2020-2024 CORPORATE PLAN SUMMARY

- OPERATING BUDGET
- CAPITAL BUDGET

EDC
TAKE ON THE WORLD

Canada

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CORPORATE PLAN ADDENDUM

Export Development Canada's (EDC) Corporate Plan was developed in accordance with the 2020 Statement of Priorities and Accountabilities (SPA) provided by the Minister of International Trade Diversification. It was approved by EDC's Board of Directors in October 2019 and submitted to the Government in November 2019. However, due to the recent challenges brought on by the global pandemic, in order to enable EDC's participation in Canada's COVID-19 Economic Response Plan, the addendum below, outlining the broader scope of EDC's activities, has been prepared. The Corporate Plan and this addendum were subsequently approved by the Treasury Board on the recommendation of the Minister of Small Business, Export Promotion and International Trade and the Minister of Finance on March 24th, 2020.

INTRODUCTION

Canada, like the rest of the global economy, has entered into a period of economic uncertainty as a result of challenges brought on by the current public health crisis: Novel Coronavirus 2019 (COVID-19). Deteriorating global economic conditions and turbulent financial markets dramatically affect confidence levels for consumers, lenders, insurers and investors. Trade flows and supply chains are being disrupted, and Canadian companies are increasingly looking for ways to access capital and mitigate risk.

Based on the experience of previous global virus incidents, the initial economic costs are very significant, although ultimately made up for in the ensuing recovery period. Sudden, pervasive disruption is arguably more painful than in the past, given the global integration of supply chains. We are seeing this in China, where the onset of COVID-19 interrupted local production but also ricocheted worldwide. The spread of the virus to other parts of the world has brought a tightening of containment measures and sparked a sharp decline in economic activity. New monetary and fiscal measures announced by the Government are aimed at sustaining businesses and providing liquidity to markets in this difficult time. This is a period of high duress for exporters, and the need for assistance to carry them through will be significant compared with similar past health-driven crises.

Governments around the world are taking steps to lessen the impact of the COVID-19 pandemic on the global economy by providing companies access to the capital they require in order to sustain operations.

The Government of Canada has introduced a series of measures to support markets and continued access to credit and risk mitigation for Canadian businesses, these measures include actions related to EDC. Although the measures may seem similar to what was implemented during the financial crisis, the current environment is quite different. Global markets are falling rapidly as a result of the aggressive speed at which the health crisis is moving and the varying levels of responsiveness countries are applying.

In March 2020, the Government of Canada introduced measures which enable EDC, working with its financial sector partners (public and private) to respond to a wider range of companies through its full suite of financial solutions: commercial financing (lending, equity and guarantees), insurance and bonding. EDC is providing the liquidity and support that Canadian exporters and investors need in these challenging times and remains ready to act quickly to mobilize support through an expanded resource base and increased borrowing authorities.

In working with these companies, EDC's risk appetite will extend beyond that of the private sector, to remedy market gaps in the availability of business credit as they arise. EDC will continue to be guided by its expertise in risk management and its commitment to sound financial management. This focus will ensure that the Corporation is well-positioned to respond to the needs of its customers today and into the future. This addendum to the 2020-2024 Corporate Plan outlines the broadened scope in which EDC's activities can now be applied for purposes of clarity and consistency.

ENSURING ACCESS TO CREDIT

To support Canadians businesses facing economic challenges and tightening credit conditions as a result of the COVID-19 pandemic, the Government of Canada introduced a stimulus package which included a number of measures aimed at supporting companies facing hardship, while promoting economic confidence and financial sector stability. More specifically, this plan is re-activating the Business Credit Availability Program (BCAP), a financial sector-wide coordination effort, and is enabling EDC and BDC to provide an incremental CAD $10 billion in market liquidity, in order to help commercially viable Canadian companies access our full suite of financial solutions. EDC is fully committed to supporting current and potential Canadian exporters of all sizes, in collaboration with the private and public sector. In an effort to support more Canadian companies and minimize the impacts of COVID-19, EDC will increase its risk appetite and internal capacities. Should private sector Financial Institutions reduce their exposure, EDC can provide higher levels of working capital support through our existing programs; this includes supporting all sectors of the economy and those in grave distress. EDC will also support Canadian companies by providing them with protection against the risk of not getting paid. In addition, recognizing that companies greatly impacted by these challenges may require balance sheet restructuring, EDC will leverage its expertise to deliver support in this regard.

In order to enable EDC to provide this increased credit capacity and market liquidity, the Government of Canada is investing an additional $1.66 billion in EDC by acquiring the remaining balance of EDC's share capital. Further, the government is raising EDC's share capital limit to allow it to make further capital injections as needed.

Given the importance of bringing greater credit capacity to the Canadian marketplace as quickly as possible, the Government of Canada is also temporarily expanding EDC's ability to participate in the domestic market. This decision builds on the temporary expansion of EDC's domestic powers in 2008, which enabled EDC to, for example, fill gaps in the domestic market where possible, share risk with private sector financial institutions, insurance providers and the surety industry and add the capacity missing from the market due to emerging credit constraints. EDC's reach and accessibility is greater than during the global financial crisis with new products, partnerships, and delivery channels available, making for an ideal platform from which to deliver expanded support.

Understanding that the government is looking to create flexibility vis-à-vis the options available to respond to the current health crisis and ensuing economic situation, additional measures could be considered that would potentially impact EDC including changes to its contingent liability limit, changes to the Canada Account limit, and/or changes to EDC's domestic regulations. EDC will work to mobilize any such decision swiftly in order to maximize our ability to support Canadian companies and will look to execute against and within all authorities granted by government.

EDC'S DOMESTIC ACTIVITY

In deploying this flexibility, EDC will continue to focus on those areas where it can provide the greatest value. This will include export-related activities which would have been previously limited by regulations and domestic trade-related activities where EDC's actions can help strengthen Canada's and Canadian companies' ability to trade both now and in the future. EDC expects that its domestic activities will primarily be undertaken via its existing programs. The overall objective is to ensure that Canadian companies including small and medium-sized firms, the commercial financial sector and private insurance providers have access to much needed liquidity.

FINANCING ACTIVITIES

Activities undertaken by EDC utilizing the expanded domestic mandate will complement the products and services available from commercial financial institutions and commercial insurance providers, allowing EDC's risk appetite to extend beyond that of the private sector to remedy market gaps should they arise. The Corporation has deepened its relationships with its domestic financial sector partners since the 2009 financial crisis and maintains frequent and positive engagement with Canada's banks and BDC bilaterally. In addition, the reinstated BCAP will support the objective of ensuring that EDC activities are complementary, providing a channel through which the banks can bring forward export and domestic needs where there is limited market capacity.

Through its participation in the BCAP initiative, EDC, along with representatives of Canada's main banks and BDC, will be able to identify and share market information and obstacles to providing enhanced capital, as well as to bring forward and triage transactions which require additional capacity from EDC and/or BDC.

In keeping with our core mandate, EDC support will continue to be available to all exporting companies.

BONDING

EDC will continue to work with the domestic sureties, banks and its customers to bring additional bonding capacity to the Canadian market across all sectors.

EDC will focus its efforts to ensure that EDC's presence in the market does not contribute to companies moving their business from one partner to another in order to obtain EDC support.

CREDIT INSURANCE

EDC has an existing partnership with a domestic credit insurer Coface which allows us to add additional capacity to Coface by way of re-insurance and to share coverage if necessary, to fill market gaps. EDC will leverage this long-standing domestic partnership to provide capacity. However, there may be circumstances where it is necessary to provide coverage directly to Canadian companies including for risks that the private market will not assume.

Beyond the EDC-Coface relationship, EDC will also work with other private sector credit insurers to ensure that Canadian companies continue to have access to risk mitigation solutions in the current environment. This could include EDC leveraging its balance sheet to support the activities of the private sector or, if no private sector solution is available, providing support directly during the crisis.

DOMESTIC BUSINESS ACTIVITY REPORTING FOR 2020

Further to the BCAP Terms of Reference, EDC will report on its BCAP activity consistent with the direction provided by the Department of Finance and Global Affairs Canada. Specifically, EDC will provide both departments with monthly reporting on the delivery of services under the coronavirus response package. EDC will continue to engage with the Government of Canada and our financial partners, ensuring Canadian companies affected by this crisis are receiving the support they need to ensure they can continue to operate.

In addition, the Corporation's employees will communicate the details of EDC's plans to customers and partners at financial institutions through their regular working relationships. The corporation will leverage its marketing, customer outreach, stakeholder relations and other functions to ensure Canadian companies have full visibility to the measures being implemented.

EDC will continue to engage with officials from Global Affairs Canada and Finance Canada on the implementation of the Government's COVID-19 Response Plan which relate to EDC. Given the extraordinary nature of the crisis and the measures being adopted, as well as the accelerated timelines for implementation, EDC will continue to engage with Government officials both on its activities and on the implications for the development of the 2021-2025 Corporate Plan.

Notwithstanding the approach laid out in this plan and the temporary, extraordinary actions taken by government, EDC recognizes that its ongoing legislative review, future Statements of Priorities and Accountabilities and subsequent Corporate Plans could introduce future changes reflecting the Government's long-term view on the role of EDC.

FINANCIAL PERFORMANCE

What follows is an addendum to the Financial Plan to share initial views on the implications of these measures. This addendum highlights the implications on EDC's capital base through both the capital injection and the halting of the projected dividend relating to fiscal year 2019, provisioning implications and changes to the requested borrowing authorities to enable EDC to act in response to company needs.

EXPECTED IMPACT ON 2020 PLANNED RESULTS

As a result of the Government of Canada activating the Business Credit Availability Program (BCAP), EDC will expand its reach to Canadian companies by providing enhanced support through its existing suite of financial solutions. The financial results presented in EDC's 2020-2024 Corporate Plan have been revised to reflect the expected impact of these additional measures.

In order to better support Canadian companies, the following changes have been made:

- The remaining balance of EDC's share capital ($1.66 billion) has been invested by the Government of Canada;
- The payment of the 2020 dividend (previously estimated as $886 million) has been removed;
- Increased expected business volumes $7 billion between the commercial financing and insurance programs;
- Increased provisions for both the commercial financing and insurance programs; and
- Increased both the short and long term borrowing requirements for 2020.

The rest of the plan is unchanged from what was submitted in November 2019, including the 2019 forecast, and assumptions relating to foreign exchange rates and interest rates.

EDC FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

Projected Condensed Statement of Comprehensive Income (2018-2024)

for the year ended December 31 (in millions of Canadian dollars)	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Financing and Investment Revenue:								
Loan	2,207	2,349	2,313	2,127	2,015	1,950	1,916	1,935
Marketable securities	256	287	257	172	140	133	128	132
Investments	9	6	4	6	6	6	6	6
Total financing and investment revenue	2,472	2,642	2,574	2,305	2,161	2,089	2,050	2,073
Interest expense	1,219	1,385	1,312	966	829	781	760	773
Financing related expenses	33	27	28	24	21	22	22	22
Net Financing and Investment Income	1,220	1,230	1,234	1,315	1,311	1,286	1,268	1,278
Loan Guarantee Fees	48	49	56	70	75	70	80	92
Insurance premiums and guarantee fees	243	257	250	252	266	266	266	272
Reinsurance ceded	(39)	(40)	(38)	(38)	(38)	(36)	(33)	(33)
Net Insurance Premiums and Guarantee Fees	204	217	212	214	228	230	233	239
Other (Income) Expense	(99)	(6)	265	5	(15)	(10)	(35)	(55)
Administrative Expenses	489	554	540	530	530	530	530	530
Income before Provision and Claims-Related Expenses	1,082	948	697	1,064	1,099	1,066	1,086	1,134
Provision for (Reversal of) Credit Losses	(11)	20	200	800	20	20	30	40
Claims-Related Expenses	255	93	112	200	68	99	98	100
Net Income	838	835	385	64	1,011	947	958	994
Other comprehensive income:								
Retirement benefit plans remeasurement	44	89	(16)	32	34	37	39	41
Comprehensive Income	882	924	369	96	1,045	984	997	1,035

STATEMENT OF FINANCIAL POSITION

Projected Condensed Statement of Financial Position (2018-2024)

as at December 31	**2018**	**2019**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
(in millions of Canadian dollars)	**Actual**	**Plan**	**Fcst**	**Plan**	**Plan**	**Plan**	**Plan**	**Plan**
Assets								
Cash	167	95	76	76	76	76	76	76
Marketable securities	13,042	11,182	11,047	9,434	9,895	10,471	9,274	8,744
Derivative instruments	256	490	761	761	761	761	761	761
Assets held for sale	13	-	-	-	-	-	-	-
Loans receivable	54,566	52,666	52,199	57,158	56,460	55,480	56,421	56,727
Allowance for losses on loans[1]	(820)	(1,053)	(947)	(1,717)	(1,716)	(1,716)	(1,726)	(1,736)
Investments	1,326	1,420	1,543	1,692	1,747	1,746	1,692	1,582
Investment in FinDev Canada	100	200	200	300	300	300	300	300
Amounts due from FinDev Canada[2]	6	-	-	3	181	-	-	-
Recoverable insurance claims	35	50	28	34	39	40	41	40
Reinsurers' share of premium and claims liabilities	150	152	138	134	96	96	97	97
Other assets	170	165	160	148	140	134	134	134
Retirement benefit assets	92	238	107	139	174	214	257	291
Property, plant and equipment	49	47	45	47	46	44	42	39
Intangible assets	110	114	109	90	73	61	51	43
Building under finance lease	127	129	130	121	112	103	94	86
Total Assets	69,389	65,895	65,596	68,420	68,384	67,810	67,514	67,184
Liabilities and Equity								
Accounts payable and other credits	225	102	98	91	83	77	77	77
Loans payable	55,448	52,505	52,689	53,713	53,586	52,896	52,412	51,801
Derivative instruments	1,971	1,866	2,065	2,065	2,065	2,065	2,065	2,065
Obligation under finance lease	150	144	156	149	142	135	128	121
Retirement benefit obligations	172	176	195	204	213	222	231	240
Allowance for losses on loan commitments[1]	20	28	31	31	41	41	41	41
Premium and claims liabilities	890	624	508	485	419	424	430	435
Loan guarantees[1]	158	190	141	206	232	288	353	436
Total Liabilities	59,034	55,635	55,883	56,944	56,781	56,148	55,737	55,216
Share capital	1,333	1,333	1,333	3,000	3,000	3,000	3,000	3,000
Retained earnings	9,022	8,927	8,380	8,476	8,603	8,662	8,777	8,968
Total Equity	10,355	10,260	9,713	11,476	11,603	11,662	11,777	11,968
Total Liabilities and Equity	69,389	65,895	65,596	68,420	68,384	67,810	67,514	67,184

1 Updates are currently ongoing to the IFRS 9 model used to calculate the allowance for losses on loans, loan commitments and loan guarantees. A forecast for these changes has not been included in the Plan as the impacts are not yet known.

2 The Government of Canada expressed an intention to do a review of FinDev Canada within the first five years of its operation. As the years 2022, 2023 and 2024 fall outside this five year period, the financial information for FinDev Canada is currently unavailable. Once this review is complete, it will inform the future funding strategy for FinDev Canada and subsequent Corporate Plans will reflect this approach.

STATEMENT OF CHANGES IN EQUITY

Projected Condensed Statement of Changes in Equity (2018-2024)

for the year ended December 31 *(in millions of Canadian dollars)*	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Share Capital	1,333	1,333	1,333	3,000	3,000	3,000	3,000	3,000
Retained Earnings								
Balance beginning of year	8,709	9,009	9,022	8,380	8,476	8,603	8,662	8,777
IFRS 9 impairment transition adjustment	400	-	-	-	-	-	-	-
IFRS 16 transition adjustment	-	-	(1)	-	-	-	-	-
Revised balance beginning of year	9,109	9,009	9,021	8,380	8,476	8,603	8,662	8,777
Net income	838	835	385	64	1,011	947	958	994
Other comprehensive income								
Retirement benefit plans remeasurement	44	89	(16)	32	34	37	39	41
Dividend paid	(969)	(1,006)	(1,010)	-	(918)	(925)	(882)	(844)
Balance end of year	9,022	8,927	8,380	8,476	8,603	8,662	8,777	8,968
Total Equity End of Year	10,355	10,260	9,713	11,476	11,603	11,662	11,777	11,968
Return on Equity	8.2%	8.1%	3.9%	0.6%	8.8%	8.1%	8.2%	8.4%

STATEMENT OF CASH FLOWS

Projected Condensed Statement of Cash Flows (2018-2024)

for the year ended December 31 *(in millions of Canadian dollars)*	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Cash Flows from (used in) Operating Activities								
Net income	838	835	385	64	1,011	947	958	994
Adjustments to determine net cash from (used in) operating activities								
Provision for (reversal of) credit losses	(11)	20	200	800	20	20	30	40
Change in the net allowance for claims on insurance	197	(78)	(362)	(20)	(18)	13	10	10
Depreciation and amortization	40	44	41	40	38	33	32	29
Realized (gains) and losses	(12)	(34)	(6)	-	(19)	(15)	(41)	(59)
Changes in operating assets and liabilities								
Change in accrued interest and fees on loans receivable	(118)	43	(62)	92	63	62	40	52
Change in accrued interest and fair value of marketable securities	(14)	-	(254)	-	-	-	-	-
Change in accrued interest and fair value of loans payable	57	-	673	-	-	-	-	-
Change in derivative instruments	(10)	-	(160)	-	-	-	-	-
Other	99	9	(231)	(12)	(16)	(14)	(11)	(6)
Loan disbursements	(31,240)	(31,899)	(21,643)	(28,201)	(23,144)	(23,465)	(23,728)	(23,730)
Loan repayments and principal recoveries from loan asset sales	31,021	31,261	22,185	23,225	23,818	24,441	22,817	23,448
Net cash from (used in) operating activities	847	201	766	(4,012)	1,753	2,022	107	778
Cash Flows from (used in) Investing Activities								
Disbursements for investments	(252)	(296)	(270)	(337)	(252)	(232)	(219)	(217)
Receipts from investments	260	220	159	188	216	248	314	386
Finance lease repayments	-	-	-	5	-	-	-	-
Disbursements for investments in FinDev Canada	(100)	(100)	(100)	(100)	-	-	-	-
Purchases of marketable securities	(14,435)	(12,933)	(10,062)	(14,359)	(14,751)	(16,922)	(16,104)	(16,132)
Sales/maturities of marketable securities	11,424	12,254	11,198	15,706	14,359	16,615	17,114	16,581
Purchases of property, plant and equipment	(4)	(8)	(1)	-	-	-	-	-
Purchases of intangible assets	(28)	(28)	(17)	-	-	-	-	-
Proceeds on sale of assets held-for-sale	-	-	13	-	-	-	-	-
Net cash from (used in) investing activities	(3,135)	(891)	920	1,103	(428)	(291)	1,105	618
Cash Flows from (used in) Financing Activities								
Issue of long-term loans payable	13,128	17,564	17,479	15,852	14,916	17,046	18,392	17,936
Repayment of long-term loans payable	(12,058)	(14,414)	(14,656)	(13,524)	(15,734)	(18,160)	(17,845)	(18,304)
Issue of short-term loans payable	31,515	51,930	42,506	54,789	51,116	55,497	53,639	49,523
Repayment of short-term loans payable	(27,651)	(53,208)	(46,587)	(56,117)	(50,452)	(55,099)	(54,701)	(49,788)
Disbursements from sale/maturity of derivative instruments	(567)	-	(324)	-	-	-	-	-
Receipts from sale/maturity of derivative instruments	3	-	-	-	-	-	-	-
Amounts borrowed by FinDev Canada[1]	-	-	6	(3)	(178)	-	-	-
Issuance of share capital	-	-	-	1,667	-	-	-	-
Dividend paid	(969)	(1,006)	(1,010)	-	(918)	(925)	(882)	(844)
Net cash from (used in) financing activities	3,401	866	(2,586)	2,664	(1,250)	(1,641)	(1,397)	(1,477)
Effect of exchange rate changes on cash and cash equivalents	155	-	(64)	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	1,268	176	(964)	(245)	75	90	(185)	(81)
Cash and cash equivalents								
Beginning of year	1,627	3,005	2,895	1,931	1,686	1,761	1,851	1,666
End of year	2,895	3,181	1,931	1,686	1,761	1,851	1,666	1,585
Cash and cash equivalents are comprised of:								
Cash	167	95	76	76	76	76	76	76
Cash equivalents included within marketable securities	2,728	3,086	1,855	1,610	1,685	1,775	1,590	1,509
	2,895	3,181	1,931	1,686	1,761	1,851	1,666	1,585

1 The Government of Canada expressed an intention to do a review of FinDev Canada within the first five years of its operation. As the years 2022, 2023 and 2024 fall outside this five year period, the financial information for FinDev Canada is currently unavailable. Once this review is complete, it will inform the future funding strategy for FinDev Canada and subsequent Corporate Plans will reflect this approach.

STATUTORY LIMITS

Statutory Limits (2018-2024)

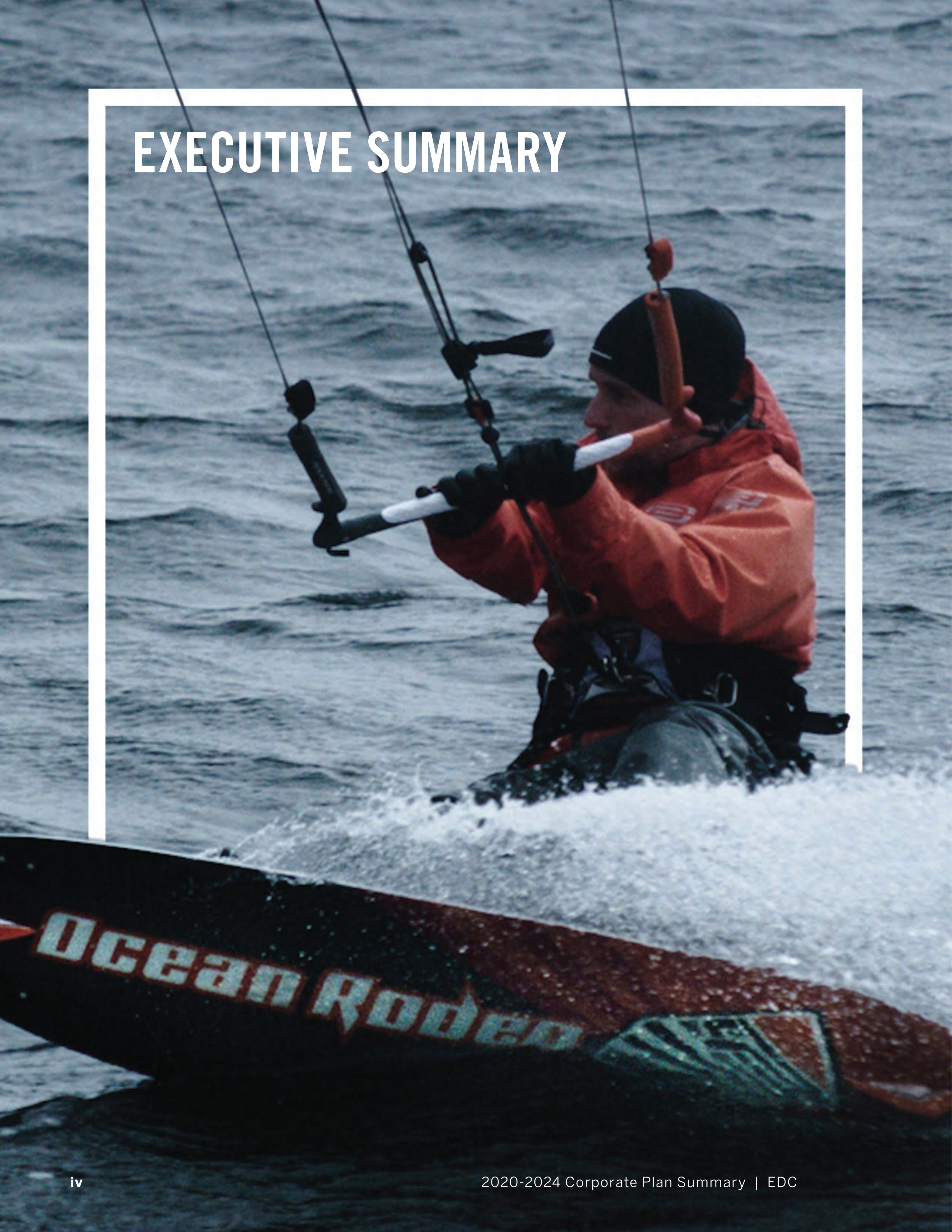
(in millions of Canadian dollars)	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Contingent Liability Limit	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Credit insurance	11,032	11,423	10,406	11,892	11,238	11,463	11,692	11,926
Financial institutions insurance	1,996	2,640	3,542	2,816	2,858	2,916	2,974	3,033
International trade guarantee	10,016	8,120	10,878	9,353	9,085	9,158	9,308	9,564
Political risk insurance	886	939	836	847	576	576	576	576
Loan guarantees	3,274	2,908	3,619	4,726	4,257	4,772	5,552	6,345
Position against limit	27,204	26,030	29,281	29,634	28,014	28,885	30,102	31,444
Percent used	60%	58%	65%	66%	62%	64%	67%	70%
Loans Payable Limit	150,600	155,130	155,175	145,350	171,645	173,385	174,270	175,995
Position against limit	55,448	52,505	52,689	53,713	53,586	52,896	52,412	51,801
Percent used	37%	34%	34%	37%	31%	31%	30%	29%

CAPITAL MARKETS BORROWING PROGRAM

Capital Markets Borrowing Requirement Projection for 2020

(in millions of U.S. dollars)	USD	2020 Plan
Decrease/(increase) in cash from operations	(1,985)	
Net loan disbursements/(repayments)	3,860	
Funding Requirements for DFIC	78	
Activity from operations		1,953
Funding required for change in CP outstanding	1,000	
Funding required for change in marketable securities at fair value through profit or loss	(1,199)	
Refinancing of debt maturities	10,086	
Buybacks	100	
Activity from liabilities		9,987
Forecast Borrowing Requirements for Corporate Plan		**11,940**
Potential increases to cash requirements		
Changes to assumption on lending activity		1,000
Changes to assumption on revolving facilities		750
Reduction of outstanding commercial paper		500
Pre-funding of 2021 volumes/maturities		500
Forecast Borrowing Requirements Including Contingencies		**14,690**

EXECUTIVE SUMMARY



Export Development Canada (EDC) is a financial Crown corporation that provides Canadian companies with the solutions they need to go, grow and succeed internationally. Our mandate is to support and develop, directly or indirectly, Canada's export trade and Canadian capacity to engage in that trade and respond to international business opportunities. In 2019, we celebrated 75 years as Canada's export credit agency (ECA).

The 2020-2024 Corporate Plan marks the end of our recent strategy work and sets the stage for the next phase—acting as a bridge between the work that we have done until now and our future initiatives to address the needs of Canadian companies. The Statement of Priorities and Accountabilities (SPA) provided by the Minister of International Trade Diversification to the Board of Directors has guided and informed the development of this Plan, specifically that we will review how to leverage our balance sheet to take on more risk, guided by strengthened processes for credit and non-credit risk management and a commitment to increased transparency and communication.

This Plan is being developed while the 2018 Legislative Review moves from the research phase to the Parliamentary process. The findings from the research phase validated the role we play and the value we bring to Canadian companies and identified opportunities to do more in support of broader Canadian trade challenges. Over the coming months, these findings will factor into our strategic planning, and inform engagement with our Board of Directors, Global Affairs Canada and Finance Canada.

Our business objectives and activities for the planning period will demonstrate our commitment to helping more Canadian companies conduct more business, in more international markets than ever. To ensure we are properly equipped to deliver on this commitment, we will invest in our digital capabilities to reach more companies, broaden our solutions to serve the growing diversity of exporters and deepen relationships with key federal partners, particularly the Trade Commissioner Service (TCS). We will also modernize our risk management practices to help more businesses, and further embed Corporate Social Responsibility into our strategy, culture and practices, in order to add more value for our customers and contribute to Canada's prosperity.

Over the planning period, we are also committed to maintaining our productivity ratio through efficiency gains. These gains will come from key internal transformation initiatives such as our Enterprise Risk Management Transformation (ERM) program, as well as cost containment and reduction in other areas, creating opportunities to grow revenue. In the years beyond 2020, we expect flat expense projections, as we continue to serve more small- and medium-sized enterprises (SMEs) and implement critical programs under our ERM Transformation program. Our domestic and international business choices will continue to reflect our guiding principles for building a sustainable portfolio, and we will continue to strategically select the companies, industries and markets where we do business. We will also maintain a focus on innovation and continuous improvement by challenging the status quo, experimenting and implementing efficiencies across all business lines.

In 2017, our mandate grew with the creation of Canada's Development Finance Institution, established as a wholly owned subsidiary of EDC. FinDev Canada is mandated to provide, directly or indirectly, development financing and other forms of development support in a manner that is consistent with Canada's international development priorities. FinDev Canada's 2020-2024 Corporate Plan is included as an Annex to EDC's Corporate Plan.

1.0 OVERVIEW

Export Development Canada (EDC) is Canada's official export credit agency and a member of the Government of Canada's international trade portfolio. Our role is to level the playing field for Canadian companies doing business internationally, by giving them a platform to grow and equipping them with the tools they need to expand and diversify their business.

We do this because Canada depends on their success—international trade is critical to Canada's economic growth and prosperity. As true as this is today, it will be even more so in the future, as the global economy continues to expand, opening up more trade opportunities around the world. However, the Canadian trade ecosystem is at a critical point today, as global markets face increased competition, rising complexities and new risks.

While Canada's trade performance in the 1990s was strong, the country now sits last among G20 countries. This is attributable, in part, to Canada's relatively low level of trade diversification and an over-reliance on the U.S. market, while Mexico and China now account for an ever-growing share of U.S imports.

Against this backdrop, the Government of Canada has made trade diversification a public policy priority. Over the past few years, the focus has been on securing a market access advantage for Canadian companies through new free trade agreements (FTAs) in North America, through the Canada-United States-Mexico Agreement (CUSMA), the European Union, through the Comprehensive Economic and Trade Agreement (CETA) and across the Pacific Region with the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). As a result, Canada is now the only G7 country having FTAs with all other G7 Countries, in addition to many FTAs with fast-growing markets in Latin America and the Pacific.

Nevertheless, market access is only part of the solution. Canadian companies must be able to realize the opportunities that these FTAs provide. To do so, they need relevant knowledge about trade and international business opportunities, assistance in finding buyers and financial solutions that will help them scale up and sell abroad with peace of mind. They also need to understand the risks associated with trade and the solutions that can help mitigate those risks.

EDC and its partners across the international trade portfolio are well-positioned to help Canadian businesses. In fact, only when all the players in the trade ecosystem work together to complement each other's strengths—can Canada truly realize the benefits of trade diversification. A *Canada* problem needs a *Canada* solution, and we are committed to working with our partners and Canadian companies to provide one.

As such, our role is to deploy *all* of our capabilities and leverage our expertise as a global financier conducting business in more than 200 markets around the world. We provide insurance and financial solutions to Canadian exporters and investors, as well as financing to their international buyers; we share targeted and specific knowledge to help Canadian companies navigate the competitive global landscape; and we connect businesses directly to foreign buyers and global supply chains in order to bring benefits home to Canada.

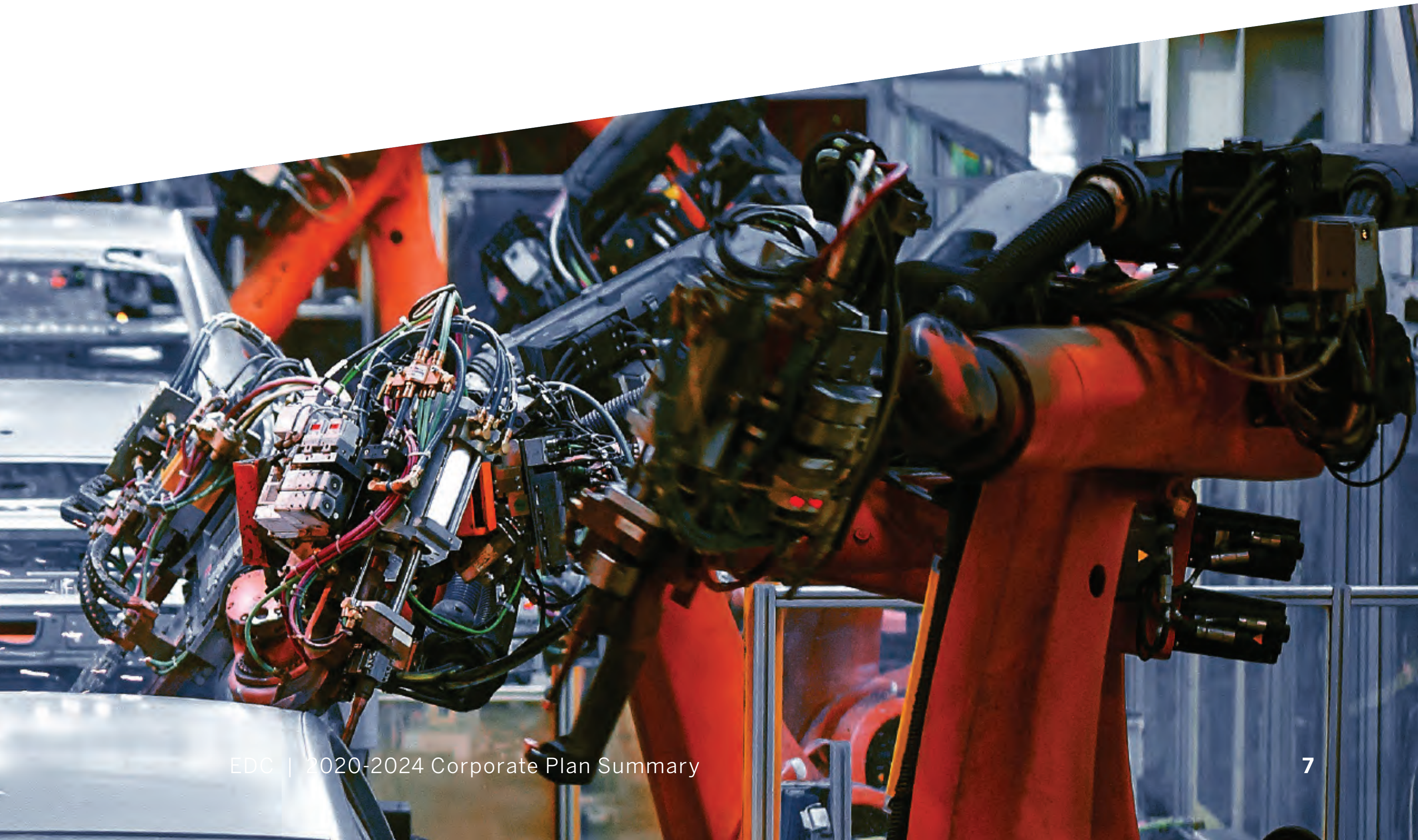
By working with a range of partners including the Trade Commissioner Service (TCS), insurance providers, banks and other export-oriented firms, government departments and agencies, business associations, financial institutions and logistics companies, we reach more Canadian companies and accelerate their ability to conduct business abroad.

In 2018, we served more than 13,000 companies, 8,600 of which were financial customers and 6,000[1] of which were knowledge customers. In so doing, we facilitated more than $104 billion in international business, representing 3.6 per cent of Canada's total GDP. This means that for every $1 in income earned in Canada during 2018, nearly 4 cents were attributable to the trade and investment we facilitated. Furthermore, employment associated with the business we facilitated is estimated at 488,637 jobs, or about 2.6 per cent of national employment. For more detailed information on our 2018 corporate performance, please refer to our 2018 Annual Report.

