the effectiveness and improve the productivity of our business lines. We will continue to leverage our Service Model Agreement with our parent, Export Development Canada (EDC), and ensure it evolves with the growth of our capabilities to meet our specific needs.

Our success hinges on our people and our culture. Our team has grown rapidly since inception and we expect this trend to continue as we build up our capabilities. Moving forward we will focus on talent acquisition and career development to ensure our bench strength keeps pace with our business. We will also pursue additional efforts to ensure our employees thrive in a healthy workplace, with wellness an important measure of our success. As an organization with a global focus and a mandate to support inclusion, we place a high priority on diversity, equity and inclusion within our own team.

1.0 FinDev Canada at a Glance

1.1 Corporate Overview

FinDev Canada is Canada's Development Finance Institution (DFI). Our mandate is "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" (*Export Development Act 10.1.c*). As such, we play a unique role within the Government of Canada's International Assistance portfolio.

We were established under the *Canadian Business Corporations Act* as a wholly-owned subsidiary of Export Development Canada (EDC) and began operations in early 2018, headquartered in Montreal.

Our focus is on impact, particularly on market development, women's economic empowerment and climate action. We provide support through financial services such as investments, loans and guarantees, and through our technical assistance facility that helps private sector entities become more proactive and inclusive agents in their respective markets; and advance initiatives which address broader constraints to inclusive and sustainable economic growth.

We aim to be financially sustainable by generating returns on our loans and investments, and generate economic and social impact in the communities where our clients operate. Our vision is to help build a more sustainable and inclusive world, where women contribute to, and benefit from economic opportunities

1.2 Development Impact Priorities

Development impact is at the core of what we do and drives our decision-making. We designed a development impact framework around three priorities: **market development**, **women's economic empowerment**, and **climate action**. These development impact priorities align with the challenges facing our priority markets, the United Nations Sustainable Development Goals and commitments under the Paris Agreement.

Figure 1: Development Impact Goals

Market development: FinDev Canada contributes to market development by financing, investing in, and providing advisory services to the private sector in order to **develop capital markets**, **strengthen local enterprises** that provide decent employment, **deliver quality services**, **grow local value chains**, and **contribute to local government revenues and gross domestic product** (GDP) through salary payments, tax contributions and profits.

Women's economic empowerment: Aligned with Canada's Feminist International Assistance Policy (FIAP), FinDev Canada is guided by its Gender Equality Policy and its Gender Equality Strategy to integrate and promote gender equality and women's economic empowerment across our portfolio and within our organization. Working through the private sector, we apply a gender lens to four vectors of women's economic empowerment: **women's entrepreneurship**; women's **access to leadership** positions; women's **access to employment**; and women's **access to and control over basic services** and economic empowerment tools such as water, financial services, energy and technology.

1	2	3	4
Women's entrepreneurship	Women's access to leadership positions	Women's access to quality employment	Women's access to, and control over, basic services and economic empowerment tools

Figure.2: The Four Vectors of Women's Economic Empowerment

Climate action: FinDev Canada is committed to an investment approach that is aligned with the objectives of the Paris Agreement, and consistent with a net-zero greenhouse gas emissions pathway. Our Climate Change strategy, underpinned by our Climate Change Policy articulates our guiding principles and commitment to climate action based on three strategic considerations - **gender & climate-smart investing**, **driving net-zero emissions** and **enabling climate resilience** - and promotes climate action through our investments and operations.

Portfolio Level		Institutional & Industrial Level	
Steer capital towards transactions with high Women's Economic Empowerment impact	Promote gender action with clients	Lead by example with own practices	Be an agent of change in the investment community
Steer capital towards low-carbon and climate-resilient transactions	Promote climate action with clients		

Figure 3: Priority Action Areas of Findev Canada's Gender Equality and Climate Change Strategies

1.3 Our Business Focus

PRIORITY MARKETS

To date FinDev Canada has focused its activities and developed its expertise in two broad regions: Latin America and the Caribbean, and Sub-Saharan Africa. These regions include countries at varying degrees of development and income levels, and face diverse issues and opportunities.

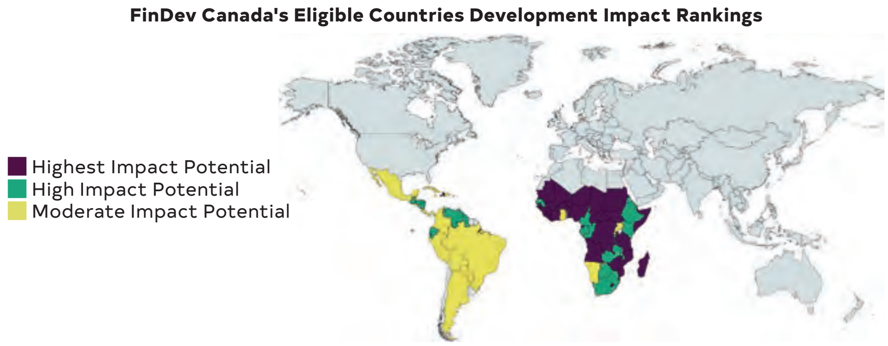

Figure 4: Geographic Focus

Figure 5: Sector Focus

PRIORITY SECTORS

FinDev Canada invests across sectors that are key for sustainable economic growth and development: **Financial Intermediaries**, including banks, non-banks and investment funds; **Sustainable Infrastructure**, including subsectors such as water, power, transportation digital infrastructure and related manufacturing and services; and **Agribusiness Value Chains**, including private sector entities engaged in the agriculture and forestry supply chains, from inputs, processing, packaging, manufacturing, distribution, to recycling and related services.

CLIENT PROFILE: MFX

MFX Solutions is a company that supports impact investing in emerging and developing markets through affordable hedging products and risk management education. Established in 2009, MFX gives impact investors the ability to protect themselves against the risk of currency movement. Its growing client base of impact investors operates in sectors such as renewable energy, agriculture, Micro- and Small-and-Medium Size-Enterprises (MSMEs) and housing.

1.4 Solutions Offering

FINANCING AND INVESTMENT

FinDev Canada aims to deliver value and generate development impact outcomes by providing financial solutions that contribute to our clients' long-term success, while complementing and not competing with commercial financial service providers. To do so, we deploy a broad range of financial tools: lending, including corporate loans, structured and project financing, and guarantees; and equity investments, either directly or through investment funds. FinDev Canada has built a reputation as a nimble organization, able to differentiate itself from competition by responding to its clients' needs in a timely fashion.

CONCESSIONAL FINANCE

To be a more effective development finance partner to the private sector in the markets we serve, in 2021 FinDev Canada added blended finance to its suite of solutions. In April 2021 we established *2X Canada: Inclusive economic recovery* ("2X Canada"), a $76 million concessional finance facility funded by Global Affairs Canada (GAC), that aims to enhance the socio-economic well-being of underserved, vulnerable populations, particularly women, primarily in Latin America, the Caribbean and Sub-Saharan Africa. By mobilizing additional public and private investment, this facility expands the reach of Canada's development finance capabilities, and contributes to a gender-smart economic recovery.

CLIENT PROFILE: LOCFUND NEXT

Locfund Next provides much-needed financing in local currencies to small and medium-sized microfinance institutions across Latin America and the Caribbean. In collaboration with Global Affairs Canada, FinDev Canada leveraged concessional capital to provide a USD 15 million investment, U.S. $7.5 million of which came from a 2X Canada equity investment. LocFund Next is recognized by the 2X Collaborative, a leading body in gender lens investing, as a 2X Flagship Fund for its focus on building a gender balance through its portfolio of 2X-eligible microfinance institutions and at a Fund Manager level.

TECHNICAL ASSISTANCE

The objective of FinDev Canada's Technical Assistance (TA) Facility, funded by GAC, is to enable our private sector clients and other market players to build capabilities, deepen their development outcomes and scale sustainably. TA is an important tool to complement financing and investment activities and foster more holistic relationships with our clients and relevant market players.

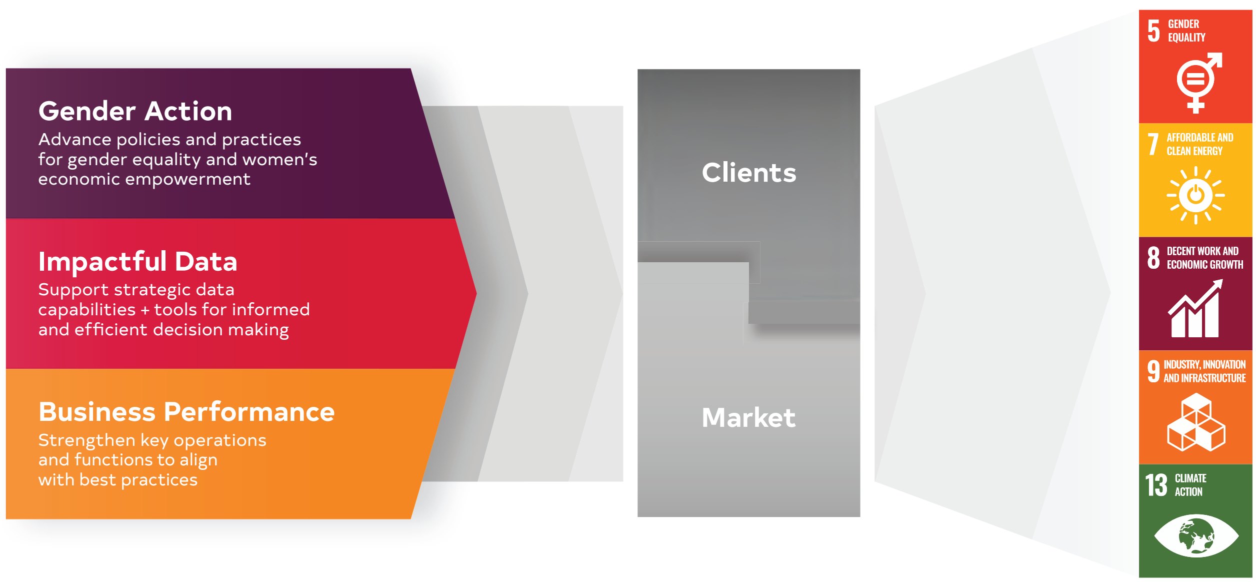

Figure 6: Technical Assistance Overview

TA CLIENT PROFILE: ECOENTERPRISES PARTNERS III

EEF III is a women-led and -managed private equity fund offering capital and guidance to innovative sustainable businesses in Latin America. FinDev Canada's TA Facility approved a project aimed at enhancing the Fund Manager's Environmental and Social (E&S) risk management capabilities, while also supporting their portfolio companies' capabilities on gender equality, E&S risk management, and business performance, including climate action.

1.5 Our Commitment to High Standards

ENVIRONMENTAL AND SOCIAL PRACTICES

FinDev Canada designed an environmental and social (E&S) policy that governs our approach to respecting the environment and people and guide decision-making in the transactions we support. It is informed by, and aligned with industry best practices and international frameworks.

As part of the transaction lifecycle, we identify and manage risks associated with our clients' operations and, when required, provide guidance and monitor progress against action plans or recommendations. Given that our clients and countries of investment face different E&S challenges and capacity constraints, we recognize that compliance should be progressive and based on reasonable timelines. As such, we support our clients to ensure E&S gaps are identified and addressed appropriately.

