2021-2025 CORPORATE PLAN SUMMARY

- OPERATING BUDGET
- CAPITAL BUDGET

EDC

TAKE ON THE WORLD

Canada

TABLE OF CONTENTS

EXECUTIVE SUMMARY

Export Development Canada (EDC) is a financial Crown corporation that provides Canadian companies with the solutions they need, when and where they need them, to go, grow and succeed internationally. Our mandate is to support and develop, directly or indirectly, Canada's export trade and Canadian capacity to engage in that trade and respond to international business opportunities. Our mandate has been amended in 2020 to include domestic support.

The 2021-2025 Corporate Plan marks the first period of a new strategic journey for EDC. Throughout this planning period, we will transform our operations, focus on growing the medium-sized market segment, leverage new ways to reach micro and small companies, provide tailored support to large companies, and modernize our digital capabilities to better meet our customers' needs.

However, this Plan was developed during the COVID-19 pandemic, in the midst of the crisis and starting to look at recovery—and will show that 2020 has been about reacting to the emerging pandemic and developing and refining our response to it. We have shown agility in stretching our business operationally and financially to support Canadian companies. In 2021 and beyond we will focus on economic recovery. As such, this plan will outline how we will identify future sources of business opportunities, while supporting and accelerating the growth of Canadian companies and sectors in the post- COVID-19 economy. Given the challenges of planning in this volatile environment our results could differ materially from our projections.

Beginning in 2021, focus will be placed on helping medium-sized exporters, key drivers of economic growth, scale, diversify, and grow their international trade success. To do this, we will invest in a number of areas including enhancing our digital capabilities. As well, over the planning period, we will be creating and implementing a new digitally enabled operating model for micro and small exporters, our largest customer segment. These, along with our involvement in the pandemic response, will lead to higher administrative expenses and as a result we are projecting an increase in the productivity ratio, which will gradually decline over the Plan period as revenues increase and we realize benefits from our digital investments.

Enhanced collaboration with partners in the private sector and government will be central to our ability to support companies throughout the planning period. The relationships that we have developed and expanded throughout the pandemic response will serve as a springboard for future collaboration.

In 2017, our mandate grew with the creation of Canada's Development Finance Institution (DFI), established as a wholly owned subsidiary of EDC. FinDev Canada's mandate is to provide development financing and technical assistance that is consistent with Canada's international development priorities and the United Nations Sustainable Development Goals. The Government of Canada conducted an operational review of FinDev Canada in the spring of 2020 to assess its operations and provide recommendations for the next phase of its growth. The review provided a strong endorsement of FinDev Canada's mandate. Recommendations from the review will be implemented by 2021. FinDev Canada's 2021-2025 Corporate Plan is included as an Annex to our Corporate Plan.

1.0 OVERVIEW

Canada's prosperity relies on international trade and investment and one in six jobs depend, directly or indirectly, on Canadian trade. However, when compared to our OECD peer group, Canada's trade performance over the last 20 years has been at the bottom of the pack. As globalization brings new players into the global trade system, Canada is losing market share at a faster rate than our OECD peers.

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. The importance of arresting the slide in Canada's trade performance informs our business strategy and planning.

At its heart, EDC is about managing the risks of international business. Our core offering is a set of financial solutions and knowledge products, which give Canadian exporters of all sizes, their supply chains and their bankers, the confidence to move forward with international sales. Our business operates on commercial terms, we do not provide grants or subsidies.

For example, we insure exporters against an international customer's failure to pay, or the disruption of an export contract due to political upheaval overseas. Our bonding and loan guarantees give financial institutions the confidence they need to furnish exporters with working capital or secure the cash flow necessary to pursue international opportunities. We also provide direct financing for deals on international projects.

In 2019, we served almost 17,000 customers. More than 9,000 Canadian companies used one of our financial solutions and another 7,800 customers used at least one of our knowledge solutions. Close to 90 percent of these were small- and medium-sized companies. We helped facilitate $102 billion dollars in Canadian business in 147 countries and contributed to about half-a-million Canadian jobs. For more detailed information on our 2019 corporate performance, please refer to our 2019 Annual Report.[1]

A large portion of our business is delivered in partnership with Canada's banks and private credit insurers. In this regard, EDC is a public sector partner for private sector growth; promoting the success of thousands of Canadian exporters. By working with a range of partners including the Canada's Trade Commissioner Service (TCS), insurance providers, banks and other export-oriented firms, government departments and agencies, business associations, financial institutions and logistics companies, we reach more Canadian companies and accelerate their ability to conduct business abroad.

That is our role under normal circumstances—but current circumstances are far from normal. The spread of the COVID-19 pandemic put the world economy in its most tenuous position since the 2008-2009 financial crisis.

Today, EDC is proud to be part of the Government of Canada's response to the pandemic and its economic consequences. Our seventeen-hundred employees are working hard to find new ways to serve Canadian companies. We have been helped in this by Parliament's decision to grant EDC an expanded mandate, which allows EDC to leverage its full suite of tools in support of all Canadian companies, exporting and domestic.

Our immediate reaction to the crisis was to make our solutions more accessible by expanding our risk appetite. We have introduced more flexibility into our core products such as payment deferrals, disbursing liquidity under previously negotiated credit facilities, and paying insurance claims in advance of the waiting period.

1 https://www.edc.ca/en/about-us/corporate/corporate-reports/2019-annual-report.html

Beyond our core business line, we also collaborated in the design and delivery of two new Team-Canada COVID-19 response programs: The Business Credit Availability Program (BCAP) and the Canada Emergency Business Account (CEBA). These and our credit insurance programs are examples of our counter-cyclical nature—when crises threaten liquidity and elevate risk beyond the tolerances of other market players, we lean in, mitigate risk and deliver liquidity. Due to these unique circumstances, we delivered at a speed required by business during the pandemic to more small- and medium-sized companies than ever before.