2020 is the last year of our current corporate strategy. We will continue to invest in our digital capabilities to reach more Canadian companies and broaden our solutions to serve the growing diversity of exporters, while focusing on growing our portfolio of services for micro and SME exporters. While we expect to see continued customer growth over the planning period, the majority of our customers will continue to be SMEs, where the value of deals is typically smaller. As such, growth in our business facilitated for financing and investments will be moderate over the planning period. We also predict stable administrative expense projections as a result of internal efficiency gains and a strong focus on cost containment.

Engaging with the Government of Canada, we have also begun work on the next phase of our organizational strategy. In the short-term, we will look to ensure we are well positioned to take on more risk for Canadian exporters in the event of an economic downturn, as was the case in 2008. In the longer term, we will focus on leveraging our capital and risk appetite to help more Canadian companies conduct business in more markets around the world. Accordingly, we will be revisiting our risk framework to ensure it is aligned with these objectives and that we help Canada meet its export and diversification goals.

1 4,518 were solely knowledge customers and 1,482 were both financial and non-financial product customers.



2.0 OPERATING ENVIRONMENT

2.1 GLOBAL ECONOMIC OUTLOOK

A synchronized slowdown hit the world economy in early 2019, raising speculation of an economic downturn. However, our economic outlook finds that those calls are premature: global fundamentals remain strong and the slowing is self-inflicted. Businesses routinely blame weaker performance on trade policy turmoil – either tangible moves like tariffs, or threats of anti-trade action. This has led to a widespread investment hesitation, an unnecessary development that coincides with a great global need for additional industrial capacity.

International trade will be key to global growth in the 2020-2024 planning period. Tight labour constraints in the Organization for Economic Cooperation and Development (OECD) countries and key emerging markets will spread industrial activity to labor-rich emerging economies, increasing global integration and subsequent trade flows. In addition, rising wealth in large emerging markets will increase their intake of international goods and services, shifting the balance of global commerce through the medium-term horizon. Most of Canada's international activity will still be in traditional markets, principally the U.S., but steady, superior export growth to emerging markets will consistently shift the balance of Canadian trade flows, furthering an already-entrenched international diversification trend.

The short-term cost of any protectionist moves noted above, will present a powerful incentive for a speedy resolution. Once a few major trade agreements are struck, pent-up pressures will unleash a new wave of spending that keeps growth going over the medium-term period. Should current trade friction take longer to resolve than forecast, a policy-led downturn in the next 12 to-18 months is possible. We are monitoring these risks closely and are well-capitalized to respond if need be.

The short-term global forecast is included below:

Figure 1: Global Growth Forecast

GLOBAL ECONOMIC OUTLOOK (GEO)					
Year-over-year percent change	2016	2017	2018	2019 (F)	2020 (F)
Developed countries	**1.7**	**2.4**	**2.2**	**1.7**	**1.9**
Canada	1.1	3.0	1.9	1.6	1.9
U.S.	1.6	2.4	2.9	2.4	2.5
Eurozone	1.9	2.6	1.9	1.1	1.3
Germany	2.1	2.8	1.5	0.6	1.1
France	1.0	2.4	1.7	1.3	1.3
U.K.	1.8	1.8	1.4	1.1	0.9
Japan	0.6	1.9	0.8	1.0	0.3
Emerging countries	**4.6**	**4.8**	**4.5**	**3.8**	**4.7**
China	6.7	6.8	6.6	6.1	6.2
India	8.1	7.1	6.8	7.3	7.5
Brazil	-3.3	1.1	1.1	1.0	2.1
Mexico	2.6	2.4	2.0	0.2	1.3
Total World	**3.4**	**3.8**	**3.6**	**3.0**	**3.6**

Sources: Haver Analytics, EDC Economics, 2016-2018 are actuals while 2019 and 2020 are forecast.

2.2 CANADIAN CONTEXT

The extension of global growth will benefit Canadian exporters over the 2020-2024 planning period. Trade policy tensions will add risk to international activities, but a resolution of outstanding issues in the next year or so will allow normal export growth to resume and spur further trade diversification. Commodity export growth will be subdued, as ample global supplies keep prices for oil and gas and base metals subdued. At the same time, forest products and agri-food exports will capitalize on the resumption of growth, while industrial capacity constraints boost global shipments of Canadian machinery and equipment.

OPPORTUNITIES AND CHALLENGES

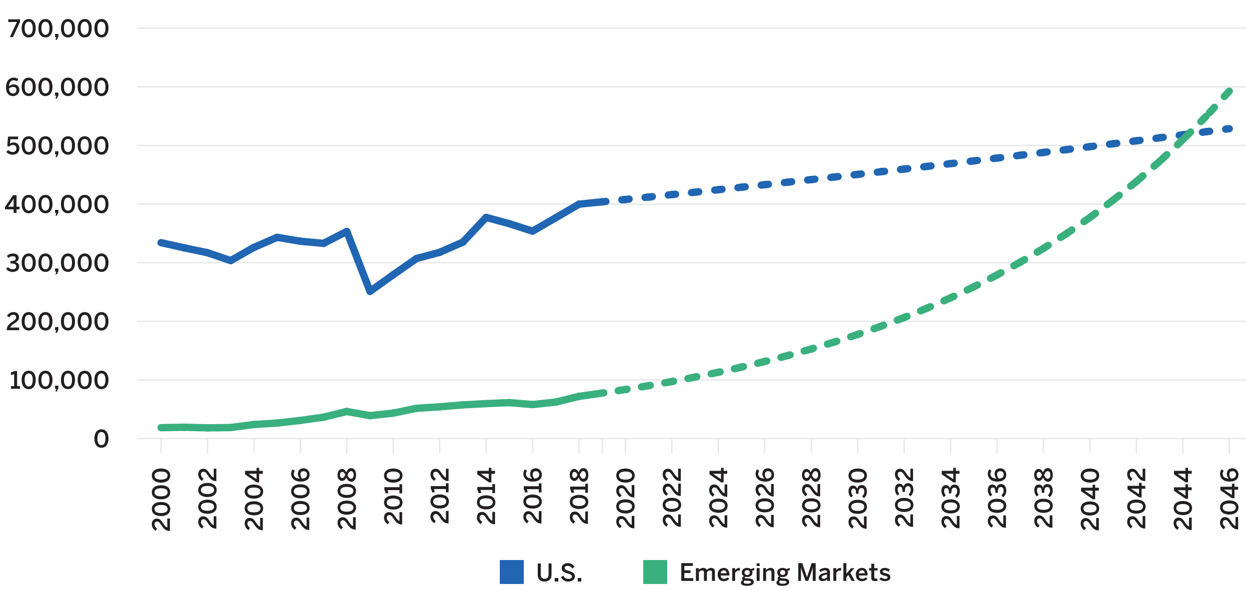
Understanding the forces that exert the most influence on the global economy is essential to the success of Canadian businesses, and to our own ability to deliver on our mandate. While the nature of these opportunities and challenges is evolving, we remain a reliable, agile and innovative partner, drawing on our deep-rooted expertise in international trade and supply chains and our understanding of Canadian capabilities, to help Canadian companies go, grow and succeed internationally even in turbulent times. In fact, it is often during adverse economic conditions that we are most relevant to Canada.

The following table illustrates the challenges and opportunities that Canadian companies will encounter over the planning period:

CHALLENGES	
Global Protectionism	The increasingly protectionist stance of some economies has the potential to give rise to a global spread of trade barriers that would impede and increase the cost of global trade flows for Canadian companies looking to do business around the world. Any escalation in trade barriers could lead to a downturn.
Shifting U.S. Trade Policies	While the U.S. is an important market for many exporters beginning their diversification journey, Canada's proximity and ease of exporting to this market has created a concentration risk for Canadian exports and investments.
Reluctance to Export	The prospect of doing business abroad can be daunting, particularly for micro and small-sized enterprises that are often reluctant to export at all or diversify beyond safer international markets.
Declining Emerging Market Share	Canada's share of emerging markets trade is declining while the Canadian marketplace is increasingly open to foreign players.

OPPORTUNITIES	
Trade Diversification	Diversification into new markets presents significant opportunities for Canadian companies to mitigate concentration risk and grow, particularly since there is an entrenched diversification trend in key sectors of the Canadian economy.
Emerging Markets	Given the favorable growth forecasts for emerging markets over the planning period, diversification beyond traditional markets also presents significant opportunities for Canadian companies to mitigate concentration risk, combat declining emerging market share, and grow. In addition, the relentless growth path of emerging markets will see them capture a greater share of global GDP over time. Leveraging this trend will increase the long-term growth potential of Canadian exporters by increasing their share of our total exports over time. The graph below (figure 2) illustrates what would happen if current growth trends persist over the long term. In just over 25 years, merchandise exports to emerging markets would surpass our exports to the U.S. Harnessing this growth will require a great deal of preparation and strategizing on the part of Canadian exporters.
Canadian Direct Investment Abroad (CDIA)	By establishing a local presence within global markets, CDIA enables Canadian companies to overcome trade barriers, expand their reach and acquire new buyers and opportunities, thereby hedging against risk.
Free Trade Agreements	The Comprehensive Economic and Trade Agreement (CETA) eliminates tariffs on almost all (99 per cent) goods that Canadians export to the European Union and gives Canadian companies preferential access to more than 500 million people across 28 countries, with a combined GDP of $20 trillion. Additionally, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) could boost Canadian GDP by $4.2 billion in the long-term. Finally, as the parties seek to ratify the Canada-United States-Mexico Agreement (CUSMA), we will continue to support the Government of Canada's efforts to promote it and help Canadian exporters realize its benefits over the planning period.
Canada Brand	Behind the maple leaf is a reputation for being reliable, responsible, and innovative producers of quality goods and services, making Canadian companies ideal international trading partners.

Figure 2: Exports to US and emerging markets based on 18-year trend, $m*



**This figure outlines Canadian merchandise exports (it doesn't include the service sector data).*

2.3 THE EDC CONTEXT

We are proud to have been recognized as one of the world's leading export credit agencies (ECAs), as well as one of Canada's Top 100 Employers for the 12th time, and one of Canada's Best Diversity Employers for 2018 for the second year in a row.

The strengths, which underpin our success and enable us to drive benefits for Canada, include:

- A mandate that enables us to evolve our solutions to support and develop trade for a diverse range of Canadian companies;
- International representations in 21 key markets, which allows us to be where our customers are and where they are going, and leverage relationships with the TCS, local buyers and borrowers;
- Decades of business and risk management experience in more than 200 markets;
- A domestic footprint of 22 offices and solid relationships with Canadian financial institutions across the country;
- A highly engaged workforce as demonstrated by our 2019 employee engagement survey, which places EDC in the top 25 per cent of the Canadian public and private sector for engagement and enablement;
- A strong customer satisfaction and loyalty among exporters who have worked with EDC, as demonstrated by a Net Promoter Score in the top 15 per cent of North American B2B companies;
- A strong balance sheet and extensive partnerships with the private sector and government; and
- A corporate culture founded on trust, collaboration, accountability, sustainability and a commitment to ethical business and continuous improvement.

To build on these strengths and create more value for Canadian companies, we have identified several areas for improvement. These include scaling our business to support more exporters through a targeted channel strategy and enhancing the range of our digital solutions and automated business processes.

In addition, we will increase our capacity to serve small and micro exporters, ensure that our internal risk framework is appropriately calibrated to support more small- and medium-sized enterprises (SMEs) and focus on helping medium-size firms grow into new markets.

We will also enhance our risk management systems to help navigate the growing complexity of international markets and continue to leverage our Connection Financing Program (our former 'Pull Program') to open new markets for Canadian companies.

As always, we will evolve our programs and solutions to overcome challenges and create opportunities from both an external and internal environment perspective, as detailed below.

OPPORTUNITIES AND CHALLENGES

External Environment

	OPPORTUNITES	CHALLENGES
Federal Partners	Collaboration with key federal partners within the trade ecosystem will remain an important opportunity for EDC over the planning period. These partners include the Trade Commissioner Service (TCS), Business Development Bank of Canada (BDC), Canadian Commercial Corporation (CCC), Sustainable Development Technology Canada (SDTC), Innovation, Science and Economic Development Canada (ISED), and Farm Credit Canada (FCC). Please see more details on our collaboration with many of these partners under the section Strategic Alliances.	Canadian companies stand the best chance of succeeding internationally when they have a coordinated network of support at home. While all partners within Canada's trade ecosystem must ensure awareness of each other's offerings and seek to ensure a seamless experience for Canadian companies, there is currently no clear agreement on the type and level of information and data sharing between federal partners.
Private Sector Partners	Partnership with the private sector continues to provide significant opportunity for EDC to add risk capacity to the market, fill gaps in the private sector and help more Canadian companies. Opportunity exists to collaborate in new ways with financial partners that are increasingly seeking support from EDC.	Financial institutions are rapidly evolving their solutions, delivery methods and processes to meet increasing demands from clients. They are also rapidly advancing their technology. We must continue to evolve our relationships and processes in-line with these key partners to remain relevant to Canadian business.
Canadian Companies	While there are opportunities to serve more Canadian companies of *all* sizes, there are significant opportunities to increase our reach to mid-market companies and SMEs, particularly high- and hyper-growth SMEs who have the potential to become industry leaders, as well as micro exporters (companies earning annual revenues of under $2 million), that are export-ready.	In addition to a declining number of large Canadian exporters and a reluctance of some Canadian companies to engage in exporting, there is also low awareness of the benefits of exporting and the ways in which we can help.

Internal Environment

	OPPORTUNITES AND CHALLENGES
Transparency and Reporting	EDC has undertaken some internal realignment to improve business processes and services to clients, and to enable transparency and communication about our business. Ensuring that our reporting is timely, transparent and consistent will build trust and demonstrate how we are delivering results for Canada.
Corporate Social Responsibility (CSR)	We are committed to sustainable and responsible business. As each market presents a unique operating environment, a clear understanding of CSR-related risks can be a challenge for Canadian companies, presenting an opportunity for EDC to add value. We have renewed the suite of policies and procedures that guide our CSR efforts, to ensure they are consistent with strong due diligence practices. There is therefore an opportunity to communicate more broadly about these policies and their impact on how we undertake our business, and to engage with stakeholders and civil society in a meaningful way.
Human Resources	Given the workforce changes being experienced today, we recognize that the ability to attract and retain skilled and talented employees is critical to delivering on our mandate. In 2019, we launched a refreshed Employee Value Proposition (EVP) to communicate the unique culture and benefits of working for EDC: *Inspired by our People, Driven by our Purpose and Empowered by our Culture*. Moving forward, our business strategy will provide the roadmap for change—but our employees will drive that change. Over the planning period, we will continue to invest in our people and prioritize wellness within our overall Human Resources Strategy.
Diversity and Inclusion	We value and respect the differences among our employees and celebrate the diversity that comes from being a global organization. We have in place a number of activities and policies to put diversity and inclusion front and center, including a Women in Trade Strategy, a Diversity & Inclusion Committee, Human Resource policies that reflect gender neutrality, and training programs for leaders on how unconscious bias might influence their thinking. Over the planning period, we will deepen our commitment to diversity and inclusion and look for ways to include these principles in our procurement practices and corporate objectives.
Digital	In order to remain relevant in a global marketplace increasingly shaped by technology, we recognize the need to modernize. We must remain agile and responsive to deliver innovative solutions to our customers, while protecting their privacy and security. With a new digital platform in place, we can deliver relevant content, solutions and services to companies at all stages of the exporter journey and we will continue to invest in this platform over the planning period to ensure we deliver the best customer experience to companies of all sizes.

2.4 KEY STRATEGIC ISSUES

In today's unpredictable global economy, Canadian trade will face many strategic issues over the planning period, including:

- A culture of trade complacency: While Canada's trade has pockets of rapid growth, on balance our relative trade performance among the G20 countries has slipped to last. For a country that depends on trade for economic prosperity, there is an urgent need to create a stronger international exporting culture.
- Trade protectionism and uncertainty: Canadian businesses must find new ways to diversify, mitigate risk and innovate in order to succeed.
- A lack of awareness among Canadian businesses of global trade opportunities and of opportunities to diversify trade beyond traditional markets.
- A lack of clarity among Canadian businesses around who can best help with their international efforts.

As Canada's export credit agency, these same issues inform how we will evolve our business.

Moving forward, we will explore how to leverage our balance sheet to take on more risk and maintain our ability to innovate quickly—doing business at the speed of business—and respond to imminent exporter needs. To do so, we will continue to invest in technology and our Enterprise Risk Management (ERM) program. We will also promote the benefits of Free Trade Agreements and work with our partners in the federal family to ensure a coordinated and consistent approach for Canadian companies and uphold our commitment to financial sustainability and responsible business practices.

These issues will guide us through the next phase of corporate strategic planning, which, together with the Statement of Priorities and Accountabilities (SPA) from the Minister of International Trade Diversification, will underpin our business activities over the 2020-2024 planning period. Any potential outcomes from the Legislative Review (see below) will also factor into our strategy moving forward.

2.5 OVERSIGHT AND REVIEWS

We are accountable and responsive to the Government of Canada through a number of oversight mechanisms, including the Ministerial Statement of Priorities and Accountabilities (SPA). A copy of the 2020-2021 SPA can be found in Appendix I. Ministerial directives also form part of this system of oversight and we are compliant with four directives as outlined in Appendix VII.

2018 LEGISLATIVE REVIEW

Section 25 of the *Export Development Act* (the Act) requires that the responsible Minister, 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 [https://www.international.gc.ca/trade-commerce/inclusive_trade-commerce_inclusif/edc_lr-el_edc18.aspx?lang=eng] was tabled in Parliament on June 20, 2019. As the next step in the Review process, Parliament is expected to launch an examination of the Report.

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 risk management, organizational transformation and corporate management practices. We are pleased that the conclusions of the OAG's Special Examination Report validates Enterprise Risk Management (ERM) project plans. We have finalized the ERM structure and the components of a sound, enterprise risk framework are being put in place to manage specific and corporate-wide operational and financial risks.

ENVIRONMENT AUDIT

The Act also stipulates that the OAG must undertake an audit of the design and implementation of EDC's Environmental Review Directive (the Environment Audit) every five years. A 2019 audit is now complete, and we are currently reviewing the recommendations and working with the OAG to provide responses to include in the final report, which is expected to be tabled in late 2019.

A copy of the previous 2014 Environmental Review is available at http://www.oag-bvg.gc.ca.

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

3.1 OVERVIEW OF OBJECTIVES AND ACTIVITIES

As we develop the next phase of our Corporate Strategy that takes us into 2021 and beyond, we will continue to evolve to meet the changing needs of Canadian companies, while prioritizing greater transparency and openness around the business we conduct. To achieve this, we will:

- Increase awareness of the ways in which we support companies that are currently exporting and those that are export-ready;
- Leverage our solutions to meet the changing needs of Canadian companies;
- Work with our federal and private sector partners so that exporters can leverage the full weight of the Canadian trade ecosystem;
- Focus our efforts on scalable and sustainable solutions to help as many companies, particularly small-and medium-sized enterprises (SMEs), as possible;
- Develop targeted strategies to help address the specific needs of medium-size companies in their international growth;
- Ensure our internal risk framework can support more SMEs; and
- Deepen our commitment to corporate social responsibility both internally and by encouraging the same in our customers, to increase Canadian trade and strengthen Canada's competitiveness.

Over the planning period, we will:

- Modernize and leverage digital capabilities to reach and help more companies;
- Broaden our suite of solutions to serve a growing diversity of exporters, with a focus on SMEs;
- Leverage strengthened relationships with key federal partners, particularly the Trade Commissioner Service (TCS), to support and promote the benefits of diversification;
- Communicate more broadly about our processes for credit and non-credit risk management; and
- Continue to modernize our risk management practices in order to help more businesses.

CUSTOMERS SERVED

With 75 years as Canada's Export Credit Agency, our diverse customer base includes those Canadian companies that leverage our core suite of financing and insurance solutions, as well as those that leverage our rich trade knowledge.

Over the past few years, we have seen significant growth in the number of companies who have used our products and services to support their international business.

Figure 3: Number of Customers Served

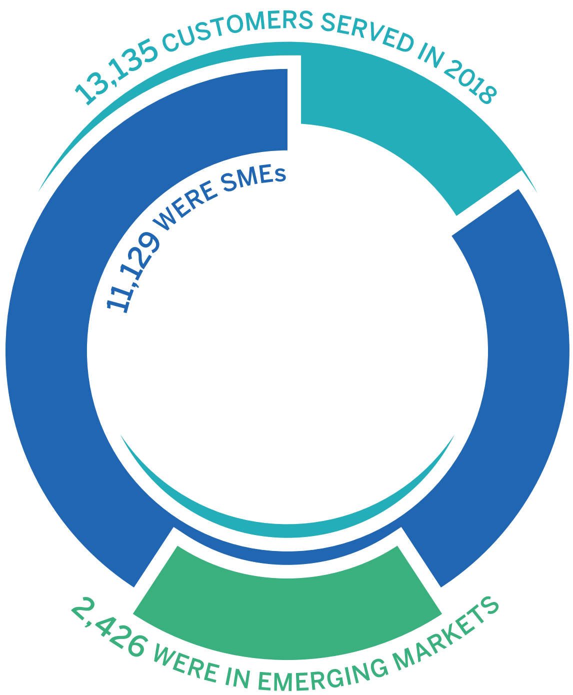
		ACTUAL 2016	ACTUAL 2017	ACTUAL 2018	FORCAST 2019	RANGE 2020	
Old Definition*		7,150					
Current Definition	Financial Customers	7,958	8,236	8,617	8,928	9,300	9,800
	% growth		*+3%*	*+5%*	*+4%*	*+4%*	*+10%*
	Incremental Knowledge Only Customers	-	1,162	4,518	8,458	15,700	20,200
	% growth			*+289%*	*+87%*	*+86%*	*+139%*
	Total Customers Served	**7,958**	**9,398**	**13,135**	**17,386**	**25,000**	**30,000**
	% growth		*+18%*	*+40%*	*+32%*	*+44%*	*+73%*

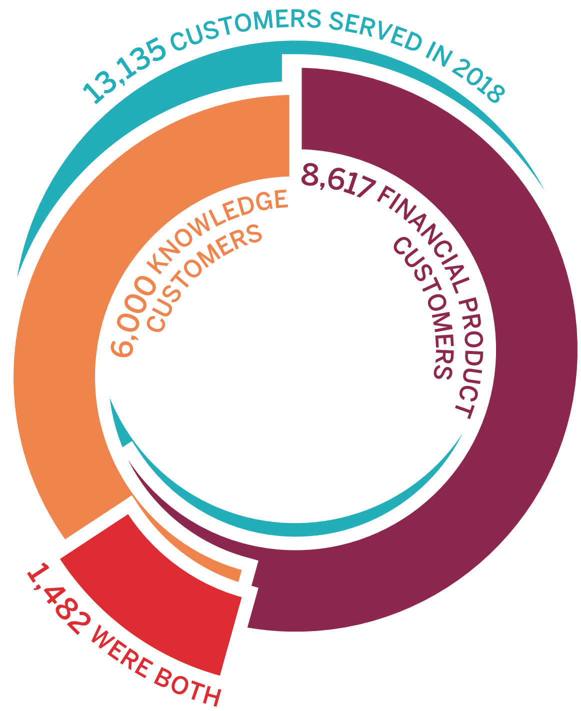
**Prior to 2016, our definition of a customer did not differentiate between Financial and Non-Financial customer.*

In 2017, we served close to 9,400 customers. In 2018 that number grew to 13,135—a 40 per cent increase—primarily a result of our ongoing efforts to reach more Canadian companies.

Of these companies, 11,129 (84 per cent) were SMEs and 2,426 were conducting business in emerging markets. Close to 8,600 customers (of these 6,687 SMEs) used our financial services and 6,000 (of these, 4,442 SMEs) used our knowledge services, with 1,500 companies using both. We define SMEs as those businesses with annual sales between $2 million and $10 million and Micro exporters as those with annual sales below $2 million.

Figure 4: Breakdown of Customers Served in 2018





Our support for Canadian companies, particularly SMEs, continues to grow and in 2019 we expect to serve more than 17,386 companies. We also track the conversion rate of knowledge customers to financial product customers. While the overall number of knowledge customers continues to grow, the conversion rate was between 2.6 per cent and 2.9 per cent for the first six months of 2019.

In preparation for the next phase of strategic planning and execution, we have realigned the organization to simplify and streamline our structure. This realignment will get us closer to our customers as we deliver relevant and high-impact solutions to Canadian businesses, while also create more accountability on our business results.

3.2 CONTRIBUTING TO THE GOVERNMENT OF CANADA'S PRIORITIES

Canadian companies have the best chance of succeeding internationally when they have a coordinated network of support at home. Over the planning period, we are committed to leveraging a 'Team Canada' approach to trade by working closely with key Government partners including the TCS, the Business Development Bank of Canada (BDC), Farm Credit Canada (FCC), Canadian Commercial Corporation (CCC) and Sustainable Development Technology Canada (SDTC).

THE INTERNATIONAL TRADE DIVERSIFICATION STRATEGY

Our goal to help more Canadian companies sell internationally is aligned with the Government of Canada's objective to grow Canada's exports by 50 per cent by 2025. The Government's international trade strategy seeks to bring more of Canada to the world—and more of the world to Canada—by promoting trade diversification, realizing the benefits of trade agreements, developing an export culture in Canada, modernizing Canada's services for exporters, with a focus on SMEs, connecting innovation and skills to trade and advancing Canada's progressive and inclusive interests abroad.

We support the Government's efforts to diversify trade and will focus on areas where we can have the greatest impact, including strong collaboration with the TCS and other government partners in the trade ecosystem, as well as more support for SMEs and under-represented groups in trade-oriented industries. We will also communicate our commitment to responsible business and the role sustainable business practices have in differentiating Canadian companies operating abroad. In addition, we will seek opportunities to take additional risk and leverage our balance sheet to the benefit of Canadian companies.

SUPPORT FOR UNDER-REPRESENTED GROUPS IN TRADE

Our mandate is to support and develop Canada's export trade, which means supporting *all* types of Canadian companies to go, grow and succeed internationally. As such, we believe that targeted support for under-represented groups will help ensure that all Canadian businesses can benefit from trade and access the broad suite of Government of Canada services. (See the *Grow* section for more information on our support to for under-represented groups in trade.)

SMALL BUSINESS AND EXPORT PROMOTION

Small businesses are key contributors to Canada's economic growth, innovation and job creation. Accordingly, we continue to place a strong emphasis on supporting SMEs wherever their business takes them and will continue to engage with our government partners across Canada to promote the benefits of exporting and diversification to Canadian SMEs.

Our domestic regional offices have been engaged in the Minister of Small Business and Export Promotion's cross Canada SME tours, to raise awareness about the benefits of exporting and to engage with SMEs across the country. We also developed new partnerships with SME-oriented organizations and sponsored a record number of SME-focused events in 2018.

More information on our small business focus is included in section 3.3.

In the Spring of 2019, we partnered with Startup Canada, UPS and the Trade Commissioner Service on the *Canadian Export Challenge*, aimed at equipping entrepreneurs with the knowledge and insights needed to enter new global markets. More than 1,700 entrepreneurs in seven cities participated in the Challenge, through workshops on how to go global by accelerating access to markets, mentors, customers and capital. Entrepreneurs participating in the challenge were also given the opportunity to pitch their business and win $25,000 and $100,000 of in-kind support. We conducted this workshop to increase awareness of support for export ready startup companies, promote our knowledge offerings and highlight our role in the trade ecosystem.

SUPPORT FOR EMERGING GOVERNMENT PRIORITIES

The unpredictability of today's global economy presents many challenges for Canadian exporters across all sectors. As a key partner in the Government of Canada's response to these emerging priorities, we will continue to evolve our products and services to support the Government's efforts over the planning period.

3.3 OBJECTIVES AND ACTIVITIES

While the underlying objectives driving our corporate strategy since 2015 continue to inform our strategy during the planning period, 2020 represents a pivotal year for our longer-term vision and corporate planning exercise. To help Canadian exporters go, grow, and succeed internationally, our business strategy is focused on providing support at every stage of the exporter journey.

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

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

Simply put, Canada needs more exporters. Exporting companies grow faster and are more resilient and innovative than companies that do not export. Exporters boost and diversify our economy and make Canada a more competitive nation. Over the planning period, the initiatives under the *GO* objective will promote the benefits of exporting and the suite of solutions we offer, in order to increase the number of Canadian companies selling internationally.

BUILDING AWARENESS

In 2018, we enhanced our ability to reach Canadian companies through digital technology. Throughout the planning period, we will continue these efforts to ensure our innovative services keep pace with the needs of Canadian companies of all sizes, while raising the awareness of our services as follows:

1. **Digital capabilities.** In addition to continuous improvement of our website [https://www.edc.ca/], we will be introducing a new digital marketplace called my.edc.ca, a two-way experience where exporters and NEXTporters can connect with key resources and support within the Canadian trade ecosystem.
2. **Customer Experience.** We will improve our overall customer experience processes by making them more integrated, streamlined and relevant. Over the planning period, along with our federal partners, we will work to increase customer growth, satisfaction and retention.
3. **Brand awareness.** We will continue to conduct campaigns and expand our reach by working with strategic partners and associations.

INVESTING IN OUR CHANNEL STRATEGY

To support exporters, we must first be able to reach them. Throughout the planning period, we will expand our business development efforts and broaden our reach by investing in a channel strategy that leverages our relationships with financial institutions, private equity partners and insurance brokers, and develop new strategic alliances with non-traditional partners to capitalize on new digital opportunities.

Bank Partner Channel

By providing backstops or guarantees, we add significant financing capacity for banks, allowing them to support more Canadian exporters. Sharing the risk with our bank partners through these guarantees helps them increase access to working capital to the exporters. These partnerships also enable us to efficiently reach and support more Canadian exporters.

Moving forward, increased collaboration with our banking partners through a dedicated bank partner channel team will simplify processes and drive product innovation, making it easier for companies to access our solutions.

Throughout the planning period, the Bank Channel team will continue to provide training on our products to ensure they are accessible and serve more Canadian companies.

Through our Bank Channel, we served 2,269 customers in 2018, compared to 1,832 customers in 2017, representing 24 per cent growth.

Digital Channel

Our Digital Channel is the most efficient way to deliver content and services to companies at all stages of the export journey, helping them access our solutions when—and how—they want. This includes all online information on edc.ca or MyEDC, knowledge products, social media and various digital communications such as marketing materials, event registrations, advertising, blogs, articles, webinars, e-books, as well as our Global Export Forecast [https://www.edc.ca/en/guide/global-export-forecast.html] and Country info [https://www.edc.ca/en/country-info.html].

Of the new companies we supported in 2018, 64 per cent engaged with us through our digital channel. With the completion of our new mobile-friendly website, we will continue to build and optimize our digital platform in 2020 and over the planning period to ensure we serve our customers in the most efficient, convenient and relevant way possible.

Strategic Alliance Channel

Our Strategic Alliance Channel seeks out business partnerships from a diverse range of export-oriented organizations such as Crown corporations, e-accounting firms, logistics and freight forwarders, foreign exchange providers and professional associations. As opposed to our banking partners, these strategic alliances are more of a business collaboration, rather than legal partnerships.

In 2019, we established new partnerships to promote and distribute our products. We also built relationships to advance our digital footprint and increase our market exposure through reciprocal referral programs.

Over the planning period, we will continue to build alliances that help us promote and distribute our products and services to our partners' customers or members, make reciprocal referrals and collaborate on promotional and product development initiatives.

GOVERNMENT ORGANIZATIONS

As part of our commitment to a “Team Canada” approach to connect with and support Canadian companies, we have built strategic alliances with key federal partners in the trade ecosystem to leverage each other’s capabilities.

Trade Commissioners Service (TCS)

Our partnership with the TCS continues to expand. Building on the work done in 2018 to develop training and establish a referral protocol and clear guidelines for information sharing and collaboration, in 2019 we created a dedicated Director position for the TCS. Collaboration is underway to identify more opportunities to strengthen the partnership and support Budget 2018’s direction to refine “the export support platform, including simplify and improving the client experience across the TCS, Export Development Canada and other federal partners.” In March 2013, the Department of Foreign Affairs and International Trade and EDC first entered into a Memorandum of Understanding (MOU). The MOU remains in effect today and is renewed on an annual basis. The purpose of the MOU is to articulate areas of collaboration between the TCS and EDC, such as communication and information sharing, providing qualified referrals to one another and joint promotion of trade activities. Over the planning period, we will work with the TCS to explore ways to broaden our collaboration efforts.

Farm Credit Canada (FCC)

While our current collaboration with the FCC is primarily through our Export Guarantee Program (EGP), which they offer to their customers, we will explore other initiatives throughout the planning period.

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 2019, EDC and BDC launched a second joint solution called EDC-BDC International Purchase Order (PO) Financing. Similar to our successful EDC Tech Loan launched in 2018, this solution is a direct co-lending facility of up to $50 million to provide much-needed international PO financing to early-stage SMEs, to help them fulfill international contracts. This program has set Key Performance Indicators (KPIs), complemented by training for frontline staff. We will continue to deepen collaboration through a cross-referral program.

RESPONDING TO THE NEED FOR KNOWLEDGE

Canadian companies have made it clear to us that they need straightforward and accessible knowledge in order to navigate the complexities of the global economy. Knowledge reduces the risk of doing business abroad and helps Canadian companies expand, whether exporting for the first time, entering a new market or introducing a new product to an existing market.

In 2018, we took a significant step in bridging this knowledge gap by sharing market and trade intelligence through live events, webinars, export advisory services and online content, often in collaboration with trade partners such as the TCS. Early in 2019, we launched the first of several digital knowledge tools, including a digital advisor and a matching platform for specialized trade services such as freight forwarders. We plan to launch more risk assessment guides and tools throughout the year.

While most information is available at no cost on our revamped edc.ca website, on some occasions customers are asked to pay a fee or provide data about their company, so we can learn more about their needs and offer more tailored financial solutions. We also work with partners, such as the TCS, to gather intelligence, build relationships and further develop our pool of knowledge and expertise, in order to help Canadian companies do business in international markets.

In total, we conducted 34 webinars and live events, attracting approximately 13,000 participants from 4,300 different Canadian companies in 2018. By the end of the second quarter of 2019, we have increased our reach to Canadian companies through this channel by 88 per cent.

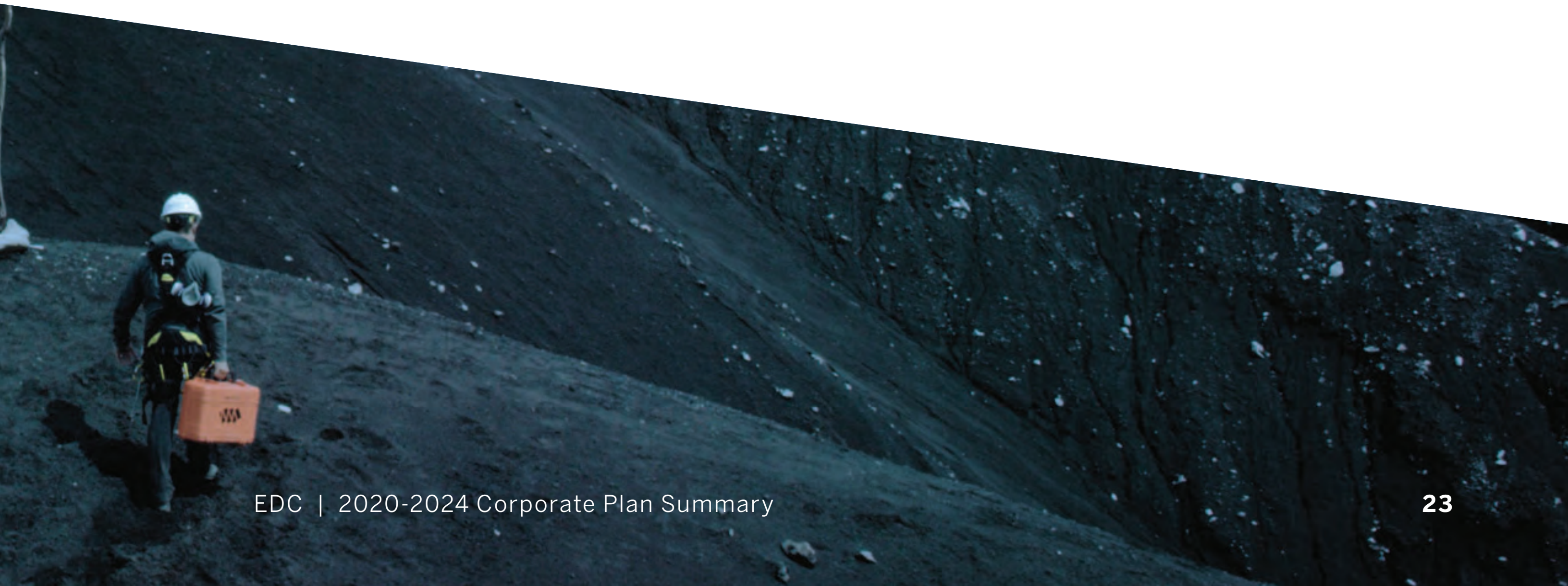
Building on our 2017 investment in the Forum for International Trade Training (FITT), we developed the EDC–FITT International Trade Training program, which pairs FITT's internationally accredited skills courses with our trade expertise, to equip trade professionals with the knowledge and the skills they need to operate in international markets. In 2019, we continued this partnership through a series of presentations delivered at Startup Canada's Canadian Export Challenge and at Semaine internationale Desjardins Entreprises. Through online and in-class workshops and courses, we engaged with 470 new companies in 2018 and expect this to more than double in 2019.