BUSINESS INTEGRITY

Business Integrity (BI) underpins our commitment to high standards of ethical business conduct, for us and for the companies we support and is fundamental to our ability to carry out our mandate in a socially responsible manner. To that effect, throughout the transaction lifecycle, we assess financial crime risks and ethical,and integrity concerns that could present risks for local populations and reputational risks for us and propose mitigation strategies in close collaboration with potential clients to ensure transactions meet our legal obligations and the high standards we expect of our clients.

TRANSPARENCY AND DISCLOSURE

FinDev Canada is committed to transparency around our operations, strategies and policies. Our Disclosure Policy sets out a framework to disclose information pertaining to our business in a manner that balances the confidentiality required by our customers with the information sought by the public. Reflecting best industry practices and stakeholder consultations, it is intended to provide clarity for all audiences including our employees, clients, civil society and the public about the work we do.

1.6 Partnerships

Since its inception, FinDev Canada has adopted a partnership-preferred philosophy, to build networks and expertise, share learnings, and increase effectiveness by combining its strengths with those of like-minded organizations. We have built partnerships with a variety of organizations including the European association of DFIs (EDFI), individual DFIs and multilateral development banks in order to source co-financing opportunities, share and advance expertise, and develop industry-wide strategies around issues of common interest.

FinDev Canada is a member of various associations and coalitions, including:

- A founding member of the **2X Challenge** – now the 2X Collaborative, a global industry body launched during the G7 Charlevoix Summit in June 2018 with the objective to promote and scale up gender lens investments that empower women as entrepreneurs, business leaders, employees and consumers.
- The **Operating Principles for Impact Management** (OPIM), a nine-principle framework used by investors to help ensure that impact considerations are integrated throughout the entire investment lifecycle.
- The **G7 DFI Alliance**: initially launched in the spring of 2019, as a joint initiative of EDFI, the Development Finance Corporation of the United States (US-DFC) and FinDev Canada, it was expanded in 2021 to other G7 DFIs. Its goal is to act as a common voice and channel for action on issues of common interest.
- The **Canada Forum for Impact Investment and Development** (CAFIID), a platform bringing together Canadian individuals, organizations and investors working in developing countries to learn, share, collaborate and act as a collective voice to strengthen the value and the volume of impact investment.

By participating in these organizations in Canada and abroad, we can learn from and contribute to industry development and best practices, identify business opportunities, and maximize our impact potential.

1.7 Achievements to Date

FinDev Canada began operations in early 2018 and since that time our portfolio has grown quickly. In each year, the number of new commitments has increased by more than 50%. In 2021, with an unprecedented need for financing by companies struggling to recover from the impacts of the COVID-19 epidemic, our transactions almost tripled (from U.S. $97 million to U.S. $288 million). This was achieved predominantly through Financial Intermediaries, to channel capital where it was most needed. Today, our cumulated commitments exceed U.S. $500 million. At the end of August 2022 we had 33 clients in our portfolio.

Development impact is critical for our organization. We apply an impact lens in our decision-making throughout the investment process, from pre-screening, due diligence and approval through to monitoring and reporting and are proud of the real impact that our financing and investments have had on peoples' lives around the world. We invested in financial institutions and funds that support more than 160,000 MSMEs, of which more than 35% are women-owned or led. In addition, our clients create and support more than 12,500 jobs, 39% of which are held by women. More broadly, because of the work of our clients, almost 3.6 million people today enjoy access to tools or services that contribute to improving their lives. With a fifth of our investment going to climate finance, financed projects have produced almost 1.4 GWh of clean energy and sequestered 350,000 tonnes of CO_2.

Clients in Portfolio	33
Total Commitments in Portfolio (Million U.S.$)	$529
2X Investments	69%
Investments in Climate Finance	20%
Investments in Least Developed Countries	14%

Figure 7: Activity Dashboard at August 31, 2022 (Cumulative Since Inception)

2.0 Operating Environment

FinDev Canada has consistently adjusted its business to adapt to the economic, environmental, social and political environment in which we operate. Since FinDev Canada's inception five years ago, the world has changed considerably and with it the nature and magnitude of the challenges we are mandated to address.

This section analyzes the state of the global economy and the trends that are expected to shape the planning period, with a particular focus on our target markets and the implications for our potential clients.

2.1 Global Context

Until early in 2022, the global economy was poised for a more robust growth path as the world re-opened following two years of COVID-19 lockdowns.

However, the impact of Russia's invasion of Ukraine has spread across regions, commodity and financial markets, and has impeded growth. China's zero-COVID-19 policy has caused further disruptions to global supply chains. Together, these factors are resulting in rising commodity prices which continue to spur global inflationary pressures and curtail growth, particularly in emerging markets. Overall growth expectations for the global economy have been revised down, with current forecasts of 2.7% in 2022, followed by modest growth of 3.3% in 2023. Persistent or worsening volatility in food prices is likely to increase the risks of political instability in several countries.[2]

Interest rates are expected to continue increasing globally as central banks attempt to tame inflation. When coupled with financial market concerns over global growth resulting in flight to safety, global currencies are expected to be under pressure from a strong US dollar. This will require vigilance and adjustments when implementing strategies.

In addition to these unforeseen events, the global economic and political environment is characterized by mounting challenges that shape FinDev Canada's strategy, as we seek to achieve impact goals in our target regions: current geopolitical tensions, climate change and the continued repercussions of the COVID-19 pandemic have all contributed to a climate of uncertainty which requires vigilance and adaptability.

Geopolitical tensions, particularly the Russian invasion of Ukraine, are impacting the global economy and heightening concerns around food insecurity. The war is triggering global ripple effects through multiple channels, including commodity markets, trade, financial flows, and market confidence. Prices for commodities that are typically exported by Ukraine and by Russia, including energy, wheat, fertilizers, and some metals, are climbing sharply.[3] In many emerging markets and developing economies, such as Sub-Saharan Africa, rising food and energy prices are exacerbating poverty and food insecurity, and heightening inflationary pressures that were already building.[4] The United Nations estimates that the high cost of staple foods has already increased the number of people facing food insecurity by 440 million, to 1.6 billion, with nearly 250 million on the brink of famine. If the war drags on and supplies from Ukraine and Russia continue to be limited, hundreds of millions more people could fall into poverty.

Moreover, the fiscal response from local governments and international donors that would typically help mitigate the situation is under serious strain, having been overtaken by pandemic-relief spending since 2020 and now the dire humanitarian crisis and conflict in Ukraine. Increasingly cash-strapped governments will be under considerable pressure to preserve the significant development gains made in their countries over the past 15 years, while also avoiding major unrest as their populations struggle to meet their most basic needs..

Climate change is an existential threat. The urgency to address climate change and take action continues to gain momentum globally. The World Bank estimates that the impact of climate change could push an additional 100 million people below the poverty line by 2030.[5] Most of those impacted are in developing countries, including all our target regions, which are the least equipped to address its consequences. Women and children bear the brunt of these effects, deepening the already existing social and economic inequalities.

Natural disasters, receding coastlines and rising temperatures have led to increased food and water insecurity, damage to infrastructure, and the disruption of supply chains. Latin America and the Caribbean are experiencing increased droughts, hurricanes, and seasonal shifts. The World Bank estimates that 17 million people in Latin America will be forced to relocate within the next 30 years as a result.[6] The region must also contend with food insecurity with an estimated 20% reduction of crop yields for beans and maize in Central America and the Caribbean.

A report by the Intergovernmental Panel on Climate Change (IPCC) states that agricultural productivity in Africa has been reduced by 34% since 1961, more than any other region, and that future global warming will impact food systems by shortening growing seasons and increasing water stress. The report also highlights that by 2030, 108 to 116 million people in Africa will be affected by rising sea levels, increasing to 190 to 245 million by 2060. Without adaptation measures, 12 coastal cities could suffer from U.S. $5 billion to 86.5 billion in damages.[7]

In order to reduce the adverse effects of climate change and meet the 1.5 degree Celsius warming limit goal as per the Paris Agreement, the world will need to increase renewable energy supply 26-fold in this decade. Renewable energy sources will need to account for nearly 60% of the world's energy supply by 2050.[8]

The global community is increasingly united to fight global warming by supporting economic diversification and development of sustainable infrastructure. At COP26, developed countries reiterated their commitment made at COP 15 in 2009 to mobilize U.S. $100 billion each year towards climate finance. Institutions such as the World Bank Group have continued to provide technical and financial support, particularly regarding clean energy, forest restoration, climate-smart agriculture, and urban resilience.[9] However, to meet the Nationally Determined Contributions (NDCs) set forth in the Paris Agreement,[10] more support to transition to a clean and sustainable economy is needed.

COVID-19 reversed decades of progress in developing countries, disproportionately affecting women and exacerbating inequalities while reducing the fiscal capacity of the public sector. Growth in Sub-Saharan Africa is projected to decelerate from 4% to 3.6% in 2022, and 3.9% or 4.2% in 2023 and 2024 respectively.[11] Latin America and the Caribbean regional Gross Domestic Product (GDP) is expected to grow by 2.3% in 2022 and a further 2.2% in 2023, with most countries reversing GDP losses from the pandemic crisis. However, these modest projections place regional performance among the lowest in the world.[12] These projections continue to be revised down to reflect the effects of the invasion of Ukraine by Russia.

The loss in revenue has a direct impact on national revenue generation making it difficult for countries to invest in other priority areas and recover economically, as labour markets suffer and public debt remains high.[13] These increased levels of debt are cause for concern regarding sustainability, with the United Nations reporting that 44% of low-income and least developed countries (LDCs) are at "high risk of external debt distress or already in debt distress". This poses a major risk to global financial stability and undermines efforts to finance the SDGs.[14]

The dire effects of COVID-19 are still reverberating across the world, particularly in our target markets, where gender and economic impacts are felt the most. As governments squeeze public budgets and re-direct funds towards healthcare and other priority sectors, alternate funding sources to revitalize these economies have become critical.

Urgent need for private sector mobilization: In response to the above global challenges, and as the world is falling short on the SDGs and Paris Agreement commitments, the international community has identified the mobilization of private sector capital as a priority area for action. According to the United Nations,[15] 'the world is on course to miss the environmental dimensions of the 2030 Agenda for Sustainable Development'.

The global development community estimates the investment needs in developing countries to achieve the SDGs and climate objectives to be around U.S. $4 trillion per year. That said, currently there are insufficient domestic financial resources within developing countries to self-finance the SDGs. The UN estimates actual investment levels around $1.4 trillion leaving a $2.5 trillion SDG investment gap annually. These investments will need to be aligned with the Addis Ababa Action Agenda[16] and the SDGs.

Now more than ever, the development industry is looking to the private sector, which currently holds more than U.S. $379 trillion of global financial assets,13F for support to achieve the ambitions set out in the Paris Agreement and Agenda 2030.[17] In 2015, in a bid to find innovative ways to crowd in the private sector Multilateral Development Banks (MDB), DFIs and other development finance organizations launched various mechanisms including the modern mobilization and blended finance agendas. However, in 2021, data found that private finance mobilization had not increased tangibly beyond 2015 levels, with most of the resources going to middle-income countries where projects are easier to realize. Key barriers highlighted by the development finance community include slower acclimatization by the private sector to the regulatory and operating environment in developing countries - unfamiliar and sometimes unclear policies as well as risks, whether perceived or actual – hindering greater participation in development investments.