The economic crisis will have a significant impact on our financial results in 2020 where we are projecting higher provisions for credit losses and claims-related expenses stemming from the deterioration in the credit quality within our portfolio as well as assuming increased risk on new BCAP transactions. We are projecting increased business facilitated in 2020 due largely to the BCAP program, with a moderately increasing trend over the Plan period as the response programs wind down and our core international lending business returns to more normal levels. Note that given the challenges of planning in this volatile environment our results could differ materially from our projections.

Looking ahead, we are embarking on a new corporate strategy to support Canada's economic recovery and position Canadian companies for international success in the post COVID-19 economy. We will support and promote Canadian innovation and focus our efforts on each segment of the Canadian economy, to provide for the distinct needs of micro- and small companies and actuating the strengths of those in the medium and large ranges.

We will leverage this expanded approach to risk throughout the pandemic response period in order to ensure that Canadian companies have the tools and knowledge they need to enter new markets, grow their international sales and diversify their businesses.

As we move into recovery, medium-sized companies will be our focus as they will be the catalysts to increase trade. We will consider the unique challenges of this segment in order to develop more targeted tools and solutions to help them drive economic recovery and future prosperity for Canada. To do this, we will evolve and expand our digital offering to increase agility in our response to exporter needs, understanding the importance of digital solutions for the small and micro segments, where agility and flexibility are paramount. Digital improvements will also allow us to better serve large customers and to build upon the advances we have made over the course of the pandemic in reporting on our solutions and the impact they are having on Canadian companies.

At the same time, purposefully focusing on the mid-sized and large companies differently will allow EDC to consider the different sectoral impacts that may be felt by this segment and to develop more targeted tools and solutions. These companies are the drivers of economic recovery and future prosperity. They are also drivers of diversification, and when appropriate, by leveraging the OECD Arrangement together with key sector strategies, EDC will continue to support these companies internationally.

As always, our commitment to Environmental and Social Governance and contributing positively to critical issues such as climate change, human rights and social governance, underscores all of our activities. We aim to be a leader in supporting Canadian companies as we transition to a lower carbon future. We will do so through an ongoing commitment to Canada's energy sector and by helping to drive climate-related disclosure, transition, clean technology and innovation, as Canada works toward achieving net-zero emissions by 2050.

2.0 ENVIRONMENT AND CONTEXT

2.1 GLOBAL ECONOMIC CONTEXT

The global economic context for 2020—and the foreseeable future—will be defined by COVID-19, both in terms of the immediate impact and the long-term implications for recovery and growth. The numbers are stark, with global output forecast to fall by 4.3 percent in 2020, comprised of a 5.5 percent drop in developed markets and 3.6 percent decline in emerging markets.

While our priority was to manage through the initial crisis phases of the economic downturn, there is now strong evidence that most markets have moved out of crisis mode and are into the early stages of recovery. May and June started a return-to-work for many countries and, as momentum builds, so too will demand. Public spending will continue to flow, and most central banks will hold policy interest rates at rock-bottom levels, providing support, and insurance, for the fledgling recovery that will lift the global economy through 2021. However, while next year's expected growth rates may look impressive, they are generally only bringing economies back to pre-COVID levels around the middle of 2021.

For the purposes of financial planning through the pandemic, and for this Corporate Plan, we are using EDC Economics' baseline scenario, developed as part of a forecasting exercise that included "upside" and "downside" scenarios. Highlights of the baseline scenario include:

- a sharp initial rebound resulting from reduced lockdown/social distancing measures, starting first in Asia and then covering the rest of the world;
- after a strong initial rebound due to business re-openings, economic growth is likely to noticeably decelerate, as COVID-19 infection rates may climb again in "second waves", with global growth expected to reach 6.6 percent in 2021 (5.7 percent in the developed world and 7.0 percent in emerging markets).

This baseline scenario reflects a notable impact on consumer sentiment and adjustment in behaviour. As a result, while overall macroeconomic growth recovers, industries that directly put people into close proximity (or are linked to these hardest-hit sectors), such as air travel, tourism, recreation and entertainment, and the hospitality sector, will experience much slower recoveries than the rest of the economy.

Additionally, governments will need to continue relief efforts for much of 2020 and beyond, while central banks will continue to maintain an accommodative approach until economic recoveries fully take hold and become self-sustaining.

Real GDP Growth

Global Economic Outlook (Annual % change)	2019	2020*	2021*
Developed countries	**1.7**	**-5.5**	**5.7**
Canada	1.7	-5.8	5.7
U.S.	2.2	-3.4	4.9
Eurozone	1.3	-7.5	7.0
Germany	0.6	-5.6	6.3
France	1.5	-9.6	8.9
Japan	0.7	-5.6	4.6
Emerging countries	**3.7**	**-3.6**	**7.0**
China	6.1	1.7	9.0
India	3.7	-11.7	16.1
Brazil	1.2	-6.5	4.0
Mexico	-0.3	-10.0	5.9
Total World	**2.9**	**-4.3**	**6.6**

*Note: * denotes the forecast period.*
Source: EDC Global Economic Outlook, October 2020