SUPPORTING FIRST INTERNATIONAL STEPS TO THE U.S.

The recent signing of the Canada – United States – Mexico Agreement (CUSMA) reflects the importance of the North American trade region. As our largest export destination, the U.S. in particular is key to Canada's international trade diversification as it acts as nursery for Canadian companies looking to go global for the first time. In fact, our market research shows that success in the U.S. is a necessary pre-condition for future diversification.

In 2019, we established two new representations in Chicago and Atlanta, co-located with Canadian consulates. These co-locations will allow us to deepen our collaboration with the TCS, generate more business for Canadian firms and identify opportunities for diversification.

Over the planning period, we will continue to support the efforts of the more than 100 Trade Commissioner resources in the U.S., leverage our knowledge, presence and connections within the U.S., and identify opportunities to broaden our U.S. footprint in 2020 and beyond.



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

Aligned with the Government of Canada's goal to increase Canadian overseas exports by 50 per cent by 2025, we are devoting considerable resources to servicing Canada's SME segment over the planning period. This includes broadening our physical reach to ensure timely support, exploring new ways to take on more risk for this segment, and evolving our insurance and financing solutions to ensure they are relevant and can support the diversity of Canadian sectors engaged in trade.

REGIONAL PRESENCE

To help more Canadian companies conduct business internationally, we must have a presence where they do business. As such, we continue to expand our regional presence to ensure that we are closer to Canadian exporters across the country.

In 2019, we opened offices in Sherbrooke, Quebec, and Kitchener, Ontario. The Kitchener facility is located in the new Catalyst137 facility, one of the world's largest spaces devoted to the Internet of Things (IoT) hardware companies. From this base, we can offer local companies a place to learn, network and collaborate on international trade opportunities with other exporters and business partners.

INNOVATING TO MEET THE NEEDS OF CANADIAN SMES

As key contributors to Canada's economic growth, innovation and new job creation, SMEs are a critical feature of Canada's trade landscape and the heart of EDC's business. In 2018, we served more than 11,000 SMEs across all product areas, representing 85 per cent of our customer base and 80 per cent of our financial transactions. In fact, more than 80 per cent of our business development efforts now target SMEs.

Recognizing the importance of this segment, over the last several years we have evolved to meet their needs with substantial research investments to map the various stages of a SME's export journey. From this research, we identified their specific needs, including timely and accurate trade knowledge, connections to international buyers and innovative financial solutions. This research now informs what—and how—we provide services to Canadian SMEs.

What We Provide

Trade knowledge is critical for early stage exporters. By sharing our knowledge and expertise, we help more Canadian SMEs go global, grow and diversify into new markets. We deliver our knowledge products through seminars, webinars, in-person events and e-newsletters, many of which are designed and delivered in collaboration with the TCS, other government partners and experts from the private sector.

In 2018, about 6,000 companies benefitted from our knowledge solutions—90 per cent of which were SMEs. We will continue to develop and refine this programming throughout the planning period.

Our research also shows that **connections** to buyers is often the most difficult and expensive obstacle to overcome in pursuit of international sales. The challenge for SMEs is getting a seat at the table with international buyers to pitch their product. We address this through our trade creation and Connection Financing programs and various matchmaking events. As part of our matchmaking activities, we help prepare companies to pitch their products and services to potential foreign buyers—increasing their chances of getting a signed contract. In 2018, more than 450 SME customers benefitted from these activities, a 20 per cent increase over the previous year.

As businesses move along their export journey, they may need access to working capital, competitive repayment terms for their buyers, or protection against international risks. Our traditional **financing and insurance products** have long served these needs for companies, particularly SMEs. Our Working Capital Solutions, Export Guarantee Program (EGP) and Contract Insurance and Bonding programs, offered in partnership with Canadian banks, help Canadian SMEs get the financial support they need to increase capacity and take on international sales.

To ensure we stay relevant and address gaps in the marketplace, we continue to broaden our traditional financial products.

How We Provide It

Equally important, is *how* we provide our services. Which is why we are continuously exploring innovative, scalable ways to reach Canadian SMEs where they are, leverage our balance sheet and take on more risk.

As most SME exporters have a relationship with a Canadian bank as their primary provider of financial solutions, working with private sector partners (banks, brokers, private insurers) is the most efficient way to reach more SMEs and have a greater impact on Canadian investment and trade. Throughout the planning period, we will explore more opportunities to develop additional financial products with our private sector partners.

We also provide content and services through our digital channel, to meet SME expectations of fast, simple, easy-to-access solutions. For example, through our Select Credit Insurance (eSCI) product, customers can obtain selective buyer coverage in minutes.

UNDER-REPRESENTED GROUPS IN TRADE

We understand the barriers experienced by many under-represented groups in international trade and are committed to serving them better. As such, we will continue to build relationships and grow our support for women, Indigenous- and LGBTQ2-run companies through trade-oriented business conferences, missions and events.

Women

While research indicates that women are starting businesses at faster rates, only 16 per cent of Canada's SMEs are majority-owned by women, and only 11 per cent of these are exporting. Throughout the planning period, we will continue to support the Government of Canada's Women Entrepreneurship Strategy.

In 2018, we announced our commitment to women-owned and -led businesses, with a $250 million financing envelope. Since that time, the number of women-owned and -led businesses we support grew to 208 companies, 95 of which were new customers. The majority these use our credit insurance and export guarantees. As of August 31, 2019, we have surpassed the original envelope and have facilitated a $750 million in export business for women-owned and women-led businesses.

Building on this foundation, in 2019 we evolved our women-in-trade strategy and roadmap, based on five pillars aligned to the exporter journey: awareness, education, connections, enabling and empowerment.

For example, we recently launched a new website for women entrepreneurs [https://www.edc.ca/women-in-trade], a portal for women exporters to access curated content that matches their needs. In 2020 and beyond, we will continue to update this website with content tailored specifically to women exporters.

As part of our Women in Trade Strategy, we are building a team of Champions for Women Exporters, which will proactively reach out to women exporters within their regions to ensure awareness of EDC, of our commitment to women exporters and the ways in which we can support them. Throughout the planning period, we will continue to collaborate with our partners in women-led business ecosystem.

We will also identify which of our Connecting Financing customers have supplier diversity programs, and explore ways to collaborate, to promote Canadian women-owned businesses in key growth export sectors and facilitate connections into global value chains.

To do so, we will work to gain a better understanding of the specific products and services of Canadian women-owned and women-led companies in key growth export sectors such as, food and beverages, advanced technology and consumer products, to facilitate connections into global value chains.

Indigenous Businesses

As Canada's fastest growing population, Indigenous peoples are a key contributor to Canada's economic success. We are committed to supporting Indigenous-led companies as they explore, grow and capitalize on international business opportunities. In 2018, we reviewed our accessibility to Indigenous-led businesses in order to strengthen our support. We worked with a third-party consultant and key stakeholders from Indigenous business associations to assess how we can best promote Indigenous exports. We will continue to identify near- and medium-term priorities and specific tactics to enhance our support to the Indigenous business community over the planning period.

In addition, we have appointed an interim Corporate Lead for Indigenous Exporters position, to help coordinate our 2019-2020 initiatives and develop a longer-term strategy to serve Indigenous-led exporters. We are also expanding our outreach, community participation and attendance at relevant events such as the recent annual general meeting of the Assembly of First Nations, Special Chiefs Assembly and the First Nations Export Forum hosted by the Canadian Council for Aboriginal Business.

LGBTQ2

With an estimated 140,000 LGBTQ2-owned businesses in Canada today, the economic impact of this segment is growing.

In 2019, we became an official corporate partner of the Canadian Gay & Lesbian Chamber of Commerce (CGLCC), the sole body in Canada that can certify a company as an LGBTQ2 enterprise. As part of this partnership, we participated in the Annual Business Summit, where we presented the first Exporter of the Year Award, and a panel discussion on growing business outside of Canada. We also participated in the Trade Mission to the National Gay and Lesbian Chamber of Commerce (NGLCC) Global Summit, in Tampa Bay, Florida.

In addition, we sponsored and participated in a series of roundtable discussions across Canada to hear from LGBTQ2 companies about the challenges they face when trying to scale up and grow their business. These partnerships will help us increase support for this key business community, and we will continue to build on these throughout the planning period.

SUPPORT FOR CANADIAN SECTORS: DEVELOPING EDC EXPERTISE

While we support Canadian exporters across all industry sectors, we focus on those sectors that are closely aligned with the Government of Canada's priorities, and where we see a competitive advantage and long-term opportunities for Canadian companies.

As such, we have dedicated teams to support specific Canadian sectors, in order to develop and maintain a deep understanding of Canadian business capabilities. These sector teams collaborate with the TCS on industry events to deliver a seamless experience for companies looking to capitalize on opportunities within their respective sectors.

Together, this knowledge and expertise enables us to 'create trade' through Connection Financing[1], a key component of our value proposition whereby we provide loans on commercial terms to international buyers with procurement needs that match Canadian capabilities. We then connect these foreign buyers with Canadian companies that can provide the products and services they need.

1 Connection Financing transactions do not legally oblige international buyers to procure from Canadian companies.

While we support companies in all industries, for the purposes of this Plan, we have highlighted our efforts in the consumer, advanced technologies and cleantech sectors, below:

Consumer Sector

In order to help our customers to reach more clients, and to better capture the underlying business activity, we have expanded our definition of the “retail” or “consumer” sector. Rather than focus solely on the end seller and buyer, we now include all the players throughout the supply chain - all companies that provide supporting technologies and infrastructure to the sector.

We estimate there are approximately 14,000 Canadian companies in the consumer sector. As such, we have expanded our international relationships in growth areas such as health care, health-conscious foods, plant-based products, fashion, retail technology, financial services and FinTech, as well as entertainment, digital media and tourism companies.

Over the planning period, we will continue to identify new customers within the consumer sector, particularly those with clean technology solutions for the operational divisions of retail operations, including waste management, energy and water management, to leverage Canadian brands known for sustainable, eco-conscious and responsible manufacturing.

Our trade creation efforts in the consumer space will also enable us to better support traditionally under-represented groups such as women, Indigenous people, youth and new Canadians active within the Canadian consumer sector.

Advanced Technologies Sector

Canada’s Information Communications Technology (ICT) sector is comprised of more than 39,000 companies, 86 per cent of which are small businesses, and employs 600,000 people. Generating close to $72 billion in GDP each year and accounting for more than 30 per cent of private sector research and development, this sector is critical to the Canadian economy and a longstanding priority sector for EDC.

We believe that every Canadian company’s competitive advantage will be driven by its digital advantage, which is why we have expanded our focus beyond traditional ICT to include Advanced Technologies, such as fixed and mobile networking, security, cloud, data analytics and artificial intelligence. As digital technology becomes more embedded into the fabric of every industry, we will continue to focus on this important sector over the planning period and expand our reach to a broader base of customers across consumer, telecom, automotive, agriculture, mining, oil and gas, healthcare and industrial sectors.

The current digital transformation focuses primarily on operational efficiencies, scale and automation and the user experience, which match Canadian capabilities. In fact, Canada is now emerging as a global leader in next-generation technologies, such as artificial intelligence, cloud computing, cyber security, the Internet of Things and mobile communication technologies. Throughout the planning period, we will continue to foster innovation and Canadian technology leadership, by providing access to working capital and connecting Canadian ICT companies with foreign buyers.

Cleantech Sector

In 2012, we set a priority to support Canada’s clean technology (cleantech) sector. As the sector has evolved, so too have our products and services. Since that time, we have facilitated close to $7 billion in cleantech exports for Canada, including a record $2 billion in 2018, exceeding most of our initial 2020 cleantech targets. We have also increased the number of our cleantech customers from 60 in 2012 to 210 companies in 2018. In fact, EDC is now the largest provider of financial services to the Canadian cleantech sector.

Given its growth potential, we will continue to play a pivotal role in helping Canadian cleantech companies scale up, and lay foundation for the innovation economy.

Our experience indicates that, in order to be successful, cleantech companies need:

- longer timelines and patient capital-intensive investments to scale up;
- a strong and experienced management team;
- a clear business plan with current and future market opportunities;
- solid shareholders (access to funds); and
- a defined Intellectual Property (IP) strategy for their IP assets.

To that effect, we have:

- Created a specialized Cleantech (CT) team to grow our expertise and understanding of the unique operational, financial and market risks of CT companies. Over the planning period, the team will focus on five areas where we can bring the most value: equity investment, project finance, direct loans, bank guarantees and contract insurance and bonding.
- Developed CT product-specific guidelines to help define the structure of our solutions and risk appetite.
- Leveraged partnerships to generate leads and increase the visibility of our products and services. We collaborate with BDC, Sustainable Development Technology Canada (SDTC), the TCS, and the Clean Growth Hub, to create seamless inter-agency handovers and support the commercial preparedness and growth of Canadian cleantech companies. We are also building partnerships with regional cleantech associations such as Écotech Québec, MaRS Discovery District, Alberta Clean Technology Industry Alliance (ACTia), Toronto-based Clean Tech North and B.C.-based Foresight Cleantech Accelerator Centre providing, broadening our reach across the country.
- Acted as a catalyst for the private sector to recognize the benefits of this sector: In 2018, we launched the Cleantech Co-Invest Program (CCIP) to fill a commercial equity market gap for early stage cleantech companies. By investing, along with fund investors, directly into these companies, we believe more capital will become available to cleantech companies to attract more private sector investment. Companies with annual revenues of around $1 million, with a proven ability to grow their business, are eligible for support of $500,000 to $2 million.
- Focussed on market awareness, including:
    - a Cleantech Week to highlight our leadership in delivering financial solutions to the sector;
    - a communication strategy around success stories to create awareness of opportunities and connections through social media, webinars, panels and presentations.

In addition, Budget 2017 directed EDC to deploy capital to the cleantech sector in three specific forms: working capital, equity and project finance. To that effect, we facilitated the first project finance transaction under this program for Ecolomondo, a tire and waste recycling company that will build a first-of-its-kind tire recycling plant in Hawkesbury, Ontario, and currently have eight more potential transactions in various stages of due diligence.

Over the planning period, we will leverage our deep understanding of the sector to help Canadian cleantech companies that are revenue positive, technologically capable and striving for global success, to scale up to and help build the future Cleantech Global Champions for Canada. We will focus on growing our cleantech footprint and help develop 20 Cleantech Global Champions by 2023.

3

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

Our priority is to help Canadian companies succeed internationally—by creating new opportunities and promoting diversification to enhance their global success and competitiveness.

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

MAKING BUSINESS CONNECTIONS

Making connections is one of the most difficult and expensive barriers for exporters, particularly SMEs, looking to diversify their international activities. That is why targeted **business connection efforts** have long been part of our value proposition. We leverage the international relationships we have built through our lending activities, to create export opportunities for Canadian companies, often in partnership with the TCS. This ability to introduce major international buyers to qualified Canadian suppliers is a key differentiator of our success.

In 2018, we hosted 16 business–to-business (B2B) connection events, bringing together 365 Canadian companies and 56 international buyers, resulting in 600 introductions. We also connected an additional 277 Canadian companies with 99 international companies, through various matchmaking events and activities.

CREATING TRADE

We deploy various tools to enable connections between international buyers and Canadian exporters, including our Connection Financing Program, which provides loans on commercial terms to international buyers with procurement needs that align with Canadian industries and capabilities. While Connection Finance transactions do not legally oblige international buyers to procure from Canadian companies, this tool has been a powerful mechanism to create opportunities for Canadian exporters.

Since 2010, we have signed 355 Connection Finance facilities in 37 countries for a loan volume of $45 billion, helping to generate $125 billion in exports from more than 6,100 Canadian exporters.

Our partnership with TCS was critical to these successes. Together, with the TCS and other partners, we co-hosted 13 events focused on connection financing in 2018.

In 2020 and beyond, the Connection Financing Program will focus on improving operational efficiencies and deepening relationships with our borrowers. Over the planning period, we will continue to screen and conduct targeted, relevant introductions between Canadian exporters and our connection financing clients.

Promoting Free Trade Agreements

The Government of Canada has made significant strides in increasing market access for Canadian companies, including the ratification of the Comprehensive Economic and Trade Agreement (CETA), Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and most recently finalizing negotiations of the Canada-United States-Mexico Agreement (CUSMA). With 14 FTAs signed, or already in force, Canada continues to explore new opportunities to enhance trade flows and remove barriers for exporters.

We support the Government of Canada's priority to increase and diversify trade through initiatives such as webinars and connection financing activities, which are designed to raise awareness of the benefits of FTAs to Canadian businesses. For example, in 2019 we published an E-book titled "*Getting the Most from Canada's Free Trade Agreements*," with contributions from internal and external experts on the nuances of these trade agreements. We also hosted multiple webinars on Canada's FTAs, with nearly 3,000 registrants, and joined the TCS on their cross-Canada CPTPP promotion tour.

Over the planning period, we will continue to build awareness and promote FTAs through seminars, webinars, online articles and other trade-related publications, as well as face-to-face meetings our international representations. We will also continue to partner with the TCS, in Canada and abroad, to increase the understanding of value and opportunities available to Canadian exporters through FTAs.

EDC's International Footprint

With 21 international representations, we are able to develop and maintain deep relationships with local buyers, gather valuable market intelligence, identify opportunities for Canadian supply and investment and offer market-specific financial solutions that benefit Canadian companies. Through a 'Team Canada' approach, we work closely with the TCS in these markets to promote the Canadian brand of sustainability and increase awareness of procurement opportunities from Canadian companies.

In 2018 and 2019, we established a permanent U.S. presence with representations in Chicago and Atlanta and added additional local expertise to the representation in Australia, key investments for companies looking to take their first steps into exporting. While the U.S remains our largest market for consumer goods, it also plays an important role as the beginning of most Canadian companies' export journey.

Over the planning period, we will focus on aligning our international footprint with our strategic goals, the interests of Canadian companies and the Government of Canada's trade agenda.

3.4 CORPORATE SOCIAL RESPONSIBILITY (CSR)

In today's increasingly complex global environment, Canadian companies are exposed to more risk than ever when conducting international business—both credit and non-credit risks. We are committed to helping Canadian companies in more than 200 markets navigate these risks—because we believe that sustainable and responsible business practices are not only the *right* thing to do, but also the *smart* thing to do, as it helps Canadian companies do more business in more markets around the world.

That is why in 2017, we transformed our approach to CSR from a reactive, transaction-based, risk management approach, to one that embeds CSR into our corporate strategy, organizational culture and operational practices, to add value for our customers and advance our long-term vision. To that effect, we proactively report on our CSR initiatives and activities, specifically regarding Human Rights and Climate Change. This approach aligns with the September 2018 letter from the Minister of International Trade Diversification, which commended our efforts and encouraged us to continue with our planned enhancements.

We also understand that CSR is a key differentiator and driver of innovation that gives Canadian companies a competitive advantage they need to succeed in today's international business environment. As such, we are working to make Canadian companies leaders in sustainable and responsible business, to help them go, grow and succeed internationally, while also setting an example for the world.

We do this in three ways:

- By aligning with international best practices and engaging in the global discourse around sustainable and responsible business;
- by continuously improving and updating our own environmental, social and governance commitments and policies; and
- by regularly engaging all of our stakeholder groups, including civil society and industry stakeholders.

We began the refresh of our CSR framework in 2017, in consultation with our Board of Directors, Senior Management, employees, customers, stakeholder groups, industry peers and our CSR Advisory Council. In 2018, we launched our new CSR framework, supported by our longstanding and entrenched values of transparency and business ethics, and guided by our vision to be a global leader in sustainable business practices. To do so we identified four foundational pillars for a new CSR framework: Business Integrity, Environment and People, Our Workplace, and Our Communities.

The pillars of 'Business Integrity' and 'Environment and People' are designed to help Canadian companies understand and manage the risks and opportunities they face, in order to ensure their competitiveness and long-term business success. More details on these pillars are provided later in this plan.

'Our Workplace' ensures that we continue to attract, retain and develop a diverse talent base. (We share specific initiatives under this pillar within our Human Resources section as well as in Appendix VIII.) Finally, 'Our Communities' focuses on strengthening our reputation as a responsible business leader within the domestic and international communities in which we operate.

Consistent with the 2020 Statement of Priorities and Accountabilities, we will establish strategic measures for each of these pillars, mapped to applicable United Nations (UN) Sustainable Development Goals (SDGs). And just as governments are increasingly being held accountable for their SDG performance, there are expectations on the private sector to demonstrate awareness of, and contribution to achieving these goals. Our efforts in this regard are aligned with the Government of Canada's 2016-2019 Federal Sustainable Development Strategy, which articulates a set of federal sustainable development goals as a "Canadian reflection" of the SDGs.

In September 2018, and again in September 2019, we were commended for our efforts by the Minister of International Trade Diversification and we will continue with our planned enhancements over the planning period. These enhancements, taken along with the intensive work of 2017 to present, represent an ambitious agenda to ensure EDC remains a leader among its peers in sustainable and responsible business.

BUSINESS INTEGRITY

Corruption and bribery distort trade, undermine the free flow of goods and services and inhibit economic growth. Which is why anti-corruption and bribery efforts have always been at the core of our CSR strategy. As such, we continue to support Canada and other leading trading nations in their efforts to fight corruption. We participate in numerous international agreements aimed at addressing corruption and bribery in business transactions including at the Organization for Economic Cooperation and Development (OECD). We will also continue to support the Canadian delegation to the OECD throughout the planning period, by contributing to and participating in anti-bribery and corruption conversations and implementing our enhanced commitments.

Over the past few years, we enhanced our policies and practices that address potential transactional risks of money laundering, terrorist financing, violation of sanctions, bribery and corruption, as well as external fraud under our Financial Crime Program. We continue to invest in and implement technology updates to our *Financial Crime Policy*, introduced in 2017, across our various lines of business.

Our *Code of Conduct* and *Anti-Corruption Policy* guidelines prohibit us from knowingly supporting transactions that involve the offer or the giving of a bribe. In addition, our underwriting and business development staff conduct full due-diligence reviews on every transaction, to consider various business integrity related risks. In 2018, we conducted enhanced anti-corruption and sanctions due diligence on 177 transactions.

Once implemented, our updated Financial Crime program will replace our previous Anti-Corruption Policy Guidelines, to better reflect Canada's enhanced international commitments.

A key component of our CSR Strategy transformation is increased accountability and business integrity throughout the organization. This includes front-line employees who engage with domestic and international business and partners. Our policies and training enable them to discuss sustainable and responsible business practices with customers, to mitigate our own risk and promote CSR as a competitive advantage. Furthermore, all relevant employees received financial crimes training in 2018, all employees were certified on EDC's *Code of Conduct*, and all new customers received a letter from our CEO advising them of Canada's anti-corruption laws and bribery and corruption risk reduction information.

ENVIRONMENT AND PEOPLE

As we help Canadian companies of all sizes diversify into new, riskier markets, our Environmental and Social Risk Management (ESRM) team works closely with companies to review transactions and risk mitigation plans, provide guidance and monitor their progress against required benchmarks.

While we have maintained very high environmental standards since 2001, we continue to review and revise our policies. Throughout 2018 and 2019, ESRM undertook a review of our environmental and social risk management policy framework, to ensure our polices were relevant, streamlined and aligned with international frameworks, including the OECD *Common Approaches*, the Equator Principles and the UN Guiding Principles on Business and Human Rights (UNGPs).

In 2018, we solicited feedback on our existing policy framework including our ESRM Policy, Environmental and Social Review Directive (ESRD), Disclosure Policy and Human Rights Statement. To do so, we consulted with a wide range of stakeholders, including civil society, external experts, customers, business associations and the Government of Canada.

The feedback we received is available on our website, along with public response papers highlighting the issues and responses. We have also regularly engaged with the Minister for International Trade Diversification following his letter to the EDC Chair of the Board in 2018, which encouraged our efforts to refresh our CSR policy framework. Key developments to emerge out of the review include:

- New, dedicated and board-approved policies on Climate Change and Human Rights;
- An expansion of the scope of transactions for which project reviews under the ESRD are undertaken, and;
- A Disclosure Policy that enhances our transparency on key environmental processes and procedures.

We are now focused on implementing these new policy commitments, detailed below. We also updated our CSR score card and will continue to align our business toward sustainability and transparency over the planning period.

HUMAN RIGHTS

On May 1, 2019, we released a dedicated Human Rights Policy. This provided an opportunity to ensure that our publicly expressed policy commitments reflect the progress of our human rights due diligence processes, in response to the evolution of industry best practices and international developments such as the UNGPs. It also served to highlight this achievement further to the Minister of International Trade Diversification's letter in 2018.

The main elements of the policy include:

- a clarification that our human rights due diligence applies to all of our products;
- an articulation of our efforts to prioritize key risks;
- the use of leverage to influence actions of clients to prevent and mitigate impacts; and
- the role of EDC in enabling remediation.

Our Human Rights Policy makes EDC the *first* Canadian financial institution to have a UNGP-aligned Human Rights policy, placing our organization at the forefront in this work.

We also released a Policy Implementation Plan [https://www.edc.ca/content/dam/edc/en/corporate/corporate-social-responsibility/environment-people/human-rights-implementation-plan.pdf], which will guide our efforts to implement this Policy over the planning period and to close remaining gaps with the UNGPs, such as:

- communicating with stakeholders as a mechanism to identify and address human rights issues and respond to their concerns;
- tracking and reporting on our human rights performance; and
- articulating how our approach to human rights influences our decision-making.

Our work on the Policy and Implementation Plan was guided by an external consultant (Shift), whose principals worked with Senior UN leadership during the development of the UNGPs, and who have since amassed extensive experience working with companies and financial institutions, to implement the UNGPs around the world. Shift has also conducted training with our executive team and Board of Directors. We will continue to seek their guidance and advice as we implement our policy commitments, and build on our strong foundation in human rights screening and assessment.

EMBEDDING CORPORATE SOCIAL RESPONSIBILITY (CSR) IN OUR STRATEGY AND PRACTICES

As we transform our approach to CSR from a reactive, transaction-based, view of risk management towards a more robust and systematic approach, we will continue to embed CSR into our organizational culture, corporate strategy and practices throughout the planning period.

For example, in a recent re-organization, our Corporate Sustainability and Responsibility team transitioned into a new, larger group—the Sustainable Business and Enablement group. This allows the CSR team to directly support the lines of business as they work on specific transactions. We have made significant investments in the CSR team in recent years, with new resources and leading expertise, creating the largest CSR team of any Canadian financial institution. The CSR team will continue to evolve their reporting, Key Performance Indicators and CSR score card.

3.5 SUPPORT FOR CLIMATE CHANGE INITIATIVES

Climate change continues to be one of the most pressing issues of our time, presenting both risks and opportunities for EDC and Canadian exporters. We remain committed to supporting the Government of Canada's policy priorities by providing Canadian cleantech[2] companies with solutions to bolster their international growth.

In 2018, we reported U.S. $231 million in climate finance eligible transactions, bringing our biannual (2017-2018) financing support for climate-related projects or companies in developing countries up to U.S. $509 million. In addition, we facilitated more than $2 billion in cleantech exports for 210 cleantech companies (discussed in section 3.3).

Our Green Bonds program continues to garner strong interest from the business and investor community. In 2019, we issued our 5th Green Bond valued at CAD $500 million, for a total of more than $2 billion in green bond issuances since 2014. The proceeds of the Green Bond offerings go towards our portfolio of green assets, including loan assets made to companies active in preservation, protection or remediation of air, water, and soil, renewable energy and climate change mitigation.

In January 2019, we became the first Export Credit Agency with a Climate Change Policy. As a first step to implementing this policy, we issued our first disclosure following the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), and have developed a five-year plan to complete its implementation. Through this work, EDC became the first Export Credit Agency to support the TCFD.

2 To ensure a consistency in classifying and gating companies, we use the Sustainable Development Technology Canada (SDTC)'s definition as follows: **Cleantech** is defined as any process, product or service that reduces environmental impact. Meanwhile, **Climate Finance** and **Green Bond** issuance are focused on the reduction of carbon in the environment (a subset of the broader CT).

Over the planning period, we will continue to implement our 2019 Climate Change policy by:

- further restricting our business activity in the thermal coal sector, whether power, mining or dedicated support infrastructure;
- measuring, monitoring and disclosing our climate-related risks and opportunities, integrating climate change considerations into our business decisions, and encouraging our partners to do the same; and
- continuing to be Canada's leading financier in the cleantech sector and growing our cleantech and low-carbon business.

We will also continue to work with Government departments, including Environment and Climate Change Canada and Finance Canada, to scale up and report on our support for climate change solutions and our climate finance activities, and ensure our contribution is included in international reporting on how Canada is meeting its climate finance commitments. In addition, we will issue a public guideline on how we assess climate-related risk for projects and non-projects.

Our new Climate Change Policy, together with our new Cleantech strategy (discussed in section 3.3) and existing Green Bond program, will guide our business development efforts towards opportunities that support financially, environmentally, and socially responsible Canadian companies in their international growth.

3.6 HUMAN RESOURCES

The success of our Business Strategy throughout the planning period is dependent on sound management of our most valuable resource – our people. Our business strategy will provide the roadmap for change—but our employees will *drive* that change, which is why Human Resources play such an important role in our ability to support Canadian exporters.

TALENT ACQUISITION

For many reasons including generational shifts, language preferences and increased diversity, today's workforce is changing.

At the same time, work today happens any *time*—24 hours a day, seven days a week—and *anywhere*—at our regional offices throughout the country and around the world - to get our employees closer to where our customers do business. This shifting labor market paradigm must be considered when developing our workforce plans.

In 2019, we launched a refreshed Employee Value Proposition (EVP) to communicate the unique culture and benefits of working for EDC: *Inspired by our People, Driven by our Purpose and Empowered by our Culture*. The new EVP will contribute to our continued efforts in attracting, developing and retaining top talent.

Our ability to attract and retain skilled and talented employees is critical to delivering on our commitment to the Government and Canadian businesses. Over the planning period, we will continue to invest in our people and Human Resource systems to strengthen the organization and make it more inclusive through training and targeted outreach.

RECOGNIZING WELLNESS AS AN EMPLOYMENT DIFFERENTIATOR

Our employees—and our customers—want to be assured that we conduct our business in a responsible manner, and that we care about our employees' health. That means employee wellness is no longer a nice-to-have, it is a must-have for companies looking to attract and retain top talent.

Throughout the planning period, we will prioritize wellness within our overall Human Resources strategy and our EVP, in order to create a more empowered culture, deepen our connection with employees and help make EDC one of the best places to work in Canada.

CULTURE

In 2019, President and CEO Mairead Lavery, implemented a refresh to the organizational structure in order to build on our culture of accountability, transparency, corporate social responsibility and risk management.

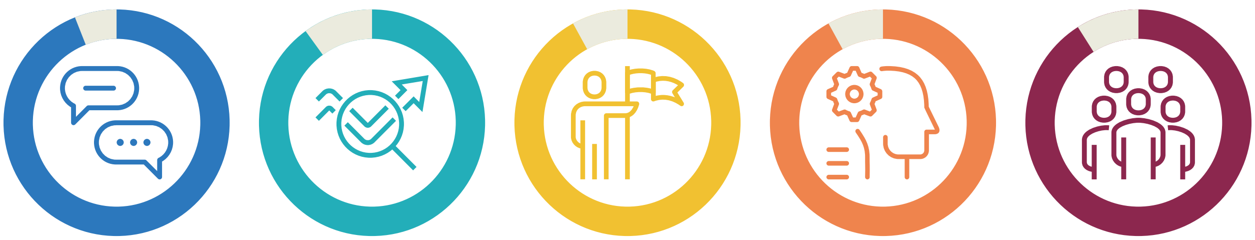
Risk-awareness has always been an important aspect of our culture—one which we continue to evolve through our Enterprise Risk Management transformation. Employees at all levels of the organization are actively engaged in helping identify and mitigate risks.

In 2019, we launched a mandatory Privacy Training program for all employees to ensure all personal information related to our customers, service providers, business partners and employees is protected. It is key that our employees recognize that they play an important role in our enterprise risk management.

We also leverage our biennial Employee Engagement survey to assess the strength of our culture. For 2019, our scores were again more favorable than comparable high-performing companies in both the public and private sectors, putting us in the top 25 per cent in Canada for engagement and enablement.

Beginning in the second quarter of 2019, our biennial Employee Survey has been replaced by a quarterly Pulse Survey to gather more timely and targeted feedback from our employees. Over the planning period, the Pulse Survey will continue to help us identify ways to improve our overall employee experience.

Figure 5: Pulse Survey Results



94% RECOMMEND EDC AS A GOOD PLACE TO WORK

90% RATE EDC AS AN ABOVE AVERAGE ORGANIZATION TO WORK FOR

92% FEEL PROUD TO WORK FOR EDC

92% FEEL THEY HAVE A GOOD UNDERSTANDING OF EDC'S STRATEGY AND GOALS

91% FAVORABLE RESPONSE RATE FOR DIVERSITY AND INCLUSION (↑3% FROM 2014)

3.7 RISKS

It is inherent in our business activities that we assume financial and other risks, in order to support Canadian exporters and generate value for Canada. As such, we are broadening the scope of activities that help our customers self-identify risks, and assessing our own controls within and across teams to support our business activities.

We have identified key enterprise-level risks inherent to our business. We group these risk elements into three modules:

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

We are also embedding risk-related discussions throughout the organization, leveraging risk management tools and defined reporting channels, to keep risk awareness top of mind in our decision-making processes.

Senior management assesses the potential impact and likelihood of loss or harm related to each risk element of our business. Those risk elements considered to have the highest potential impact and/or likelihood of occurrence on a residual basis (i.e., bearing in mind existing controls and processes) are identified as top risks. Members of the senior management team are assigned ownership and responsibility for preparing and executing risk response plans for top risks.