Collaboration with the private sector is now critical and presents an opportunity for MDBs and DFIs to innovate in deal structuring and share knowledge, in order to increase the private sectors' confidence to invest in impactful development projects.

2.2 The Canadian Context

Gender equality and climate action are priorities for the Canadian government. The Government's international assistance efforts are guided by its Feminist International Assistance Policy. The FIAP recognizes that supporting gender equality and the empowerment of women and girls is the best way to build a more peaceful, inclusive and prosperous world. In 2021, at the G7 meeting at Carbis Bay, the Government also announced that it would double its previous commitment to international climate finance to $5.3 billion over five years, including increased funds for adaptation and biodiversity.[18]

Increased availability of concessional finance: in recent years, the Government has increased the range of development finance tools it deploys in order to mobilize new streams of capital for sustainable development in climate and other action areas. It is making increasing use of blended finance - the strategic use of concessional finance to mobilize private capital flows to emerging and developing markets to contribute to sustainable and inclusive development.

Concessional capital is often required to develop structures that meet the risk-return expectations of private capital. Combined with technical assistance or advisory support, concessional capital has the potential to attract private capital, particularly in markets that experience climate vulnerabilities and that are not conducive to scale such as small island developing states.

FinDev Canada, as a public policy instrument of the Government, is well positioned to contribute to achieving these objectives. The availability of funding structures such as blended finance, creates significant opportunities to scale investments in our target markets and generate greater impact through private sector growth. By implementing the 2X Canada facility, FinDev Canada is able to demonstrate the potential for concessional capital to support private sector solutions that advance women's economic empowerment.

3.0 Corporate Objectives and Initiatives

3.1 Introduction

Our corporate strategy towards 2030, the horizon of the SDGs, is centred around our ability to anticipate and respond to the needs of our clients while remaining nimble and responsive to the economic, social, environmental and political environments. As outlined in the Operating Environment (section 2), the world has changed considerably since we began operations.

After five years of operations, FinDev Canada has become an influential player in the market. We have gathered learnings and forged relationships. In early 2022, guided by our growing experience, a renewed ambition to help resolve some of the world's most pressing issues and the priorities of the Government, we undertook a thorough review of our strategy, .

Our **reviewed strategy** reflects our increasing maturity and understanding of the changing needs of the markets we serve, and we are **poised for growth**. Moving forward, we plan to expand our capacity, expertise and reach, in order to drive greater impact.

Growth with purpose is FinDev Canada's ambition for this planning period.

The strategy is structured around three priority areas:

- Implementing a **business strategy** that targets and seizes opportunities that will have the greatest impact in the markets we serve.
- Consolidating an **operating model** that drives effectiveness and nimbleness.
- Investing in our **people** as the most critical factor in our success.

This Corporate Plan (the Plan) presents the initiatives we will pursue over the planning period in each of these areas.

Figure 8: Strategic Priority Areas

3.2 Our Business Strategy

FinDev Canada's business strategy is guided by the development outcomes we seek to generate and by the needs of our clients in the markets we serve; it targets the areas of the market where we can make the most difference.

Section 1.3 of the Plan describes FinDev Canada's three impact pillars. Building on our successful first five years in operations, we will seek to expand our impact across all three pillars and gain further depth and breadth in how we fulfill our mandate. Our plans to grow our portfolio over the planning period will allow us to pursue high development outcomes in **Women's Economic Empowerment** and **Market Development** while also growing our impact in **Climate Action**. Our updated Development Impact Framework (see section 3.3.1) will reaffirm our clear and ambitious commitment to impact. It will guide our decisions and provide the tools required to do so effectively.

We advance our impact agenda through a business strategy that has three components: Financing and Investment, Technical Assistance, and Partnerships & Thought Leadership.

3.2.1 Financing and Investment

Our financing and investment strategy, launched in 2019, outlined a gradual approach to build our portfolio as the organization grew. In 2020 we revised the strategy to adapt to the sudden change in landscape brought about by the COVID-19 pandemic. This included a greater cooperation with partners, and a greater focus on financial intermediaries, which reflected the needs of our markets at the time. Our new approach proved very successful, and we were able to continue growing our assets during the period, despite a challenging business environment.

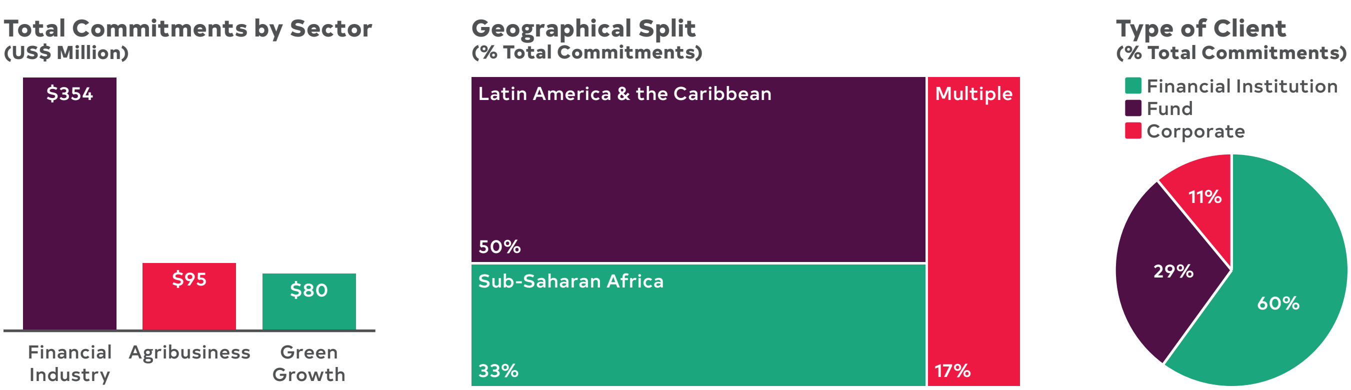

Figure 9: FinDev Canada Portfolio Distribution as of August 2022

Over the 2023-2027 planning period we intend to diversify our portfolio and, through growth, better fulfill our mandate by increasing our transaction volumes in the Sustainable Infrastructure and Agribusiness value chains sectors. In addition to associated development impacts, transactions in these sectors, which generally have longer tenors than those with Financial Intermediaries, will extend the average life of our portfolio, and result in a more balanced portfolio. This, in turn, will lead to an increase in the development impact of our transactions.

Our continued growth during the last two-and-a-half years of pandemic-related restrictions positions us very well as markets start to reopen and business activity picks up. Our team is now larger and more experienced, we have earned credibility in the market and our balance sheet gives us greater financial capacity. Our investment strategy for the next five years, as presented in this Plan, builds and expands on this momentum.

We are forecasting important growth in our financing and investment volumes as a response to the growing needs for development finance in our markets (figure 10).

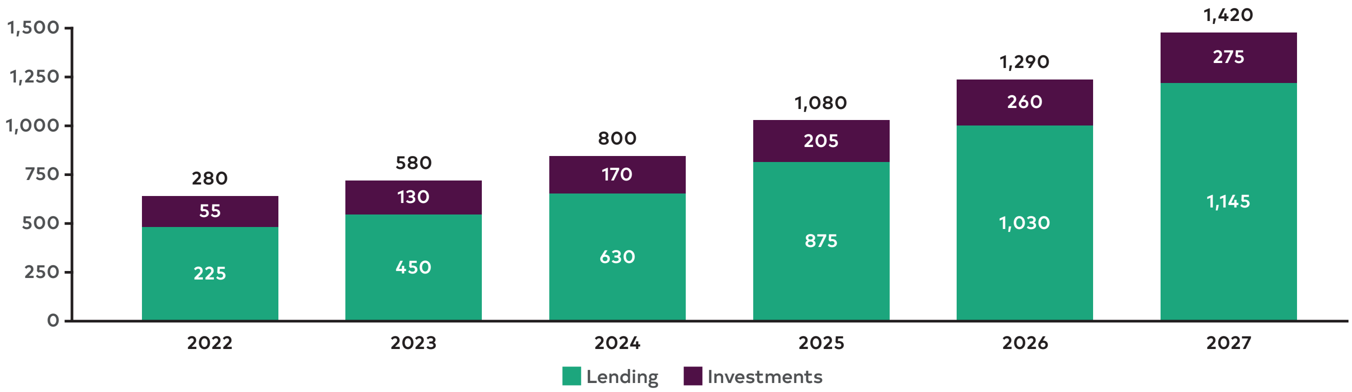

Figure 10: Projected Annual Signing Volumes (in $ Million)

The Financial Plan (section 5 and appendix 4) provides a detailed view of the forecast business volumes over the next five years. At the time of writing, we anticipate that 2022 will be a very strong year due in part to a gradual reopening of markets. As such we are forecasting $280 million of business signed.

With expected growth in our financing and investment activities over the planning period, we anticipate total signings of $580 million in 2023, gradually climbing to $1,420 million in 2027.

The nature of our business is also anticipated to evolve: as we continue to build our internal capabilities, we will seek to gradually expand our role from being primarily a participant in our partners' transactions to playing a greater role in structuring transactions. We will build on our credibility with our partners to exert increasing influence at an earlier stage of transaction development.

MANAGING A GROWING PORTFOLIO

As we grow our assets we will expand our portfolio management activities (section 3.3.2) in order to drive towards – and address the challenges of - achieving both our key objectives of development impact and financial sustainability.

Managing a portfolio effectively is also a matter of building the required capacity. While our initial years were focused on originating new business, the number and diversity of our assets require that we dedicate increasing resources to monitoring and active management. FinDev Canada's Portfolio Management function serves critical risk and impact management roles and is instrumental in the quality of our service to our clients.

INVESTMENT PRIORITIES

SEGMENTS

FinDev Canada's primary focus is the "missing middle" – sustainable businesses or projects that do not have the scale to access commercial finance and investment. It is a segment generally underserved and where significant opportunities exist across our target markets.

Through our indirect channels – Financial Intermediaries and funds – we will reach clients that we cannot efficiently or effectively support directly, primarily MSMEs.

GEOGRAPHIES

Since its establishment, FinDev Canada's geographical focus has centred on Sub-Saharan Africa and Latin America and the Caribbean, consistent with Canada's international development priorities. The deployment of core capital, concessional finance (via 2X Canada) and technical assistance (TA) have enabled FinDev Canada to establish a strong reputation in these markets for delivering development finance and impact. Over the planning period, these regions will continue to form an important part of FinDev Canada's business given the scope of development challenges and the opportunities to deliver finance and impact in the areas of climate action, women's economic empowerment and local market development.