2.2 CANADIAN ECONOMIC CONTEXT

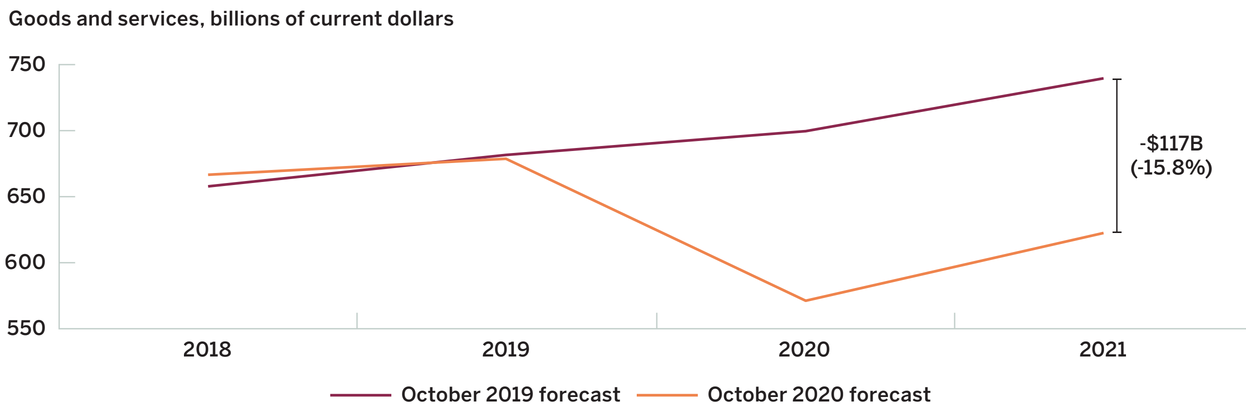
The Canadian economy entered the COVID-19 period facing some challenges. Consumers had low savings rates, high debt ratios, and housing prices appeared to be inflated in certain parts of the country. These dynamics, coupled with our economic reliance on international trade and our exposure to oil prices and other commodities, resulted in a relatively weak outlook for Canada – a forecast decline of 5.8 percent in 2020 and grow by just 5.7 percent in 2021.

The sectoral impact on exports is presented below, with energy, aerospace and automotive suffering the largest declines. The top performing sectors include forestry, consumer goods, agri-food followed by chemicals and plastics.

Unfortunately, 2021 export rebounds are generally not expected to fully offset the 2020 plunges. The strongest growth bounce-back is expected for autos next year. Double-digit export growth is also expected for energy and advanced technology, but crude oil shipments will remain relatively weak, and the prospect of a significant oil price recovery appears remote.

Reflecting a stronger-than-expected bounce back in exports over the summer, EDC now forecasts Canadian exports to fall by 16 percent in 2020 (revised up from the -20 percent expected in June). However, we see exports rising more slowly in 2021, by just 9 percent.

Canadian Export Forecast, Comparison Before COVID-19



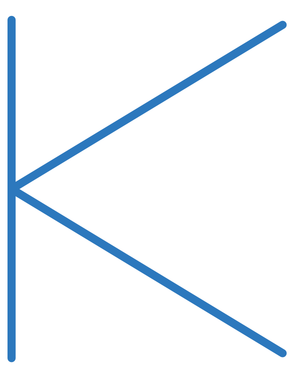
Nominal, annual % change	2019	2020*	2021*
October 2020 forecast	1.8	-15.8	9.0
June 2020 forecast	1.7	-20.3	19.0
Forecast adjustment (ppts)	0.1	+4.5	-10.0

*Note: * denotes the forecast period.*
EDC Global Export Forecasts, October 2019, June 2020, and October 2020

Canadian Export Forecast by Sector

	$Billions, CAD	Share of Canadian Exports (% of total)	Export Growth (nominal annual % change)		
	2019	2019	2019	2020*	2021*
Total Exports	**679**	**100%**	**2%**	**-15.8%**	**9%**
Total services	**134**	**20%**	**4%**	**-17%**	**23%**
Total goods	**545**	**80%**	**1%**	**-15%**	**18%**
Advanced technology	21	3%	6%	-16%	13%
Aerospace	19	3%	5%	-30%	-3%
Agri-food	75	11%	1%	-8%	5%
Automotive	86	13%	4%	-28%	25%
Chemicals and plastics	47	7%	0%	-6%	7%
Consumer goods	22	3%	3%	-4%	6%
Energy	124	18%	1%	-34%	16%
Forestry products	31	5%	-15%	5%	-4%
Industrial machinery and equipment	32	5%	6%	-10%	6%
Ores and metals	81	12%	3%	-10%	9%
Total goods *(excluding energy)*	**400**	**59%**	**1%**	**-10%**	**8%**
Total goods *(excluding energy and autos)*	**314**	**46%**	**1%**	**-5%**	**4%**

Source: EDC Global Export Forecast, October 2020



"K-shaped" Recovery	Sector	Country	Age/Income
	• Big Tech • Retail Tech • Telecom • Agri-food	• Less-indebted • Sovereign Wealth Fund • Growth Sectors	• High Savers • High Net Worth • Baby Boomers
	• Mix • Various	• Mix • Various	• Mid-leveraged • Average Savings • Mid-career
	• Travel • Oil & Gas • Aerospace • Old Retail	• Oil & Gas Producer • Tourism-focused • Trade-dependent • High-debt, Foreign-held & Denominated	• Highly Leveraged • Low Savings • Millennials

However, when we drill down one layer from the base case recovery scenario described in the previous section, we see that there is an underlying "K-shaped" recovery model, whereby the recovery after the quick and sharp fall is divergent, where certain sectors of the economy fare significantly better than others. This contrasts with the more evenly spread, steady return to growth across the economy, something which has previously been the norm following a sharp downturn or recession.

The divergence in the recovery phase presents two trajectories: one for more traditional areas of the Canadian economy (oil and gas, transportation, bricks and mortar retail,) which for a variety of reasons will continue to see poorer prospects for growth; and a second for those sectors poised for growth. In the middle, there is a wide mix of sectors whose prospects over the next 18-24 months remain unclear and which could shift up or down.