3.8 EXPECTED RESULTS AND PERFORMANCE INDICATORS

The following provides an overview of our corporate measures for the 2020-2024 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)	The measure of our customers' satisfaction, loyalty and willingness to recommend us to others. EDC's score, relative to other organizations, is strong and remains in the top 15 per cent of North American B2B companies. We expect the NPS score for 2019 to finish at 69.7 and anticipate the range to fall between 63.0-71.0 in 2020.
Canadian Direct Investment Abroad (CDIA)	Supporting CDIA transactions is an integral part of EDC's core business and continues to be critical to the health of the Canadian economy. In the context of today's volatile global economy, establishing a local presence in international markets is an effective way for Canadian companies to mitigate new and existing protectionist measures that disrupt trade flows. In 2019, we anticipate growth in CDIA transactions of 6.2 per cent and have set the 2020 range at 5 – 10 per cent.
Small Business and Commercial Transactions (SBC)	We have placed a strong emphasis on supporting small and medium sized enterprises (SMEs) in both developed and emerging markets. This emphasis on SMEs will continue into the planning period and is directly aligned with the Government of Canada's goal to increase the number of exports by 50 per cent by 2025. In 2019, we anticipate the SBC transaction measure to reach 6,218 transactions and have set a 2020 target growth range for the measure at 5-15 per cent.
Customers Served	The Customer Served measure is the count of unique companies EDC transacts with over a 12-month period. We anticipate ending 2019 with 17,386 customers served (8,928 financial and 8,458 non-financial customers). This growth is due to continued acceleration of growth in the knowledge business building on the solid base of finance and insurance customers which continues to grow at 4-5% year over year. Looking ahead to 2020 we forecast this number to grow to between 25,000 (9,300 financial and 15,700 non-financial) and 30,000 (9,800 financial and 20,200 non-financial) customers.
Productivity Ratio (PR)	Our PR captures in aggregate form how well we use our resources. It is the ratio of administrative expenses to net revenue. In 2019, we expect PR to reach 36.4 per cent by year-end and, for 2020 are lowering the expected range for PR to 34 - 38 per cent reflecting our commitment to maintaining our productivity ratio through the efficiency gains from past internal transformation initiatives, including the credit insurance transformation (CIT), as well as the substantial completion of the project phase of the enterprise risk management (ERM) framework build-out in 2019, along with a strong focus on cost containment.
Total Business Facilitated	This measure represents the amount of business Canadian companies were able to carry out with the help of EDC's solutions. We expect to end the 2019 year with $105.5 billion in business facilitated. Looking forward to 2020, we are forecasting that business facilitated will reach $105.8 billion.

4.0 FINANCIAL OVERVIEW

4.1 OVERVIEW

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

We are encouraging more Canadian companies to start exporting and encouraging those that are exporting to export more and into diversified markets. Over the planning period we will invest in sustaining our support for a growing number of exporters by investing in our digital capabilities to reach more companies and broaden our solutions to serve the growing diversity of exporters. A key area of focus is on continuing to grow our portfolio of services serving micro and SME exporters. We achieve this with channel strategies and by introducing financial solutions directly or with partners. While this benefits Canadian micro and SME exporters as they begin their export journey, typically these deals are smaller in size. In addition, due to sufficient liquidity as a result of current economic conditions in Canada, we are focusing our efforts on areas where gaps exist. As such, growth in our business facilitated levels for financing and investments will be moderate over the five-year planning period.

Over the planning period we must evolve and modernize our solutions, and their delivery, to continue to increase our reach and relevance to Canadian companies engaged in, or exploring the possibilities of exporting. While investment in many areas of our business need to be made in order to meet these objectives, we expect to be able to do so with stable administrative expense projections as a result of efficiency gains from past internal transformation initiatives and a strong focus on cost containment.

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 $385 to $909 million for the Corporate Plan period. Net income is projected to be $385 million in 2019.
- Net revenue[1] is projected to be $1.5 billion in 2019 and expected to be within the range of $1.5 billion to $1.6 billion for the Corporate Plan period.
- Our financial position remains strong due to moderate growth in interest earning assets throughout the Corporate Plan period.

4.3 KEY ASSUMPTIONS

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

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

BUSINESS FACILITATED

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

Table 1: Projected Level of Business Facilitated (2018-2024)

(in millions of Canadian dollars)	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Business Facilitated								
Direct lending	23,355	24,500	21,600	20,700	19,700	18,700	18,700	18,700
Project finance	3,601	3,900	3,500	3,500	3,500	3,500	3,500	3,500
Loan guarantees	2,053	1,400	2,100	2,500	3,000	3,500	4,100	4,800
Investments	153	230	280	170	170	170	170	170
Total financing and investments	29,162	30,030	27,480	26,870	26,370	25,870	26,470	27,170
Credit insurance	58,555	61,500	57,800	60,500	61,400	62,700	63,900	65,200
Financial institutions insurance	4,259	6,400	7,600	6,000	6,100	6,200	6,300	6,500
International trade guarantee	10,204	9,800	10,100	10,000	10,300	10,500	10,800	11,200
Political risk insurance	2,438	2,900	2,500	2,400	1,600	1,600	1,600	1,600
Total insurance	75,456	80,600	78,000	78,900	79,400	81,000	82,600	84,500
	104,618	110,630	105,480	105,770	105,770	106,870	109,070	111,670

2019 Forecast

The 2019 financing and investments business facilitated is projected to decrease by $2.6 billion from the Corporate Plan. We continue to expand our reach of products to better serve the needs of Canadian exporters, including SMEs. In doing so we are increasing the number of customers served but with lower dollar value transactions as typically SME deals are smaller in size.

Forecast business facilitated for our insurance offerings has decreased by $2.6 billion from the 2019 Plan due to less demand than planned for our credit insurance products tempered by an increase in the demand for our financial institutions insurance products. Business facilitated within our credit insurance product group decreased mainly due to a decline in the need for the product by several of our large policyholders. Despite this, demand by our SME policyholders remains strong. The increase in financial institutions insurance relates primarily to an increase in demand for the product by an existing policyholder.

2020 Plan to 2024 Plan

We are projecting the business facilitated for 2020 in our financing and investments program to remain relatively consistent with 2019 volumes with moderate declines related to our focus on SMEs. Business facilitated for our insurance products is projected to grow by 0.6 to 2.3 per cent per year. We anticipate expanding the number of customers served in all our programs over the plan period, in particular with SMEs. These transactions are generally smaller in size, resulting in slower growth in our business facilitated.

RISK PROFILE OF BUSINESS FACILITATED

Table 2 provides the projected risk profile for new loan signings for the remainder of 2019 and throughout the planning period.

Table 2: Risk Categories for New Loan Signings (2018-2024)

(Based on $ value of signings)	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Investment grade	53%	61%	53%	54%	54%	54%	54%	54%
Non-investment grade	47%	39%	47%	46%	46%	46%	46%	46%

We are forecasting the level of investment grade signings for 2019 to be 8 per cent lower than the 2019 Corporate Plan as year to date signings have been evenly split between investment and non-investment grade. Based on the number of transactions, 86 per cent of financing signings in the first half of 2019 were with non-investment grade obligors.

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 2019 and all subsequent years. This methodology removes the volatility associated with yearly exchange rate fluctuations and ensures more comparable projections. The rate used in this Plan, based on the average rate for August 2019, is U.S. $0.75. To provide perspective on the impact of movements in the Canada/U.S. exchange rate on our net income and total assets, a depreciation in the Canadian dollar of 5 cents will result in an increase to net income of $37 million and total assets of $3.2 billion in 2020 based on current projections.

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. Should actual results differ from projections, our profitability and productivity ratio will be impacted.

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

The administrative expense projections include a significant amount related to pension expense in each year. The pension expense is an actuarially determined amount and is difficult to predict as it is determined using various inputs which include a discount rate which is dependent on year end market data. The discount rate has decreased in 2019 and we expect to end the year lower than the 3.9 per cent at the end of 2018. We are forecasting the discount rate to remain stable at 3.5 per cent throughout the planning period.

As noted earlier in this Corporate Plan, there are increasing signs of an economic downturn. EDC is mindful that taking on increasing risk could impact our financial results and dividend payments.

4.4 DIVIDEND

Strong results over the plan period will result in eligible dividend payments in each year. The 2019 financial results are expected to lead to an eligible dividend payment of $886 million in 2020. The eligible dividends for the remainder of the Corporate Plan period range between $844 and $925 million. Refer to page 63 for further details.

5.0 APPENDICES

APPENDIX I: STATEMENT OF PRIORITIES AND ACCOUNTABILITIES

Minister of
International Trade Diversification

Ministre de la
Diversification du commerce international

Ottawa, Canada K1A 0G2

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

Dear Ms. Irman:

I am pleased to provide you with the 2020 Statement of Priorities and Accountabilities (SPA) to guide Export Development Canada (EDC) in supporting the government's policy priorities.

EDC plays a key role in helping Canadian exporters to access international markets. I would like to recognize Ms. Mairead Lavery's leadership since assuming the position of President and Chief Executive Officer of EDC. She began her first 100 days by launching a comprehensive review of the organization's competencies, and has already made important changes to the organization's overarching structure and risk-management team. Importantly, Mairead has prioritized greater openness and transparency—including with media and civil society stakeholders. Cultural change begins at the top of any organization, and Mairead has ably demonstrated the talents required to lead EDC into a new era of engagement with governments, business, and civil society.

I applaud EDC's performance in facilitating $104.6 billion of total business, as reported in your 2018 Annual Report. In 2018, EDC transacted with thousands of Canadian exporters, counting both financial services and non-financial customers, including many small and medium-sized enterprises (SMEs). These activities are integral to the success of Canada's international trade strategy. EDC's record of success provides a solid foundation for continued growth and diversification, both in new sectors and new markets.

I request EDC to focus on the following priorities for the upcoming year:

Support the Government's Export Diversification Strategy

Export diversification remains an integral part of the government's strategy to support strong economic growth and prosperity for all Canadians. As outlined in the 2018 Fall Economic Statement, the government has launched the Export Diversification Strategy to help more Canadian businesses take advantage of commercial opportunities abroad, particularly in markets made more accessible by Canada's free trade agreements. EDC's support will be crucial for businesses to realize the full potential of these hard-won market access gains. I request that EDC undertake a review of its risk appetite and services with the objective of increasing exports to non-U.S. markets for Canadian exporters in order to support the Government of Canada in achieving its goal of increasing overseas exports by 50 percent by 2025, and that this review be shared with my office for awareness. Future annual reports should include a section measuring the number of transactions and business volumes by market in order to illustrate how EDC is supporting Canada's trade diversification efforts.

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Canada

I also request that EDC conduct an internal assessment to determine whether the organization is taking sufficient risk to meet the challenges of trade diversification—both in terms of the types of businesses it supports and the markets in which it is enabling business. In the 2019 EDC Statement of Priorities and Accountabilities letter, I requested that EDC deploy its full capacity with a view of ensuring that EDC is assisting as many Canadian firms as possible to reach new markets. As a follow-up to this request, I ask that EDC prepare a report on its risk framework policies by November 15, 2019. I ask that this report highlight how EDC is supporting the government's Export Diversification Strategy through a properly calibrated risk framework. I also ask that this report outline additional steps that EDC can take to ensure the organization's risk-taking is oriented toward increased support for SMEs and the advancement of Canadian business interests in emerging global markets.

Support SME Efforts to Diversify their Export Markets

SMEs are foundational to Canada's economy, representing 99 percent of all businesses in Canada and employing more than 10 million Canadians. They embody the best of Canadian entrepreneurship, innovation and high-growth potential. However, only 11.7 percent of SMEs export. In order to ensure that the gains of trade are widely shared and grow our middle class, we need more of our SMEs to scale up through exports.

The 2018 Fall Economic Statement announced significant new investments in SME export-readiness and promotion programming with the goal of supporting the government's Export Diversification Strategy. Related to risk, I ask that EDC consider recalibrating its internal risk framework to ensure it supports an increasing number of SMEs. I expect EDC to support these initiatives by setting and pursuing concrete targets for increasing the number of SME clients served and by reporting on this measure in future annual reports. I ask that the reporting include: the number of small (1-99 employees) and medium-sized (100-499 employees) enterprises receiving financial services, which financial services these companies are receiving, in which sectors these companies are and to which markets these companies are exporting.

Enhance the Assessment of Responsible Business Conduct and Human Rights

As outlined in my September 24, 2018 letter, I continue to encourage EDC's work with respect to the enhancement of responsible business conduct and human rights policies. These subjects remain critical to the objectives of the Government of Canada. I appreciated your responses of November 29, 2018, and January 23, 2019, outlining the actions EDC has taken and will take in order to ensure it remains a role model for Canadian businesses.

I also note your August 1 and 14, 2019 efforts to update the public on the World Bank's ongoing investigation into Bombardier Transportation's 2013 contract in Azerbaijan, and on EDC's 2015 loan to Westdawn Investments. In the case of Bombardier, I am pleased to see that EDC has engaged a third party to provide an assessment of the company's compliance systems and practices. EDC's proactive efforts to ensure its involvement with the company is transparent and aligned with anti-corruption best practices are indicative of an important cultural shift in the organization's management. In the case of Westdawn Investments, I appreciate EDC's improved transparency and willingness to "own up" to its unfortunate involvement in this transaction. I look forward to hearing more from EDC leadership regarding its lessons learned and a concrete plan to ensure improved due diligence practices are implemented.

.../3

I would also like to acknowledge EDC's recent unveiling of a new, stand-alone human rights policy. Given my prioritization of this subject, I ask that EDC work closely with Global Affairs Canada officials on the implementation of this new policy and future policies. It is crucial that EDC continue to model its efforts on industry-accepted best practices and collaborate with corporate social responsibility (CSR) leaders, such as SHIFT, with the goal of adhering to Canada's international commitments and being an industry leader. I ask that EDC continue to engage with leading international partners, including the World Bank's Corporate Social Responsibility practice, to ensure the organization is at the forefront of global due diligence best practices.

Finally, I commend EDC for providing information on responsible business conduct in its annual report for the first time. I would like to reiterate my comments from the previous year in requesting that EDC provide a more robust section in its corporate plan with respect to its response to human rights and responsible business conduct concerns. This section should contain key performance indicators that are derived from the 2018 Annual Report, reflect industry best practices and align with Government of Canada priorities. Enhanced reporting and transparency will highlight EDC's work in this important area and display this deeper alignment.

Align EDC Performance Measures with Government Objectives

I wish to commend EDC on its continued growth in total business facilitated from $103.5 billion in 2017 to $104.6 billion in 2018. EDC's effective outreach, financial support to companies and promotion activities mean that more Canadian companies are growing by exporting or considering taking this next step into international commerce.

In order to reinforce effective governance, I ask that EDC maintain consistent performance indicators that align with the priorities of the Government of Canada and allow for an accurate and consistent assessment of EDC's performance. This should be reflected across all EDC results and corporate reporting, including the Annual Report, the Corporate Plan and the EDC President & CEO Performance Agreement. As the minister responsible for EDC, I request that the volume of Business in Emerging Markets performance metric (or equivalent title) be reinstated to the EDC Scorecard. This metric reflects the government's diversification agenda and demonstrates EDC's support to Canadian exporters by servicing regions that are underserved with respect to financing.

As EDC continues to build its client base, it will be important to have strong data and tracking mechanisms in place to respond to changing client needs and characteristics. This should not supplant existing tracking statistics that EDC uses, but should provide quantitative evidence of EDC's alignment with government priorities, such as providing financial support to businesses owned by women, Indigenous persons and members of other groups that are currently under-represented in trade.

Furthermore, I request that EDC separate the tracking of financial and knowledge clients in future annual reports. As EDC is now tracking non-financial clients as customers, it is important that the two remain separate for tracking purposes in order to be consistent with results reported in years previous to EDC introducing its suite of knowledge products.

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Cooperate with the Trade Commissioner Service and Other Government Departments

EDC and the Trade Commissioner Service (TCS) play distinct, but complementary roles in helping Canadian firms unlock opportunities around the world. Both parties must work toward seamless client service delivery to optimize federal government support to Canadian exporters and look to manage their relationship as a strategic partnership.

I am pleased by how much both organizations have accomplished over the past year to make it easier to share information and intelligence, refer clients between both organizations, and conduct more coordinated marketing and outreach. Referrals between organizations must be efficient and responsive to the needs of exporters. To do this, EDC and the TCS agreed on making information sharing a default position. EDC and the TCS developed an information sharing framework that lays out all areas of information between both organizations as well as a client referral protocol to guide client referral from both sides. Where there are EDC and TCS offices abroad exchanging information on clients, customers, contacts, market opportunities or strategic plans, with the goal of providing streamlined, timely and seamless service to Canadian businesses, these partnership frameworks should be applauded and replicated. The effectiveness of pairing EDC financing and insurance products with TCS advisory services in order to help Canadian exporters reach priority markets cannot be overstated.

I request that both organizations institutionalize these new tools and approaches so that they are embedded in operations and organizational culture, becoming the new standard of cooperation. These new approaches should be reflected in the new memorandum of understanding between the two organizations that is currently under development. I also expect EDC to continue to build on this foundation, developing new measures to further strengthen collaboration to the benefit of Canadian firms. Canada faces unprecedented challenges and competition globally; we must make every effort to provide the cohesive and seamless federal government support of the highest quality to Canadian businesses to help them compete and win globally.

In addition to this important collaboration with the TCS, the fostering of relationships and coordination with other members of the government's international trade ecosystem is critical to the realization of Canada's Export Diversification Strategy. As a result, EDC should work with the Canadian Commercial Corporation and the Business Development Bank of Canada (BDC) to deliver on this strategy and address issues facing Canadian exporters.

I also encourage EDC to coordinate with Destination Canada, the Regional Economic Development Agencies and other key federal partners to contribute to the development of Canada's tourism strategy. More specifically, I am requesting that EDC enhance its support of Canada's tourism product and service export sector. This support should be aimed at increasing Canada's competitiveness in the international marketplace.

Continue to Support Foreign Investment Contributing to Exports

I appreciate EDC's ongoing support for foreign direct investment, which contributes to Canada's export capacity. I request that EDC look to collaborate with the Trade Commissioner Service and Invest in Canada in order to ensure that all related instruments and services to attract foreign investment are deployed where appropriate. This approach will establish a modern process for

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servicing potential foreign investment, one that is attuned to the realities facing corporations looking to establish new operations in Canada. Measures to attract foreign direct investment provide Canada's abundance of high-skill workers yet another avenue to input their knowledge and ingenuity into global value chains. The more Canada's federal partners are aligned with respect to investment attraction, the more robust a role Canadians can play in a globally connected economy.

Engage Global Affairs Canada and Finance Canada on the Approach for Domestic Powers

Under the Export Development Canada Exercise of Certain Powers Regulations, the corporation is allowed to extend bonding support for public-private partnership (P3) transactions, which affords Canadian construction companies the ability to compete with international firms. As the domestic powers will be examined in the context of the 2018 Review, and as EDC has been asked to not extend bonding support beyond December 31, 2019, I request that EDC engage with Global Affairs Canada and Finance Canada to develop a workable approach for the period between January 1, 2020, and the time when a decision on the provision of bonding services by EDC will emerge as a result of the 2018 Legislative Review. In the meantime, I request EDC to continue to seek ministerial authorization before extending this kind of support to Canadian companies.

Provide Support to Key Sectors

I commend EDC for its swift action in supporting the government's assistance package to the oil and gas sector. Earmarking $1 billion to aid Canadian oil and gas companies is an important step in the right direction for aiding a vital sector of the Canadian economy facing unprecedented challenges. I ask that EDC provide a monthly report to my department and my office on transactions undertaken in this envelope in order to ensure my office is fully aware of its progress.

With respect to the steel and aluminum industries, I thank EDC for being a part of the government's response plan in making over $900 million in commercial financing and insurance available over the next two years for assisting viable companies in these respective industries. It is my understanding that since October 2018, EDC has supported 29 companies in these sectors, providing a support of $235 million. I request that EDC continue to actively engage with the sector and provide services to those viable companies in need of support.

I note EDC's commitment to make available an additional $150 million in insurance support to Canadian companies operating in the canola sector. Providing support to Canadian canola companies looking to diversify their export markets is in alignment with Government of Canada priorities as is increased engagement with firms in this sector. I ask that you proactively engage with Canadian canola exporters to ensure they have the technical information they need to make use of this insurance support. Further, I ask that you provide my department, my office and the federal-provincial canola working group with monthly written reports on the status of program implementation.

Increase Support for Sustainable Growth and Clean Technologies

I commend EDC's collaboration with the TCS, BDC, Sustainable Development Technology Canada (SDTC) and other federal departments, including the Clean Growth Hub and Innovation Canada, to offer complementary and customer-centric solutions and to further the government's objective to move to a "one-window" model for delivering federal support for clean technologies

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and firms. I encourage EDC to continue cooperation with BDC and SDTC on the Joint Account Management (JAM) mechanism and urge EDC to share with the TCS the names of JAM companies and the status of funding decisions so that the TCS can ensure that these high-potential cleantech companies receive enhanced and targeted export development support from the TCS.

Furthermore, EDC and the TCS should continue to undertake joint events in Canada such as the Cleantech Global campaign to promote programs, services and funding mechanisms to support international growth in the sector. EDC should continue to support Canadian firms looking to leverage global climate finance opportunities, working in close coordination with the TCS as it implements its International Business Development Strategy for Clean Technology.

I appreciate that EDC has taken the steps to implement and publicize a new climate change policy aligning with Canada's commitments and international leadership in combatting climate change as of January 28, 2019. The addition of sector-leading experts on CSR to the EDC CSR Advisory Council and the recent release of policies resulting from the Environmental and Social Risk Management Policy review will allow EDC to build on its foundation in CSR and human rights screening and assessment.

As you know, the government is also committed to taking ambitious action on climate change. As part of Canada's commitment to the Paris Agreement, the government is delivering on its pledge to contribute $2.65 billion by 2020-2021 in climate finance to support developing countries' climate change efforts. Canada's contribution will continue to support sectors such as clean technology and renewable energy, climate-smart agriculture, sustainable forest and water management and climate risk resilience. I expect EDC to continue to scale up and report to me on its support to climate change solutions through its annual report. As well, I ask that EDC report its climate finance activities to Environment and Climate Change Canada to ensure that EDC's contribution is included in international reporting on how Canada is meeting its climate finance commitments.

Support the Government of Canada at both the OECD and in the International Working Group on Export Credits

I thank EDC for its ongoing contribution to the work of the Canadian delegations, led by Finance Canada, to the OECD Working Party on Export Credits and Credit Guarantees, the Participants to the Arrangement on Officially Supported Export Credits, and the International Working Group on Export Credits.

In recent years, emerging economy export credit agencies have joined OECD export credit agencies in assertively supporting exports. Global competition for export trade is high and it is more important than ever to support strong multilateral rules for the fair and transparent use of export credits while safeguarding against subsidies.

We expect negotiations for renewed multilateral rules for export credits to intensify over the coming year. Noting that these rules can materially impact EDC's operations, I encourage EDC's enhanced engagement in the technical aspects of these negotiations to ensure that negotiated outcomes will be credible, robust and in the interest of Canadian exporters.

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Share Information as Directed

As the minister responsible for EDC in Parliament, I request to be provided with Board of Directors meeting materials, including agendas and minutes. The government's role as EDC's sole shareholder and the government's emphasis on directional alignment across the trade portfolio require that a high level of visibility on the activities of Crown corporations be maintained. The *Financial Administration Act* (FAA), Part X, Section 149 (1), provides me with the authority to request information such as "accounts, budgets, returns, statements, documents, records, books, reports or other" as I may require.

I have learned that EDC Chief Executive Officer Mairead Lavery has initiated regular calls with the Deputy Minister of International Trade and the Deputy Minister of Finance. I appreciate these efforts and request that these calls continue.

FinDev Canada

I am pleased that FinDev Canada is now fully operational and is engaged in pursuing transactions that will contribute to Canada's international assistance priorities.

I welcome the appointment of FinDev Canada's first official Board of Directors in April 2019. I am pleased with the inclusion of four independent board members, including many with significant international experience in development finance. This is a major milestone in establishing FinDev as a key player in the development finance space.

FinDev Canada is approaching transition from its Early Phase (2018-2020)—during which it is focused on building its capabilities and a viable portfolio—to its Growth Phase (2021-2023). While I encourage FinDev Canada to continue building out the institution, I ask that FinDev Canada take the necessary steps to stay on course on the established growth path, which requires it to complete seven to nine deals annually in its Early Phase, and 10 to 18 deals annually during its Growth Phase.

I note that integrating leading technology and data solutions into FinDev Canada's operations and investment focus is a key strategy for the institution to set itself apart from other development finance institutions (DFIs). I ask to learn more on how FinDev Canada operationalizes this strategy as well as its plans to become a technology leader among DFIs.

Now that FinDev Canada has applied its Development Impact Framework to select and conclude transactions, I look forward to hearing more on its experience and lessons learned in using the tool. In particular, I would welcome any refinements resulting from this experience and look forward to plans to share the lessons with Global Affairs Canada officials.

In that regard, I ask that FinDev Canada continue to work closely with Global Affairs Canada, including with our International Assistance Innovation and Climate Finance programs, to establish the parameters of such collaboration. The collaboration should take into consideration the specificities of both institutions' respective objectives, capabilities and authorities, resulting in a coherent and well-functioning program offering that will position Canada at the forefront of development finance effectiveness.

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I also note that, as part of its approach to the Environmental, Social and Governance assessment of its transactions, FinDev Canada has an Interim Environmental and Social Assessment Policy in place, which is expected to be reviewed now that the institution is fully operational. In that regard, I look forward to a finalized Environmental and Social Assessment Policy, responding to the highest international standards on the matter.

While I understand that all DFIs face the challenge of demonstrating additionality, I ask FinDev Canada to work to concretely demonstrate how it is not displacing commercial capital as it invests in developing markets. In that regard, I look forward to learning more on the development of FinDev Canada's Additionality Assessment Framework.

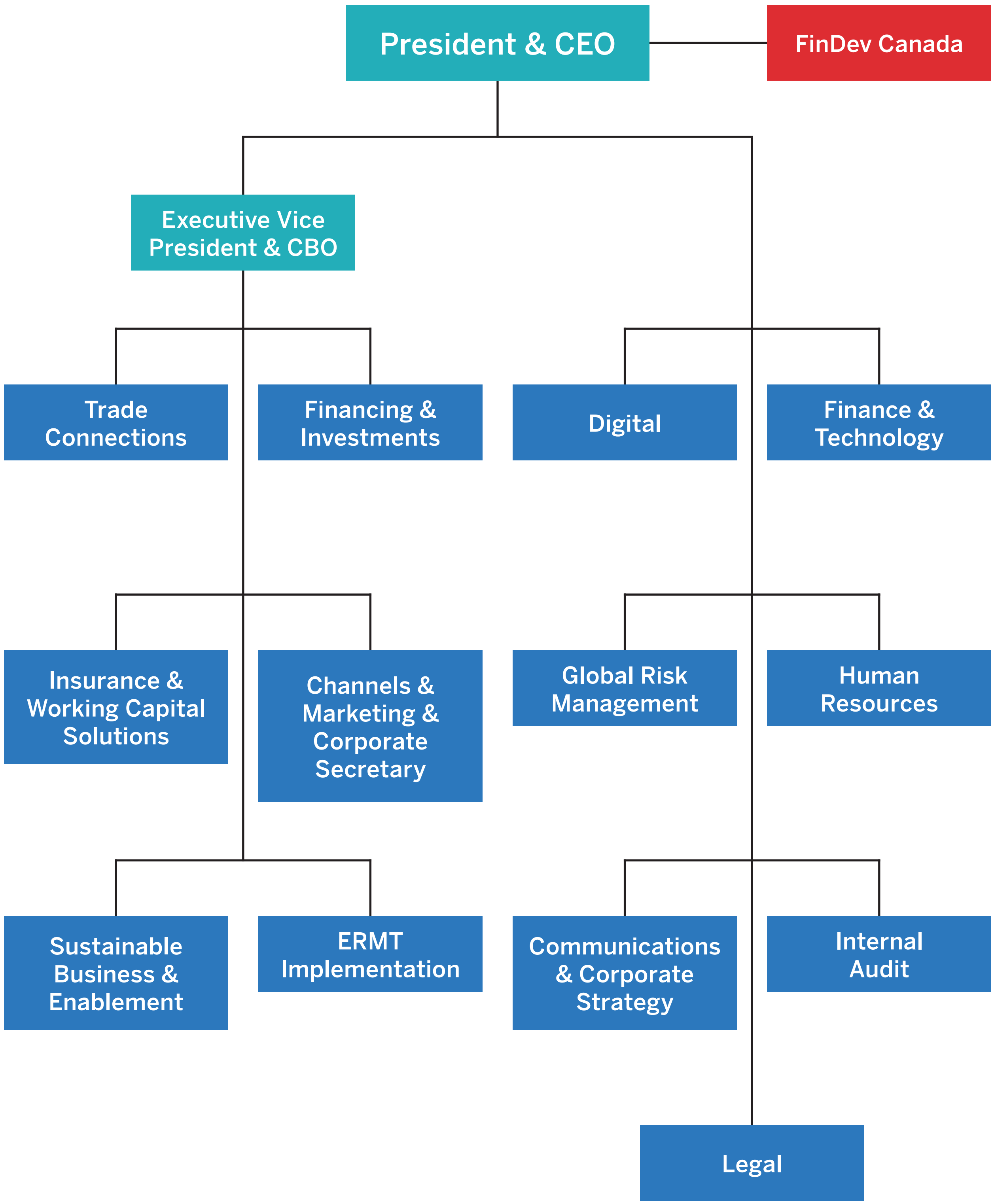
In closing, I commend EDC for its performance in the previous year and encourage EDC to continue to support the trade diversification and growth of Canadian exports while ensuring responsible governance. Thank you for your ongoing collaboration and engagement with my department and my office. I look forward to continuing to working with you to continue to ensure that EDC fulfills its mandate of supporting Canadian exporters, while also reflecting Canadian values.

Sincerely,

The Honourable Jim Carr, P.C., M.P.

APPENDIX II: CORPORATE GOVERNANCE STRUCTURE

MANAGERIAL AND ORGANIZATIONAL STRUCTURE



BOARD AND COMMITTEE STRUCTURE

Chair of the Board

Board of Directors

Executive Committee

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

Nominating and Corporate Governance Committee

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

Audit Committee

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

Risk Management Committee

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

Human Resources Committee

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

Business Development and Strategy Committee

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

APPENDIX III: PLANNED RESULTS

SHORT TERM (JANUARY 1, 2019 – DECEMBER 31, 2020)

OUTCOMES	PERFORMANCE INDICATOR	TARGET(S) 2018 ACTUAL	2019 PLAN	2019 FORECAST*	2020 PLAN	DATA STRATEGY
EDC continues to operate in an efficient and financially sustainable manner SME's are supported in their export journey Canadian companies have accelerated and/or increased international growth Canadian companies have diversified international sales and are succeeding in global markets More Canadian companies are relying on EDC's financial solutions and expert advice to support their international business	Net Promoter Score	75.3	70.0 – 76.0	69.7	63.0 – 71.0	Our Net Promoter Score follows an industry standard approach. Surveys are conducted through an independent third party and take place throughout the calendar year. A random pool of EDC customers is selected for the survey which is comprised of various questions. Responses are tabulated and weighted and the final Net Promoter Score is computed.**
	CDIA Transactions	584	5 – 20%	623	5 – 10%	Transactions that qualify as CDIA are counted and tabulated throughout the calendar year as they are signed and finalized.**)
	SBC Transactions	5,905	3 – 12%	6,218	5 – 15%	The SBC measure reflects the use of EDC's financial and insurance products by SME exporters. (SBS transactions are counted and tabulated throughout the calendar year as they are signed.**
	Customers Served	13,135	n/a	17,386	25,000 – 30,000	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. Our financing and insurance solutions count both Canadian and foreign customers while our knowledge solutions only count Canadian customers.**
		8,617 financial		8,928 financial	9,300 – 9,800 financial	
		4,518 non-financial		8,458 non-financial	15,700 – 20,200 non-financial	
	Productivity Ratio (%)	32.9%	35 – 39%	36.4%	34 – 38%	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)	104,618	110,630	105,480	105,770	The amount of business Canadian companies are able to carry out with the help of EDC's financing and insurance solutions.**

**Forecast for 2019 year-end actuals*

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

Net Promoter Score

Our score, relative to other organizations, is strong and remains in the top 15 per cent of North American B2B companies. We expect the NPS score for 2019 to finish at 69.7 which is below the 2019 Corporate Plan range. EDC's NPS score is reflective of our growth strategy and the need to evolve our service delivery model towards on online experience to meet our growing customer base. This low-touch interaction tends to have a lower NPS than the high-touch experience we previously provided.

In 2020, we anticipate the range to fall between 63.0-71.0. This range remains a best in class standard, while taking into consideration the changes to our service model.

Canadian Direct Investment Abroad (CDIA) Transactions

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

In 2019, we anticipate growth in CDIA transactions of 6.2% per cent which is within the 2019 Corporate Plan range. We expect the growth trend to continue into 2020, and as such have forecast growth in the range of 5-10 per cent. This range reflects the continued strong growth in the Export Guarantee Program (EGP). EGP is a risk sharing program with our banking partners to help companies, particularly small and medium-sized enterprises, get access to bank financing. To support this growth, we will continue to work with our banking partners to streamline our processes and invest in program awareness.

Small Business and Commercial (SBC) Transactions

EDC is committed to helping more companies, conduct more business in more international markets than ever before. This is particularly true for Canada's small- to medium-sized enterprises (SMEs) conducting business in both developed and emerging markets. The emphasis on SMEs will continue into the planning period. Our Small Business and Commercial measure is reflective of the comprehensive range of businesses that export, and ensures that we have an eye on companies at all sizes and stages of the SME spectrum. Knowledge products are not included in this measure.

In 2019, we anticipate the SBC transaction measure to reach 6,218 transactions by the end of the year — a 5% increase over last year. This measure includes acquiring new customers, retaining existing customers and selling multiple products to customers. This measure's success in 2019 is attributed to strong growth in new customers and cross-selling efforts. This year we started to see a higher attrition rate due, in part, to a growing customer base.

The 2020 growth range is forecast to be 5-15 per cent. This range reflects investments we will be making in improving our service offerings, leveraging existing solutions and addressing inefficiencies in order to have a greater impact for this segment. It also takes into consideration the challenges associated with a growing customer base, including pressure on our direct sales force and the potential for larger attrition that may naturally accompany a growing transaction measure.

Customers Served

We anticipate ending 2019 with 17,386 (8,928 financial and 8,458 non-financial) customers served. This growth is due to continued acceleration of growth in the knowledge business building on the solid base of finance and insurance customers which continues to grow at 4-5% year over year.

Looking ahead to 2020 we forecast this number to grow to between 25,000 (9,300 financial and 15,700 non-financial) and 30,000 (9,800 financial and 20,200 non-financial) customers. This range is based on continuing momentum of the existing knowledge portfolio and growth in the financial customer portfolio.

Productivity Ratio

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

In 2019, we expect PR to reach 36.4 per cent by year-end, which is within the Corporate Plan range of 35 – 39 per cent outlined last year.

For 2020 we are lowering the expected range for PR to 34 - 38 per cent reflecting our commitment to maintaining our productivity ratio through the efficiency gains from past internal transformation initiatives, including the credit insurance transformation (CIT), as well as the substantial completion of the project phase of the enterprise risk management (ERM) framework build-out in 2019, along with a strong focus on cost containment. Further information on this PR range is provided in Appendix V.

Total Business Facilitated

We expect to end the 2019 year with $105.5 billion in business facilitated – a 0.8 per cent increase over 2018.

Looking forward to 2020, we are forecasting that business facilitated will reach $105.8 billion. While we expect to see continued customer growth over the planning period, the majority of our customers will continue to be SMEs, where the value of deals is typically smaller. As such, growth in our business facilitated for financing and investments will be moderate over the planning period. Please see Section 4.0 for more information on our Business Facilitated measure.

MEDIUM-TO-LONG TERM (JANUARY 1, 2021 – DECEMBER 31, 2024)

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

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

These objectives underpin EDC's ultimate objective to support, develop, directly or indirectly, Canada's export trade and Canadian capacity to engage in that trade, as well as respond to international business opportunities. As our core mandate, this broader objective will guide EDC's business strategy development over the coming year.