In November 2022, the Government of Canada announced its strategy for the Indo-Pacific region which is intended to position Canada as a more engaged and active partner in the region in a variety of areas related to peace and security, trade and investment, and sustainable infrastructure. As part of the strategy, the Government of Canada has decided to inject an additional $750 million of capital into FinDev Canada to enable the corporation to expand to the region, building on its success in Sub-Saharan Africa and Latin America and the Caribbean. This capital will better position FinDev Canada to take on more of a leadership role in the development finance in all sectors of focus, including sustainable infrastructure. With respect to the latter, FinDev Canada's efforts to mobilize private capital will help support the Indo-Pacific region in its transition to a sustainable, low-carbon, climate-resilient future.

During the planning period, beginning in 2023, we will execute against our strategy in all geographies of focus, including the Indo-Pacific. Later in the planning period we will also start to assess the opportunities, challenges and resource requirements to establish a local presence in our regions of operations, directly or indirectly, and in collaboration with EDC, and with the Government's network of missions and the Trade Commissioner Service.

Additional information related to the financial implications of the additional capital is presented in the Finance Plan.

SECTORS

FinDev Canada focuses its activities on sectors with the greatest potential to achieve our development impact goals. This focus helps build knowledge, partnerships and internal capabilities to enable effective transaction origination, and portfolio management. As a result of our strategy review, we have refined our sectoral priorities to better meet the needs of the markets we serve and maximize our impact.

Over the planning period, we will continue to expand our reach in our three priority sectors.

Figure 11: Sector and Subsectors of Focus

Financial Intermediaries (FI): FIs play a fundamental role in supporting the private sector and households in developing countries. For FinDev Canada, they are a conduit to supporting key private sector players that we cannot effectively reach directly such as MSMEs. During the COVID-19 pandemic, we reoriented our business primarily towards FIs to address liquidity issues. Throughout the planning period we will maintain a strong level of activity in the sector, although its relative share of our portfolio will progressively rebalance as we resume normal direct corporate lending and investment activities.

Sustainable Infrastructure: The infrastructure investment gap is estimated to be U.S. $15 trillion by 2040 and is proportionately larger for the Americas (47%) and Africa (39%). Increasing investments in this sector will enable us to expand the provision of basic services and help bridge the massive infrastructure gap that impedes economic development, social progress and climate action in our target markets.

As we deepen our reach, we will focus on the following sub-sectors: Renewable Energy (e.g. wind, solar and mini-hydro generation projects, mini grids), transportation (e.g. electric mobility such as light rail, efficient and less polluting vehicle fleets, and extension of basic infrastructure), water (e.g. water and sanitation infrastructure expansion, desalination projects) and digital infrastructure solutions (e.g. installation or improvement of existing telecom infrastructure, continued support to access of digital services). This focus will also include related services such as logistics or technology solutions. These sub-sectors align with our three impact goals and will allow us to leverage our underwriting experience and build on our expertise. Preliminary analysis indicates potential in these sectors; with over U.S. $7 trillion in investment opportunities in our priority markets of SSA and LAC. As such we have begun our efforts to grow our network and build a pipeline of transactions.

Within the sector, we will continue to operate within our preferred segment, looking at small to mid-size infrastructure – often overlooked by larger players and investors - to help close the widening infrastructure service and investment gaps, in keeping with our commitment to climate action, and ensure these industries remain sustainable over time.

Agribusiness Value Chains: This sector has a critical role to play in addressing the food security crisis, climate action, and women's economic empowerment. Climate change has only underscored the importance of agriculture and food systems and the necessity to preserve and expand the world's natural capital, such as forests. Given that women perform between 40% and 60% of the world's agricultural labour, the climate and gender dimensions of agribusiness and forestry have been amplified. FinDev Canada will continue to support the long-term resilience and sustainability of the agriculture and forestry supply chains, including related transformation industries, manufacturing, distribution – both wholesale and retail - and other related services. Over the course of 2023-2027, we will seek opportunities to provide support to the full supply chain, "from seedlings to store shelf".

LEVERAGING CONCESSIONAL CAPITAL

Our 2X Canada facility (section 1.5) is now operational with several assets in its portfolio, a growing pipeline, and a comprehensive approach to assessing and managing blended finance projects.

We plan to approve several new investments under 2X Canada in both 2023 and 2024. By the end of 2024, 2X Canada will have a fully executed portfolio with up to ten transactions, with the potential to generate high development outcomes.

Beyond 2X Canada, over the planning period we will explore other concessional funding opportunities, by:

- Identifying potential third-party sources of concessional finance and developing a plan to access them.
- Leveraging third-party sources of concessional capital, engage in blended finance transactions to extend our reach and impact to business opportunities that exceed our corporate risk appetite.
- Establishing - and play a leading role in – blended finance platforms to achieve mobilization and impact at a greater scale than individual transactions
- Growing our reputation and leadership through best practices, procedures and guidelines for blended finance.

FinDev Canada will continue to work closely with the Government to fulfill our role as Canada's leader in development finance for private sector growth and investment

ENHANCING OUR MOBILIZATION EFFORTS

One of FinDev Canada's core objectives is to leverage our expertise in emerging markets to mobilize targeted private sector investors in Canada and abroad. Our early focus was to build the organization and its balance sheet, at a time when we had limited capacity to mobilize others. As we grow our balance sheet, our expertise and credibility, we anticipate generating more opportunities to mobilize private capital.

While we understand the challenges of mobilization we are confident that FinDev Canada will develop the expertise to unlock more capacity. We will develop a value proposition for FinDev Canada as a solutions provider and source of knowledge to bring in private capital. This will take time to build and scale. Through a phased approach for implementation, beginning in 2023, we will focus on:

- Identifying the segments of various private capital financiers and investors;
- Developing and refining a strategy to prioritize segments and potential partners and how we manage our relations with our existing DFI and MDB peers; and
- Leading or co-leading on developing other enabling factors to help make FinDev Canada an attractive co-financing partner, including new products, streamlined documentation, local currency offerings, and withholding tax registrations in various countries.

During the planning period, FinDev Canada will continue to drive private sector mobilization through our core capital, building on experience in recent transactions. We will also leverage our participation in various initiatives including the 2X Collaborative where, alongside our peer organizations, we actively participate in the development of mobilization opportunities and approaches.

Replicability and scaling are important factors of success for mobilization efforts. Over the planning period, FinDev Canada intends to develop models of platforms that can be adapted to different mobilization opportunities. We are currently working on the design of such platform, alongside leading institutional investors and commercial financial institutions with anticipated launch in 2023. This platform would constitute an innovative model to unlock funding for investments in projects primarily targeting climate adaptation in developing countries. This would fill a significant gap, with the potential to generate high development outcomes, as funding for climate adaptation currently falls far short of the needs. This aligns very well with the mandate of the Minister of International Development to support the provision and mobilization of climate finance for adaptation, mitigation and resilience.

The platform would also innovate by concentrating its efforts on commercially viable projects developed with, or relying on revenue streams from, municipal or other sub-sovereign entities. By broadening partnership to new categories of players, the initiative seeks to expand the array of tools and opportunities available to mobilize at scale.Through this and/or other platforms, FinDev Canada seeks to develop innovative approaches to scale private capital.

3.2.2 Technical Assistance

The Technical Assistance (TA) function continues to grow, with 20 projects in our current portfolio. Looking ahead to 2023, the TA Facility's priorities will include:

Growing the portfolio: As the Facility enters its third year in 2023, we will continue to develop and implement impactful client-facing and market development projects. Moving forward we will focus on areas that align with our *growth with purpose* strategy, such as the nexus of gender and climate impact, and sustainable infrastructure. This could include supporting innovation in climate finance, supporting women-owned and/or operated SMEs, or other opportunities which explicitly target gender equality in the face of climate change.

Developing a Climate Action TA menu: The TA Facility will develop a Climate Action Technical Assistance Menu, to outline the range of interventions we can offer to clients and grow our portfolio of climate TA projects. Slated for rollout in 2023, interventions in the menu will be based on private-sector demand, as well as proven approaches that help companies strengthen their climate adaptation and mitigation practices. By 2025, we expect that our clients will fully benefit from this TA offering, which will help them reduce GHG emissions and adapt to climate change.

Designing a long-term funding strategy: With an increase in commitments towards TA projects as well as a growing pipeline, the original funding from GAC was forecasted to have been fully committed by 2023. An extension to the current Administrative Arrangement is being considered to facilitate disbursements, expected to run through 2025. In 2023, we will work on securing long-term funding to ensure we can continue to address market needs in a sustainable manner.

3.2.3 Partnerships & Thought Leadership

By leveraging partnerships with DFIs, multilateral organization and coalitions, as well as the private sector, we will increase our visibility and expertise in areas aligned with our key impact goals. We will continue to foster these partnerships as we implement our *growth with purpose* strategy.

FinDev Canada seeks to position itself as a thought leader in the development finance space by undertaking new initiatives and creating value for stakeholders.. We are committed to conducting and sharing research and learnings and contributing to the SDGs through gender-lens investing, climate action and market development. Building on the Monitoring, Evaluation and Learning (MEL) plan and internal portfolio analyses undertaken in 2022, we will develop a MEL strategy by 2023, to enhance our ability to collect and disseminate meaningful data and knowledge.

FinDev Canada is working, within the 2X Collaborative, on the role DFIs can play in taking into account the care economy, which is increasingly recognized as a central component to a gender-smart COVID-19 recovery.[19] We will continue to explore, with our peers and in line with the Minister of International Development's mandate letter, the implications of care work on women's economic empowerment and consider opportunities to provide support, for example by enabling private companies to address issues related to paid and unpaid care work in their activities.

As Canada's DFI, FinDev Canada aligns itself with the priorities of the Government of Canada, in particular its international assistance and climate change objectives, and strives to help increase the visibility of the "Canada" brand. This relationship with the Government also extends to Canada's participation in the G7 and the G20 for which we will contribute to commitments to the Partnership for Infrastructure and Investment.[20] With a view to Canada's G7 Presidency in 2025, we will partner with the Government to continue to strengthen Canada's leadership in development finance and build on G7 2018 legacy initiatives such as the Charlevoix commitment on innovative financing for development.[21]

3.3 Operating Model

The third pillar in achieving our *growth with purpose* strategy is to have a robust operating model designed to foster effectiveness, efficiency and delivering quality service to our customers. Over the planning period, we will refine our processes, policies and frameworks, develop new systems and tools, and update existing ones to support our growth.

3.3.1 Impact Management

FinDev Canada's Development Impact Framework, established in 2018, defines the strategic impact objectives and describes how the organization measures and manages impact. The Framework governs the assessment of current and potential impact contributions of client operations and guides our investment decisions and reporting, to ensure that impact is integrated in each step of the investment cycle.

As part of our refreshed strategy, in 2023 we will update our Development Impact Framework and underlying tools to determine where we can add value and establish ambitious impact commitments for our *growth with purpose* strategy. We will bring more focus to advancing our impact agenda by strengthening our impact strategy, research and learning functions. We will integrate learnings from our portfolio, industry best practices and considerations specific to our sectors of focus. As part of this exercise, we will develop a sectoral market development approaches to strengthen our ability to assess and evaluate the market contributions of clients, building on our current approach which focuses on employment, MSMEs and local economic value addition.