Challenges	Opportunities
• Challenging global trade context – global protectionism • COVID-19 shock • Differential sectoral impacts • Multi-year adjustment likely in hardest hit sectors: Aerospace, Autos, Travel and Transportation services, Oil&Gas	• Rebound in many sectors, albeit uneven, by 2021 • Pent-up demand driving early rebound in some retail sectors: Food and Beverage, General merchandisers, Health care retailers • Sectors best weathering the storm include: Agribusiness, Chemicals and Plastics, Ores and Metals, Consumer goods • Interest in technology solutions

2.3 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 13th time, and one of Canada's Best Diversity Employers for 2020 for the third year in a row.

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

- A flexible and broadened mandate that enables us to evolve our solutions to support and develop trade for a diverse range of Canadian companies;
- More than 75 years of business and risk management experience in more than 200 markets;
- International representations in 21 key markets, which allows us to be where our customers are, and where they are going, and leverage relationships with the TCS, international buyers and borrowers;
- A domestic footprint of 22 offices and successful partnerships with Canada's major financial institutions;
- A highly engaged workforce as demonstrated by our 2019 employee engagement survey which places EDC in the top 25 percent of the Canadian public and private sector for engagement and enablement;
- Strong customer satisfaction and loyalty among exporters who have worked with EDC, as demonstrated by a Net Promoter Score in the top 15 percent of North American B2B companies;
- Extensive partnerships with the private sector and government;
- A corporate culture founded on trust, collaboration, accountability, sustainability and a commitment to ethical business and continuous improvement.

Supporting Canada's COVID-19 Response

EDC entered 2020 with many strengths, from our expertise and balance sheet, to our people and partnerships, which left us well-positioned to support the design and delivery of Canada's COVID response plan.

On March 25, 2020, Parliament passed an *Act Respecting Certain Measures in Response to COVID-19*, which included amendments to the *Export Development Act*, broadening EDC's mandate and scope of activity to include increased domestic powers until December 31, 2021. This decision, modelled on the temporary expansion of our domestic powers during the financial crisis in 2008, enables us to provide financing and credit solutions to all Canadian businesses in the domestic market. In deploying this flexibility, we will continue to focus on those areas where it can provide the greatest value.

The objective is to ensure that Canadian companies, including small- and medium-sized firms, the commercial financial sector and private credit insurance providers have access to much needed liquidity in the immediate aftermath of the crisis. In deploying our capacity, we are coordinating and working closely with Business Development Bank of Canada (BDC) and the private sector to ensure that Canadian companies get the solutions they need. Appendix X contains details on our COVID-19 Response.

We have also partnered with Global Affairs Canada, Finance Canada and Innovation, Science and Economic Development on the design of various programs to help companies manage through the initial phase of the crisis and as they transition to recovery and eventually return to growth. By leveraging our understanding of Canadian business and our sector expertise, we have been able to contribute to Canada's efforts in support of companies of all sizes.

Over the course of the pandemic and recovery, we will continue to be guided by our expertise in risk management and 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 and to support the government's response plans. We will continue to leverage the suite of EDC powers to adapt solutions for the specific needs of Canadian companies as part of Canada's COVID response plan.

Opportunities and Challenges

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

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 work to do to align EDC's reporting, data capture, and performance measurement with federal partners, particularly GAC.
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, particularly to the benefit of small and micro enterprises.	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 digital capabilities to engage with these partners.
Canadian Companies	The economic recovery period will see opportunities to serve and support companies of all sizes.	The COVID-19 impacts have been hard on companies of all sizes and recovery timelines are still uncertain. The return to exporting for some companies will be slow, and some will have increased reluctance to engage in exporting.
EDC as Canada's ECA	EDC is a critical tool in the Canadian trade ecosystem to ensure Canadian companies can compete internationally. Our broad range of products sets us apart from other ECAs and has historically positioned us as a 'front runner' for innovation and serving the needs of exporters. There is an opportunity for us as Canada's ECA to support Canadian strategic sectoral interests, by leveraging the terms of the OECD Arrangement, where appropriate, to facilitate and in some cases create trade opportunities for Canadian companies, particularly in the medium and large segments.	EDC demonstrates great leadership among its ECA peers in the areas of anti-bribery and environmental and social due diligence by seeking to raise the bar on ECA due diligence requirements. It will be critical to continue to work with our ECA peers to ensure we are working towards similar goals. In addition, most successful ECAs have a strong alignment with industrial and innovation policy and the export strategies of their respective Governments. This focus enables collaboration and ECAs to strategically increase their risk appetite in targeting areas of national interest and/or opportunity

Internal Environment

	Opportunites and Challenges
Transparency and Reporting	We will invest in our end-to-end data capabilities to enable timely and transparent reporting to our government partners and the public on the variety of support we provide to Canadian companies and how we are delivering results for Canada.
Refocus Customer Needs by Segment	We have added thousands of new clients over the past few years, many of them micro- and small businesses. We noted that their needs are distinct and differing from medium and large companies. This segmentation trend was further developed in our COVID-19 response programs, leading us to reorient our internal business to serve each of these segments more effectively throughout their export journey.
Environmental, Social and Governance (ESG)	We are committed to sustainable and responsible business. As each market presents a unique operating environment, a clear understanding of ESG-related risks can be a challenge for Canadian companies, presenting an opportunity to add value. We have renewed our suite of policies and procedures that guide our sustainability efforts, to ensure they are consistent with best 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. We have an opportunity to be a leader in supporting Canadian companies as they innovate and transition to a lower carbon future. We should focus on driving innovation as Canada works toward achieving net-zero emissions by 2050. In this regard, EDC set a baseline carbon target and there is an opportunity to be increasingly ambitious in limiting our exposure to carbon intensive sectors over the planning period.
Human Resources	Over the planning period, we will continue supporting our employees as they transition from remote work to one that is more hybrid in nature. The unpredictability of COVID-19 means we must be able to reallocate or hire staff quickly, while providing tools, training and support that prioritize wellness within our overall Human Resources Strategy. We need to position the Corporation to deliver on our future strategic objectives, which will require investments in talent and a reorientation of existing resources. Demographic shifts, as well as shifts in the capabilities we will need, will affect our technology requirements and approach to the flexible work environment of the future.
Inclusion, Diversity and Equity (ID&E)	We value and respect the differences among our employees and celebrate the diversity that comes from being a global organization. We are dedicated to ensuring systemic barriers are addressed for employees who are Black or part of traditionally marginalized groups.
Digital	To remain relevant in a global marketplace increasingly shaped by technology, we recognize the need to modernize. We have embarked on a program to assess the health of our current assets with a view to integrate our digital capabilities with our long-term policy objectives and enable efficiency and more transparent reporting. The COVID-19 crisis has underscored the need to become truly digital to: increase speed and volume of transactions to serve more customers; facilitate informed decisions and timely reporting; and leverage the benefits of our partnerships.