OUTCOMES		TARGET(S) 2021	2022	2023	2024	DATA STRATEGY
EDC continues to operate in an efficient and financially sustainable manner Canada has augmented trade and increased capacity to engage in trade and respond to international business opportunities.	Customers Served	30,000 (10,000 financial customers)	30,000 (10,400 financial customers)	30,000 (10,900 financial customers)	30,000 (11,500 financial customers)	The medium-to-long term forecast for Customers Served represents the stabilization of the measure in 2021 beyond, in order for EDC to focus on maintaining and servicing a much larger customer base.
	Productivity Ratio (%)	35.3%	35.5%	34.8%	33.6%	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)	105,770	106,870	109,070	111,670	The business facilitated measure for the medium to long term is based on growth rates, which vary by product and by year. We revise the medium to long term forecast for business facilitated on an annual basis.

CHIEF EXECUTIVE OFFICER COMMITMENT

I, 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

October 31, 2019

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 2020-2024 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 2020-2024 was approved by EDC's Board of Directors on October 31st, 2019.

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

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

October 31, 2019

APPENDIX V: FINANCIAL STATEMENTS AND NOTES

STATEMENT OF COMPREHENSIVE INCOME

Table 3: Projected Condensed Statement of Comprehensive Income (2018-2024)

for the year ended December 31 (in millions of Canadian dollars)	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Financing and Investment Revenue:								
Loan	2,207	2,349	2,313	2,017	1,877	1,834	1,822	1,861
Marketable securities	256	287	257	172	140	133	128	132
Investments	9	6	4	6	6	6	6	6
Total financing and investment revenue	2,472	2,642	2,574	2,195	2,023	1,973	1,956	1,999
Interest expense	1,219	1,385	1,312	948	803	768	757	782
Financing related expenses	33	27	28	24	21	22	22	22
Net Financing and Investment Income	1,220	1,230	1,234	1,223	1,199	1,183	1,177	1,195
Loan Guarantee Fees	48	49	56	62	63	70	80	92
Insurance premiums and guarantee fees	243	257	250	250	264	264	264	270
Reinsurance ceded	(39)	(40)	(38)	(38)	(38)	(36)	(33)	(33)
Net Insurance Premiums and Guarantee Fees	204	217	212	212	226	228	231	237
Other (Income) Expense	(99)	(6)	265	5	(15)	(10)	(35)	(55)
Administrative Expenses	489	554	540	530	530	530	530	530
Income before Provision and Claims-Related Expenses	1,082	948	697	962	973	961	993	1,049
Provision for (Reversal of) Credit Losses	(11)	20	200	100	20	20	30	40
Claims-Related Expenses	255	93	112	69	68	99	98	100
Net Income	838	835	385	793	885	842	865	909
Other comprehensive income:								
Retirement benefit plans remeasurement	44	89	(16)	32	34	37	39	41
Comprehensive Income	882	924	369	825	919	879	904	950

2019 Forecast Versus 2019 Corporate Plan

We are forecasting net income of $385 million for 2019, a decrease of $450 million from the 2019 Corporate Plan. Items of note regarding this forecast are as follows:

- Other expenses are forecast to be $265 million compared to other income of $6 million in the 2019 Corporate Plan. The decrease is mainly due to year to date unrealized losses on our financial instruments.
- Forecasted provision for credit losses has increased by $180 million compared to the Corporate Plan. Year to date downward credit migration is greater than contemplated in the Plan.
- Administrative expenses are projected to decline by $14 million compared to the Plan as a result of efficiencies gained from internal transformation projects and cost reduction efforts.

2020 Corporate Plan Versus 2019 Forecast

We are anticipating that interest rates will decrease in 2020 thereby decreasing both loan revenue and interest expense. Over this time period, we are projecting a decrease in net financing and investment income when compared to 2019 due to decreases in our interest earning assets.

The planned net income for 2020 is $793 million, which is an increase of $408 million from 2019.

- Other expenses of $5 million are forecast for 2020 compared to $265 million in 2019 mainly due to unrealized losses on our financial instruments during the first three quarters of 2019 as previously discussed. Due to the volatility and difficulty in estimating fair value gains or losses, a forecast for these items is not included in the Plan.
- Claims related expenses are expected to decrease by $43 million as we are not anticipating the high level of net claims paid for our international trade guarantee and political risk insurance products to reoccur. Business facilitated for our political risk insurance products is also projected to decline.

STATEMENT OF FINANCIAL POSITION

Table 4: Projected Condensed Statement of Financial Position (2018-2024)

as at December 31 *(in millions of Canadian dollars)*	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Assets								
Cash	167	95	76	76	76	76	76	76
Marketable securities	13,042	11,182	11,047	9,434	9,895	10,471	9,274	8,744
Derivative instruments	256	490	761	761	761	761	761	761
Assets held for sale	13	-	-	-	-	-	-	-
Loans receivable	54,566	52,666	52,199	51,981	52,263	52,003	53,663	54,690
Allowance for losses on loans[1]	(820)	(1,053)	(947)	(1,017)	(1,016)	(1,016)	(1,026)	(1,036)
Investments	1,326	1,420	1,543	1,692	1,747	1,746	1,692	1,582
Investment in FinDev Canada	100	200	200	300	300	300	300	300
Amounts due from FinDev Canada[2]	6	-	-	3	181	-	-	-
Recoverable insurance claims	35	50	28	34	39	40	41	40
Reinsurers' share of premium and claims liabilities	150	152	138	134	96	96	97	97
Other assets	170	165	160	148	140	134	134	134
Retirement benefit assets	92	238	107	139	174	214	257	291
Property, plant and equipment	49	47	45	47	46	44	42	39
Intangible assets	110	114	109	90	73	61	51	43
Building under finance lease	127	129	130	121	112	103	94	86
Total Assets	69,389	65,895	65,596	63,943	64,887	65,033	65,456	65,847
Liabilities and Equity								
Accounts payable and other credits	225	102	98	91	83	77	77	77
Loans payable	55,448	52,505	52,689	51,082	52,049	52,184	52,512	52,707
Derivative instruments	1,971	1,866	2,065	2,065	2,065	2,065	2,065	2,065
Obligation under finance lease	150	144	156	149	142	135	128	121
Retirement benefit obligations	172	176	195	204	213	222	231	240
Allowance for losses on loan commitments[1]	20	28	31	31	41	41	41	41
Premium and claims liabilities	890	624	508	485	419	424	430	435
Loan guarantees[1]	158	190	141	184	222	278	343	426
Total Liabilities	59,034	55,635	55,883	54,291	55,234	55,426	55,827	56,112
Share capital	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333
Retained earnings	9,022	8,927	8,380	8,319	8,320	8,274	8,296	8,402
Total Equity	10,355	10,260	9,713	9,652	9,653	9,607	9,629	9,735
Total Liabilities and Equity	69,389	65,895	65,596	63,943	64,887	65,033	65,456	65,847

[1] Updates are currently ongoing to the IFRS 9 model used to calculate the allowance for losses on loans, loan commitments and loan guarantees. A forecast for these changes has not been included in the Plan as the impacts are not yet known.

[2] The Government of Canada expressed an intention to do a review of FinDev Canada within the first five years of its operation. As the years 2022, 2023 and 2024 fall outside this five year period, the financial information for FinDev Canada is currently unavailable. Once this review is complete, it will inform the future funding strategy for FinDev Canada and subsequent Corporate Plans will reflect this approach.

2019 Forecast Versus 2019 Corporate Plan

Loans receivable and loans payable are forecast to be consistent with Plan.

2020 Corporate Plan Versus 2019 Forecast

Low projected net repayments will result in a marginal decline in loans receivable in 2020.

2021 to 2024

Amounts due from our subsidiary, FinDev Canada, increase in 2021 as a result of debt financing provided by EDC. Refer to Appendix VI for further information on the borrowing by FinDev Canada.

The proportion of our debt to equity increases by 0.2 over the planning period with the debt to equity ratio reaching 5.8 in 2024. Since the end of 2011 we have paid $6.7 billion in dividend payments and we are projecting another $4.5 billion over the planning period.

STATEMENT OF CHANGES IN EQUITY

Table 5: Projected Condensed Statement of Changes in Equity (2018-2024)

for the year ended December 31 *(in millions of Canadian dollars)*	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Share Capital	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333
Retained Earnings								
Balance beginning of year	8,709	9,009	9,022	8,380	8,319	8,320	8,274	8,296
IFRS 9 impairment transition adjustment	400	-	-	-	-	-	-	-
IFRS 16 transition adjustment	-	-	(1)	-	-	-	-	-
Revised balance beginning of year	9,109	9,009	9,021	8,380	8,319	8,320	8,274	8,296
Net income	838	835	385	793	885	842	865	909
Other comprehensive income								
Retirement benefit plans remeasurement	44	89	(16)	32	34	37	39	41
Dividend paid	(969)	(1,006)	(1,010)	(886)	(918)	(925)	(882)	(844)
Balance end of year	9,022	8,927	8,380	8,319	8,320	8,274	8,296	8,402
Total Equity End of Year	10,355	10,260	9,713	9,652	9,653	9,607	9,629	9,735
Return on Equity	8.2%	8.1%	3.9%	8.2%	9.2%	8.7%	9.0%	9.4%

Effective January 1, 2019, leases are reported in accordance with *IFRS 16 – Leases*. The standard requires lessees to recognize assets and liabilities for the rights and obligations created by leases. The standard primarily affects our leases of office space and equipment. The transitional adjustment of adopting the standard was a decrease to opening retained earnings of $1 million.

STATEMENT OF CASH FLOWS

Table 6: Projected Condensed Statement of Cash Flows (2018-2024)

for the year ended December 31	**2018**	**2019**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**
(in millions of Canadian dollars)	**Actual**	**Plan**	**Fcst**	**Plan**	**Plan**	**Plan**	**Plan**	**Plan**
Cash Flows from (used in) Operating Activities								
Net income	838	835	385	793	885	842	865	909
Adjustments to determine net cash from (used in) operating activities								
Provision for (reversal of) credit losses	(11)	20	200	100	20	20	30	40
Change in the net allowance for claims on insurance	197	(78)	(362)	(20)	(18)	13	10	10
Depreciation and amortization	40	44	41	40	38	33	32	29
Realized (gains) and losses	(12)	(34)	(6)	-	(19)	(15)	(41)	(59)
Changes in operating assets and liabilities								
Change in accrued interest and fees on loans receivable	(118)	43	(62)	101	70	59	37	49
Change in accrued interest and fair value of marketable securities	(14)	-	(254)	-	-	-	-	-
Change in accrued interest and fair value of loans payable	57	-	673	-	-	-	-	-
Change in derivative instruments	(10)	-	(160)	-	-	-	-	-
Other	99	9	(231)	(12)	(16)	(14)	(11)	(6)
Loan disbursements	(31,240)	(31,899)	(21,643)	(23,201)	(23,144)	(23,465)	(23,728)	(23,730)
Loan repayments and principal recoveries from loan asset sales	31,021	31,261	22,185	23,361	22,846	23,726	22,103	22,734
Net cash from (used in) operating activities	847	201	766	1,162	662	1,199	(703)	(24)
Cash Flows from (used in) Investing Activities								
Disbursements for investments	(252)	(296)	(270)	(337)	(252)	(232)	(219)	(217)
Receipts from investments	260	220	159	188	216	248	314	386
Finance lease repayments	-	-	-	5	-	-	-	-
Disbursements for investments in FinDev Canada	(100)	(100)	(100)	(100)	-	-	-	-
Purchases of marketable securities	(14,435)	(12,933)	(10,062)	(14,359)	(14,751)	(16,922)	(16,104)	(16,132)
Sales/maturities of marketable securities	11,424	12,254	11,198	15,706	14,359	16,615	17,114	16,581
Purchases of property, plant and equipment	(4)	(8)	(1)	-	-	-	-	-
Purchases of intangible assets	(28)	(28)	(17)	-	-	-	-	-
Proceeds on sale of assets held-for-sale	-	-	13	-	-	-	-	-
Net cash from (used in) investing activities	(3,135)	(891)	920	1,103	(428)	(291)	1,105	618
Cash Flows from (used in) Financing Activities								
Issue of long-term loans payable	13,128	17,564	17,479	13,230	16,007	17,868	16,581	19,829
Repayment of long-term loans payable	(12,058)	(14,414)	(14,656)	(13,524)	(15,734)	(18,160)	(15,223)	(19,395)
Issue of short-term loans payable	31,515	51,930	42,506	54,789	51,116	55,497	53,639	49,523
Repayment of short-term loans payable	(27,651)	(53,208)	(46,587)	(56,117)	(50,452)	(55,099)	(54,701)	(49,788)
Disbursements from sale/maturity of derivative instruments	(567)	-	(324)	-	-	-	-	-
Receipts from sale/maturity of derivative instruments	3	-	-	-	-	-	-	-
Amounts borrowed by FinDev Canada[1]	-	-	6	(3)	(178)	-	-	-
Dividend paid	(969)	(1,006)	(1,010)	(886)	(918)	(925)	(882)	(844)
Net cash from (used in) financing activities	3,401	866	(2,586)	(2,511)	(159)	(819)	(586)	(675)
Effect of exchange rate changes on cash and cash equivalents	155	-	(64)	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	1,268	176	(964)	(246)	75	89	(184)	(81)
Cash and cash equivalents								
Beginning of year	1,627	3,005	2,895	1,931	1,685	1,760	1,849	1,665
End of year	2,895	3,181	1,931	1,685	1,760	1,849	1,665	1,584
Cash and cash equivalents are comprised of:								
Cash	167	95	76	76	76	76	76	76
Cash equivalents included within marketable securities	2,728	3,086	1,855	1,609	1,684	1,773	1,589	1,508
	2,895	3,181	1,931	1,685	1,760	1,849	1,665	1,584

[1] The Government of Canada expressed an intention to do a review of FinDev Canada within the first five years of its operation. As the years 2022, 2023 and 2024 fall outside this five year period, the financial information for FinDev Canada is currently unavailable. Once this review is complete, it will inform the future funding strategy for FinDev Canada and subsequent Corporate Plans will reflect this approach.

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 standard is highly relevant to EDC.

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

RISK MANAGEMENT

For a comprehensive discussion on our risk management, please refer to pages 90-99 of our 2018 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. Maintaining a AA target solvency rating ensures that our capital position is strong enough to enable us to remain a self-sustaining Crown corporation and to contribute, in a positive manner, to Canada's bottom line. Our capital position is also subject to downside vulnerabilities, and a AA target provides an appropriate level of resilience to the risks we take on in order to fulfill our mandate. EDC pays dividends to the shareholder when there is a capital surplus.

Table 7: Projected Capital Position (2018-2024)

(in millions of Canadian dollars)	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Credit risk	3,024	3,354	3,239	3,086	3,041	3,191	3,375	3,418
Market risk	907	862	840	833	836	843	847	843
Operational risk	227	225	184	225	227	225	229	238
Total pillar I risks	4,158	4,441	4,263	4,144	4,104	4,259	4,451	4,499
Strategic risk	416	444	426	414	410	426	445	450
Pension plan risk	520	492	469	469	469	469	469	469
Total pillar II risks	936	936	895	883	879	895	914	919
Total economic capital	5,094	5,377	5,158	5,027	4,983	5,154	5,365	5,418
Capital reserved for strategic initiatives	200	100	100	-	-	-	-	-
Capital reserved to withstand a stressed period	-	-	-	-	-	-	-	-
Total capital demand	5,294	5,477	5,258	5,027	4,983	5,154	5,365	5,418
Supply of capital	10,345	10,260	9,690	9,619	9,609	9,563	9,585	9,691
Capital surplus/ (deficit)	5,051	4,783	4,432	4,592	4,626	4,409	4,220	4,273
EDC target rating	AA	AA	AA	AA	AA	AA	AA	AA
EDC implied solvency rating	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA

In order to better understand the drivers behind our capital demand from a macro-economic perspective, the following two tables show a historical breakdown along both a geographical and industry lens. Prior period figures for Tables 8 and 9 have been restated as a result of changes in our capital allocation methodology.

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

Region	2016 Actual	2017 Actual	2018 Actual
Africa and Middle East	15.6%	26.0%	24.5%
Asia and Pacific	32.1%	21.4%	23.2%
Europe and CIS	10.5%	19.8%	19.4%
North America	31.1%	26.6%	24.4%
South and Central America and the Caribbean	10.7%	6.2%	8.5%

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

Industry	2016 Actual	2017 Actual	2018 Actual
Aerospace	13.9%	15.9%	9.2%
Agri-food	0.5%	0.7%	1.3%
Automotive	1.6%	1.4%	2.3%
Construction	2.2%	2.2%	2.8%
Environmental	0.9%	0.7%	0.7%
Financial and insurance services	4.9%	5.4%	4.4%
Forestry	0.7%	0.9%	3.6%
Knowledge technologies	0.6%	1.1%	1.5%
Light manufacturing	6.6%	5.2%	6.9%
Mining	32.6%	17.1%	11.7%
Oil and gas	26.0%	33.6%	34.4%
Sovereign	0.8%	1.4%	1.5%
Surface transportation	1.7%	2.4%	3.5%
Telecom and media	5.1%	4.5%	6.6%
Tourism and government services	0.0%	0.0%	0.3%
Utilities and alternative and renewable energy	1.9%	7.5%	9.3%

The loan capital distribution reflected in tables 8 and 9 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. For example, the decrease in capital allocated to the mining sector is in large part the result of risk transfer activities.

Eligible Dividends

In periods where 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. Table 10 shows the expected dividend payments that would be generated by the capital forecasts of Table 7 with a repayment period of five years as per the Corporate Plan projection period. Based on our Capital Management and Dividend Policy, the amount of dividend shall be based on 20% 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.

Table 10: Dividends (2018-2024)

(in millions of Canadian dollars)	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Total capital demand	5,294	5,477	5,258	5,027	4,983	5,154	5,365	5,418
Supply of capital	10,345	10,260	9,690	9,619	9,609	9,563	9,585	9,691
Capital surplus/(deficit)	5,051	4,783	4,432	4,592	4,626	4,409	4,220	4,273
Calculated dividend	1,010	957	886	918	925	882	844	855

In order to pay the dividend, 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 $45 billion (‘Contingent Liability Limit’); and
- A limit on our borrowings (‘Loans Payable Limit’), as discussed on page 70.

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

Table 11: Statutory Limits (2018-2024)

(in millions of Canadian dollars)	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Contingent Liability Limit	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Credit insurance	11,032	11,423	10,406	10,892	11,056	11,277	11,502	11,732
Financial institutions insurance	1,996	2,640	3,542	2,816	2,858	2,916	2,974	3,033
International trade guarantee	10,016	8,120	10,878	9,353	9,085	9,158	9,308	9,564
Political risk insurance	886	939	836	847	576	576	576	576
Loan guarantees	3,274	2,908	3,619	3,726	4,041	4,772	5,552	6,345
Position against limit	27,204	26,030	29,281	27,634	27,616	28,699	29,912	31,250
Percent used	60%	58%	65%	61%	61%	64%	66%	69%
Loans Payable Limit	150,600	155,130	155,175	145,350	144,285	144,135	143,445	143,775
Position against limit	55,448	52,505	52,689	51,082	52,049	52,184	52,512	52,707
Percent used	37%	34%	34%	35%	36%	36%	37%	37%

OPERATING BUDGET AND NOTES

Administrative Expenses and Productivity Ratio

Table 12: Projected Administrative Expenses and Productivity Ratio (2018-2024)

(in millions of Canadian dollars)	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Salaries and benefits	231	261	265	265	271	277	282	285
Professional services	53	61	48	31	30	30	30	29
Pension, other retirement and post-employment benefits	48	43	44	44	44	44	44	44
Systems costs	37	44	45	58	58	58	58	58
Amortization and depreciation	33	37	33	31	30	24	23	22
Marketing and communications	25	30	35	29	27	27	25	24
Occupancy	25	28	26	29	29	29	29	29
Travel, hospitality and conferences	11	14	13	10	10	10	10	10
Other	26	36	31	33	31	31	29	29
Total administrative expenses	489	554	540	530	530	530	530	530
Productivity Ratio	32.9%	36.9%	36.4%	35.5%	35.3%	35.5%	34.8%	33.6%

We are targeting administrative expenses of $530 million for 2020 compared to a current forecast for 2019 of $540 million. Items of significance in our administrative expense projections for 2020 and beyond are as follows:

- The project phase of our enterprise risk management framework (ERM) build-out will reach substantial completion in 2019. The benefits of our ERM plan will be a strong risk culture of oversight and clear direction, ownership and accountability and the requirement for robust monitoring and reporting.
- To increase our capacity to serve micro and SME exporters, we plan to continue to expand our core offerings to better meet their needs through channel and partner strategies. We have a number of initiatives to drive this growth and expand the number of customers we serve each year. We do not anticipate an increase in expenses to deliver on these initiatives.
- The second phase of our credit insurance transformation program will also reach completion in 2019. The benefit of this initiative is a new and simplified domestic credit insurance product and on-line experience that provides a 'one stop shop' for Canadian exporters (notably SMEs). We expect to realize savings in our human resource costs as a result of the project completion.

We remain committed to ensuring long term financial sustainability through the management of our productivity ratio (PR), which measures our administrative expenses as a percentage of our net revenue. In 2019, we are expecting our PR to improve slightly compared with the Corporate Plan.

In 2020, we are projecting PR to improve to 35.5 per cent due to the factors previously discussed. With administrative expenses being held flat, we anticipate that the PR will stabilize in the range of 34 to 36 per cent in the latter years of the Plan.

The following tables provide information on our travel, hospitality and conferences expenses from 2016 to 2024. We do not anticipate these costs to increase over the plan period.

Table 13: Travel, Hospitality and Conferences Expenses (2016-2024)

(in thousands of Canadian dollars)	2016 Actual	2017 Actual	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Travel*	7,855	7,418	9,025	11,533	10,095	7,000	7,000	7,000	7,000	7,000
Hospitality	959	994	1,077	1,550	1,646	1,600	1,600	1,600	1,600	1,600
Conferences	667	742	769	1,011	1,011	1,000	1,000	1,000	1,000	1,000
Total	9,481	9,154	10,871	14,094	12,752	9,600	9,600	9,600	9,600	9,600

**Travel for 2016-2018 actuals and 2019 plan included travel related to employee training. These expenses have been reclassified for the forecast and plan years.*

Table 14: Travel, Hospitality and Conferences Expenses as a Percentage of Total Administrative Expenses (2016-2024)

(in millions of Canadian dollars)	2016 Actual	2017 Actual	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Total travel, hospitality and conferences expenses	9.5	9.2	10.9	14.1	12.8	9.6	9.6	9.6	9.6	9.6
Total administrative expenses	385	429	489	554	540	530	530	530	530	530
Travel, hospitality and conferences as a % of total administrative expenses	2.5%	2.1%	2.2%	2.5%	2.4%	1.8%	1.8%	1.8%	1.8%	1.8%

CAPITAL BUDGET AND NOTES

Capital Expenditures

Table 15: Projected Capital Expenditures (2018-2024)

(in millions of Canadian dollars)	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Facilities	2.6	6.7	4.0	9.4	6.3	5.7	6.0	5.0
Information technology	30.6	29.0	23.9	5.0	5.0	5.0	5.0	5.0
Total capital expenditures	33.2	35.7	27.9	14.4	11.3	10.7	11.0	10.0

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

Capital expenditures for 2019 are expected to be lower than Plan due to a reduction in the forecast for facilities due to the postponement of some regional and head office expenditures. The 2019 Plan for information technology included $5 million for projects that no longer meet the criteria for capitalization and have been transferred to operating expenses.

Capital expenditures for 2020 and beyond are projected to decline as a result of the completion of major transformational projects. Reductions in technology spending will be partially offset by increases in facilities as we make investments in new and existing regional offices in key markets to better support exporters across Canada.

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 2019 and over the planning period, no new financing vehicles and no potential business transactions are anticipated. We are maintaining the subsidiary so that it will be available for future initiatives if required.

FinDev Canada

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

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

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

Consolidated Statement of Comprehensive Income

Table 16: Projected Condensed Consolidated Statement of Comprehensive Income (2018-2024)

for the year ended December 31 *(in millions of Canadian dollars)*	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Financing and Investment Revenue:								
Loan	2,207	2,350	2,314	2,025	1,892	1,834	1,822	1,861
Marketable securities	257	289	258	173	140	133	128	132
Investments	9	6	4	6	6	6	6	6
Total financing and investment revenue	2,473	2,645	2,576	2,204	2,038	1,973	1,956	1,999
Interest expense	1,219	1,385	1,312	948	805	768	757	782
Financing related expenses	33	27	28	24	21	22	22	22
Net Financing and Investment Income	1,221	1,233	1,236	1,232	1,212	1,183	1,177	1,195
Loan Guarantee Fees	48	49	56	62	63	70	80	92
Insurance premiums and guarantee fees	243	257	250	250	264	264	264	270
Reinsurance ceded	(39)	(40)	(38)	(38)	(38)	(36)	(33)	(33)
Net Insurance Premiums and Guarantee Fees	204	217	212	212	226	228	231	237
Other (Income) Expense	(98)	(6)	264	5	(15)	(10)	(35)	(55)
Administrative Expenses	497	569	553	545	546	530	530	530
Income before Provision and Claims-Related Expenses	1,074	936	687	956	970	961	993	1,049
Provision for (Reversal of) Credit Losses	(11)	22	203	104	28	20	30	40
Claims-Related Expenses	255	93	112	69	68	99	98	100
Net Income	830	821	372	783	874	842	865	909
Other comprehensive income:								
Retirement benefit plans remeasurement	44	89	(16)	32	34	37	39	41
Comprehensive Income	874	910	356	815	908	879	904	950

Consolidated Statement of Financial Position

Table 17: Projected Condensed Consolidated Statement of Financial Position (2018-2024)

as at December 31 *(in millions of Canadian dollars)*	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Assets								
Cash	170	97	78	78	78	78	78	78
Marketable securities	13,119	11,230	11,103	9,434	9,895	10,471	9,274	8,744
Derivative instruments	256	490	761	761	761	761	761	761
Assets held for sale	13	-	-	-	-	-	-	-
Loans receivable	54,566	52,716	52,267	52,141	52,521	52,261	53,921	54,948
Allowance for losses on loans[1]	(820)	(1,055)	(950)	(1,023)	(1,028)	(1,028)	(1,038)	(1,048)
Investments	1,342	1,492	1,593	1,803	1,931	1,930	1,876	1,766
Recoverable insurance claims	35	50	28	34	39	40	41	40
Reinsurers' share of premium and claims liabilities	150	152	138	134	96	96	97	97
Other assets	170	165	162	150	142	(45)	(45)	(45)
Retirement benefit assets	92	238	107	139	174	214	257	291
Property, plant and equipment	50	48	46	48	47	45	43	40
Intangible assets	110	115	110	91	75	63	53	45
Building under finance lease	127	131	132	122	113	104	95	87
Total Assets	69,380	65,869	65,575	63,912	64,844	64,990	65,413	65,804
Liabilities and Equity								
Accounts payable and other credits	226	102	98	91	83	77	77	77
Loans payable	55,448	52,505	52,689	51,082	52,049	52,184	52,512	52,707
Derivative instruments	1,971	1,866	2,065	2,065	2,065	2,065	2,065	2,065
Obligation under finance lease	150	146	158	151	143	136	129	122
Retirement benefit obligations	172	176	195	204	213	222	231	240
Allowance for losses on loan commitments[1]	20	28	31	31	41	41	41	41
Premium and claims liabilities	890	624	508	485	419	424	430	435
Loan guarantees[1]	158	190	141	184	222	278	343	426
Total Liabilities	59,035	55,637	55,885	54,293	55,235	55,427	55,828	56,113
Share capital	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333
Retained earnings	9,012	8,899	8,357	8,286	8,276	8,230	8,252	8,358
Total Equity	10,345	10,232	9,690	9,619	9,609	9,563	9,585	9,691
Total Liabilities and Equity	69,380	65,869	65,575	63,912	64,844	64,990	65,413	65,804

[1]*Updates are currently ongoing to the IFRS 9 model used to calculate the allowance for losses on loans, loan commitments and loan guarantees. A forecast for these changes has not been included in the Plan as the impacts are not yet known.*

Consolidated Statement of Changes in Equity

Table 18: Projected Condensed Consolidated Statement of Changes in Equity (2018-2024)

for the year ended December 31 *(in millions of Canadian dollars)*	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Share Capital	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333
Retained Earnings								
Balance beginning of year	8,707	8,995	9,012	8,357	8,286	8,276	8,230	8,252
IFRS 9 impairment transition adjustment	400	-	-	-	-	-	-	-
IFRS 16 transition adjustment	-	-	(1)	-	-	-	-	-
Revised balance beginning of year	9,107	8,995	9,011	8,357	8,286	8,276	8,230	8,252
Net income	830	821	372	783	874	842	865	909
Other comprehensive income								
Retirement benefit plans remeasurement	44	89	(16)	32	34	37	39	41
Dividend paid	(969)	(1,006)	(1,010)	(886)	(918)	(925)	(882)	(844)
Balance end of year	9,012	8,899	8,357	8,286	8,276	8,230	8,252	8,358
Total Equity at End of Year	10,345	10,232	9,690	9,619	9,609	9,563	9,585	9,691
Return on Equity	11.3%	8.0%	3.7%	8.1%	9.1%	8.8%	9.0%	9.4%

Consolidated Statement of Cash Flows

Table 19: Projected Condensed Consolidated Statement of Cash Flows (2018-2024)

for the year ended December 31	2018	2019	2019	2020	2021	2022	2023	2024
(in millions of Canadian dollars)	Actual	Plan	Fcst	Plan	Plan	Plan	Plan	Plan
Cash Flows from (used in) Operating Activities								
Net income	830	821	372	783	874	842	865	909
Adjustments to determine net cash from (used in) operating activities								
Provision for (reversal of) credit losses	(11)	22	203	104	28	20	30	40
Change in the net allowance for claims on insurance	197	(78)	(362)	(20)	(18)	13	10	10
Depreciation and amortization	40	44	41	40	38	33	32	29
Realized (gains) and losses	(12)	(34)	(6)	-	(19)	(15)	(41)	(59)
Changes in operating assets and liabilities								
Change in accrued interest and fees on loans receivable	(118)	43	(63)	100	69	59	37	49
Change in accrued interest and fair value of marketable securities	(14)	-	(254)	-	-	-	-	-
Change in accrued interest and fair value of loans payable	57	-	673	-	-	-	-	-
Change in derivative instruments	(11)	-	(160)	-	-	-	-	-
Other	104	9	(230)	(9)	(17)	(14)	(11)	(6)
Loan disbursements	(31,240)	(31,949)	(21,713)	(23,293)	(23,248)	(23,465)	(23,728)	(23,730)
Loan repayments and principal recoveries from loan asset sales	31,021	31,261	22,185	23,362	22,851	23,726	22,103	22,734
Net cash from (used in) operating activities	843	139	686	1,067	558	1,199	(703)	(24)
Cash Flows from (used in) Investing Activities								
Disbursements for investments	(268)	(342)	(304)	(398)	(325)	(232)	(219)	(217)
Receipts from investments	260	220	159	188	216	248	314	386
Finance lease repayments	-	-	-	5	-	-	-	-
Purchases of marketable securities	(14,518)	(13,020)	(10,152)	(14,429)	(14,751)	(16,922)	(16,104)	(16,132)
Sales/maturities of marketable securities	11,479	12,367	11,281	15,808	14,359	16,615	17,114	16,581
Purchases of property, plant and equipment	(5)	(8)	(1)	-	-	-	-	-
Purchases of intangible assets	(28)	(29)	(18)	-	(1)	-	-	-
Proceeds on sale of assets held-for-sale	-	-	13	-	-	-	-	-
Net cash from (used in) investing activities	(3,080)	(812)	978	1,174	(502)	(291)	1,105	618
Cash Flows from (used in) Financing Activities								
Issue of long-term loans payable	13,128	17,564	17,479	13,230	16,007	17,868	16,581	19,829
Repayment of long-term loans payable	(12,058)	(14,414)	(14,656)	(13,524)	(15,734)	(18,160)	(15,223)	(19,395)
Issue of short-term loans payable	31,515	51,930	42,506	54,789	51,116	55,497	53,639	49,523
Repayment of short-term loans payable	(27,651)	(53,208)	(46,587)	(56,117)	(50,452)	(55,099)	(54,701)	(49,788)
Disbursements from sale/maturity of derivative instruments	(567)	-	(324)	-	-	-	-	-
Receipts from sale/maturity of derivative instruments	3	-	-	-	-	-	-	-
Dividend paid	(969)	(1,006)	(1,010)	(886)	(918)	(925)	(882)	(844)
Net cash from (used in) financing activities	3,401	866	(2,592)	(2,508)	19	(819)	(586)	(675)
Effect of exchange rate changes on cash and cash equivalents	155	-	(64)	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	1,319	193	(992)	(267)	75	89	(184)	(81)
Cash and cash equivalents								
Beginning of year	1,627	3,014	2,946	1,954	1,687	1,762	1,851	1,667
End of year	2,946	3,207	1,954	1,687	1,762	1,851	1,667	1,586
Cash and cash equivalents are comprised of:								
Cash	170	97	78	78	78	78	78	78
Cash equivalents included within marketable securities	2,776	3,110	1,876	1,609	1,684	1,773	1,589	1,508
	2,946	3,207	1,954	1,687	1,762	1,851	1,667	1,586

Consolidated Administrative Expenses

Table 20: Projected Consolidated Administrative Expenses (2018-2024)

(in millions of Canadian dollars)	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Salaries and benefits	233	269	272	274	280	278	283	285
Professional services	55	64	50	34	33	30	30	29
Pension, other retirement and post-employment benefits	48	43	44	44	44	44	44	44
Systems costs	38	44	45	58	58	58	58	58
Amortization and depreciation	33	37	33	31	30	24	23	22
Marketing and communications	26	31	36	30	28	27	25	24
Occupancy	26	29	26	29	29	28	28	28
Travel, hospitality and conferences	11	15	14	11	11	10	10	10
Other	27	37	33	34	33	31	29	30
Total administrative expenses	497	569	553	545	546	530	530	530

Consolidated Capital Expenditures

Table 21: Projected Consolidated Capital Expenditures (2018-2024)

(in millions of Canadian dollars)	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Facilities	3.1	6.8	4.1	9.5	6.4	5.7	6.0	5.0
Information technology	30.7	29.7	24.6	5.7	5.7	5.0	5.0	5.0
Total capital expenditures	33.8	36.5	28.7	15.2	12.1	10.7	11.0	10.0

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 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 pledge highly rated sovereign debt from any of Canada, the United States, Great Britain, France and/or Germany, which typically offset a major portion of our credit exposure.

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

BORROWING STRATEGIES

Statutory Borrowing Authorities

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* which came into force in November 2017. Under this Act, borrowings by agent corporations, including EDC, in conjunction with borrowings by the Minister of Finance must not at any time exceed $1,168 billion. We will report our borrowings to the Minister of Finance to comply with the Act.

The *Export Development Act* permits us to borrow and have outstanding loans payable up to a maximum of 15 times the aggregate of our current paid in capital and retained earnings as determined by the audited financial statements for the previous year. Based on the 2019 forecast, the maximum borrowing limit allowable under this Act for 2020 is estimated at CAD $145.4 billion (U.S. $109.5 billion), compared to forecast loans payable at the end of 2020 of CAD $51.1 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 its annual borrowing plan. Under section 127(3) of the *Financial Administration Act*, EDC may seek additional borrowing authority from the Minister of Finance provided its total indebtedness outstanding at any time in respect of such borrowings does not exceed any statutory limit.

FinDev Canada

Pursuant to the corporation's expanded mandate under section 10(1)(c) of the amended *Export Development Act*, the Development Finance Institute Canada (DFIC) Inc. has been incorporated as a wholly owned subsidiary of EDC and operates under the trade name FinDev Canada. We began capitalizing FinDev Canada in 2018 with a CAD $100 million (U.S. $75 million) capital injection. Additional capitalization of CAD $100 million (U.S. $75 million) is forecast to take place in both 2019 and 2020. EDC is currently forecast to provide debt financing of CAD $3 million (U.S. $2.3 million) in 2020. Our Treasury will leverage its expertise to undertake all borrowing, investing, hedging and foreign exchange activities on behalf of FinDev Canada.