3.3.2 Building Out Our Portfolio Management Capabilities

As FinDev Canada's portfolio grows, we will need to increase asset management capabilities. Beginning in late 2022 we will create an enhanced Portfolio Management team to play a more active role in managing our growing assets, including more in-depth monitoring and analysis from both a risk and a development impact perspectives while preserving FinDev Canada's client-centric approach. The build-out of the function will extend throughout the planning period, beginning in early 2023 in the following areas:

- Refine guidelines, policies and procedures. to reflect the increased capabilities and responsibilities of the new Portfolio Management team;
- Design and implement an asset management database to centralize transaction-related data, ensure data integrity and facilitate management reporting; and
- Conduct accurate mapping of the deal processes related to origination, closing and management of transactions.

3.3.3 Bolstering Our Risk Management

Managing our financial and non-financial risks is key to implementing our strategy. We continue to mature our Enterprise Risk Management (ERM) practices, to build a culture of risk awareness and integrate risk management practices into everything we do. We have established a Three Lines of Defense (3LD) governance model along with various policies, standards, guidelines, procedures and associated frameworks.

Our risks are categorized across three main areas: financial, strategic and operational. Through a phased approach, we have implemented our financial risk framework and, in 2023, will implement strategic and operational risks management. This will entail regular tracking of those risks, and adjusting their definition, measures and limits to take into account our evolving environment. By early 2023, this exercise will lead to enhancements to the existing Risk Appetite Framework. As part of good governance, the ERM Framework is reviewed on an annual basis by the Board of Directors and adjusted to take into account changes in internal and external factors.

3.3.4 Enhancing Our Digital Capabilities

In order to stay relevant in today's technology-driven global marketplace and effectively manage operational risk we must continue to investing in our digital infrastructure. We remain committed to providing customized digital solutions that meet our business needs across three areas: systems availability and support, information security and data integrity. As such, Information Technology expenditure is our second largest spending category after human resources.

In 2023, we will complete the initial phase of a new Transaction Management System, which will provide us with the tools needed to adequately manage our portfolio over the planning period. This will provide immediate benefits in terms of productivity and data integrity. It will also lay the foundation for the implementation of Customer Relationship Management (CRM) functionalities by 2026, bring automation, financial tracking, and data management to our transactions in line with the growth of our portfolio.

In 2024 and beyond, we will continue to build the digital solutions that contribute to the growth of our business, support risk management, improve customer experience and enhance the integrity of our data.

We will develop our overall architecture in close collaboration with EDC. As EDC continues to modernize its own systems and shifts to cloud-based solutions we will assess the implications and opportunities that this represents for FinDev Canada, particularly for the applications we currently share with EDC, such as Human Resources Management, Finance and Accounting and Procurement. We expect that the future state will include a mix of applications developed jointly to serve the needs of both organizations, and others developed to serve the specific needs of each.

The prioritization process for this work will leverage the digital governance established in 2022.

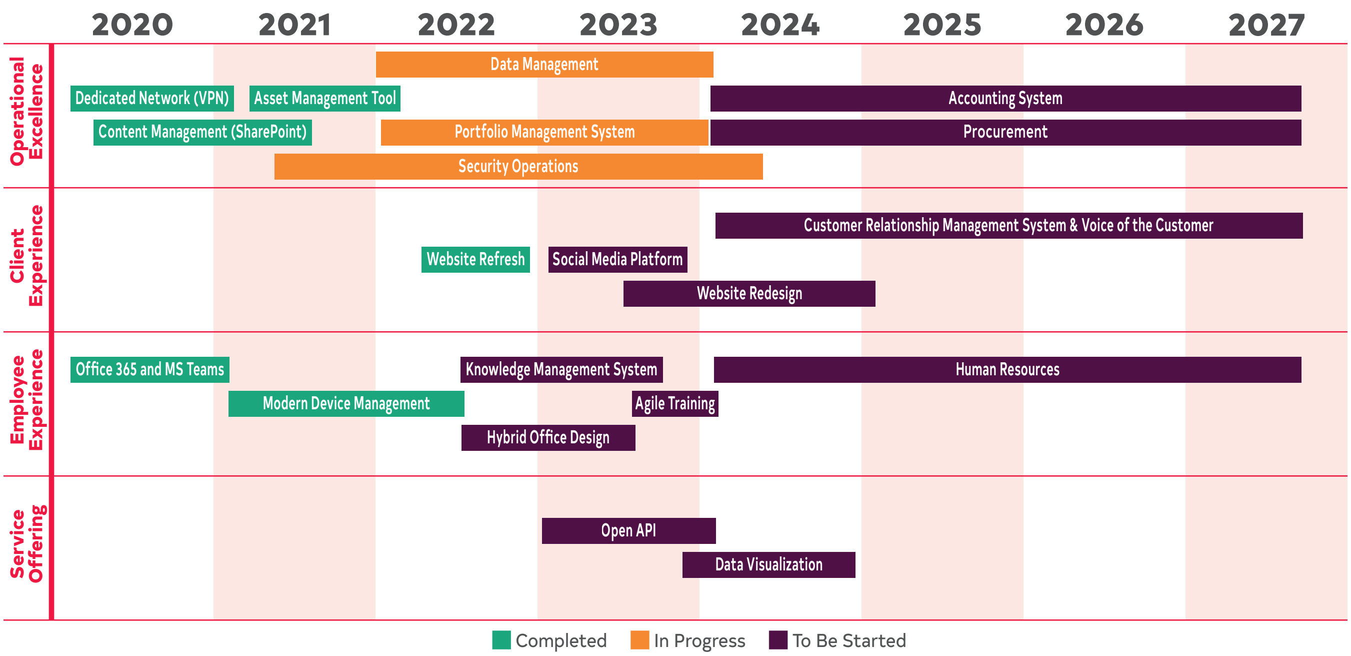

Figure 12: Digital Strategy Roadmap

3.3.5 Transparency and Disclosure

In 2022, FinDev Canada's revised its Transparency & Disclosure Policy in consultation with various stakeholders, and established a new Independent Accountability Mechanism (IAM) with associated Policy and Procedures.

FinDev Canada's Transparency & Disclosure Policy ensures transparency and accountability around the use of public funds. It is part of a suite of measures to ensure accountability and fairness to our stakeholders as we execute our mandate.

The IAM was developed to provide a channel for an independent and impartial review of complaints and enable complainants to seek redress and remedy. This mechanism will enhance FinDev Canada's ability to fulfill its mandate.

These policies will be implemented in 2023 and 2024 and will be revised after three years.

3.3.6 A Collaborative Model With EDC

As our capabilities, portfolio and team grow, we continue to leverage the expertise of our parent company EDC in areas where it would not be cost effective to develop our own, particularly in specialized corporate services such as treasury operations, corporate finance and compliance and ethics.

Since inception however, FinDev Canada has internalized several functions that were initially delivered under Service Level Agreements (SLA). Moving forward we expect to continue doing so. The decision to internalize a function is driven, among other criteria, by EDC's own capacity and by FinDev Canada's specific needs. Where FinDev Canada has internalized a function, close collaboration with EDC continues under domain-specific "communities of practice". In some areas, such as Human Resources, internalization of a service is progressive, with continued leverage of EDC's infrastructure and expertise.

The services that EDC provides to FinDev Canada are governed by a Master Service Level Agreement (MSLA)., In 2022 we conducted a biennial review of the MSLA, with another scheduled for 2024. Each review is an opportunity to align the services to our level of maturity and growth ambitions. Moving forward, we will seek to leverage additional agreements in areas such as project finance, corporate lending and Information Technology, as our needs evolve and we build our internal capacity.

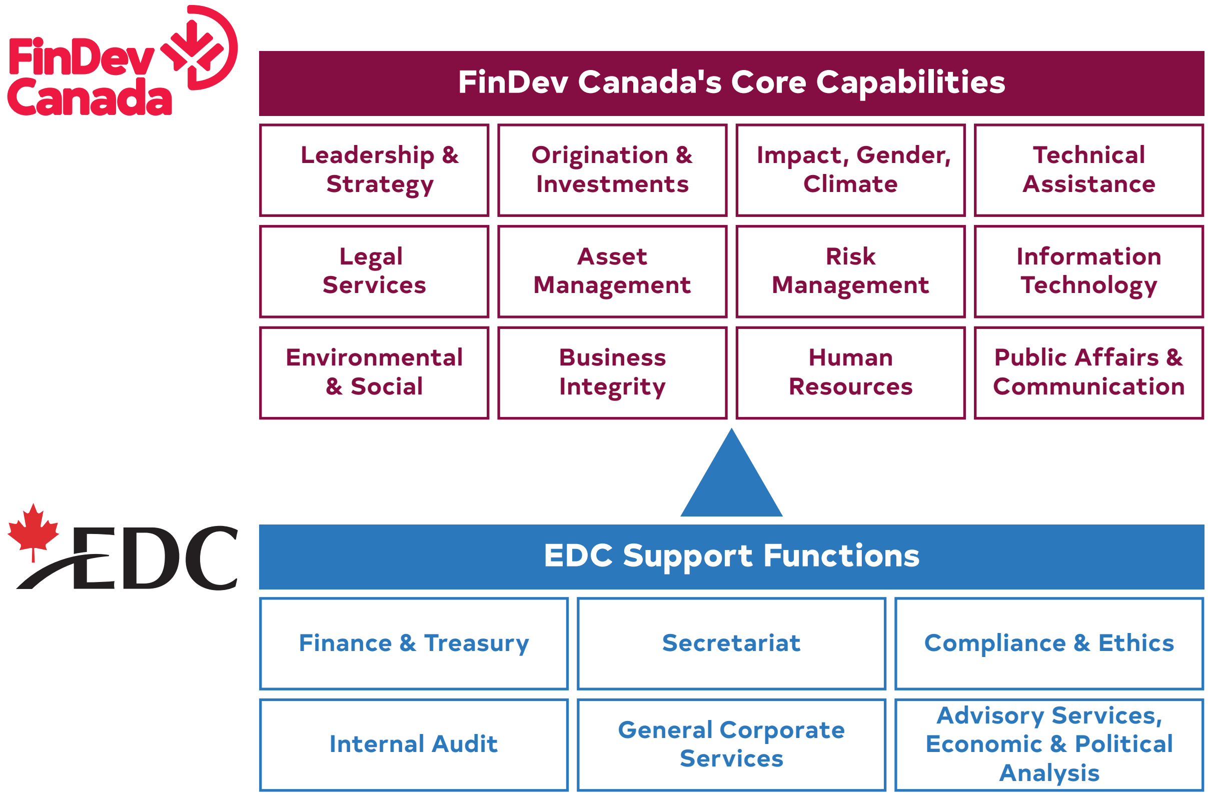

Figure 13: Shared Services Model With EDC

As this relationship matures, we will explore secondment opportunities and exchange arrangements beyond the established SLAs (see section 3.3.6). We also have the potential to provide learning opportunities to EDC employees, in areas of our own expertise.

3.4 Our People

The success of our strategy is underpinned by the strength of our team, and our ability to grow at the right pace and incorporate needed capabilities. We will continue to build an efficient and effective team while fostering a healthy work place.

In 2022, we internalized a Human Resources (HR) position within FinDev Canada to support the growth of our team and lead the design and implementation of a fit-for-purpose People Strategy. We will deliver this strategy in 2023 and implement it throughout the planning period, as follows.