While the crisis has highlighted new areas of risk and opportunity for Canada, much of the impact will serve to accelerate large-scale trends that had already begun shaping the global economy and Canada's trade and investment performance and outlook prior to the crisis. Taken together, these trends provide context for our corporate direction moving forward:

1. **Technology**

- A lasting feature of the current crisis will be its impact on the future of work and a hastening of the move toward digitization and e-commerce.
- The resulting change in needs and expectations has accelerated digital transformation across the economy. Many sectors, including finance, manufacturing, retail, agriculture and mining, had already been looking at more relevant digital offerings enabled by the simplification and automation of internal processes.
- The current crisis has further accelerated customer preference expectations and needs for on-line commercial banking and insurance services.

2. **Global trade is changing**

- Prior to the crisis, global production had evolved to a model whereby countries no longer specialized in industries but rather in specific tasks along the value chain. This shift saw many emerging markets capture more labour-intensive manufacturing tasks and standardized services.
- We also saw a sharp rise in protectionism, an erosion in rules-based trade, and specific actions contrary to previously negotiated free trade agreements. These developments have had profound implications for Canada.
- The pandemic renewed calls for on-shoring as a means of maintaining supply, while at the same time protectionist rhetoric continued to challenge the principles of free, fair and open trade.
- Post-COVID globalization trends are expected to focus on regional supply chains and strategic sectors such as critical infrastructure, medicines/medical devices and information and communication technologies. Governments and the private sector will focus on ways to build resilience and agility.
- There is a growing shift in ECA models from national content requirements to a broader model focused on national benefits where ECAs have a strong alignment with industrial policy from their respective Government. This enables focus and collaboration amongst partners within national trade facilitation systems.

3. **Canadian competitiveness**

- Canada's share of global exports has fallen from more than 4 percent in 2000, to 2.3 percent in 2018, resulting in unrealized trade potential of more than $150 billion annually for Canadian exporters.
- Among the factors that help explain this loss of competitiveness, is a gap in connections, capital and knowledge facing Canadian companies during critical periods of growth and capital formation.
- This, together with digital and physical infrastructure challenges, results in a lack of mid-sized global champions.

4. **COVID-19 policy response**

- The unprecedented and synchronized nature of the shock led to unusual unanimity around a full-scale approach to fighting the downturn.
- Many countries announced extraordinary fiscal measures, including those that had yet to repay the last once-in-a-generation rescue package, and major central banks helped ease liquidity conditions via interest rate cuts and other unconventional monetary policy tools.
- A run-up in public debt threatens to crowd-out private sector spending, which could act as a drag on growth for years to come.
- Monetary officials' pledge to do whatever it takes has had an immediate and noticeable impact on asset pricing, raising the spectre of another correction should risk appetite waver.

5. **Environmental, Social and Governance (ESG)**

- Increased incidences of extreme weather events put climate change, among other concerns surrounding corporate behaviour, close to the top of the international agenda prior to the crisis.
- There is a consensus among most observers around the value of fossil fuels to help meet the world's growing energy needs, as well as the urgency to move to net-zero GHG emissions by 2050.
- This alignment of corporate, government and consumer interests presents an opportunity to pivot to a cleaner and more resilient energy future.
- Industry has a role to play in addressing the risks of adverse human rights impacts related to their business activity and are increasingly being held accountable by the public.
- Shortcomings in risk management, incentive structures, board supervision, disclosure and accounting standards and the remuneration policies of many large institutions remain.

2.4 OVERSIGHTS AND REVIEWS

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

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

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 was tabled in Parliament on June 20, 2019. While there is still the potential for Parliament to review the Minister's report, the findings have been instructive in the development of our new corporate strategy, as well as ongoing relationship building with federal and private sector partners.

At the same time, COVID-19 has significantly changed the Canadian landscape where those findings were generated. In some cases, outstanding issues related to our role in the domestic credit insurance market have been superseded by the extension of our domestic powers to assist with execution of the pandemic response. In other cases, the pandemic has accelerated or supercharged areas of interest in the findings such as our ability to take risk. While risk is an ongoing point of our engagement with government officials, the pandemic response has seen us take on a significantly elevated risk profile. Engagement with the Board and government officials on the development of the new strategy will address the longer-term view on risk appetite and how we evolve this through the recovery phase and beyond. Similarly, we continue to evolve our ESG practices consistent with the Legislative Review findings, Ministerial letters and public expectations.

Special Examinations

A special examination is mandated at least every 10 years under the *Financial Administration Act* (FAA) and a report on the findings must be submitted to the Board of Directors. The most recent review was completed by the Office of the Auditor General (OAG) in 2018 and focused on three key areas: our approach to risk management, organizational transformation and corporate management practices. We are pleased that the conclusions of the OAG's Special Examination Report validates our 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. The specific findings of this examination and EDC's response may be found in Appendix XII.