Borrowing Approach

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

We issue commercial paper (CP) to meet operating requirements and may, in cases of restricted capital markets access, issue CP to fund long-term requirements for short durations. We issue capital market debt to meet requirements for maturing debt, our loan asset portfolio, the liquidity portfolio, 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 Audit Committee of the Board.

SOURCES OF FINANCING

Money Markets Borrowing Program

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

The Liquidity and Funding Risk Management Policy requires the liquidity portfolio to meet anticipated cash requirements on a daily basis during a liquidity event. The period required to be covered by the liquidity portfolio is a minimum of one month. Forecast cash requirements are calculated using a one month rolling forecast based on components such as operations, loan disbursements, revolver commitments, debt maturities and non-revolving loan repayments. The target size of the USD component of our liquidity portfolio will be U.S. $6.0 - $7.5 billion (CAD $8.0 - $10.0 billion). We will also maintain a CAD component of the liquidity portfolio with a target size of CAD $300 - $500 million (U.S. $226 - $377 million). In addition, a daily minimum U.S. $2.0 billion (CAD $2.7 billion) of unused CP capacity will be required.

Capital Markets Borrowing Program

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

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

Total Borrowings – New and Outstanding

2019 Borrowings

As at August 31, 2019, we have issued U.S. $10.2 billion (CAD $13.5 billion) in long-term debt compared to the Minister of Finance approved 2019 maximum of U.S. $16.7 billion (CAD $22.2 billion). Commercial paper outstanding amounted to U.S. $4.7 billion (CAD $6.2 billion) as at August 31, 2019 compared to the Minister of Finance authorized 2019 maximum of U.S. $14.0 billion (CAD $18.6 billion). 2019 long-term borrowing is forecast to be CAD $0.1 billion (U.S. $0.1 billion) lower than the 2019 Plan due to lower than anticipated net loan disbursements. 2019 short-term borrowing outstanding at year end is forecast to be CAD $0.9 billion (U.S. $0.7 billion) higher than the 2019 Plan reflecting use of short-term funding to meet long-term debt maturity requirements.

In 2019, the liquidity portfolio is forecast to maintain an average balance of CAD $10.1 billion (U.S. $7.6 billion), with a minimum balance of CAD $10.0 billion (U.S. $7.5 billion) and a maximum balance of CAD $10.2 billion (U.S. $7.7 billion).

2020 Borrowings

Money Market Borrowings (Short-Term Borrowings)

Unpredictable cash flow demands most often result from undrawn revolver commitments, estimated at U.S. $9.2 billion (CAD $12.2 billion) at December 31, 2020. Revolver commitments range in size from approximately U.S. $311 thousand to U.S. $300 million (CAD $413 thousand to CAD $398 million), can provide for same day advances and can be highly concentrated among certain industries and individual borrowers. Additional committed facilities which have not yet been drawn are forecast to total U.S. $4.0 billion (CAD $5.3 billion) at the end of 2020.

In 2020, the liquidity portfolio is forecast to maintain an average balance of CAD $8.6 billion (U.S. $6.5 billion), with a minimum balance of CAD $8.0 billion (U.S. $6.0 billion) and a maximum balance of CAD $10.0 billion (U.S. $7.5 billion). The entire liquidity portfolio can be accessed during a liquidity event. At December 31, 2020, short-term borrowings outstanding are projected to be CAD $1.3 billion (U.S. $1.0 billion) lower than the forecast December 31, 2019 short-term borrowings outstanding reflecting drawdown of liquidity portfolio due to reduced liquidity requirements.

Capital Market Borrowings (Long-Term Borrowings)

The Corporate Plan projects a baseline borrowing requirement of U.S. $10.0 billion (CAD $13.2 billion) with potential additional long-term requirements of U.S. $2.8 billion (CAD $3.7 billion) for contingency purposes. The baseline borrowing requirement is U.S. $3.8 billion (CAD $5.0 billion) lower than the 2019 plan requirement primarily due to lower debt maturities and a reduction in the funding required for the liquidity portfolio partially offset by increased requirements for loan disbursements and reduced reliance on short-term funding to meet long-term debt maturity requirements.

Total Outstanding Borrowings

The aggregate principal amount outstanding of borrowings will not at any time in 2020 exceed CAD $52.3 billion (U.S. $39.4 billion), which is well below the maximum statutory limit of fifteen times the current paid in capital and retained earnings, equivalent to CAD $145.4 billion (U.S. $109.5 billion) estimated as of December 31, 2020.

PRIMARY USES OF FINANCING

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

Increased Lending Activity (Term Loan and Revolver New Business) – Positive net loan repayments are forecast in 2020.

CP Outstanding – Decrease in the level of CP outstanding.

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

POTENTIAL INCREASES IN REQUIREMENTS

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

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

Pre-Funding of 2021 Business Facilitated – We may seek to pre-fund some of our 2021 capital markets requirements to minimize debt service costs and lock-in longer term funding.

Table 22: Capital Markets Borrowing Requirement Projection for 2020

(in millions of U.S. dollars)	USD	2020 Plan
Decrease/(increase) in cash from operations	(758)	
Net loan disbursements/(repayments)	(8)	
Funding Requirements for DFIC	78	
Eligible dividend	667	
Activity from operations		(21)
Funding required for change in CP outstanding	1,000	
Funding required for change in marketable securities at fair value through profit or loss	(1,200)	
Refinancing of debt maturities	10,086	
Buybacks	100	
Activity from liabilities		9,986
Forecast Borrowing Requirements for Corporate Plan		**9,965**
Potential increases to cash requirements		
Changes to assumption on lending activity		1,000
Changes to assumption on revolving facilities		750
Reduction of outstanding commercial paper		500
Pre-funding of 2021 volumes/maturities		500
Forecast Borrowing Requirements Including Contingencies		**12,715**

Table 23: Projected Borrowing Plans (2017-2024)

(in millions of Canadian dollars)	2017 Actual	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Capital Markets Borrowing Limit									
(U.S. $16.7 billion)*	17,978	21,707	21,343	21,343	-	-	-	-	-
Position	12,459	13,857	17,564	17,479	13,230	16,007	17,868	16,581	19,829
Percent used	69%	64%	82%	82%	-	-	-	-	-
Short-Term Borrowing Limit									
(U.S. $14.0 billion)*	17,601	19,113	17,892	17,892	-	-	-	-	-
Position	6,424	11,085	5,751	6,657	5,325	5,991	6,390	5,325	5,059
Percent used	36%	58%	32%	37%	-	-	-	-	-

** Refers to 2019 limit. The limits are set each year in consultation with the Department of Finance, and accordingly, there are no limits set for 2020 to 2024.*

Table 24: Projected Total Outstanding Borrowings (2017-2024)

as at December 31 *(in millions of Canadian dollars)*	2017 Actual	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Short-term borrowings	6,424	11,085	5,751	6,657	5,325	5,991	6,390	5,325	5,059
Long-term borrowings	40,690	44,363	46,754	46,032	45,757	46,058	45,794	47,187	47,648
Total borrowings	47,114	55,448	52,505	52,689	51,082	52,049	52,184	52,512	52,707

Table 25: Projected Short-Term Borrowings by Currency (2017-2024)

as at December 31 *(in millions of Canadian dollars)*	2017 Actual	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Canadian dollar	38	-	-	-	-	-	-	-	-
U.S. dollar	6,386	10,772	5,751	6,657	5,325	5,991	6,390	5,325	5,059
Other currencies	-	313	-	-	-	-	-	-	-
Total short-term borrowings	6,424	11,085	5,751	6,657	5,325	5,991	6,390	5,325	5,059

Table 26: Projected Peaks in Short-Term Borrowings by Currency (2017-2024)

for the year ended December 31 *(in millions of Canadian dollars)*	2017 Actual	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Canadian dollar	61	136	-	-	-	-	-	-	-
U.S. dollar commercial paper	8,256	12,330	7,285	8,933	7,302	5,975	6,373	6,638	5,975
U.S. dollar line of credit	-	-	-	-	-	-	-	-	-
Other currencies	-	313	-	302	-	-	-	-	-
Total short-term borrowings	8,317	12,779	7,285	9,235	7,302	5,975	6,373	6,638	5,975

Table 27: Projected Long-Term Borrowings (2017-2024)

(in millions of Canadian dollars)	2017 Actual	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Opening balance	39,863	40,690	43,470	44,363	46,032	45,757	46,058	45,794	47,187
Maturities	(10,084)	(12,058)	(14,414)	(14,656)	(13,524)	(15,734)	(18,160)	(15,223)	(19,395)
New issuances	12,847	13,128	17,564	17,479	13,230	16,007	17,868	16,581	19,829
FX translation and other changes	(1,936)	2,603	134	(1,154)	19	28	28	35	27
Total long-term borrowings	40,690	44,363	46,754	46,032	45,757	46,058	45,794	47,187	47,648

Table 28: Projected Long-Term Borrowings by Type (2017-2024)

as at December 31 *(in millions of Canadian dollars)*	2017 Actual	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 Plan	2023 Plan	2024 Plan
Fixed rate	15,802	18,257	18,178	17,591	15,306	14,150	15,865	15,483	15,153
Floating rate	24,888	26,106	28,576	28,441	30,451	31,908	29,929	31,704	32,495
Total long-term borrowings	40,690	44,363	46,754	46,032	45,757	46,058	45,794	47,187	47,648

APPENDIX VII: COMPLIANCE WITH LEGISLATIVE AND 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 comprehensive suite of policies to address legislative and policy requirements relevant to our operations. Furthermore, 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 diverse range of laws, regulations, international agreements and treaties, government policies, directives and industry standards across multiple jurisdictions, resulting in a wide array of compliance obligations. To manage the risk of non-compliance with our many compliance obligations, including those to the Government of Canada, we have adopted a Compliance Risk Management Policy (the Policy).

In the spring of 2018, and on the recommendation of our President and CEO, this Policy was approved by our Board of Directors. The Policy requires an enterprise-wide Compliance Risk Management program that sets out the structure, roles and responsibilities, processes, and controls through which we identify, assess, respond to, monitor and report on compliance risk. Work on this multi-year program began in 2018 and will carry through the planning period.

The Policy and its guidelines and processes will further promote a risk-intelligent culture at EDC. Initial efforts in 2018 focused on reviewing and assessing existing compliance controls related to federal laws with higher inherent compliance risk for EDC such as the *Corruption of Foreign Public Officials Act*, *Privacy Act*, *Special Economic Measures Act*, and the *Financial Administration Act* among others.

COMPLIANCE WITH MINISTERIAL DIRECTIVES

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

In September 2008, together with other federal Crown corporations involved in commercial lending, EDC was issued a directive to give due consideration to the personal integrity of those they lend to or provide benefits to is in accordance with Government's policy to improve the accountability and integrity of federal institutions. To implement this directive, we reviewed all of our policies and programs and confirmed that they were fully 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 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.

In 2014, the Government of Canada issued directives requiring a number of 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.

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.

TRADE AGREEMENTS

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

APPENDIX VIII: GOVERNMENT PRIORITIES AND DIRECTION

TRANSPARENCY AND OPEN GOVERNMENT

Maintaining a relationship based on trust and accountability with all of our stakeholders through accurate and timely disclosure of information is critical to our long-term success. In alignment with the Government of Canada's commitment to open government, we have a number of 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. Supporting this effort is our Disclosure Policy (the Policy) that directs how we publicly release significant quantities of information on transactions. The Policy is authorized by our Board of Directors and provides the framework that governs our disclosure practices in relation to our business activities.

The application of the Policy is overseen by our Compliance Officer and monitored for compliance by our Internal Audit and Evaluation department. We review the Policy on a regular basis to increase our stakeholders' understanding of what we do and how we analyze issues prior to deciding to support Canadian exporters and investors. The Policy was most recently reviewed in 2018 as part of our Environmental and Social Risk Management (ESRM) policy review. As part of this review, we consulted with a range of stakeholders including civil society, GAC, customers, and partners. 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; and
- Our Corporate Social Responsibility Annual Report. This includes reporting on the number of human rights risk assessments conducted, the number of anti-corruption enhanced due diligence reviews conducted, and our involvement in international working groups such as the OECD Working Party on Export Credits and Guarantees and the Equator Principles Association where EDC is a member of the Steering Committee.

On our website, we disclose transaction information, as well as:

- 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*.

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

We also hold public consultations and information sessions in order to connect with our stakeholders and discuss issues of mutual concern. In addition, we 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 is falling behind.

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

Throughout the planning period, we will focus on transparency regarding our business practices, the companies we support and our efforts to increase corporate responsibility in the markets where we operate. Our recent reorganization will further embed transparency throughout the corporation, and enable discussions that support sustainable business decisions.

We also consult regularly with civil society on our Environmental and Social Risk Management policies. In 2018, we launched a review of these policies, with input and feedback from civil society, who provided it in writing and in person. In May 2019, we issued a Public Response Paper upon the release of the revised policies, which summarized the main areas of feedback and how this feedback was incorporated in the policy review. It is available on edc.ca, along with the revised policies.

Throughout the planning period, we will continue to increase access to information for our customers, partners and civil society.

GENDER-BASED ANALYSIS PLUS

While we have not yet identified a formal Gender-Based Analysis Plus (GBA+) assessment process, we have the measures in place to monitor and assess GBA+ issues as they arise. We are also establishing a baseline that is indicative of the diversity of Canadian businesses we support, particularly women-owned and women-led businesses.

To develop this baseline, we have:

- Consulted with key stakeholders in the Canadian women's business community to obtain needs insights from women-led business, as well as the public and private organizations that support them (includes GAC's Business Women in International Trade (BWIT) division, Business Development Bank of Canada (BDC), Women Business Enterprises (WBE) Canada and Réseau des Femmes d'affaires du Québec (RFAQ), among others);
- Consulted within our own organization to better understand our current state and surface ideas and potential roadblocks that may exist in support of women-owned and women-led businesses;
- Identified the actual and potential market of women-led businesses in Canada (both current exporters and those companies that are export-ready) and developed a formal definition of 'women-owned' and 'women-led' businesses; and
- Developed a corporate roadmap to guide our women's strategy into the planning period.

Similarly, we have undertaken a review of our accessibility to Indigenous-led businesses, which will strengthen our support for Indigenous exporters.

We will also conduct gender-based analysis of our processes to assess if other under-represented groups are affected by our policies and initiatives. By establishing these baselines, we will be better positioned to identify potential GBA+ considerations over the planning period.

Our leadership in support of the LGBTQ2 community, both within our organization and among the customers we serve, was recognized as part of our Top 100 status in recent years. In 2019, we became an official Corporate Partner of the Canadian Gay & Lesbian Chamber of Commerce (CGLCC).

DIVERSITY AND EMPLOYMENT EQUITY

We believe that our people and their unique perspectives, experiences and cultures are fundamental to our success. By creating a diverse workforce and culture of belonging—where every employee regardless of background feels safe and comfortable—we become stronger as a corporation. For the second year in a row, we are proud to be recognized as one of *Canada's Best Diversity Employers for 2019* for having exceptional diversity and inclusiveness programs.

Through various appointments in 2018, we have achieved gender balance at the Board level, including a female Chair. Furthermore, the first female President and CEO was appointed in EDC's 75-year history in February 2019. We also recently joined the 30% Club Canada, a global business-led initiative advocating the importance of gender balance on boards and C-suite roles.

We also promote the representation of visible minorities, Indigenous peoples and persons with disabilities within our workforce. Our goal is to have our internal employee population mirror the external workforce availability across these groups. Guiding our efforts is our Diversity and Inclusion Strategy and Action Plan - a roadmap for increasing our workforce representation and developing a culture of belonging where all employees feel comfortable and respected at work. To ensure that our representation data is robust and reflective of our increasingly diverse population, our self-identification process is being examined. In addition, an external maturity assessment of our diversity and inclusion efforts is underway to assess our progress and identify the future direction for our next Action Plan.

Our Diversity and Inclusion Strategy and Action Plan is also focused on increasing gender representation in our workforce. While 50 per cent of our workforce is now female, our goal is to have 50 per cent female leadership by 2020, and 50 per cent female line-of-business leaders by 2023. As of mid-2019, we had already achieved 48 per cent and 46.5 per cent respectively.

With the support of our partners and the Government of Canada, we are focused on better serving the export needs of women-owned, women-led and Indigenous businesses, by working to remove the unique barriers faced by these groups. In addition to targeted knowledge products and training sessions, we have designated corporate leads responsible for women- and Indigenous-led businesses to strengthen and develop our relationships with both these groups.

As our workforce becomes more diverse, we recognize the increasing importance of an inclusive, safe and welcoming workplace environment. We have devoted a great deal of time and effort to shifting our culture, through initiatives organized by employee resource groups and supported by our Diversity and Inclusion Committee, with the eyes and ears of EDC raising awareness of issues and employee concerns.

Furthermore, language diversity in the global markets in which we do business is a clear advantage, and a multi-lingual workforce helps build trust and relationships at the local level and facilitates our interactions with international companies and stakeholders. To grow and sustain our language capabilities, we refreshed our bilingualism strategy with enhanced language training, to increase the capacity of our workforce, particularly at the leadership level. Our goal is to create a culture that respects and fosters Canada's language duality with the right people, the right skills and the right language capabilities.

INDIGENOUS ISSUES

We respect the Crown's legal duty to consult Indigenous peoples and recognize the importance of consultation with Indigenous peoples who may be affected by the projects and operations that we support. When we consider supporting projects in Canada, as part of our assessment process we confirm that this duty has been met and that Indigenous people have been active and free participants in the consultative process. Our due diligence processes when considering projects, both domestic and international, seek to confirm the nature and status of community consultations, as well as any key issues and actions undertaken to address those issues.

SUSTAINABLE GOVERNMENT AND GREENING OPERATIONS

We support the Government of Canada's sustainability goals, established under the Paris Agreement on Climate Change, as well as the Pan-Canadian Framework on Clean Growth and Climate Change and are committed to conducting business in an environmentally responsible way.

This commitment extends to those Canadian exporters and investors we support. We understand that there are environmental and social risks involved in the business we undertake, and that it is critical to have strong procedures in place to identify and reduce the potential negative impacts of the businesses we support globally. These commitments were updated in the 2019 Environmental and Social Risk Management Policy and are critical to helping Canada enhance its sustainability efforts around the world.

Through our Corporate Sustainability and Responsibility group, we have embedded our commitment to help preserve the environment and reduce the negative impacts from our business. Furthermore, our Environmental and Social Risk Management Policy Framework guides all of our business, underpinned by various international agreements and standards. The framework consists of our Environmental and Social Risk Management Policy, Environmental and Social Review Directive (ERD), Climate Change Policy (new in 2019), Human Rights Policy (new in 2019) and Disclosure Policy.

Earlier in the Plan, we discussed the important and evolving work of our CSR function, including new initiatives under the 'Environment and People' pillar of our CSR strategy. This included a comprehensive review of our environmental and social risk management policy framework in 2018 and 2019, to ensure our polices are relevant, streamlined and aligned with the changing landscape of international business. We will continue to assess and review transactions to mitigate environmental and social risks, and provide guidance on sustainable business practices to our customers.

Support for Canada's Greening Government Strategy

Transition to a Low Carbon Economy

As an important component of Canada's Greening Government Strategy, we endorse and support the Government's efforts to transition Canada to a low-carbon economy. We recognize the risk of climate change to current and future generations and are making efforts to limit, reduce and mitigate our own impact. Our major climate change initiatives are discussed in section 3.3 of the Plan.

Organizational Commitment

We have a dedicated group of passionate volunteers, who promote and implement green initiatives through the Green Team. Established in 2007, the Green Team is championed by our Chief Financial Officer.

Its mandate is to support and promote efforts to reduce our operational environmental footprint, specifically in the areas of paper usage, waste sent to landfill, energy and water consumption and business travel. Green Team initiatives allow us to achieve our Climate Change Policy commitments. The Green Team also serves as a sounding board to promote and integrate "green" initiatives into our practices, while promoting and supporting environmentally conscious initiatives at work and in our communities.

The Green Team works closely with internal stakeholder teams such as the CSR Team, facilities, our head office landlord Manulife, as well as other internal decision makers who have an impact on our operational environmental footprint. Working with these stakeholders, the Green Team helps communicate information regarding our quarterly Waste Audits and sets goals and implements initiatives to reduce our operational footprint.

We also have various environmental management programs that align with Canada's Greening Government Strategy, and underpin our commitment to sustainable, green operations. These include:

- Ongoing monitoring of environmental initiatives and progress including: reporting on our operational footprint through our Integrated Annual Report and environmental audits (conducted both internally and externally);
- An in-house waste recycling program focused on decreasing the percentage of waste diverted to landfills;
- Initiatives to reduce paper consumption and employee travel;
- On-going investments in our digital capabilities to allow our customers to leverage our services online (i.e. digital Portfolio Credit Insurance);
- Efforts to locate within environmentally certified (Leadership in Energy and Environmental Design (LEED) and BOMA Canada) buildings, including our Head office in Ottawa, various regional offices and our Green-Mark Certified Singapore office;
- Various employee-led, green initiatives such as our annual Commuter Challenge, Environmental Education seminars and green-oriented Community Investment Day activities; and
- Scholarships for students pursuing an education in international business with an environmental or sustainability focus.

SAFE WORKSPACES

We are committed to providing a workplace that is civil, respectful and free of harassment. In 2018, we launched a mandatory e-learning module *Mutual Respect in The Workplace*, which considers concepts such as incivility, harassment, discrimination and workplace violence. We have also made available additional tools and resources to educate employees on the topic.

Our corporate-wide employee engagement survey assesses overall levels of employee satisfaction and engagement, collects demographic and diversity data as well as employee verbatim comments on the work climate. This survey also tracks employee perceptions of discrimination and harassment. As noted, our 2019 scores, unchanged from 2017, were again more favorable than comparable high-performing companies putting us in the top 25 per cent in Canada for engagement, unchanged from our 2017 Survey. These scores are benchmarked against 600 other North American organizations and 32 other high performing organizations, and consistently exceed these benchmarks.

ACCESSIBILITY

We strive to be a workplace where all employees can be their authentic self. As a result of our efforts to increase employment opportunities for people with disabilities and promote inclusive and accessible workplaces, we have been recognized as one of Canada's Top 100 Employers 12 times. We also joined the Employment Accessibility Resource Network, a community initiative led by United Way Ottawa that brings together employers, service providers to advance accessibility for persons with disabilities.

Furthermore, our corporate office building in Ottawa was designed with accessibility in mind. Key features include wider than building code compliant corridors; automatic door openers to all floors and washrooms; counters in washrooms and service areas at accessible heights; adjustable height work surfaces; spacious access to amphitheatre-style boardroom; easy access to the parking garage for barrier free parking; easily accessible retail space; etc. We also offer increased IT functionality for the mobility and hearing impaired through phone-via-speech recognition and voice command software as well as a text-based system for communicating over phone lines.

Our in-house Real Estate and Facilities team continuously works to ensure seamless access to all areas of the building, and our Diversity & Inclusion Committee has sponsored various events to raise awareness about disabilities and the wide-range of support we provide.

Corporate Plan Summary 2020-2024

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1.0 EXECUTIVE SUMMARY

FinDev Canada is a Crown corporation with a mandate to provide development financing and support to businesses in developing countries—in order to empower women, mitigate climate change and develop markets, consistent with Canada's international development priorities. FinDev Canada has been actively engaged in the development finance space through its transactions, thought-leadership and initiatives, to position itself as a leader in the development finance industry.

Development Finance has experienced a paradigm shift as a result of the Sustainable Development Goals (SDGs), most notably an increased recognition of the role the private sector needs to play to advance social and economic conditions in developing countries. That said, development finance today is not without its challenges, given slow growth in traditional funding sources for development assistance and the inherent risks of conducting business in developing countries.

The role of development finance institutions (DFIs) has never been more important, and they are increasing their capacity to fill the gap. Furthermore, there is a growing need to mobilize private investors to become more involved in development finance. FinDev Canada is well-positioned to help do so, and direct financing to the markets that need it the most, while contributing to the achievement of the SDGs.

With a vision of *creating a more sustainable and inclusive world, where women contribute to, and benefit from economic opportunities*, FinDev Canada has built a strong foundation to deliver on its strategic goals. In 2019, it has recruited experienced staff, completed the design of a gender equality strategy, established partnerships and built a portfolio of impactful transactions.

Building on the work accomplished to date, FinDev Canada's 2020 – 2024 Corporate Plan highlights how it will transition to the growth phase of its business, accelerating efforts to move from market-taker – participating in transactions which terms have been defined mostly by other institutions - to a market-maker – playing a leading role in defining the features and terms of a transaction. It also reflects the greater maturity of the corporation in key areas. Of particular note:

- A more fulsome presentation of our Investment strategy, building on our rapidly growing pipeline; it aims to create a diversified and balanced portfolio, investing in a variety of countries in its target regions including lower-income countries, where its impact can be felt most, while adhering to the highest standards in environmental, social and governance practices.
- A well-developed Technical Assistance strategy, with significant synergies with our investment strategy and an important tool for the success of our portfolio companies;
- A presentation of our newly-minted gender strategy, which articulates how we intend to establish ourselves as a leader in women's economic empowerment;
- Our intention to begin establishing a presence in our target markets, as a means for greater effectiveness in sourcing and managing transactions; and,
- A presentation of our enhanced risk management strategy, building on the initial work conducted in 2018.

FinDev Canada will endeavour to increase its effectiveness through rigorous risk management, agile operational processes and best practices in sustainability. FinDev Canada's organizational model rests on a strong team of dedicated professionals, supported by the depth and expertise of its parent Export Development Canada (EDC).

Financial sustainability is key to FinDev Canada's success and its ability to leverage the financial capacity of other institutions. It will measure and report on its financial performance on a portfolio basis.

In 2019, FinDev Canada devoted its efforts to building its capacity, credibility and visibility on the global market and has seen a great deal of success. It has for instance been elected by its peers to Chair the 2X Challenge, an initiative of the DFIs of all G7 countries to collectively mobilize U.S. $3 billion in support of transactions that contribute to women's economic empowerment.

Building on this momentum, throughout the 2020-2024 planning period, it will accelerate the pace of these initiatives, and continue in its effort to adopt a gender lens strategy in everything it does, build its portfolio, develop partnerships and raise awareness of the FinDev Canada brand globally.

2.0 OVERVIEW

2.1 INTRODUCTION

FinDev Canada is Canada's Development Finance Institution (DFI), a Crown corporation that contributes to the achievement of the United Nations' Sustainable Development Goals (SDGs) by helping the private sector in developing countries to thrive. It was established in 2017 for the purpose of *providing, directly or indirectly, development financing and other forms of development support in a manner that is consistent with Canada's international development priorities*[1]. Since its launch in 2018, FinDev Canada has been completing transactions in the development finance market. It has reached scale rapidly by recruiting a team of highly experienced professionals, and is currently implementing a strategy to deliver on its ambitious mandate. It has already established itself as a credible and valued player in the global development finance market.

FinDev Canada is entering 2020 with established capabilities in areas that are key for a financial institution, such as business origination and investment, risk management, development impact and gender equality, as well as strategy and stakeholder engagement. Throughout the 2020-2024 planning period, FinDev Canada will focus on growing its business activities, playing a greater role in shaping its transactions and affirming its position as a Centre of Excellence in development finance for Canada and as a global leader in gender lens investing.

Figure 1: FinDev Canada's funded transactions as of July 2019.

1 *Export Development Act* R.S.C., 1985, c. E-20 – Section 10(1)c. http://laws-lois.justice.gc.ca.

2.2 2019 ACHIEVEMENTS

In 2019, its first full year in operations, FinDev Canada laid down the foundation for its future success:

- **Building internal capabilities** –The organization has grown rapidly while ensuring it remains agile and client-centric, primarily through effective recruitment across all functions: Risk Management, Investment, Impact, Legal and Operations. Efforts have also focused on building and strengthening internal processes.

- **Adopting a gender lens strategy and promoting impact** – FinDev Canada completed the design of its gender equality policy and strategy, which it is now implementing through various initiatives. A critical component in the strategy is thought-leadership and FinDev Canada demonstrated its visibility through participation in various conferences. Its credibility as an active contributor to gender-related initiatives was demonstrated when FinDev Canada was elected as Chair of the 2X Challenge[2] Working Group for the 2019-2020 term. FinDev Canada signed the IFC Operating Principles for Impact Management and was elected to the Principles' Advisory Board.

- **Building its portfolio** – FinDev Canada expects to have approved nine new transactions in the course of 2019, in addition to two transactions signed in 2018. It has also been working to build a diversified pipeline of transactions that position it for growth in 2020 and beyond. It has focused on building strong relationships with peers with whom it shares strategic alignment and objectives. FinDev Canada has signed 11 Memoranda of Understandings (MoUs) since inception – seven of them in 2019, mostly with European DFIs and multilateral institutions, and is already seeing positive outcomes such as referrals of several transaction opportunities. Going forward, these MoUs will constitute a core element of its origination strategy and support the development of best-in-class operational practices.

Figure 2: DFIs, MDBs and organizations that have signed MoUs with FinDev Canada

2 2xChallenge, *2xchallenge.org* (Home). Accessed summer 2019. https://www.2xchallenge.org/home.

- **Developing external networks and symbiotic partnerships** – Partnerships are key to FinDev Canada's success. Beyond transaction-focused partnerships, FinDev Canada has led and supported various gender equality initiatives. It signed an MoU with UN Women[3] to collaborate in advancing women's economic empowerment through private sector initiatives. FinDev Canada also joined the Gender Finance Collaborative, a group that coordinates efforts among DFIs towards gender-smart investing. As a founding member of the 2X Challenge initiative, FinDev Canada has led the charge - with support from CDC, Overseas Private Investment Corporation (OPIC), Proparco and Mastercard Foundation - on the launch of Invest2Impact[4], a business competition pilot aimed at increasing the bankability of high-potential, women-led businesses in East Africa.

- **Creating awareness of the FinDev Canada brand globally** - In its first year of operation, FinDev Canada affirmed its market presence through various initiatives and channels. Its formal launch celebration in September 2018, attended by the Minister of International Development, gathered eminent representatives of the development community from across Canada and beyond. In 2019, FinDev Canada continued work towards building its credibility as a player in the industry through participation in events, notably the World Bank Spring Meetings in April – where it also organized a side-event on technology - as well as the Africa Energy Forum and Women Deliver Conference both held in June. To create more awareness on gender inequality, FinDev Canada also launched Unequalopolis, a board game that illustrates the challenges that women face while doing business in developing countries.

2.3 2020, TRANSITION FROM START-UP TO GROWTH

With the momentum garnered in 2019, FinDev Canada is well-positioned to achieve the 5-year objectives set last year in the 2019-2023 Corporate Plan. The efforts of its first year are now seeing results, and its high-impact strategy remains framed by the following structuring elements:

- A Development Impact Framework resting on the three pillars of Women's Economic Empowerment, Market Development and Climate Change Mitigation and Adaptation;

- A geographic concentration in Latin America, the Caribbean and Sub-Saharan Africa; and,

- A focus on sectors that align well with its impact objectives and Canadian know-how including the agri-business supply chain, green growth and the financial services industry.

Appreciating that development finance is a long-term activity, FinDev Canada will continue work on the priority areas identified in 2018, throughout the next five years. FinDev Canada's objectives for the 2020-2024 Corporate Plan will be to refine and deepen its activities in strategic areas, while remaining sufficiently agile to react to market and client demands.

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3 UN Women is the United Nations entity dedicated to gender equality and the empowerment of women -– United Nations. *UN Women*. http://www.unwomen.org/en.

4 Invest2Impact. *Invest2Impact*. Accessed summer 2019. https://invest2impact.africa/

3.0 THE OPERATING ENVIRONMENT

3.1 GLOBAL OUTLOOK

The year 2020 will mark the 5th anniversary of two landmark international initiatives: the launch of the United Nation's Sustainable Development Goals (SDGs) and the signing of the Paris Agreement on climate change. Also, of significance to FinDev Canada's work was the 2015 International Conference on Financing for Development in Addis Ababa. The global community will soon be a third of the way towards Agenda 2030[5] target date, of which the SDGs are a fundamental component. It is important to take stock of the ground covered and of the challenges that remain.

In the last four years, the central role of the private sector in achieving economic and social progress in developing countries has steadily gained prominence, thanks in part to the SDGs. With the slowing growth of traditional sources of development support[6], it has become increasingly important to help mobilize private sector resources around the globe and step up support for entrepreneurs in developing countries.

Nevertheless, efforts to reach these entrepreneurs remain arguably insufficient, across a wide range of countries, and particularly in low income countries (LICs). While there has been much focus on the need to step up financial efforts and increase financial flows "from billions to trillions," – a key objective of Agenda 2030 -, the challenge of developing successful businesses remains for organizations that target the private sector, such as Development Finance Institutions (DFIs).

Practitioners in the field recognize the challenge of turning a business idea into a bankable business venture. Behind the urgency of mobilizing large amounts of resources, lies the difficulty of successfully navigating the market-place, the regulatory environment, as well as logistical challenges and hiring constraints. While focusing on long-term aggregate needs, the development finance community must also take into account success factors for each transaction or group of transactions.

Blended finance—the strategic use of development finance and philanthropic funds—is an effective way to address these challenges. By combining the resources of different players, blended finance solutions can address needs that would otherwise remain outside the scope of individual organizations. The well-balanced deployment of grants or concessional funds alongside more traditional financing can facilitate early stage project development, and help structure transactions that support earlier stage companies, or companies with a higher risk profile. It can also help establish a development finance track record in countries considered too risky, such as low-income countries or fragile and conflict afflicted states (FCAS).

Success in those markets, even more so than other markets, requires the provision of Technical Assistance[7] alongside financial services, to strengthen the capabilities of companies supported. Technical Assistance is not meant to be an undue subsidization of business. Rather, it is a necessary complement of support that the target company clearly requires in order to maximize its chance of success.

Mobilizing private sector financial resources is a challenge faced by many players in this space, and one that DFIs in particular are trying to address. Institutions that manage large amounts of private capital, including banks, private equity firms, pension funds asset managers and sovereign wealth funds, have increasingly invested in inclusive growth in emerging markets. While some investors are compelled by specific market opportunities, particularly in areas such as clean technology, others are responding to growing pressure to invest responsibly.

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5 United Nations General Assembly. *Transforming our World: The 2030 Agenda for Sustainable Development*. (A/RES/70/1). United Nations: 2015.https://sustainabledevelopment.un.org/content/documents/21252030%20Agenda%20for%20Sustainable%20Development%20web.pdf.

6 OECD. *Global Outlook on Financing for Sustainable Development*. OECD: 2018.https://www.oecd.org/dac/financing-sustainable-development/development-finance-topics/Global-Outlook-on-Financing-for-SD-2019.pdf.

7 See section 4.3.2n of the 2020-2024 corporate plan.2

Notably, the Kampala Principles[8] on effective private sector engagement in development co-operation, launched in 2019, aim to give greater consistency and focus on how to engage with private sector partners. These Principles recognize the importance of determining the specific role that the private sector can play in development. Different institutions have different roles and objectives, and failure to understand those will typically lead to failed collaboration initiatives.

3.2 THE DFI LANDSCAPE

As the development finance paradigm has shifted from a focus on social service support and grant-based official development assistance, to one where the private sector is recognized as a critical contributor to development, many countries have bolstered their DFIs to enhance their ability to create jobs, spur economic development and reduce poverty. This has resulted in many significant changes over the past two years.

In addition to the launch of FinDev Canada in 2018, the United Kingdom has directed an influx of capital toward its own DFI, CDC Group, quadrupling its funding cap from £1.5billion to £6billion[9], in order to provide greater operational capabilities, such as expanded programs. The U.S. Congress approved the launch of a new DFI on October 1st, 2019: the US Development Finance Corporation (USDFC) will have a commitment ceiling almost triple that of its predecessor OPIC at $60billion[10], and will have new equity investment powers, thereby giving it much greater operational capabilities. The combined European DFIs (EDFI) portfolio of committed investments was €41.2 billion in 5,665 investments at the end of 2018. This represented an increase of €4 billion (10%), compared to 2017[11]. Other countries, such as Australia, are considering creating their own DFI.