3.4.1 Building a Healthy Workplace

FinDev Canada is committed to its people. In recent years, our employees have had to demonstrate considerable resilience in the face of two converging pressures: the fast pace of a young and growing organization, and the ever-changing constraints imposed by public health restrictions due to the COVID-19 pandemic. We recognize the stress this has placed on our employees and their families, and we will continue to prioritize wellbeing in the workplace in order to sustain our productivity and performance for the long term.

We will continue to promote a healthy work environment and self-care by helping our people establish flexible work schedules, implementing and encouraging work-life boundaries through time management best practices and through a culture of collaboration and respect.

3.4.2 Talent Acquisition and Management

As FinDev Canada positions itself to deliver more impact in the markets we serve, we must continue to recruit top talent and add capacity throughout the organization. In keeping with our growth we plan to increase our workforce in both 2022 and 2023. Capacity additions will be driven by business needs, particularly the growing financing and investment activities, and in consideration of our absorptive capacity.

Our ability to attract the right resources in a tight labour market may impact the growth of our workforce. Our biggest challenges continue to be finding the appropriate development finance skills within Canada while remaining competitive when hiring internationally. We are developing a talent acquisition strategy to maximize access to candidate pools with appropriate skill sets and experience.

We will look to establish a talent-sharing program and seek opportunities to develop internships and secondments in order to attract the required skillsets and provide growth opportunities within and outside of Canada. We will do so in partnership with EDC and other DFIs or MDBs.

Our People Strategy will also focus on onboarding, training, performance management, total rewards, career progression and succession planning, all critical to ensuring employee satisfaction and retention.

3.4.3 Inclusion, Diversity and Equity

FinDev Canada continues to build an inclusive workplace culture; one that is diverse and welcoming and where all employees - regardless of their gender, race, ethnicity, sexual orientation, ability or experience - are valued and supported throughout the employment lifecycle, with equal opportunities, and transparency and fairness embedded into all policies, strategies, processes and practices. EDC and FinDev Canada received a Gold Parity Certification as a result of the gender assessment conducted by Women in Governance, reflecting our commitment to women's economic empowerment, as well as the calibre of our gender practices, strategies, policies and programs. Established in 2021, our Inclusion, Diversity and Equity (ID&E) Committee plays a key role in promoting ID&E to reflect the voice of our diverse employees and continuing to improve our practices.

In accordance with the *Accessible Canada Act*, FinDev Canada is taking all necessary steps to ensure our external and internal tools are accessible to everyone. Beginning in 2023, we will implement a three-year plan that will identify, remove and prevent barriers to access. This will be completed and reviewed in 2025.

3.4.4 Our Culture

Two years of pandemic-related restrictions have forced corporations worldwide to reimagine how and where work is conducted in an effort to maintain a cohesive organizational culture. During that period, FinDev Canada more than doubled the size of its team and was able to function efficiently, while delivering impact in the markets we serve, which has led to a rethinking of the Future of Work in our organization.

As we evolve our corporate culture to support the Future of Work, we will strive to balance the advantages of remote work with the benefits of in-person gatherings. As always, employee safety and wellness remain at the core of our efforts.

In the fall of 2022, FinDev Canada will launch its first employee survey, independent of EDC's, designed to account for its operating context and distinct culture. This will enable us to measure factors such as employee engagement, their feeling of belonging, and their trust in the organization.

In 2023, FinDev Canada will continue to monitor trends, collect data and assess impacts on productivity and employee engagement. FinDev Canada will also design programs and activities that build morale and promote collaboration across the organization.

4.0 Corporate Scorecard

At FinDev Canada we measure the success of our activities based on the performance of our portfolio, as well as our contribution to achieving the SDGs, according to the impact data reported by our clients. From inception until **December 31, 2021**, we achieved the following cumulative results:

	Clients in Portfolio	31
	Total Commitments in Portfolio (Million U.S.$)	$479
	2X Investments	66%
	Investments in Climate Finance	24%
	Investments in Least Developed Countries	16%

Figure 14: Portfolio Performance From Inception Until December 31, 2021

CONTRIBUTION TO THE SDGs

The transactions in our portfolio in turn generated the following results as reported by our clients

Decent Work and Economic Growth	12,530 jobs supported and 161,727 MSMEs financed
Gender Equality	4,858 jobs for women and 57,755 women-owned MSMEs financed
Affordable and Clean Energy	3,662,649 people with access to clean energy
Climate Action	1,401 GWh of clean energy produced

These development impact indicators will continue being reported on regularly on our website and through our Annual Report. They will also continue to be refined as we review our Devel-opment Impact Framework.

Looking forward, building on these strong results and in line with our revised strategy, our scorecard will continue to track our portfolio and corporate performance, according to the indicators below. Employee compensation is in part tied to this scorecard which therefore drives behaviours; it ensures we deliver on our development mandate and create value for our customers, while balancing risks and return.

Category	Metrics and Purpose
Impact Management	FinDev Canada's ability to be an agent of change is assessed along each of our key impact objectives. It measures the proportion of business meeting set impact targets in the following areas: → Women's Economic Empowerment: proportion of 2X challenge-eligible transactions in our portfolio. → Climate Action: proportion of qualified Climate Finance transactions in our portfolio → Market Development: proportion of transactions supporting clients in Least Developed Countries (LDCs) in our portfolio
Investment Activity	The ability to generate a diversified portfolio is integral to FinDev Canada's success. The scorecard measures the strength of our investment activities by the total volume of transactions
Private Sector Mobilization	FinDev Canada is increasing its efforts in support of mobilization over the planning period. We will measure the level of private sector mobilization facilitated by our investments
Financial Sustainability	We manage our activities along a path to financial sustainability. As such we track our revenues and expenses against our corporate plan objectives
Employee Engagement	The level of employee engagement is critical to the success of the corporation; FinDev Canada is developing the tools to measure this engagement in a consistent and reliable way over time.

5.0 Financial Overview

5.1 Summary

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

- FinDev Canada is funded by capital injections from its parent company, Export Development Canada (EDC). An initial injection of $100 million occurred in 2018, followed by injections of $100 million in 2019 and 2020. Further capital injections of $1,050 million are expected over the Plan period, including $750 million announced as part of Canada's Indo-Pacific Strategy, bringing total share capital to $1,350 million in 2027.
- FinDev Canada is projecting net income of $8 million in 2022, an increase of $19 million when compared with the 2022-2026 Corporate Plan net loss of $11 million. The increase is mainly due to unrealized gains in the Corporation's investments portfolio.
- Loans receivable are projected to be $454 million in 2022 and are expected to grow to $2,903 million over the Plan period.
- Investments are projected to be $170 million in 2022 and are expected to grow to $1,065 million by the end of the Plan period.
- To support its continuing growth, FinDev Canada intends to borrow from EDC during the Corporate Plan period. FinDev Canada is expected to have outstanding borrowings of $343 million by the end of 2022 and $438 million by the end of 2023. Outstanding borrowings at the end of 2027 will total $2,428 million.

It is currently anticipated that EDC will engage in any borrowing, investing and hedging activities on behalf of FinDev Canada. FinDev Canada may consider revisiting this arrangement at a later date should an opportunity arise to engage in these activities on its own, as determined by the growth of the organization.

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.

5.2 Key Business Assumptions

A series of key assumptions, including business volume, risk profile of business volume, foreign exchange and interest rates and yields, 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 VOLUME

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

Table 1: Projected Level of Business Volume

(in millions of Canadian dollars)	2021 Actual	2022 Plan	2022 Fcst	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Business Volume								
Lending	285	184	225	450	630	875	1,030	1,145
Investments	76	61	55	130	170	205	260	275
	361	245	280	580	800	1,080	1,290	1,420

2022 FORECAST

The 2022 lending and investments business volume is projected to be $280 million, which is slightly higher than the $245 million forecast in the 2022 Corporate Plan due to changes in foreign exchange rates.

2023 TO 2027

With firmer visibility of its growth potential attributable to the strategy review undertaken in 2022, coupled with the anticpated Indo-Pacific growth, FinDev Canada is now projecting business volumes in the lending and investments programs that exceed that of its prior Corporate Plan. In 2023 and 2024, respective business volumes of $580 million and $800 million are projected, increases of $335 million and $525 million respectively from the prior Corporate Plan. Thereafter, annual increases are anticipated. These volumes reflect recovery in FinDev Canada's traditional markets following the pandemic, expansion into the Indo-Pacific region, as well as continued growth from ongoing business development efforts in sectors and markets of developmental importance

RISK PROFILE OF BUSINESS VOLUME

FinDev Canada is projecting that the lending and investment business it undertakes will be largely non-investment grade due to host developing country environments and its high-impact strategy. The risk profile of the financing portfolio undertaken in accordance with FinDev Canada's Board-approved Risk Appetite Framework and prudential limits remains 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 month-to-date average rate as the U.S. dollar foreign exchange rate assumption for the remainder of 2022 and all subsequent years. This methodology removes the volatility associated with yearly exchange rate fluctuations and ensures more easily comparable projections. The rate used in this Plan, as represented by the average rate for October 2022, is U.S. $0.73.

INTEREST RATES

This forecast uses the same assumptions as EDC. It is based on Bloomberg financial market data and is driven by supply and demand as well as market expectations for interest rates.

The London Interbank Offer Rate (LIBOR) is being discontinued as announced by the UK Financial Conduct Authority in March 2021.

OTHER KEY ASSUMPTIONS

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

Despite the volatility in estimating fair value gains or losses on FinDev Canada's investments portfolio, direct and through funds, an estimate of annual appreciation of 2.0 per cent of the value of these assets has been incorporated in the financial forecasts from 2023 to 2027.

6.0 Appendices

Appendix 1: Statement of Priorities and Accountabilities

Pursuant to the *Export Development Act* (ED Act), the Minister of Small Business, Export Promotion and International Trade, in consultation with the Minister of International Development, is responsible for providing direction to EDC regarding FinDev Canada, as per the annual Statement of Priorities and Accountabilities (SPA).

Appendix 2: Corporate Governance Structure

MANAGERIAL AND ORGANIZATIONAL STRUCTURE

FinDev Canada, through EDC, reports to Parliament through the Minister of Small Business, Export Promotion and International Trade in consultation with the Minister of International Development.

Established under the *Canadian Business Corporations Act* (CBCA), Development Finance Institute Canada (DFIC) Inc. / Institut de financement du développement Canada (IFDC) Inc. – operating as FinDev Canada - is governed by an independent Board of Directors, appointed by EDC's Board of Directors. The Board, chaired by EDC's President and Chief Executive Officer (CEO), is composed of members of the EDC Board of Directors, as well as independent members with expertise and experience regarding the facets of our business and markets.