Environment Audit

The Act also stipulates that the OAG must undertake an audit of the design and implementation of EDC's *Environmental and Social Review Directive* (the ESRD Audit) every five years. The 2019 audit is now complete, and the findings have been tabled in Parliament. As articulated in EDC's responses to the OAG's recommendations on the ESRD, EDC will be implementing any actions committed to in future updates of the ESRD and associated process. A copy of the 2019 Environmental and Social Audit is publicly available.[1]

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

3.0 GOALS AND OBJECTIVES

3.1 MAIN OBJECTIVES

2021 EDC Objectives

Looking to 2021 and beyond, we will need to address the unprecedented effects of COVID-19 on international trade, and position EDC to support Canadian businesses in the post-pandemic trade landscape. To accomplish this, we have prioritized the following objectives.

COVID-19 Response

In response to the impact of the COVID-19 pandemic on Canadian businesses in 2020, the Government of Canada temporarily expanded our mandate to support Canadian companies regardless of their export status.

In effect until December 31, 2021, this broader mandate enables us to provide emergency liquidity for micro-, small- and medium-sized domestic companies through our regular product line and newly introduced programs.

We will focus efforts on the medium-sized segment as we move into the recovery phases as these companies will be the catalysts for increased trade and economic activity.

Customer Segmentation[1]

We are moving to firmly place the customer at the center of our organizational model. The key to this will be for us to move from a product-driven organization to a segmentation model and integrate our full value proposition for each segment.

Our priority will be to focus on helping medium-sized firms that are the drivers of economic growth. In helping medium-sized exporters scale and grow through international trade success, we will focus on companies and sectors that will be key to Canada's future trade economy and success. This is in part because they create opportunities for SMEs and draw investment and skills to Canada.

Canadian micro and small businesses, many of which engage in international trade, are the foundation of the Canadian economy, contributing to growth, innovation and new job creation. The current trade environment however, presents unique challenges for these companies, that often do not have the resources and expertise of larger businesses. We will develop and implement a new operating model for micro- and small exporters that will extend our reach and understanding of their needs. With a renewed focus on the unique needs of these companies, we will support ventures in ways that the private sector often cannot and encourage and equip micro- and small businesses as they grow and diversify in their export journey.

At the same time, large companies ground the Canadian economy and Canada's position internationally driving the majority of Canada's exports and international investment. These companies are also important to us in terms of maintaining our financial viability. For these companies, we will continue to deliver our high standards of products guided by their needs and in priority sectors. We will also embed ESG principles at the foundation of this business to drive choices and behavior.

The move to segmentation is the foundation of our new strategic direction and will be felt across all lines of business. The priority for 2021 will be to ensure that we have the resources, expertise, and tools in place, which will require a significant investment in new digital capabilities.

1 EDC segments businesses into one of four classifications based on the following definitions: micro = <$2M in annual sales, small = $2M-<$10M in annual sales, medium = $10M-<$50M in annual sales, large = >$50M in annual sales.

Digital Modernization

Digitization continues to revolutionize the way the we live and work, and the COVID-19 crisis has only accelerated the pace. As companies strive to create virtual work environments, connect to customers through digital channels, leverage online delivery platforms and drive competitive advantage through big data and Artificial Intelligence, it is critical that we ensure our ability to participate and support this fundamental shift.

While we have made great strides in modernizing key aspects of our operations in the past, we recognize that we must rapidly evolve the way we deliver our value to Canadian business in order to continue to support their success. As we build a roadmap to shift to a digital operating model during the planning period, we will look to deploy better client-facing digital tools and services, create seamless connectivity with customers and partners, eliminate costly manual processes, create scalability in our offerings and maximize our security processes. We will also enable our employees to provide more relevant advice and enable management to make informed decisions and report more accurately and in a timely manner.

Leadership in Driving ESG Impact for Canada

Attention to environmental sustainability, social equality and responsible governance (ESG) trends and issues is rising among governments, businesses and individuals alike as the world faces unprecedented challenges in these areas. A growing understanding that healthy and profitable business depends on sustainable long-term business practices has led to better informed policy decisions in governments and board rooms.

In 2020, we focused on implementing our commitments to climate change, human rights and transparency, and developing a new *Financial Crime Policy*. In 2021, we will evolve this approach to apply ESG standards by contributing to the United Nations' Sustainable Development Goals (SDGs) through our Impact Framework. We have prioritized six SDGs, including:

- Affordable and clean energy;
- Decent work and economic growth;
- Industry, innovation and infrastructure;
- Reduced inequalities;
- Climate action; and
- Peace, justice and strong institutions.

3.1.1 COVID-19 RESPONSE

As the full extent of the impact of COVID-19 on the Canadian economy has yet to be seen, business uncertainty remains. We anticipate that restructuring, recovery and a return to growth will be uneven across the country, across sectors and across global markets.

When we consider the "K" recovery model mentioned in section 2.2, there are clear implications for the role we will play as we support recovery in the Canadian economy, both in terms of where our core offerings will be needed and where we have the opportunity to intensify what we do in key sectors that are poised for significant growth and where Canada has an opportunity to cultivate a new generation of global leaders. This latter area will also challenge us to review our solutions to ensure that we are well-equipped to assist companies in these sectors.