Because of their exclusive mandate to support private sector for development and, for many, their long track record, DFIs hold considerable expertise in identifying, developing and structuring transactions to generate a positive impact. Most DFIs have undertaken a thorough assessment of their strategies in recent years and adjusted them where appropriate. Because they are generally managed along commercial principles, they have demonstrated resilience and agility in the face of a constantly evolving market. They have also developed the tools required to structure transactions that will ensure additionality[12] - that is, not competing with the commercial private sector - while avoiding undue subsidization of private sector operations.

That said, DFIs do face several challenges today. First, they face a risk of fragmentation of their actions, each responding to slightly different policy orientations. A healthy level of dialogue and collaboration between DFIs has alleviated, but not eliminated, this challenge. For example, the diverse approaches to impact assessment and measurement, although efforts to harmonize these approaches are underway.

8 Global Partnership for Effective Development Co-operation. *Kampala Principles on effective private sector engagement in development co-operation*. Global Partnership for Effective Development Co-operation: 2019. https://effectivecooperation.org/wp-content/uploads/2019/06/Kampala-Principles-final.pdf

9 CDC Act of 2017 *Commonwealth Development Corporation Act 2017*. Chapter 5. February 23rd, 2017. See section 1(2). http://www.legislation.gov.uk/ukpga/2017/5/pdfs/ukpga_20170005_en.pdf. CDC Act of 2017

10 Shayerah Ilias Akhtar & Marian L. Lawson. Congressional Research Services, *BUILD Act: Frequently Asked Questions About the New U.S. International Development Finance Corporation*, R45461. Congressional Research Services: January 15, 2019.2019

11 EDFI. *Facts & Figures*. Retrieved summer 2019. https://www.edfi.eu/members/facts-figures/

12 Additionality is covered in greater detail in Section 4.1.4 of the 2020-2024 corporate plan

DFIs are also expected to increase the share of their portfolio in more challenging jurisdictions, namely lower income countries and fragile states. While they are generally well-equipped to do so, the increased pressure on their sustainability resulting from a higher risk profile of their portfolio, requires solid management. Furthermore, the mission of DFIs is still frequently misunderstood by the broader stakeholder community: “DFIs are powerful, but precise development tools, and ones that are not well understood by some policymakers”[13]. This can lead to expectations that do not necessarily correspond to DFI’s specialized know-how or to market risks.

While there is always room for improvement, DFIs are very well-positioned to play a central role in tackling the challenges that the international community is trying to address with Agenda 2030.

3.3 THE CANADIAN LANDSCAPE

The Government of Canada has recently considerably strengthened its capacity to target the private sector under its Development Assistance strategy. In complement to existing Climate Finance programs funded through multilateral development banks, Global Affairs Canada (GAC) has recently launched a pilot International Assistance Innovation Program and a set of new implementation tools. FinDev Canada plays a critical role in the Government of Canada’s expanded international development toolbox, as the organization dedicated to providing commercial and quasi-commercial financing solutions to the private sector in developing countries with an objective to achieve positive development outcomes.

This new reality opens the door to offering, through enhanced collaboration, coherent and well-functioning programs that will position Canada at the forefront of development finance effectiveness.

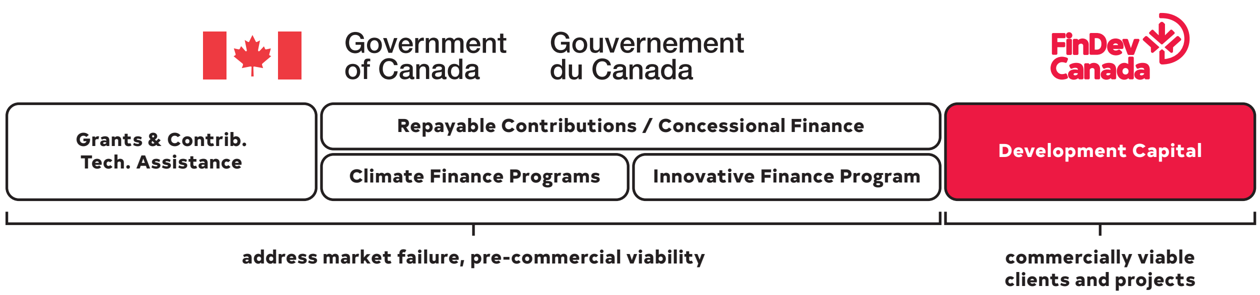

Figure 3: A Continuum of Canadian solutions for the private sector in developing countries

13 Savor, Connor M & Carter, Paddy & Lemma, Alberto. Directed by: Runde, Daniel F & Willem te Velde, Dirk.CSIS, *Development Finance Institutions Come of Age: Policy Engagement, Impact and New Directions.* Center for Strategic & International studies: October, 2016. https://csis-prod.s3.amazonaws.com/s3fs-public/publication/161005_Savoy_DFI_Web.pdf

4.0 FINDEV CANADA'S BUSINESS STRATEGY – CONTINUING ON A GROWTH TRAJECTORY

Over the 2020-2024 planning period, FinDev Canada will transition from being a market-taker – participating in transactions which terms have been defined mostly by other institutions - to a market-maker – playing a leading role in defining the features and terms of a transaction. This will position it as a true innovator, particularly in gender-lens investing and the clean technologies (or "cleantech"[14]) spaces.

As a young, nimble organization, FinDev Canada aims to differentiate itself by its focus on customer needs and the ability to address them with innovative approaches and solutions. To assist in the implementation of its strategies, FinDev Canada has laid out its top-level corporate objectives for the planning period:

- Building investment capacity and a broader portfolio;
- Adopting a gender-lens strategy and promoting impact investments;
- Attracting the best talent & optimizing its operating model;
- Implementing a Technical Assistance offering;
- Strengthening domestic and international and stakeholder relationships; and,
- Continuing to build FinDev Canada's brand globally.

4.1 FINE-TUNING INVESTMENT AND ORIGINATION ACTIVITIES

FinDev Canada's investment activities place development impact at their core – market development, environment and climate action and an emphasis on women's economic empowerment. Underpinned by an operating model that takes into account innovation, additionality and monitoring and evaluation, among others, FinDev Canada's long-term vision is to ensure its portfolio reflects a balance between investments that generate stable financial returns, and high development impact results.

Over the course of 2019, FinDev Canada has been building its investment team to ensure it has the required capacity to implement its investment and origination strategy as highlighted in the present Plan.

4.1.1 A BALANCED PORTFOLIO

FinDev Canada aims to build a diversified portfolio, balancing ambitious and innovation objectives with long-term financial sustainability.

The investment strategy follows a phased approach: the early phase focuses on developing FinDev Canada's expertise in its target sectors and regions—deals conducted largely with strategic partners. As FinDev Canada transitions to its growth phase, it will adopt a more independent deal origination approach, with a focus on gaining greater influence over transaction characteristics[15]. As FinDev Canada matures and gains significant experience in its target sectors and markets, it will explore more innovative deals in an effort to generate high-impact investment opportunities.

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14 Clean technologies, also referred to as Cleantech, and often used interchangeably with the term greentech, has emerged as an umbrella term encompassing the investment asset class, technology, and business sectors which include clean energy, environmental, and sustainable or green, products and services.

15 Transaction characteristics include components such as the tenor, pricing, structure, repayment profile.

4.1.2 INVESTMENT PARAMETERS

SECTORS

FinDev Canada, along with most other DFIs, chooses to concentrate its activities on specific sectors, recognizing that it cannot be successful across very broad portfolios if it wants to achieve the impact it seeks. It will therefore focus on the agri-business, green growth and financial services sectors, due to their strong potential for meaningful impact, and Canadian expertise in these fields. The capabilities of our teams are being aligned with these sectors, to ensure that the organization builds the expertise it needs to be successful.

Over time, FinDev Canada will remain open to exploring investments in other sectors where the potential for impact is high. FinDev Canada will also focus on sub-sectors within its priority sectors that offer high potential for impact but receive less attention than others. These priorities may evolve over time as it develops its internal expertise within these sectors.

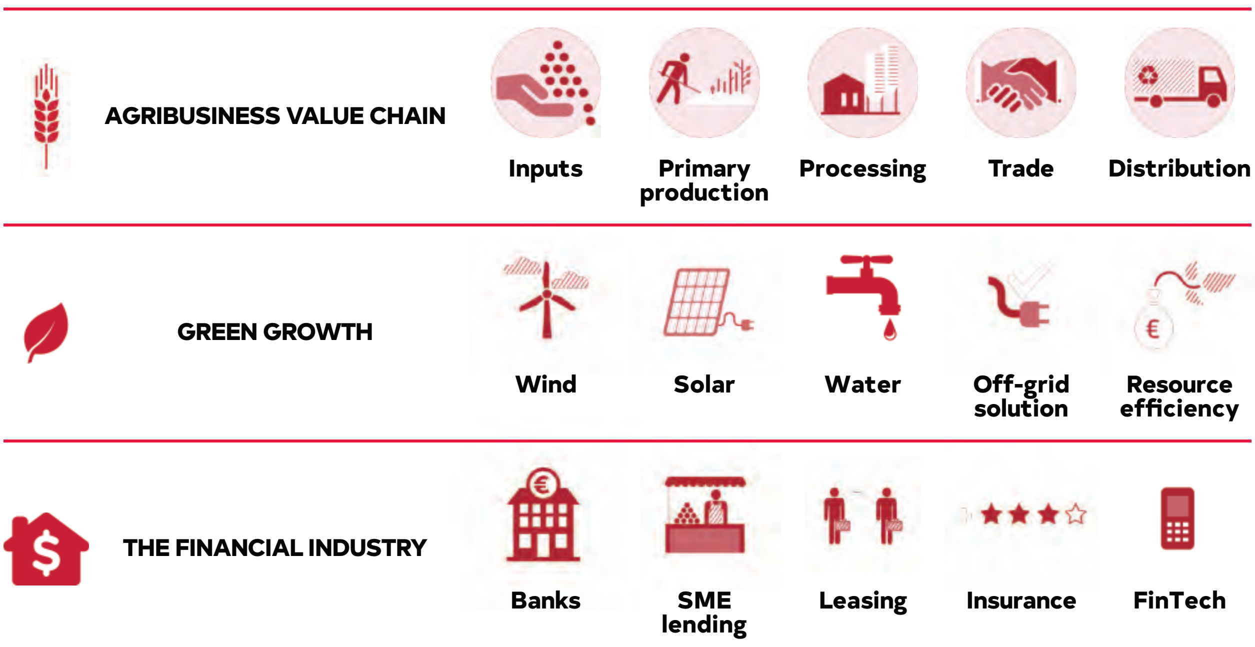


Figure 4: FinDev Canada's priority sectors

MARKETS

FinDev Canada remains focused on doing business in Latin America and the Caribbean, and Sub-Saharan Africa. Within those regions, it has initially selected 25 to 30 countries where it is actively building knowledge and partnerships to enable effective transaction origination, structuring and management. These countries reflect a mix of Low Income, Lower Middle Income and Upper Middle-Income countries (LICs, LMICs and UMICs), and are diverse in size and socio-economic profiles.

When investing in funds, FinDev Canada is open to expanding beyond these markets, but will ensure that Fund Managers prioritize FinDev Canada's primary target regions.

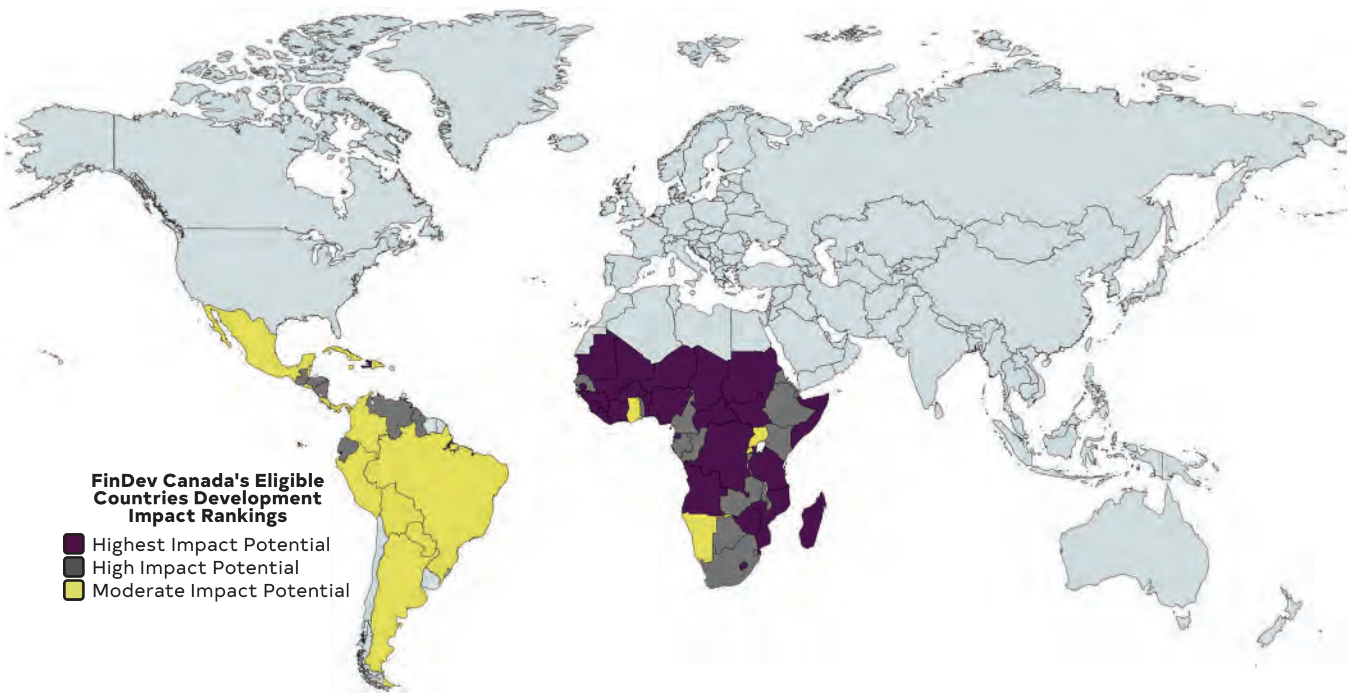


Figure 5: FinDev Canada's regional focus

TRANSACTION PROFILES

During its start-up phase, FinDev Canada will focus on transactions ranging from US$ 5 to 20 million. In later stages of growth, it will target smaller transactions, primarily with in-market partners to avoid unnecessary costs of transaction for the clients.

FinDev Canada will continue to diversify the type of transaction structures it enters into, with a focus on expanding its debt portfolio, in line with its risk appetite policy. FinDev Canada will invest in both equity and debt in direct opportunities. Similar to sectors and geographies, the types of investments made by FinDev Canada will evolve as it continues to grow.

4.1.3 ORIGINATION CHANNELS

Key to ensuring an efficient and successful investment lifecycle, is a strong origination strategy. FinDev Canada has leveraged its team members' extensive networks to source some of its first deals and has built strategic relationships with peers and other partners, in part to complement its origination efforts.

As part of this strategy, FinDev Canada has identified the appropriate origination channels to source opportunities that will flow into its development impact management cycle. Eventually, accumulation of expertise and experience will lend itself to greater use of outbound channels.

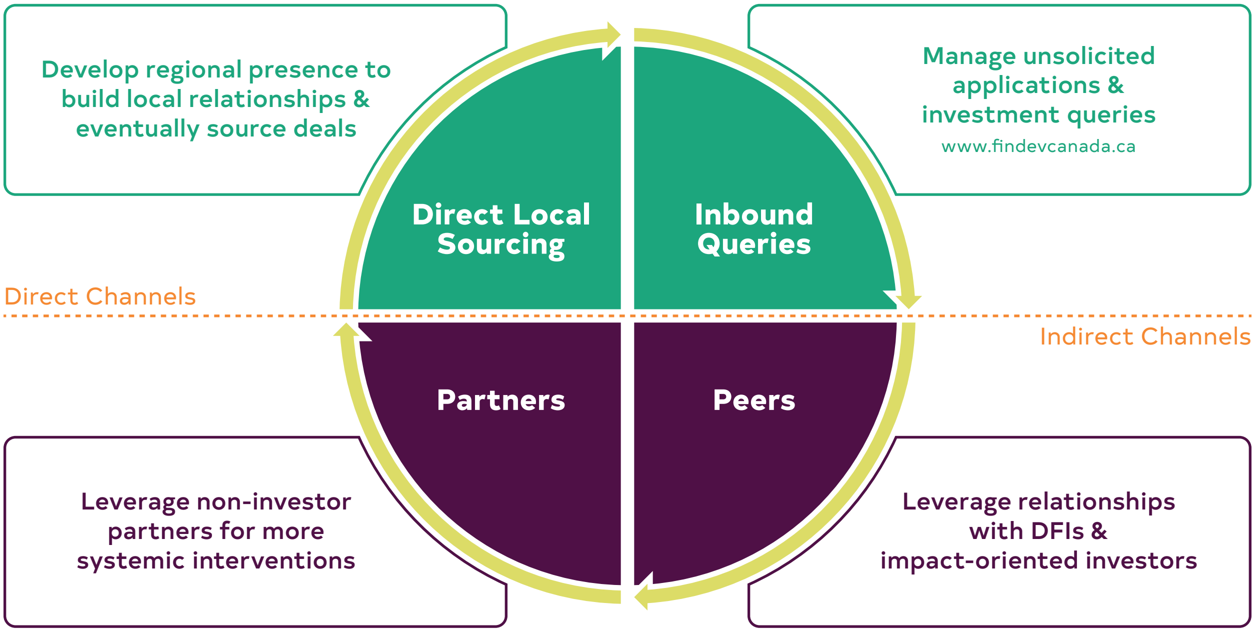


Figure 6: Origination channels to be pursued by FinDev Canada

4.1.4 ADDITIONALITY

DFIs' contribution to development will be greater, if they complement the work of other potential players, particularly from the private sector, and do not compete with them. This is referred to as the principle of "additionality". While the concept of additionality is difficult to precisely define, demonstrate and measure, several organizations, notably the Organisation for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC), has established a set of generally-accepted principles and practices across the industry.

Since inception, FinDev Canada has embraced the principle of additionality, leveraging the OECD's definition, when building its investment portfolio. Consistent with current definitions, it takes into account the two dimensions of additionality:

- Financial additionality - the provision of capital that is not offered by the private sector, or only offered in insufficient quantity or with unreasonable terms[16] and,
- Value-added additionality - the knowledge, connections and capacity provided in support of the advancement of its clients and their potential for success.

In 2020, FinDev Canada will refine its practices relating to the assessment and demonstration of additionality, and further embed them in its decision-making process. To do so, it will benchmark industry best practices and methodologies, and leverage its own experience to contribute to refine these practices, alongside other DFIs.

16 CDC, Group., *Investing to Transform Lives: Strategic Framework 2017-2021*. CDC Group: Published in, 2017. https://assets.cdcgroup.com/wp-content/uploads/2017/06/25150902/Strategic-Framework-2017-2021.pdf

4.1.5 BUILDING MARKET INTELLIGENCE

FinDev Canada's success, both pre- and post- investment, relies on a strong understanding of, and connections in, the markets where it operates. Local connections and market intelligence are critical to understanding how business should be conducted in any region, at every stage in the investment process, from initial business development, to due diligence and commitment, to asset management and post-signing risk management. While much of this intelligence can be obtained through trusted partners and networks, the value of a local presence cannot be underestimated.

In 2020, FinDev Canada will begin establishing a local presence in key target markets. This targeted approach will focus first on regions with the best potential for impactful business. It will also leverage in-country partnerships in order to establish a presence in the most cost-effective way possible, and with the utmost care for the security of its employees.

Local representation will also be key to gathering intelligence and building relationships. In the early stages of its presence in a market, FinDev Canada will focus on understanding market dynamics and constraints, and identifying the right business opportunities and partners. Once FinDev Canada has assets in the market, local intelligence will help manage risk, to anticipate and address potential issues. At a later stage, its local presence will help develop comprehensive regional strategies and partnerships to maximize its impact.

FinDev Canada anticipates securing its first in-market presence by the end of 2020, with a likely focus on East Africa. Lessons learned from this will help in planning subsequent expansion in the following years.

4.1.6 COLLABORATION

FinDev Canada will seek to work with investors across the impact-investing spectrum while remaining mindful of co-investors and partners' objectives and priorities, and ensuring its own impact objectives are preserved. Consequently, it is keen to share information and deal flow and, ultimately, co-invest with other lenders and investors, such as fellow DFIs.

Opportunities to leverage other DFIs' expertise through secondments and staff exchanges are being explored and should result in specific initiatives.

FinDev Canada will also leverage intermediaries and funds where direct investment proves unfeasible due to investment size, operating environment, or risk, and where fund managers embrace a development impact model and mobilization targets.

Its collaboration and partnership strategy will hinge on a thorough assessment of the strategic objectives of its partners, to ensure complementary interests and priorities.

4.2 PORTFOLIO MANAGEMENT

As its portfolio grows, it is important for FinDev Canada to ensure adequate monitoring and management of its performance, from a financial and an impact perspective.

4.2.1 ASSET MANAGEMENT

Throughout the planning period, FinDev Canada will develop its internal capabilities to manage assets over their lifetime. This will include the management of assets' financial performance and all aspects of FinDev Canada's exposure.

With increased capabilities, FinDev Canada will be able to identify potential performance and sustainability issues in its portfolio companies and consider courses of action. Managing these assets will help preserve FinDev Canada's financial interests and reputation. It will also take into consideration the sustainability of the businesses it supports and their ability to generate positive development impact over time.

In aggregate, the portfolio will need to remain diversified across sectors, geographies, types of investment and risk profiles.

4.2.2 MONITORING AND EVALUATION

An essential tool to better manage risks and understand the actual development impact generated by clients is to be present with customers. This is a best practice of the development finance community. In 2020, FinDev Canada will implement a transaction monitoring and evaluation program. It will conduct site visits of its portfolio companies in order to collect data, both qualitative and quantitative, in all relevant areas of business, financial and impact performance.

The intelligence collected will help identify and address potential issues across all aspects of the performance of portfolio companies, and inform its future investment practices and decisions. It will also enable FinDev Canada to conduct detailed reporting on its activities, through its digital Annual Report and other channels.

4.3 DEEPENING AND BROADENING FINDEV CANADA'S CAPABILITIES

4.3.1 DEVELOPMENT IMPACT

Development impact is a primary consideration in FinDev Canada's investment process. To this end, it has developed and continues to refine its Development Impact Framework centered around the three impact goals: women's economic empowerment, market development, and environment and climate change mitigation. These areas of focus correspond to SDGs 5, 8 and 9, and 7 and 13, respectively, and will anchor FinDev Canada's strategy and operations. This Framework encompasses a variety of development impact assessment tools that are used to estimate the potential impacts of client operations at various points in the transaction and portfolio lifecycle.

As such, it serves multiple purposes:

- Informs the decision to enter into a transaction at very early stages of the origination process. Transactions that do not meet FinDev Canada's impact objectives, or do not have the potential to achieve the targeted objectives, will not be eligible for support.
- Guides the evaluation of the impact of portfolio companies during the entire duration of FinDev Canada's engagement with them. It is important to note that the achievement of development outcomes takes time and needs to be monitored and, wherever relevant, supported.
- Informs FinDev Canada's public reporting on the achievement of its impact goals.

While still in the early phase of implementation, the Framework is proving to be an important and effective tool in FinDev Canada's decision-making process. As more transactions are processed using the Framework, we will continue to assess its effectiveness and evolve its methodologies where appropriate.

Given the rapid evolution in the field, a key element of FinDev Canada's approach is collaboration on impact management. In 2019, FinDev Canada became a founding signatory and Advisory Board member of the International Finance Corporation's (IFC) Operating Principles for Impact Management, which will help define the elements of impact investing processes. FinDev Canada also participates in technical fora with partners including European Development Finance Institutions (EDFI), the Global Impact Investing Network (GIIN) and the Emerging Markets Private Equity Association (EMPEA) to share innovations and learnings in impact management.

4.3.2 TECHNICAL ASSISTANCE

Technical assistance is a core component of development finance used by DFIs, multilateral development banks and impact investors to build the capacity of their portfolio companies to enhance development outcomes, mitigate risks and drive business performance.

FinDev Canada has developed a technical assistance strategy and will establish a technical assistance facility (TAF) to complement its financing solutions and bring more value to its clients by improving their ability to grow and scale sustainably. The facility will also support market-building initiatives to address barriers to growth or to private sector investments in FinDev Canada's priority markets and sectors.

The TAF will address a range of clients' capacity building needs, including inclusive governance and leadership, human capital development, financial management and analysis, impact measurement and reporting through four main programs:

Figure 7: Types of capacity building interventions covered under the Technical Assistance Facility

In 2020, FinDev Canada will introduce its technical assistance offering with a dedicated team and deliver its first services, a major step in building a foundation for success and delivering value to its clients.

FinDev Canada will work closely with donors to contribute to its technical assistance needs. This includes collaboration with Global Affairs Canada (GAC) and building on the preliminary work already performed in 2019 on the TAF. FinDev Canada will also explore opportunities to work with other public and private donors, in Canada and abroad, whose missions and priorities align with the objectives of the TAF.

FinDev Canada will also seek to secure patient and stable sources of funding to enable programming of its activities beyond 2020, with a goal to maximize impact. In some instances, FinDev Canada will consider using its own resources to support small, impactful technical assistance missions where speed is critical to achieving objectives.

4.3.3 MOBILIZATION

Mobilizing financial resources from the private sector—getting the private sector to direct their resources to financing opportunities that they would otherwise not consider—is a core objective of all DFIs. While currently there are various definitions and methodologies to measure mobilization, the OECD has conducted considerable work on this issue, and is a main reference point for the international community.

In essence, the decisions of private sector investors and lenders can be influenced by modifying the risk profile of certain assets, or their perception of risk in those assets. Mobilization therefore speaks to the ability to structure transactions that match investment opportunities with the risk appetite of partner investors, for example, through blended finance or by demonstrating through actual investment activity that the risk profile of certain assets is not as high as it may seem ("demonstration effect").

That said, successful mobilization takes time and can be particularly challenging in low-income countries. There can be an inherent tension between seeking high impact, riskier business opportunities on one hand, and attracting private sector capital on the other. It is more challenging to seek significant levels of mobilization in a low-income country than it is an upper middle-income one.

Effective mobilization requires an intimate understanding of the investment strategies and priorities of potential partners. FinDev Canada has made it a core objective to pursue the mobilization of private sector resources, focusing particularly on potential Canadian investors and will leverage its understanding of emerging markets to engage with targeted Canadian institutional investors. To this end, FinDev Canada will organize a meeting of key Canadian stakeholders in the spring of 2020, to explore avenues to collaborate. Based on this initial work, FinDev Canada will develop an outreach strategy with a goal to build more visibility for its activities and identify or structure specific opportunities for consideration. It will seek to deploy a dedicated resource for its implementation, which will happen in phases. In 2020, the focus will be on mapping and prioritizing relationships, and exploring collaboration models.

FinDev Canada also seeks to mobilize greater amounts of capital for gender-lens investing through its participation in the 2X Challenge[17].

This mobilization strategy will be implemented in phases. The focus in 2020 will be on identifying opportunities, based on the preliminary outreach work conducted in 2019.

It will also work closely with GAC to consider how to best leverage complementary programs, to provide greater incentive to potential investors. The ability to deploy highly catalytic capital such as GAC's new Innovative Finance programs, combined with FinDev Canada's capabilities and structuring expertise, can be instrumental in successfully achieving mobilization.

17 See 2X Challenge textbox in section 4.3.4n of the 2020-2024 corporate plan.2

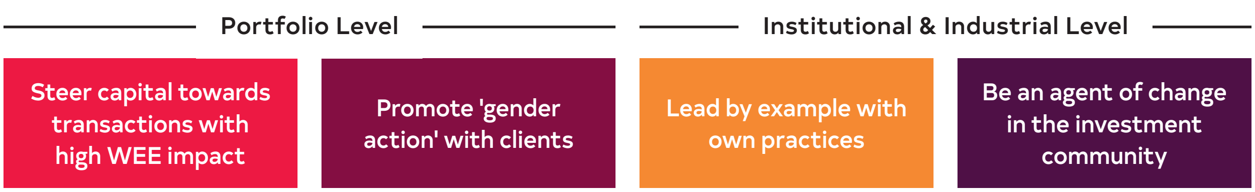
4.3.4 GENDER EQUALITY

Since its inception, FinDev Canada has placed women's economic empowerment as a core impact priority and a central element of its decision-making. This commitment to promote gender equality[18] and women's economic empowerment[19] through its investments and operations was affirmed in the 2019-2023 Corporate Plan with the vision to develop a strategy on gender equality.

Figure 8: Gender lens investing considers that gender cuts across all aspects of society, including economic and financial systems, and that all investments have gendered impacts[20]

FinDev Canada's Gender Equality Strategy guides and informs its activities, and is underpinned by a gender equality policy, which establishes a set of overarching principles to integrate and promote gender equality and women's economic empowerment. This strategy takes into account FinDev Canada's priority sectors, impact areas, gaps and resources. It is also aligned with and complementary to the Development Impact Framework, the Investment Strategy, the Technical Assistance Strategy and the Environmental, Social and Governance (ESG) Assessment Policy.

The Gender Equality Strategy focuses on four elements of women's economic empowerment:



1. Use of capital to bridge gaps in gender-lens investing and deploy capital towards investment opportunities that intentionally and actively drive impact on women's economic empowerment
2. Promote 'Gender action' by supporting clients to enhance their gender inclusion and diversity practices and drive greater women's economic empowerment outcomes through their business activities
3. Lead by example, by ensuring that FinDev Canada's institutional and governance practices are aligned with and drive international best practices on gender inclusion and gender-lens investing
4. Be a catalyst for change in the investment community for gender lens investing.

18 Adapted from: Mennonite Economic Development Associates (MEDA), *Gender Equality Mainstreaming (GEM) Framework* and UN Women Training Center, *Gender Equality Glossary*.

19 Golla, Anne Marie & Malhorta, Anju & Nanda, Priya & Mehra, Rehka. International Center for Research on Women (ICRW), *Understanding and Measuring Women's Economic Empowerment*, International Center for Research on Women (ICRW) :2018. https://www.icrw.org/wp-content/uploads/2016/10/Understanding-measuring-womens-economic-empowerment.pdf.

20 Venn,NextBillion.com - David. Venn, *Turning intentions into Action: how to boldy implement gender lens investing*. Nextbillion: July 20, 2018. https://nextbillion.net/how-to-boldly-implement-gender-lens-investing/

Below are examples highlighting FinDev Canada's leadership in gender lens initiatives.

2X CHALLENGE
FINANCING FOR WOMEN

In June 2018, the DFIs of G7 countries launched the 2X Challenge, a call to action to collectively mobilize US $3 billion by 2020 to invest in women. By the following G7 in August 2019, nearly US $2.5 billion had already been committed and mobilized in 2X-eligible investments.

Gender Finance Collaborative

In November 2018, FinDev Canada joined 14 DFIs and the European Investment Bank in the Gender Finance Collaborative (GFC) to coordinate efforts towards 'gender-smart' investing.

FinDev Canada will implement the Gender Equality Strategy in phases. Throughout the planning period, it will focus on embedding the principles across all core functions and operations. With time, by collaborating, investing and building capacity, FinDev Canada will be able to:

- Highlight clients' results to promote greater gender inclusion, leadership, workforce and value chains in the private sector, to bring about an increased ability for women to make and act on economic decisions.
- Contribute to the growing industry knowledge about the value of gender inclusion for businesses and, ultimately, demonstrate the viability of gender lens investing as an investment strategy.

DANPER ALV

FinDev Canada's loan of U.S. $8 million to Danper Agricola La Venturosa will yield job creation, improve environmental management systems and support women's economic participation in Peru's agriculture sector.

For over 25 years, Danper Trujillo and its subsidiaries, have set an example in Peru and Latin America of agricultural best practices, continuous improvements in efficiencies, and social and environmental leadership.

FinDev Canada's loan to Danper ALV is the second transaction to qualify for the 2X Challenge: Financing for Women.

4.3.5 TECHNOLOGY

FinDev Canada seeks to unlock new opportunities by deploying innovative technology. To this end, it has developed a digital roadmap that articulates strategic objectives and proposes technology options to achieve them. These objectives are underpinned by a set of principles that provide direction on how to position FinDev Canada as a "DFI for the Future," with a focus on promoting digital, data-enabled business models and use of technology as a tool to scale up businesses.

STRATEGY AND IMPLEMENTATION

FinDev Canada will implement its technological solutions in order to improve its own effectiveness and connectivity with clients, and to identify technology-based initiatives that lead to greater development impact. The digital roadmap provides general direction on how FinDev Canada intends to use technology in order to:

- Inform investment decisions and financial intermediation approaches with appropriate "big data";
- Support product innovation with technology and data-enabled risk mitigation tools;
- Use digital platforms to collect data, mobilize investors and reduce market inefficiencies; and,
- Apply advanced data analytics and visualization methods for impact monitoring and measurement.

In 2019, FinDev Canada created the position of Digital Officer. Once filled, this role will lead FinDev Canada's ambitious digital roadmap and implementation plan, drawing where appropriate from the information technology (IT) platform and expertise of EDC.

In the short-term, the goal is to establish the infrastructure and expertise required for enterprise and investment operations. This includes, but is not limited to, an investment platform for its deal pipeline and management, productivity tools for communication and basic analytics. It will also conduct a benchmarking exercise to understand technology best practices of other DFIs and peer institutions.

FinDev Canada's medium-term priorities will focus on building integrated systems that capture and leverage data in support of business objectives. It will pursue efforts to harness big data and advanced analytics through various platforms and by developing impact measurement models and tools for its clients.

THOUGHT LEADERSHIP

FinDev Canada also aims to show its leadership in the DFI space by creating a community of practice. Throughout the planning period, it will continue to develop partnerships with peers, academia, and digital innovators in the private sector, and connect stakeholders with converging interests.

In April 2019, FinDev Canada co-hosted with Swedfund (Swedish DFI) the Development Finance and Technology Roundtable in Washington D.C. It brought together technology companies, venture capitalists, DFIs, MDBs, IFIs and research institutions to explore ways to harness new and disruptive technologies in furtherance of the SDGs. With clear action points[21] - listed below, the Roundtable laid the foundation for further dialogue.

21 Runde, Daniel F. & Bandura, Romania & Ramanujam, Sundar R. Center for Strategic and International Studies Policy Brief, *The Role of Development Finance Institutions in Enabling the Technology Revolution*. Center for Strategic and International Studies Policy Brief: June, 2019. https://csis-prod.s3.amazonaws.com/s3fs-public/publication/190617_RundeRominaRamanujam_DFI_v3.pdf

- Resetting DFIs' vision and strategy in the technology space.
- Helping countries invest in the fundamentals: building regulatory frameworks, strengthening government capacity, and developing capital markets.
- Supporting local efforts that can bring solutions to scale.
- Engaging with venture capital and impact investors.
- Filling the "early growth" funding gap for innovative businesses.

Building on these efforts, over the planning period, FinDev Canada and its partners will continue to pursue thought leadership initiatives.

Figure 9: Highlights from the Development Finance and Technology Roundtable in Washington D.C., April 2019. Bottom-left: Suzanne Gaboury, FinDev Canada's CIO, Hon. Peter Eriksson, Swedish Minister for International Development Cooperation, Maria Hakansson, Head of Swedfund and Paul Lamontagne, Head of FinDev Canada.