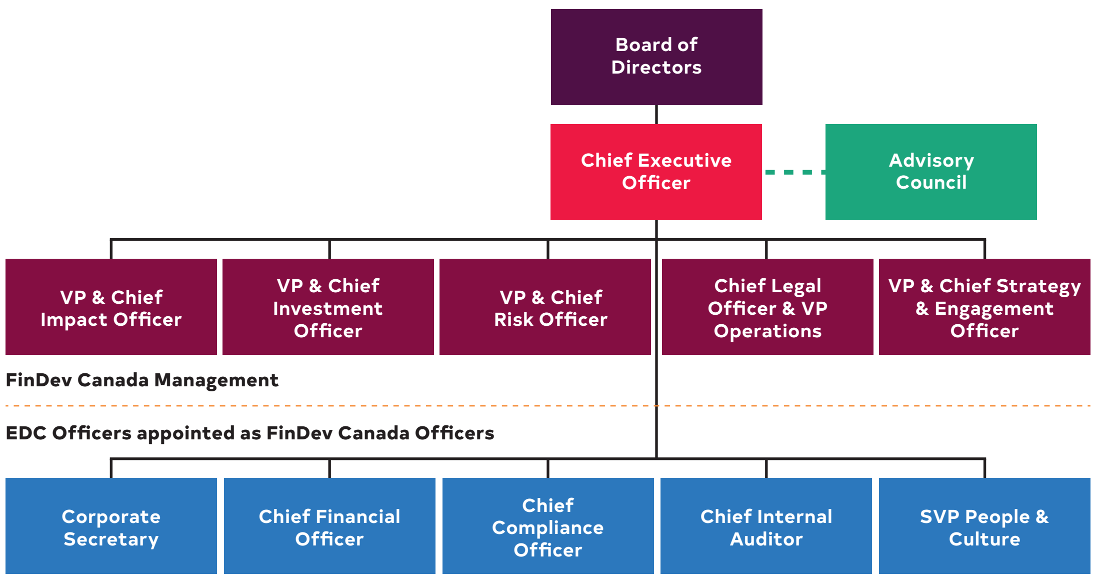

Figure 15: FinDev Canada's Organization Structure

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 Chief Executive Officer, I have reviewed the financial projections provided in FinDev Canada's 2023-2027 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:

- 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. 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.
- Financial resource requirements have been disclosed and are consistent with the assumptions stated in the proposal, and options to contain costs have been considered.
- Funding has been identified and is sufficient to address the financial requirements for the expected duration of the proposal.
- 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.
- 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 2023-2027 was approved by FinDev Canada's Board of Directors on December 6, 2022.

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

Marsha Acott

Marsha Acott
Chief Financial Officer
FinDev Canada

December 6, 2022

Appendix 4: Financial Statements and Budgets

4.1 Financial Statements and Notes

STATEMENT OF COMPREHENSIVE INCOME

Table 2: Projected Statement of Comprehensive Income

for the year ended December 31 (in millions of Canadian dollars)	2021 Actual	2022 Plan	2022 Fcst	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Financing and Investment Revenue								
Loan	7	18	20	59	82	112	151	198
Investments	-	-	1	-	-	-	-	-
Total financing and investment revenue	7	18	21	59	82	112	151	198
Interest expense	-	1	3	18	20	25	47	80
Transaction costs	-	-	1	1	1	1	1	1
Net Financing and Investment Income	7	17	17	40	61	86	103	117
Donor Contributions	1	2	2	2	2	1	1	-
Other (Income) Expense	4	-	(14)	(4)	(5)	(7)	(10)	(16)
Administrative Expenses	13	21	16	29	38	46	53	60
Income (Loss) before Provision	(9)	(2)	17	17	30	48	61	73
Provision for Credit Losses	7	9	9	17	24	35	42	49
Net Income (Loss)	(16)	(11)	8	-	6	13	19	24
Other Comprehensive income	-	-	-	-	-	-	-	-
Comprehensive income (Loss)	(16)	(11)	8	-	6	13	19	24

2022 FORECAST VERSUS 2022 CORPORATE PLAN

FinDev Canada is forecasting net income of $8 million for 2022, an increase of $19 million from the 2022 Corporate Plan. Items of note regarding this forecast are as follows:

- Other income has increased by $14 million primarily due to the volatility associated with FinDev Canada's financial instruments carried at fair value through profit or loss, resulting in unrealized gains in the investments portfolio. While year-to-date gains may be attributed to a number of investments in the portfolio, the increase is mainly driven by the appreciation of a single investment in FinDev Canada's direct investment portfolio.
- Administrative expenses are projected to be lower than Plan by $5 million mainly due to the following:
    - Human resource costs are expected to be lower than Plan as a result of 2021 headcount being lower than anticipated in the Plan and the majority of expected 2022 hiring taking place in the second half of the year.
    - Projected decreases in professional services costs particularly in strategic projects and information technology (IT) consulting due to the delayed implementation of the digital roadmap.

2023 CORPORATE PLAN VERSUS 2022 FORECAST

FinDev Canada is forecasting to breakeven in 2023. Items of note are as follows:

- Net financing and investment income is expected to increase by $23 million, largely as a result of earnings from anticipated business volume in 2023.
- Due to the anticipated growth in the loan portfolio, the provision for credit losses is expected to increase by $8 million compared to 2022.
- Other income is expected to decrease by $10 million as the Corporation does not anticipate the level of unrealized gains on investments to reoccur in 2023.
- Administrative expenses are expected to increase by $13 million mainly due to:
  - Additional headcount to support the continued growth of the organization. Costs related to human resources will then account for approximately 58 per cent of the total administrative expenses;
  - An increase in professional services, primarily in IT consulting, as the Corporation implements its digital roadmap. Costs related to IT consulting will then account for approximately 7 per cent of the total administrative expenses; and
  - An increase in systems costs as the organization continues to grow. Costs related to systems costs will account for approximately 4 per cent of the total administrative expenses.

2024 TO 2027

As a result of strong growth in the portfolio, FinDev Canada is anticipating earning net income in all years of the Plan.

STATEMENT OF FINANCIAL POSITION

Table 3: Projected Statement of Financial Position

as at December 31 (in millions of Canadian dollars)	2021 Actual	2022 Plan	2022 Fcst	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Assets								
Cash	25	7	7	7	7	7	7	7
Marketable securities	12	10	12	10	8	7	6	6
Derivative instruments	1	5	-	-	-	-	-	-
Loans receivable	261	449	454	789	1,172	1,699	2,291	2,903
Allowance for losses on loans	(9)	(18)	(20)	(35)	(53)	(76)	(103)	(132)
Investments	98	105	170	250	369	536	797	1,065
Other assets	4	2	6	6	6	6	6	6
Property, plant and equipment	-	-	-	-	1	-	-	-
Intangible assets	-	1	-	-	-	1	1	1
Right-of-use asset	1	1	1	1	1	-	-	-
Total Assets	393	562	630	1,028	1,511	2,180	3,005	3,856
Liabilities and Equity								
Accounts payable and other credits	3	13	2	2	2	2	2	2
Loans payable	120	313	343	438	563	815	1,612	2,428
Owing to Export Development Canada	1	2	2	6	7	9	17	25
Deferred revenue	13	-	11	9	7	6	5	5
Derivative instruments	1	-	11	11	11	11	11	11
Lease liability	1	1	1	1	1	1	-	-
Allowance for losses on loan commitments	2	-	-	1	4	7	10	13
Total Liabilities	141	329	370	468	595	851	1,657	2,484
Equity								
Share capital	300	300	300	600	950	1,350	1,350	1,350
Deficit	(48)	(67)	(40)	(40)	(34)	(21)	(2)	22
Total Equity	252	233	260	560	916	1,329	1,348	1,372
Total Liabilities and Equity	393	562	630	1,028	1,511	2,180	3,005	3,856

2022 FORECAST VERSUS 2022 CORPORATE PLAN

Loans receivable are expected to be $454 million, which is consistent with the Plan of $449 million. Additionally, investments are forecasted to end the year at $170 million compared to a Plan of $105 million. We expect to end the year with loans payable of $343 million compared to a Plan of $313 million.

2023 CORPORATE PLAN VERSUS 2022 FORECAST

Partially influenced by the anticipated underwriting of loans in a newer asset class for our organization, sustainable infrastructure, coupled with anticipated business in the Indo-Pacific region, loans receivable are expected to reach $789 million in 2023. Investments, mainly fueled by growth in our funds business, are expected to reach $250 million.

2024 TO 2027

Enabled by rapidly expanding business volumes, we expect continued growth in both the loans and investments portfolios over the planning period. By the end of 2027, total assets of $3,856 million are anticipated, approximately six times the expected 2022 ending position.

FinDev Canada is funded by capital injections from its parent company, EDC. After the initial capital of $300 million was consumed in early 2021, FinDev Canada began borrowing from EDC to support its portfolio growth. Further borrowings are expected over the Plan period, for such amounts, terms and conditions as EDC and FinDev Canada may agree. EDC will engage in any borrowing, investing and hedging activities on behalf of FinDev Canada.

Additional capital injections are planned in 2023, 2024, and 2025 for a combined increase in share capital of $1,050 million. A capital commitment increase of $300 million was confirmed by the April 2021 Federal Budget and an additional $750 million was confirmed as part of the Government of Canada's Indo-Pacific Strategy to enable the corporation's expansion into the region.

Once the additional capital injections are consumed, the sustained rapid growth of the portfolio will be made possible by continued reliance on FinDev Canada's financial leverage capacity. Prudential limits framework is in place to ensure that financial leverage remains within adequate boundaries.

STATEMENT OF CHANGES IN EQUITY

Table 4: Projected Statement of Changes in Equity

for the year ended December 31 (in millions of Canadian dollars)	**2021 Actual**	**2022 Plan**	**2022 Fcst**	**2023 Plan**	**2024 Plan**	**2025 Plan**	**2026 Plan**	**2027 Plan**
Share Capital								
Balance beginning of year	300	300	300	300	600	950	1,350	1,350
Shares issued	-	-	-	300	350	400	-	-
Balance end of year	300	300	300	600	950	1,350	1,350	1,350
Equity								
Balance beginning of year	(32)	(56)	(48)	(40)	(40)	(34)	(21)	(2)
Comprehensive income (loss)	(16)	(11)	8	-	6	13	19	24
Balance end of year	(48)	(67)	(40)	(40)	(34)	(21)	(2)	22
Total Equity at End of Year	252	233	260	560	916	1,329	1,348	1,372
Return on Equity	-14.5%	-4.6%	3.1%	0.0%	0.8%	1.2%	1.4%	1.8%