As such we have structured our COVID-19 response into the following phases:

- **Phase 1: Response** – Our immediate priority has been to respond to our clients' needs and assume a leadership role in the Government of Canada's COVID-19 response.
- **Phase 2: Restructuring and Recovery** – We will assist Canadian companies as they weather bankruptcies, industry consolidation, bad debts, claims and supply chain disruptions.
- **Phase 3: Rebuilding** – With an expected uneven economic resurgence, we will be responsive to the emerging opportunities related to sectors coming out ahead and the different needs related to sectors that are slower to recover. Our re-orientation by segment and the approach to sectors outlined later in the document, will enable this flexibility. We will also capitalize on new partnerships formed throughout the crisis to reach more companies in new ways.
- **Phase 4: Return to Growth** – Position Canadian companies for international trade growth as the world emerges from the crisis period and returns to a more synchronized, broad-based growth. Building on the previous phase, we will leverage the partnerships and collaboration within the trade portfolio to amplify Canadian capabilities and find new opportunities for Canadian companies. Our focus will be on support to medium-sized companies to ensure they are positioned to capitalize on their growth potential to drive the Canadian economy forward.

3.1.2 CUSTOMER SUPPORT

Innovating to Meet the Needs of Canadian Companies

As we look to help solve the problem of Canada's declining share of world trade and competitiveness, we will align internally to bring an integrated and comprehensive, needs-based segmentation approach to best position companies and Canada for international success. This will allow us to focus on the distinct strengths for companies in each segment, at the same time as addressing barriers to exporting.

Medium Segment

With more than 26,000 companies, the medium segment represents more than $7.5 billion per year in untapped trade potential and shows greater trade outcomes compared to other segments. The challenge in this segment is to address the financial and non-financial trade barriers unique to each company in order to accelerate growth potential. This calls for a higher-touch model, where we deliver direct, integrated end-to-end solutions to companies that have a competitive advantage, high growth potential, and are driven by capturing international growth opportunities. Sector prioritization, international and digital capabilities will be critical enablers of this approach.

We will bring our full solution suite to the table for these companies in priority sectors. We build on the stronger relationships we have forged over the pandemic with our Trade Portfolio partners to leverage capabilities and resources across government entities to support this segment.

Large Segment

This segment represents the approximately 3000 companies in Canada who have the power to drive value chains and diversification and to shape Canada's position internationally. These companies are also key contributors to our corporate financial viability. They need us to become their partners, to step in as Canada's Export Credit Agency and take on risk, to meet them where they are, and to advance their good practices through choice-making. When properly supported, this segment will accelerate international growth and help to keep Canadian companies headquartered in Canada.

We will take a high-touch, solution-oriented approach to this segment, leveraging the tools we have developed over more than 75 years of supporting Canada's largest companies. We will also focus on priority sectors to help these companies build on Canada's international successes, and shape emerging areas of expertise. In doing so, we will examine how we can take on additional market and or credit risks to partner with Canada's large companies to support their supply chains of smaller companies, and the scale up of unique technologies developed by smaller companies.

Micro and Small Segment

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 core of our customers. In 2019, we served approximately 14,500 SMEs across all product areas - up 30% from 11, 129 in 2018 - representing 86 percent of our customer base and 80 percent of our financial transactions. In fact, more than 80 percent of our business development efforts now target SMEs.

Recognizing the importance of this segment, we continue to invest in research to enhance our understanding of SME needs throughout the various stages of the export journey. From this research, we remain focused on investments in timely and accurate trade knowledge, connections to international buyers and innovative financial solutions. This research 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 premium knowledge services through online content, digital services, training, advice, webinars and in-person events, many of which are designed and delivered in collaboration with the Trade Commissioner Service (TCS), Business Development Bank of Canada (BDC), other government partners and the private sector. In 2019, more than 9,000 companies benefitted from our knowledge solutions, 90 percent of which were SMEs.

To measure the value of our knowledge services and to ensure a positive user experience, we treat the consumers of these services as customers. While the majority of this trade knowledge is provided at no cost, to access premium services companies must provide EDC with a standard set of data including basic contact and company data, size and sector, markets of interest and the challenges they are facing. We use this data to build our understanding of the needs of the companies we support.

We also track the conversion of knowledge customers to financial product customers within a 12-month period. In 2019, 197 Canadian companies converted from knowledge to financial customers. This conversion demonstrated a steady upward trend since 2019, with 100 percent + growth in conversion year-to-date. The top three knowledge products are webinars, MyEDC subscription and Export Advisory. The top three financial products are Portfolio Credit Insurance, working capital provided through bank guarantees (EGP, TELP, BCAP) and Select Credit Insurance.

With our partners (including TCS, BDC, FITT, StartUp Canada and MaRS), we provide these knowledge services to address trade-related questions, to register, promote and match Canadian capabilities, to validate information about international companies and to learn about relevant trade topics, challenges, opportunities and risks.

Our research shows that **connections** to buyers is often the most difficult and expensive obstacle in 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 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 international buyers, increasing their chances of getting a signed contract. In 2019, more than 540 SME customers benefitted from these activities, a 20 percent 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. Our credit insurance solutions similarly play an important role in giving companies the confidence to take on new buyers, offer competitive payment terms and access additional working capital.

In 2019, in collaboration with two partner banks, we implemented a simpler, standardized version of the Export Guarantee (EGP) program—the Trade Expansion Lending Program (TELP). Specifically designed for the under-served small exporter segment, TELP leverages the banks' sales channels, helping us serve more SMEs, as a complement to the private sector. TELP partnerships with three additional banks are expected in 2020 and we are in discussions with Canada's eight largest financial institutions. We will continue to expand this program throughout the planning period.

At the onset of the 2020 COVID-19 economic crisis, we worked alongside the Government of Canada and other members of the Business Credit Availability Program (BCAP) Council to implement the COVID-19 Economic Response Plan. As part of this plan, we leveraged our existing loan guarantee programs (EGP and TELP) to address the liquidity needs of SMEs through the launch of the BCAP Guarantee Program. This program enables our partner financial institutions to easily and seamlessly obtain a guarantee on qualifying loans needed. Additional information on the BCAP products is contained in Appendix X.