4.4 PARTNERSHIPS

4.4.1 RELATIONSHIP WITH GOVERNMENT OF CANADA

Throughout the planning period, FinDev Canada will continue to strengthen its relationship with GAC to ensure that the various programs available across the government community build on their respective strengths and capabilities. This will include developing joint solutions to address the financing challenges for businesses in low income countries and support for businesses that are typically underserved, such as women-owned companies or first-time fund managers. GAC's ability to deploy concessional or grant-based resources can be an important complement to FinDev Canada's commercial expertise and offering. For the first time, Canada is able to offer comprehensive solutions spanning the entire spectrum of financing needs.

With experienced employees, a growing deal pipeline, and the international relationships it has built, FinDev Canada is well-positioned to deliver unique value as a recognized centre of development finance expertise within Government and the country.

4.4.2 ENGAGING THE STAKEHOLDER COMMUNITY

As a new organization in the Canadian development assistance landscape, it is important for FinDev Canada to establish strong ties with the stakeholder community, in Canada and abroad. Building on the consultations and outreach conducted over the past two years, FinDev Canada will strengthen its presence with the community through a variety of initiatives and channels.

ADVISORY COUNCIL

FinDev Canada's Advisory Council was created in the spring of 2018. It has since been expanded to 9 members, with a target of 10 members in 2020.The Council has met several times and plays an important role in FinDev Canada's activities. The deep and diverse expertise of its members is a valued addition to management's and to the Board of Directors'.

The Council provides its views and feedback on topics that are core to FinDev Canada's operations and values. In 2019, it participated in a joint strategy session with the Board of Directors to set the basis of FinDev Canada's 2020-2024 strategy, and a similar session is planned in 2020.

The Council has had the opportunity to review and provide input into FinDev Canada's development impact framework, its gender strategy and its Environmental and Social assessment practices, among other topics. In 2020, we will continue to solicit the views of the Council through formal meetings and informal engagement on specific issues.

CANADIAN BUSINESS COMMUNITY

While FinDev Canada does not have an obligation to consider Canadian commercial interests in the transactions it supports, it is interested in building relations and partnerships with Canadian businesses with which it has converging interests. As such, FinDev Canada will focus on industry sectors that match Canadian capabilities.

Throughout the planning period, FinDev Canada will explore opportunities to leverage Canadian expertise in specific transactions or initiatives and engage with businesses and associations active in areas where it sees significant potential for collaboration. This includes cleantech, financial services and agricultural technology industries. FinDev Canada will focus particularly on building relationships with Canadian businesses already present in developing markets with a strong understanding of the local social, technological and economic implications of their activities, and proponents of technologies that have the potential to significantly and durably create positive outcomes in the markets where they are deployed.

FinDev Canada will also increase collaboration with Canadian institutions such as the International Development Research Centre (IDRC), with which it is exploring potential secondments and shared office space.

FinDev Canada is also an active member of the Canada Forum for Impact investment and Development (CAFIID) and is committed to helping to increase the flow of Canadian capital going to investing for impact in emerging and frontier markets.

INSTITUTIONAL INVESTORS

As noted, FinDev Canada seeks to build strong collaborative relationships with Canadian institutional investors in order to mobilize financial capacity. FinDev Canada is, for instance, exploring opportunities to collaborate with the Investors Leadership Network (ILN), an initiative of leading G7 institutional investors.

5.0 STRATEGY & OPERATIONS- BUILDING A MORE EFFECTIVE DFI

5.1 RISK MANAGEMENT

Risk Management is a critical function of a financial institution, particularly those that operate in challenging markets. In 2018, FinDev Canada drew from EDC's experience to establish an initial risk management framework, which allowed it to operate with clear processes and guidelines and, in 2019, it formed an internal Risk Management Team. In 2020, it will focus on further embedding risk management best practices throughout the corporation, while continuing to leverage EDC's experience.

FinDev Canada has organized itself along the Three Lines of Defence model, which represents a best practice in the financial industry. The model provides for a clear identification of roles and responsibilities along the entire business lifecycle, with clear decision-making principles and specializing between functions.

In 2020, the focus of the Risk Management team will be to:

- Complete the implementation of the "second line of defence" framework, as well as the capital management activities and reporting that provide a sound base for decision-making;
- Review and adjust as required, the governance established in the first 18 months of operation around risk management decisions, such as the functioning of the credit committee;
- Review the existing Risk Management Policy framework and consider its update and expansion; and,
- Ensure adequate procedures and guidelines are in place to support the application of existing policies.

The Risk Management team will work with other departments within FinDev Canada to strengthen the connection between the risk management practice and other internal functions, taking a more proactive role in areas such as Monitoring and Evaluation.

5.2 TRANSPARENCY & DISCLOSURE

Since inception, FinDev Canada has employed a high level of transparency and stakeholder engagement.

FinDev Canada endeavours to provide stakeholders information of its transactions prior to signing. Disclosure of transactions under consideration are posted on FinDev Canada's website 30-days prior to signing, giving stakeholders sufficient time to be made aware of FinDev Canada's pipeline and to raise any concerns. Similarly, summaries of transactions with additional details on environmental, social and governance practices, and development impacts are published after signing, which FinDev Canada will continue to do moving forward.

5.3 ENVIRONMENTAL, SOCIAL & GOVERNANCE PRACTICES

FinDev Canada follows a stringent set of international standards to conduct its Environmental, Social and Governance (ESG) activities, notably the International Finance Corporation's Performance Standards for Environmental and Social Sustainability. FinDev Canada relies on EDC to provide the necessary expertise, taking into account its considerable experience in this space.

FinDev Canada applies rigorous screening to every transaction it supports. ESG assessments of all transactions are critical to not only identify risks, but also to surface opportunities to work with clients to improve their practices in these areas, and by extension to improve their development impacts. Environmental and Social Action Plans (ESAPs) are included in transactions wherever relevant, setting objectives that customers are committed to meet.

FinDev Canada's ESG practice will continue to evolve, to ensure that it is on par with international best practices, through continued engagement with other DFIs, as well as the stakeholder community. After 18 months of operations, the corporation is conducting a review of the interim policy adopted in the fall of 2017, prior to the start of its operations. In the summer of 2019, it engaged an external service provider to recommend areas where the policy can be updated based on market practices and trends in the field. A revised policy is expected to be implemented in early 2020 to include a clear framework for decision-making and reflect a high standard among its peer organizations.

This policy will complement the Development Impact Framework and constitute with it a comprehensive set of standards, objectives and tools that will guide FinDev Canada's decision-making in fulfilling its core mandate and aspiration: generating positive development outcomes in target markets.

5.4 AN EFFECTIVE SHARED SERVICE MODEL

The current organizational model was designed to effectively leverage EDC's capabilities for core corporate services, provide FinDev Canada with autonomy in its customer-facing activities and optimize its ability to deliver on its mandate, while avoiding confusion of identity in the market between the activities of EDC and of its new subsidiary. Designed during the pre-launch phase, this model will evolve with FinDev Canada's growth and the expansion of its business activities throughout the planning period.

In 2020, FinDev Canada will focus on scaling-up business-related services to accompany the growth of its transaction pipeline. Key considerations will be the availability of a service from EDC, the possibility to customize it to FinDev Canada's specific needs, and the implication of delivering such service on its resources.

If FinDev Canada opts to use the services of a third party, it will do so in full transparency.

FinDev Canada anticipates that the demand for services from EDC will remain fairly stable, as FinDev Canada builds its own capabilities to accompany its growth. Transaction-related functions will be built up within the FinDev Canada team, while general corporate services will continue to be delivered by EDC for the foreseeable future.

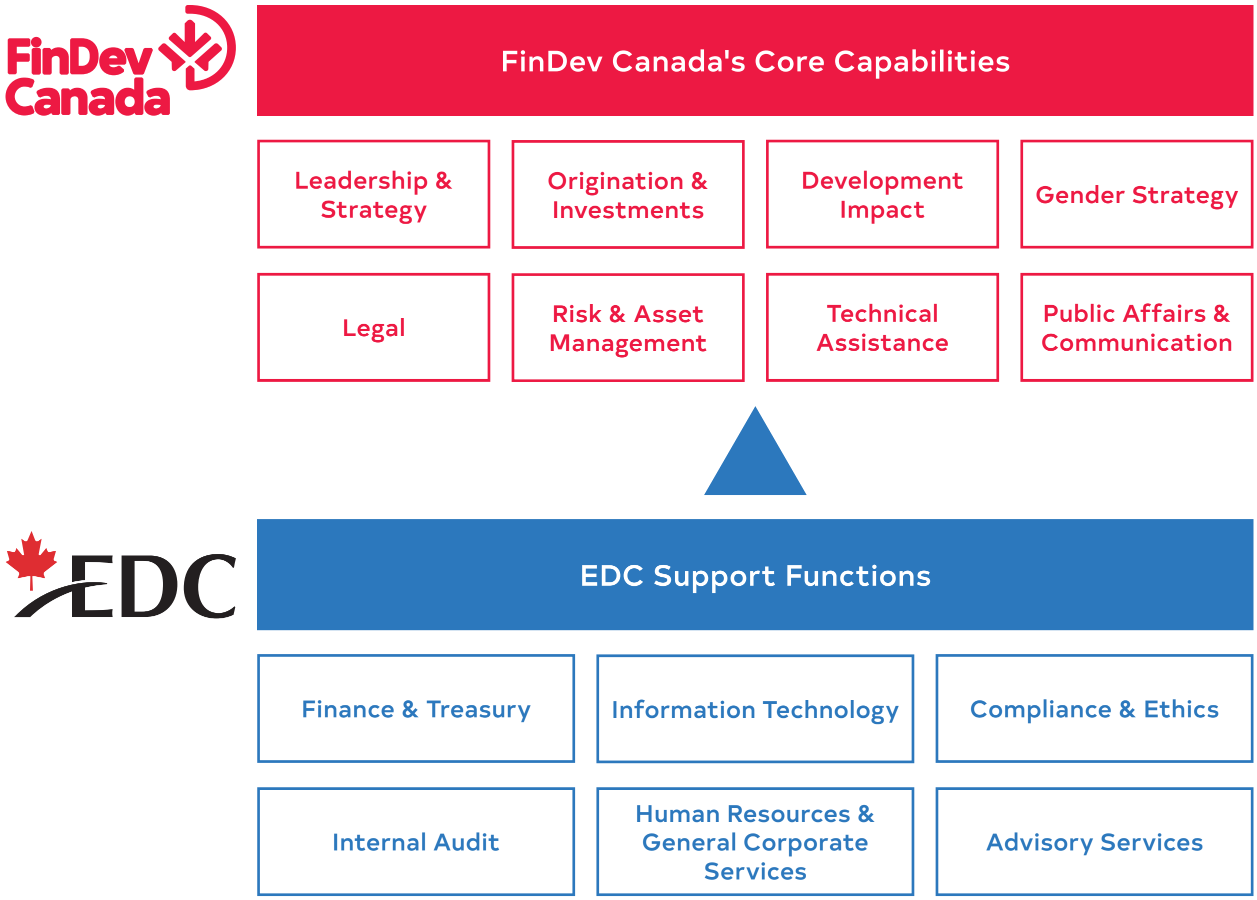


Figure 10: Shared services model

5.4.1 A TAILORED BOARD OF DIRECTORS

Over 2018 and 2019, EDC appointed new members to FinDev Canada's Board of Directors. With expertise across all areas of activity of the corporation, the Board is tailored to the needs of FinDev Canada and well positioned to support planned growth over the next few years. With six of its Directors also serving on EDC's Board and the Managing Director, an additional four have been appointed, two of whom are based in Africa, bringing first-hand experience of the development finance needs of the region. (Please see Appendix 1).

5.4.2 A CULTURE OF EXCELLENCE

FinDev Canada's success lies in the ability of its people to deliver on its ambitious agenda. In 2019, the organization underwent considerable growth, hiring seasoned professionals with expertise and experience from diverse horizons across all its functions. A number of additional hires will take place in 2020, albeit at a lesser pace, to staff critical positions and help the organization grow and diversify.

In 2020, FinDev Canada will also develop individualized training plans and institute succession plans, to create an enabling environment and ensure the corporations' resilience.

In its first year of operations, FinDev Canada created and embraced a culture of respect, collaboration and innovation. Throughout the planning period, it will continue to ensure this culture is embedded throughout all aspects of the organization.

5.5 CONTINUE TO BUILD FINDEV CANADA BRAND

As mentioned in the 2019-2023 Plan, under "*Inclusive business for a Sustainable Future*", the FinDev Canada brand will continue to be synonymous with transparency, credibility, collaboration and inclusion. Moving forward, FinDev Canada will continue with these efforts through:

- Client centricity: FinDev Canada will highlight its clients' work by sharing impact reports and through storytelling.
- Thought leadership: FinDev Canada will focus on creating rich, educational, and dynamic content, to increase awareness about FinDev Canada and the development finance space in general, and to target new players.
- Innovative content on the issues important to the organization: through innovative tools and content, FinDev Canada will start the conversation on issues such as women's economic empowerment and climate change mitigation, in order to identify solutions and position FinDev Canada as a leader in the field.

In the past year, through traditional and social media, FinDev Canada has been connecting with clients, partners, peers and various stakeholders, enabling the organization to:

- Demonstrate transparency by communicating events and transaction;
- Gain visibility with potential partners that can help amplify FinDev Canada's impact; and,
- Give its clients more exposure with potential investors and partners, by communicating their stories.

In 2020 and throughout the planning period, FinDev Canada will continue to leverage these channels. FinDev Canada will also enhance its website to create a more interactive, informative and dynamic platform for its stakeholders.

5.6 PATH TO FINANCIAL SUSTAINABILITY

FinDev Canada has a mandate from the Government of Canada to become financially self-sufficient. While no specific timeline was set to achieve a financial break even, management is focused on balancing its key priority – to generate meaningful impact in its markets – while ensuring it reaches financial sustainability in a reasonable period.

6.0 MEASURING SUCCESS

FinDev Canada's 2020 corporate scorecard will encourage progress towards its objectives by driving behaviours and corporate decisions, utilizing four elements:

- A Development Impact Framework: ongoing projections and monitoring of the impact performance indicators continue to be a key element of the scorecard, these have been further defined into short-term and long-term goals;
- The ability to mobilize other investors, particularly from the private sector;
- Financial sustainability; and,
- Client satisfaction.

6.1 IMPACT MANAGEMENT

A full-cycle approach to portfolio impact performance has been established in alignment with the Development Impact Framework. This incorporates a variety of indicators that can be assessed at various points in the transaction and portfolio lifecycle.

As FinDev Canada tests its impact assessment tools with its pipeline transactions, the impact scores can be compared between sectors, geographies, and business models, giving new insights into how to refine the tools to provide the best estimates of development outcomes during the ex-ante process.

Additionally, FinDev Canada has established initial client data collection and monitoring tools and in 2020, it will explore additional technology solutions to effectively monitor and report on the qualitative and quantitative development impact of our investments.

It has selected impact performance indicators, informed by the global indicator framework for the SDGs and targets of the 2030 Agenda for Sustainable Development,[22] to guide management on progress toward its development impact goals, which it will monitor regularly and report back on annually. A snapshot of these impact indicators is provided below.

Impact Goal	Selection of Key Performance Indicators tracked	Measure
MARKET DEVELOPMENT	Direct permanent jobs supported	# FTEs
	Direct economic value-add (expenses on salaries, taxes, local procurement etc.)	$ M
	SMEs financed	# companies
WOMEN'S ECONOMIC EMPOWERMENT	Women-owned companies financed	# companies
	Women in senior leadership	# women
	Direct permanent jobs for women	# FTEs
	Access to services/tools	# women
ENVIRONMENT & CLIMATE	Net CO_2 emissions avoided	Tons/yr.
	Renewable energy produced	MWh/yr.
	Waste reduced	Tons

As a DFI leading on Women's Economic Empowerment, FinDev Canada is committed to contribute to the 2X Challenge.

22 UN General Assembly. *Work of the Statistical Commission pertaining to the 2030 Agenda for Sustainable Development*. UNGA:2017. http://ggim.un.org/documents/A_RES_71_313.pdf

6.2 MOBILIZATION

Based on industry best practices, FinDev Canada is developing a methodology to measure its ability to mobilize investments. Once a methodology is in place, FinDev Canada will be able to set more specific targets, and refine the initial stated goal of a one-to-one mobilization ratio over time. As FinDev Canada grows and gains experience, this target will be adjusted to reflect the realities of the markets where it operates and the type of instruments that the corporation intends to deploy.

6.3 CLIENT CENTRICITY

Client feedback is critical. As such, FinDev Canada will implement a system to measure client satisfaction, including the likelihood that they would recommend working with FinDev Canada. This client feedback mechanism will allow FinDev Canada to better understand its clients' needs and identify ways to refine its service offering to attract more clients.

Drawing on EDC's experience and on industry practices, work is currently underway to establish a methodology for collecting client feedback.

7.0 FINANCIAL OVERVIEW

7.1 SUMMARY

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

- FinDev Canada is initially being funded by capital injected by its parent company, Export Development Canada (EDC). An injection of $100 million occurred in 2018. Further injections of $100 million are planned for 2019 and 2020.
- The financial statements in this plan cover the years 2019, 2020 and 2021. The years 2022, 2023 and 2024 are shown with nil amounts. While normally included in a corporate plan, the financial information for these years is currently unavailable. The reasons for the unavailability of this information are as follows (as per Section 5 of the *Crown Corporation Corporate Plan, Budget and Summaries Regulations* (SOR/95-223)):
    - the Government of Canada planned the capitalization of $300 million to be within the first five years of operation;
    - the Government of Canada expressed an intention to do a review of FinDev Canada within the first five years of operation;
    - the years 2022, 2023 and 2024 fall outside this five year period, and as a result, once this review is complete, it will inform the future funding strategy for FinDev Canada and subsequent Corporate Plans will reflect this approach.
- FinDev Canada is projecting a net loss of $13 million in 2019. In its early years of operation, FinDev Canada is concentrating its efforts on building up its capabilities and market presence, and progressively building a portfolio that meets its impact goals. The profile of transactions that match FinDev Canada's strategy also do not typically generate strong revenue streams at an early stage.
- Loans receivable are projected to grow to $258 million by 2021.
- Investments are projected to be $50 million in 2019 and are expected to grow to $184 million by 2021.
- FinDev Canada expects to have consumed the $300 million capital injection from EDC by the end of 2020. To support its continuing growth, FinDev Canada intends to borrow from EDC in the years up to and including 2021. FinDev Canada currently forecasts to borrow $3 million in 2020. Borrowings at the end of 2021 will total $181 million.

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

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

7.2 KEY BUSINESS ASSUMPTIONS

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

BUSINESS 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)	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 TBD	2023 TBD	2024 TBD
Business Volume								
Lending	-	50	100	132	151			
Investments	30	50	63	67	81			
	30	100	163	199	232			

2019 FORECAST

The 2019 lending and investments business volume is projected to be $163 million, which is higher than the $100 million forecast in the 2019 Corporate Plan. The increase is due to greater business development efforts that have been underway since the beginning of the year, coupled with the expansion of the corporation's operational capacity.

2020 TO 2021

FinDev Canada is projecting growth in business volume in the lending and investments program of 17 per cent between 2020 and 2021, as market awareness of FinDev Canada increases and early business development efforts continue to deliver benefits.

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 its high-impact strategy. The risk profile of the financing portfolio is one of the key drivers of both the provision for credit losses and capital demand for credit risk.

FOREIGN EXCHANGE

The Financial Plan uses a month-to-date average rate as the U.S. dollar foreign exchange rate assumption for the remainder of 2019 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 June 2019, is U.S. $0.75.

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.

8.0 APPENDICES

APPENDIX 1: STATEMENT OF PRIORITIES AND ACCOUNTABILITIES

Pursuant to the *Export Development Act* (ED Act), the Minister of International Trade Diversification, 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 (2020 SPA).

APPENDIX 2: CORPORATE GOVERNANCE STRUCTURE

Established under the *Canadian Business Corporations Act* (CBCA), FinDev Canada is governed by an independent Board of Directors, appointed by EDC's Board of Directors. FinDev Canada's newly appointed gender-balanced Board is composed of some of EDC Board of Directors, the Managing Director, as well as independent members with expertise and experience regarding the facets of its business and markets.

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

Figure 11: FinDev Canada's Board of Directors from top left: Mairead Lavery, Mimi Alemayehou, Pierre Boivin, Albert Essien, Anne Gaboury, Karna Gupta, Paul Lamontagne, Elliot Lifson, Karen MacWilliam, Andrea Stairs Krishnappa and Jeffrey Steiner.

In consultation with the Ministers of International Trade Diversification and International Development, FinDev Canada created an Advisory Council composed of individuals with expertise in development and development finance. The Advisory Council was first convened in the spring of 2018.

The Council will not be involved in operational, transactional, governance or staffing matters. Its duties are solely advisory in nature—to act as a sounding board in the formulation of some of the procedures and policies of FinDev Canada.

The Advisory Council will convene annually for a strategic planning session with FinDev Canada's Board.

Figure 12: FinDev Canada's Advisory Council members from top left: Margaret Biggs, Debby Carreau, Piers Cumberlege, Daniele Henkel, John Hendra, Joan Larrea, Boris Martin, Khalil Shariff and Kim Thomassin.

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

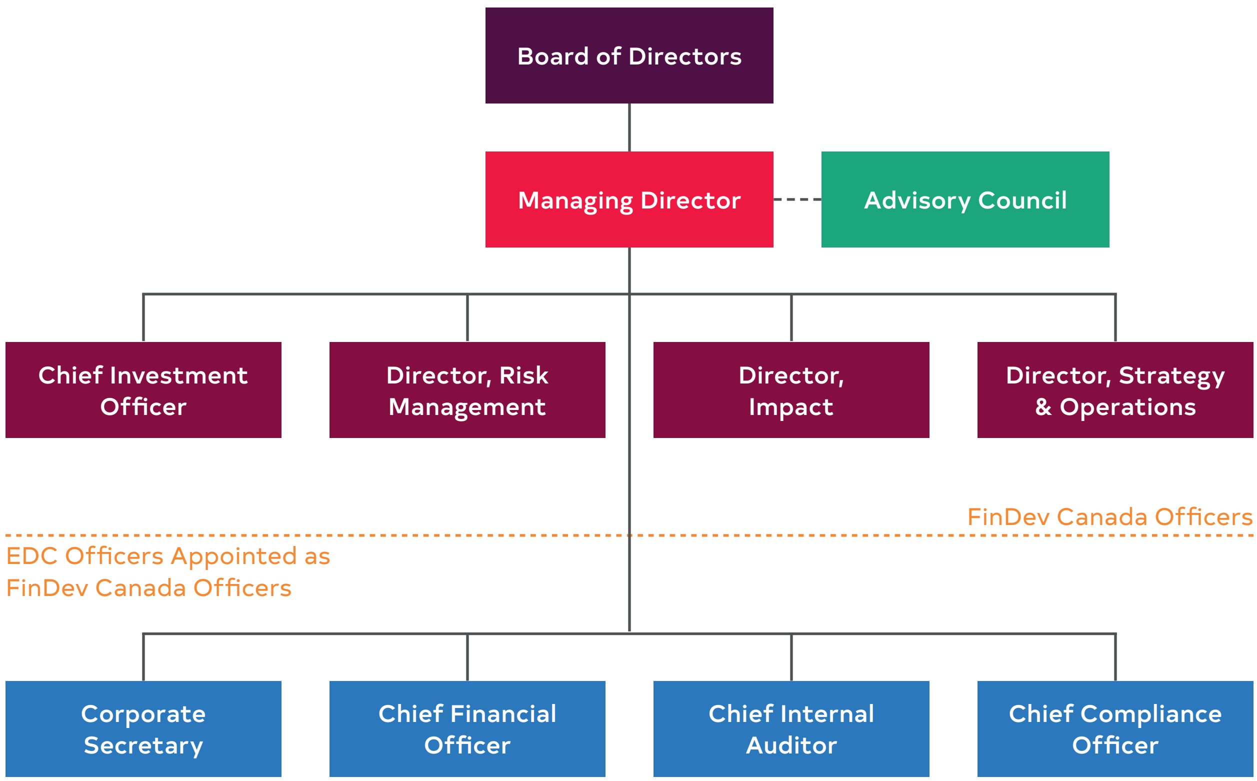


Figure 13: FinDev Canada's Managerial and Organization Structure

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 Managing Director, I have reviewed the financial projections provided in FinDev Canada's 2020-2024 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 2020-2024 was approved by FinDev Canada's Board of Directors on October 25th, 2019.

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

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

October 25, 2019

APPENDIX 4: FINANCIAL STATEMENTS AND BUDGETS

4.1 FINANCIAL STATEMENTS AND NOTES

STATEMENT OF COMPREHENSIVE INCOME

Table 2: Projected Condensed Statement of Comprehensive Income

for the year ended December 31 (in millions of Canadian dollars)	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 TBD	2023 TBD	2024 TBD
Financing and Investment Revenue:								
Loan	-	1	1	8	15			
Marketable securities	1	2	1	1	-			
Total financing and investment revenue*	1	3	2	9	15			
Interest expense	-	-	-	-	2			
Net Financing and Investment Income	1	3	2	9	13			
Other (Income) Expense	1	-	(1)	-	-			
Administrative Expenses	8	15	13	15	16			
Provision for Credit Losses	-	2	3	4	8			
Net Income (Loss)	(8)	(14)	(13)	(10)	(11)			
Other Comprehensive income	-	-	-	-	-			
Comprehensive Loss	(8)	(14)	(13)	(10)	(11)			

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

2019 FORECAST

FinDev Canada is forecasting a net loss of $13 million for 2019, which is aligned with the 2019 Plan.

2020 CORPORATE PLAN

FinDev Canada is forecasting a net loss of $10 million in 2020. Although it is forecasting $9 million of net financing and investment income, this revenue will be offset by administrative expenses and provision for credit losses.

STATEMENT OF FINANCIAL POSITION

Table 3: Projected Condensed Statement of Financial Position

as at December 31 *(in millions of Canadian dollars)*	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 TBD	2023 TBD	2024 TBD
Assets								
Cash	3	2	2	2	2			
Marketable securities	77	48	56	-	-			
Loans receivable	-	50	68	160	258			
Allowance for losses on loans	-	(2)	(3)	(6)	(12)			
Investments	16	72	50	111	184			
Other assets	-	-	2	2	2			
Property, plant and equipment	1	1	1	1	1			
Intangible assets	-	1	1	1	2			
Building under finance lease	-	2	2	1	1			
Total Assets	97	174	179	272	438			
Liabilities and Equity								
Accounts payable and other credits	1	-	-	-	-			
Owing to Export Development Canada	6	-	-	3	181			
Obligation under finance lease	-	2	2	2	1			
Total Liabilities	7	2	2	5	182			
Equity								
Share capital	100	200	200	300	300			
Deficit	(10)	(28)	(23)	(33)	(44)			
Total Equity	90	172	177	267	256			
Total Liabilities and Equity	97	174	179	272	438			

2020 CORPORATE PLAN

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

Investments are projected to reach $111 million in 2020 and are expected to grow to $184 million by 2021. Loans receivable in 2020 are expected to reach $160 million.

FinDev Canada expects to have consumed the $300 million capital injection from EDC by the end of 2020. To support its continuing growth, FinDev Canada intends to borrow from EDC up to and including 2021. FinDev Canada currently forecasts to borrow $3 million in 2020. EDC will engage in any borrowing, investing and hedging activities on behalf of FinDev Canada.

STATEMENT OF CHANGES IN EQUITY

Table 4: Projected Condensed Statement of Changes in Equity

for the year ended December 31 *(in millions of Canadian dollars)*	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 TBD	2023 TBD	2024 TBD
Share Capital	100	200	200	300	300			
Retained Earnings								
Balance beginning of year	(2)	(14)	(10)	(23)	(33)			
Comprehensive loss	(8)	(14)	(13)	(10)	(11)			
Balance end of year	(10)	(28)	(23)	(33)	(44)			
Total Equity at End of Year	90	172	177	267	256			
Return on Equity	-18.2%	-10.9%	-9.7%	-4.5%	-4.2%			

STATEMENT OF CASH FLOWS

Table 5: Projected Condensed Statement of Cash Flows

for the year ended December 31 *(in millions of Canadian dollars)*	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 TBD	2023 TBD	2024 TBD
Cash Flows from (used in) Operating								
Net loss	(8)	(14)	(13)	(10)	(11)			
Adjustments to determine net cash from (used in) operating activities								
Provision for credit losses	-	2	3	4	8			
Change in accrued interest and fee receivable	-	-	(1)	(1)	(1)			
Other	-	-	1	3	(1)			
Loan disbursements	-	(50)	(70)	(92)	(104)			
Loan repayments	-	-	-	1	5			
Net cash used in operating activities	(8)	(62)	(80)	(95)	(104)			
Cash Flows from (used in) Investing								
Disbursements for investments	(16)	(46)	(34)	(61)	(73)			
Receipts from investments	-	-	-	-	-			
Purchases of marketable securities	(83)	(87)	(90)	(70)	-			
Maturities of marketable securities	55	113	83	102	-			
Purchases of property, plant and equipment	(1)	-	-	-	-			
Purchases of intangible assets	-	(1)	(1)	-	(1)			
Net cash used in investing activities	(45)	(21)	(42)	(29)	(74)			
Cash Flows from (used in) Financing								
Increase (decrease) in amount due to EDC	4	-	(6)	3	178			
Issuance of share capital	100	100	100	100	-			
Net cash from financing activities	104	100	94	103	178			
Net increase (decrease) in cash and cash	51	17	(28)	(21)	-			
Cash and cash equivalents								
Beginning of year	-	9	51	23	2			
End of year	51	26	23	2	2			
Cash and cash equivalents are comprised of								
Cash	3	2	2	2	2			
Cash equivalents included within marketable	48	24	21	-	-			
	51	26	23	2	2			

ACCOUNTING POLICIES AND FUTURE ACCOUNTING CHANGES

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

AMENDED AND EVOLVING STANDARDS

The International Accounting Standards Board (IASB) does not have any projects underway that will affect the standards relevant to FinDev Canada.

CAPITAL MANAGEMENT

CAPITAL ADEQUACY POLICY (CAP)

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

4.2 OPERATING BUDGET AND NOTES

ADMINISTRATIVE EXPENSES

Table 6: Projected Administrative Expenses

(in millions of Canadian dollars)	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 TBD	2023 TBD	2024 TBD
Salaries and benefits	2.0	5.1	4.7	6.3	6.5			
Professional services	1.9	2.8	2.1	3.0	3.0			
Administration costs	2.2	3.5	1.7	2.0	2.1			
Marketing and communications	0.7	0.7	0.7	1.0	1.0			
Travel, hospitality and conferences	0.5	0.9	1.0	1.3	1.3			
Other	1.1	1.6	2.5	1.7	2.1			
Total administrative expenses	8.4	14.6	12.7	15.3	16.0			

2019 FORECAST

Administrative expenses are expected to be $1.9 million lower than projected in the 2019 plan due to revised assumptions relating to the chargeback of EDC salaries and benefits for supporting FinDev Canada.

2020 PLAN

FinDev Canada is targeting administrative expenses of $15.3 million for 2020. Items of significance in the administrative expense projections for 2020 and beyond are as follows:

a) Salaries and benefits are projected to increase as new employees are hired to support FinDev Canada's business.

b) Professional services are expected to grow in 2020, driven primarily by consulting and legal fees related to increasing business volume.

Table 7: Travel and Hospitality Expenses

(in thousands of Canadian dollars)	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 TBD	2023 TBD	2024 TBD
Travel	435	770	907	1,190	1,214			
Hospitality	35	35	45	43	43			
Conferences	7	100	57	57	58			
Total	477	905	1,009	1,290	1,315			

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

(in thousands of Canadian dollars)	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 TBD	2023 TBD	2024 TBD
Total travel, hospitality and conferences	477	905	1,009	1,290	1,315			
Total administrative expenses	8,427	14,608	12,703	15,332	15,997			
Travel and hospitality as a % of total administrative expenses	5.7%	6.2%	7.9%	8.4%	8.2%			

4.3 CAPITAL BUDGETS AND NOTES

CAPITAL EXPENDITURES

Table 9: Projected Capital Expenditures

(in millions of Canadian dollars)	2018 Actual	2019 Plan	2019 Fcst	2020 Plan	2021 Plan	2022 TBD	2023 TBD	2024 TBD
Facilities	0.5	0.1	0.1	0.1	0.1			
Information technology	0.1	0.7	0.7	0.7	0.7			
Total capital expenditures	0.6	0.8	0.8	0.8	0.8			

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

Capital expenditures for information technology are projected to be $0.7 million for purchases and enhancements of required technology in 2019 and 2020.

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

APPENDIX 5: BORROWING PLAN

BORROWING AUTHORITY

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

BORROWING STRATEGY

FinDev Canada plans to borrow $3 million from EDC in 2020 and $178 million in 2021. EDC Treasury will leverage its expertise to undertake all borrowing, investing, hedging and foreign exchange activities on behalf of FinDev Canada.

APPENDIX 6: COMPLIANCE WITH LEGISLATIVE AND POLICY REQUIREMENTS

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

FinDev Canada's suite of policies are, among other business objectives, designed to address the legislative and policy requirements that are relevant to its operations. Furthermore, EDC systematically monitors new bills that are tabled in Parliament to ensure that EDC and FinDev Canada are prepared for continued compliance with any new federal requirements.

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

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

- The 2008 directive instructing EDC to give due consideration to the personal integrity of those they lend to or provide benefits to is in accordance with Government's policy to improve the accountability and integrity of federal institutions;
- The directive issued in July 2015 to EDC and other federal crown corporations to align their travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations. FinDev Canada will report on a regular basis on its travel and hospitality through the Corporate Plan and Annual Report.
- The directive, issued in 2014, requiring a number of Crown corporations to implement pension plan reforms. All employees of FinDev Canada are employees of EDC seconded to its subsidiary, and therefore fall under the same Human Resources management practices. EDC supports the principles underlying the directives and has taken action to implement the spirit and intent of these reforms such as increases to employee contributions in the Defined Benefit plan and a later age of retirement for Defined Contribution employees hired since 2015. Additional details on the implementation of this directive can be found in EDC's Corporate Plan.

APPENDIX 7: GOVERNMENT PRIORITIES AND DIRECTION

TRANSPARENCY AND OPEN GOVERNMENT

FinDev Canada is committed to establishing relationships based on trust and accountability, including accurate and timely disclosure of information. A Transparency & Disclosure Policy (the Policy) was a critical deliverable prior to the launch of FinDev Canada. It was approved by its Board in December 2017, prior to beginning its business activities. FinDev Canada will continue to evolve and build on this policy as its activities and the complexity of its organization grow.

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

In addition to the disclosure of transaction information, FinDev Canada also makes certain information publicly available on its website, including:

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

GENDER-BASED ANALYSIS PLUS

Gender equality is at the core of FinDev Canada's priorities. This applies both to its activities as a development finance institution and to its own corporate practices. As is outlined in the Corporate Plan (see gender equality section above), FinDev Canada will apply a gender lens to all its investments, therefore placing it among leading organizations in this field.

It will also strive to lead by example in its own management practices in matters of gender equality. Its hiring and management practices will create a culture of equal opportunity and advancement (see diversity and employment below).

DIVERSITY AND EMPLOYMENT EQUITY

Diversity and inclusion are fundamental aspects of the business FinDev Canada conducts, in helping businesses in developing countries. These values will be reflected in its corporate practices.

FinDev Canada relies on the support of its parent for its Human Resources management and, as such, benefits from the breadth of experience and the recognized leading practices of EDC as an employer. The recognition of EDC as one of Canada's Best Diversity Employers in 2019 is a testament to its ongoing efforts to strengthen the diversity of its organization over the years.

With a majority of female employees, FinDev Canada's current team reflects a strong openness to gender diversity. As it grows its team, FinDev Canada will seek to increase diversity, by hiring professionals that originate from, or have ties to, the countries in which it operates.

INDIGENOUS ISSUES

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

Development Finance Institute Canada (DFIC) Inc.