STATEMENT OF CASH FLOWS

Table 5: Projected Statement of Cash Flows

for the year ended December 31 (in millions of Canadian dollars)	2021 Actual	2022 Plan	2022 Fcst	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Cash Flows from (used in) Operating Activities								
Net income (loss)	(16)	(11)	8	-	6	13	19	24
Adjustments to determine net cash from (used in) operating activities								
Provision for credit losses	7	9	9	17	24	35	42	49
Depreciation and amortization	-	-	-	-	-	1	1	1
Changes in operating assets and liabilities								
Change in fair value of investments and accrued interest on loans receivable	3	-	(15)	(6)	(13)	(16)	(16)	(21)
Change in derivative instruments	6	-	(8)	-	-	-	-	-
Other	12	(1)	(20)	(8)	(3)	(4)	(11)	(9)
Loan disbursements	(180)	(173)	(201)	(418)	(504)	(716)	(876)	(1,033)
Loan repayments	22	25	34	90	126	192	284	416
Net cash used in operating activities	(146)	(151)	(193)	(325)	(364)	(495)	(557)	(573)
Cash Flows from (used in) Investing Activities								
Disbursements for investments	(35)	(27)	(51)	(76)	(114)	(160)	(250)	(253)
Receipts from investments	2	-	3	-	-	-	-	-
Purchases of marketable securities	(8)	-	(54)	(300)	(350)	(400)	-	-
Sales/maturities of marketable securities	8	2	69	300	350	400	-	-
Purchases of intangible assets	-	(1)	-	-	-	-	-	-
Net cash used in investing activities	(33)	(26)	(33)	(76)	(114)	(160)	(250)	(253)
Cash Flows from (used in) Financing Activities								
Issue of long-term loans payable	119	176	206	273	160	345	1,071	1,005
Repayment of long-term loans payable	-	-	-	(178)	(34)	(93)	(273)	(187)
Increase (decrease) in amount due to EDC	-	1	1	4	1	2	8	8
Issuance of share capital	-	-	-	300	350	400	-	-
Net cash from financing activities	119	177	207	399	477	654	806	826
Effect of exchange rate changes on cash and cash equivalents	-	-	-	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(60)	-	(19)	(2)	(1)	(1)	(1)	-
Cash and cash equivalents								
Beginning of year	97	7	37	18	16	15	14	13
End of year	37	7	18	16	15	14	13	13
Cash and cash equivalents are comprised of:								
Cash	25	7	7	7	7	7	7	7
Cash equivalents included within marketable securities	12	-	11	9	8	7	6	6
	37	7	18	16	15	14	13	13
Operating Cash Flows from Interest								
Cash paid for interest	-	1	2	14	18	24	40	72
Cash received for interest	5	16	11	51	71	100	137	183

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 following amendment issued by the IASB has been assessed as being relevant to FinDev Canada. The changes were adopted for the annual report period beginning on January 1, 2021.

INTEREST RATE BENCHMARK REFORM — PHASE 2

In August 2020, the IASB issued amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurement, IFRS 7 - Financial Instruments: Disclosures and IFRS 16 - Leases to address the reforms related to the interest rate benchmark.

The amendments include changing the effective interest rate of financial instruments to reflect the change to the alternative benchmark rate, as well as additional disclosures about new risks arising from the reform and how we are managing the transition to alternative benchmark rates. For financial assets and financial liabilities measured at amortized cost, the amendments introduce a practical expedient that allows the change in contractual cash flows to be accounted for as an update to the effective interest rate, as opposed to immediately recognizing a gain or loss, provided that the modification is made on an economically equivalent basis and is a direct consequence of interest rate benchmark reform.

CAPITAL MANAGEMENT

CAPITAL ADEQUACY POLICY (CAP)

FinDev Canada manages its capital through the Board-approved Capital Management Policy in order to meet the demands of current and future business while maintaining the ability to withstand future, unpredictable risks. The policy serves to define a prudent level of borrowing, given its actual capital base and anticipated portfolio.

FinDev Canada's approach to capital management introduces the concept of Economic Capital, which is the amount of equity needed to absorb losses over a certain time horizon while maintaining a target solvency. This approach is rooted in Basel III principles and aligns with practices in place at most regulated international commercial financial institutions. It has also been designed to ensure alignment with its parent, EDC. Like EDC, FinDev Canada's target solvency rating has been set to AA.

4.2 Operating Budget and Notes

ADMINISTRATIVE EXPENSES

Table 6: Projected Administrative Expenses

(in millions of Canadian dollars)	2021 Actual	2022 Plan	2022 Fcst	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Salaries and benefits	8.3	12.1	10.4	17.0	24.7	32.0	38.5	44.1
Administration costs	1.2	1.6	1.4	1.5	1.7	1.9	2.0	2.2
Professional services	1.2	2.6	1.7	4.5	4.5	4.4	4.3	4.6
Impact projects	0.7	0.9	0.5	1.2	0.9	0.5	0.2	0.1
Marketing and communications	0.5	0.8	0.5	0.9	1.0	1.1	1.2	1.3
Travel, hospitality and conferences	-	0.3	0.5	1.3	1.6	2.0	2.2	2.4
Other	1.4	2.2	1.3	2.9	3.3	3.8	4.4	4.8
Total administrative expenses	13.3	20.5	16.3	29.3	37.7	45.7	52.8	59.5

2022 FORECAST

Administrative expenses are expected to be lower than projected in the 2022 Plan primarily due to lower ending headcount for 2021 and delayed hiring in 2022.

2023 CORPORATE PLAN

FinDev Canada is targeting administrative expenses of $29.3 million for 2023. Items of significance in the administrative expense projections for 2023 are as follows:

- Salaries and benefits are projected to increase as new employees are hired to support FinDev Canada's business. Headcount increase of approximately 35 employees is anticipated in 2023.
- Professional services are expected to grow in 2023, primarily due to higher IT consulting fees. These costs relate to the implementation of the Corporation's digital roadmap.
- Systems costs and information services costs are forecasted to increase as the Corporation continues to grow.
- The 2023 administrative expenses are partially offset by grant revenue of $2.2 million, primarily related to the 2X Canada facility.

Table 7: Travel and Hospitality Expenses

(in thousands of Canadian dollars)	2021 Actual	2022 Plan	2022 Fcst	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Travel	24	289	438	1,259	1,567	1,926	2,123	2,280
Hospitality	-	24	5	36	37	38	39	41
Conferences	-	30	30	45	45	47	48	50
Total	24	343	473	1,340	1,649	2,011	2,210	2,371

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

(in thousands of Canadian dollars)	2021 Actual	2022 Plan	2022 Fcst	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Total travel, hospitality and conferences expenses	24	343	473	1,340	1,649	2,011	2,210	2,371
Total administrative expenses	13,258	20,509	16,291	29,279	37,663	45,677	52,798	59,539
Travel and hospitality as a % of total expenses	0.2%	1.7%	2.9%	4.6%	4.4%	4.4%	4.2%	4.0%

4.3 Capital Budgets and Notes

CAPITAL EXPENDITURES

Table 9: Projected Capital Expenditures

(in millions of Canadian dollars)	2021 Actual	2022 Plan	2022 Fcst	2023 Plan	2024 Plan	2025 Plan	2026 Plan	2027 Plan
Facilities	-	0.4	-	0.3	0.3	0.2	0.2	0.2
Information technology	-	0.8	0.1	0.3	0.3	0.1	0.1	0.1
Total capital expenditures	-	1.2	0.1	0.6	0.6	0.3	0.3	0.3

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

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) Inc., trade name FinDev Canada, as a wholly owned subsidiary of EDC.

BORROWING STRATEGY

FinDev Canada is currently forecasted to have outstanding borrowings from EDC of $438 million at the end of 2023 and $563 million at the end of 2024. These are viewed as the corporation's baseline borrowing requirements. As FinDev Canada is still in a growth phase, we are requesting the ability to have an additional contingency amount approved to support this growth. The Corporation is requesting a contingency limit of US $100 million (CAD $136 million) for both 2023 and 2024.

EDC Treasury will leverage its expertise to undertake all borrowing, investing, hedging and foreign exchange activities on behalf of FinDev Canada. The Corporation may look to revisit this arrangement at a later date should an opportunity arise to engage in these activities on their own as determined by the growth in the organization.

As at October 31, 2022 the balance of the loan payable to EDC was $250 million. The balance is expected to increase to $343 million at the end of the year, which is within the currently approved limit of the borrowing facility. All loans outstanding were made on commercial terms including a market interest rate.

RIGHT OF USE ASSETS

UPCOMING AND FUTURE LEASES

We currently have no leases starting in the coming year that require Ministerial approval nor are we contemplating signing any leases that will require approval.

Appendix 6: Compliance With Legislative and Policy Requirements

FinDev Canada is subject to a diverse range of legislation, regulations, international agreements and treaties, Government policies, directives, and compliance with industry standards across multiple jurisdictions. Our suite of policies addresses the legislative and policy requirements relevant to our operations in order to protect the company, our employees, and the Government from potential exposure to legal, reputational and financial consequences.

To manage the risk of non-compliance with our obligations and policies, FinDev Canada aligns its practices with those of EDC, whenever relevant to our mandate and operating environment. This is the case for directives that are issued to EDC under Section 89 of the *Financial Administration Act* (FAA). Furthermore, EDC monitors new bills tabled in Parliament, to ensure that EDC and FinDev Canada are in compliance with new federal requirements.

Appendix 7: Government Priorities and Direction

TRANSPARENCY AND OPEN GOVERNMENT

FinDev Canada is committed to trust and accountability, including accurate and timely disclosure of information. As such, we continue to evolve our Transparency & Disclosure Policy[22] approved by the Board of Directors in 2017, in response to an evolving operating environment.

FinDev Canada's provides access to information while maintaining the commercial confidentiality of our customers. The Policy, which governs how we publicly release information on transactions, places FinDev Canada in a leading position, with pre-signing disclosure of transactions we consider entering into.

FinDev Canada also reports on our aggregate activities, including development impact performance, and information on all transactions entered into. FinDev Canada also makes the following information publicly available on our website:

- 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*.

FinDev Canada engages with stakeholders and civil society through consultations and by participating in events to discuss issues of mutual concern and solicits feedback on our own practices. FinDev Canada will continue these efforts over the planning period.

GENDER-BASED ANALYSIS PLUS

Gender equality is an important part of FinDev Canada's priorities. This applies to our activities as a DFI and to our own corporate practices. We strive to lead by example in our management practices regarding gender equality, to create a culture of equal opportunity and advancement.

DIVERSITY AND EMPLOYMENT EQUITY

Diversity and inclusion are core aspects of FinDev Canada's practices in support of businesses in developing countries. In collaboration with industry partners, we work with our clients to develop customized action plans that address inequality gaps in their operations.

FinDev Canada recognizes the importance of an inclusive workplace environment where everyone can feel safe and be their best self (see section 3.4 - Diversity and Inclusion). We rely on the support of EDC Human Resources management and benefits from their experience. FinDev Canada's Gender Lead sits on the EDC Diversity and Inclusion Committee, a platform for raising awareness of issues and employee concerns and developing inclusive solutions.

INDIGENOUS ISSUES

FinDev Canada operates primarily outside of Canada. Through our Environmental and Social due diligence process, we continue to monitor the impact of our clients' activities on local communities in the markets where we operate, including indigenous communities. Through our support to local businesses, we also seek to maximize benefits to the poorest communities, including indigenous ones.

Endnotes

1 As at August 31, 2022
In this document, $ refers to Canadian dollars and U.S. $ to United States dollars

2 Export Development Canada – Economics. 2022.

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14 United Nations, Inter-agency Task Force on Financing for Development, Financing for Sustainable Development Report 2020."2020 Financing for Sustainable Development Report: Debt and Debt Sustainability". United Nations, 2020. https://developmentfinance.un.org/sites/developmentfinance.un.org/files/FSDR2020_ChptIII.E.pdf

15 UN Environment Program (UNEP). "World Set to Miss Environment-Related Sustainable Development Goals". UNEP, 2021. World set to miss environment-related Sustainable Development Goals – UN report (unep.org)

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