How We Provide It

Equally important, is *how* we provide our services. 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) to develop programs such as TELP is the most efficient way to reach more SMEs and have a greater impact on Canadian investment and trade. The BCAP guarantee program enabled us to deepen our relationships with private sector partners to reach more Canadian SMEs. Looking forward, we will further leverage these relationships and innovate on our guarantee product offering to continue expanding our reach of Canadian SMEs.

We are also looking at alternative lenders and now support Shopify Capital. With our support, Shopify is providing loans as small as $200 to several hundred Canadian micro-businesses that have a Shopify store. Throughout the planning period, we will explore more opportunities to develop financial products with our private sector partners.

For scale and efficiency, most of our content and knowledge services are delivered through our digital channel to meet SME expectations of fast, simple, easy-to-access solutions. In 2019 we launched MyEDC on EDC.ca with single sign-on access to all our knowledge services linked to an individual profile. In the first nine months of 2020, over 18,000 MyEDC accounts were created. Roughly 14,000 of those are from Canadian companies with the remainder being brokers, bankers and government employees.

Over the planning period, we will expand MyEDC to include other products and services to position MyEDC at the center of the EDC customer experience. Users will access their account balances, find personalized content relevant to their business, manage their payment and premiums, administer their user profile and financial products in an integrated and seamless digital user experience.

With more than 4.2 million companies,[1] the micro and small segment represents 99 percent of Canadian companies; a diverse population, rich with innovation and growth potential, and an estimated $8.5 billion in unrealized trade potential. We will meet their unique needs with simple, fast and accessible solutions by standardizing and automating our service offering, including a wholesale approach developed uniquely for this space. Digitization is a key enabler in sustaining current customer levels and positioning our business for future scale up.

1 As at June 2020, Statistics Canada

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. We will continue to build relationships and grow our support for women, Indigenous and LGBT+ owned and led companies, as well as Black, Indigenous and People of Color (BIPOC)-owned and -led businesses and those owned by people with disabilities.

We will continue to improve our methods for identifying and reporting customers served through all our channels, particularly within underrepresented groups and build awareness of exporting and how our knowledge and financial solutions can help them access markets and capital to grow their business internationally.

Women in Trade

As a participant in the Government of Canada's Women's Entrepreneurship Strategy, we have made significant progress toward our goal of serving more women-owned and -led companies to advance along their export journey, supporting more than 450 women-owned and women-led companies with our knowledge and financial solutions and facilitating more than $1.5 billion in trade. We will continue to foster our direct sales team to serve this market segment throughout the planning period and leverage our ecosystem to extend our reach to more women entrepreneurs.

Areas of focus will include:

- Expand our reach to the women-owned and -led market segment by:
  - Deepening our engagement with existing strategic and financial institution partners with diversity markets objectives; and
  - Working with the Women's Entrepreneurship Knowledge Hub to deliver specific training and access points to information about exporting and EDC resources to partners and development agencies providing services to women entrepreneurs, thus building capacity within the ecosystem.
- Create a community to connect women-owned and -led businesses interested in and engaged in trade through online social forums, by leveraging new communication tools to more deeply engage with women entrepreneurs;
- Continue to execute on our successful Women in Trade investment strategy to commit the recently-expanded $100 million Women in Trade Investment Program (WITIP) fund and develop more women investors;
- Advance our understanding of the impacts on trade for women entrepreneurs with other identity factors such as race, ethnicity, religion, age, and disability in order to ensure an intersectional approach to increase accessibility of our solutions; and
- Conduct Gender-Based Analysis Plus (GBA+) of our financial solutions to assess how diverse groups experience EDC.

Indigenous Businesses

As one of Canada's fastest growing populations, Indigenous peoples are a key contributor to Canada's economic success. Indigenous businesses represent a diverse and innovative community, operating across all sectors, with an estimated 56,000 companies contributing to more than $30 billion to the economy. We are committed to supporting Indigenous companies as they explore, grow and capitalize on international business opportunities. As such, we have invested in building an Indigenous business strategy and channel to foster growth and build relationships to better support Indigenous companies.

Our strategy incorporates outreach and awareness, knowledge and financial solutions, and community investment. We recognize the unique needs and challenges of Indigenous businesses, particularly Indigenous women-owned companies, and are working with Indigenous stakeholders to ensure our strategy reflects the unique historical and cultural context within which Indigenous businesses operate.

Areas of focus will include:

- Leveraging a Memorandum of Understanding with Canadian Council for Aboriginal Business (CCAB) and BDC to support the sustainability and growth of Indigenous businesses and entrepreneurs during the COVID-19 pandemic, and the subsequent economic recovery period. We will collaborate to build awareness of the full range of financing and other resources available and provide capacity-building education around international trade;
- Broadening our position within the Indigenous Business support ecosystem and leverage our partnerships to increase access to trade solutions and connections for Indigenous companies;
- Participating in the NACCA Indigenous Growth Fund (IGF) to provide capital through Aboriginal Financial Institutions to Indigenous businesses;
- Communicating Indigenous Business success stories; and
- Building connections for Indigenous Businesses through programs such as the Trade Accelerator Program and by growing our database of Indigenous company capabilities to increase matchmaking activities.

LGBT+

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

Leveraging our partnership with the Canadian Gay & Lesbian Chamber of Commerce (CGLCC), the sole body in Canada that can certify a company as an LGBT+ enterprise, we continue to learn about the challenges facing this business community and are committed to removing barriers and increasing support for this key business community. We will continue to build on this commitment throughout the planning period.

Areas of focus will include:

- Enhancing our business objectives for the LGBT+ market segment to bring a more proactive focus and service to this business community;
- Creating a program of experts and diverse EDC spokespeople to engage and involve our employees, while providing them opportunities to represent EDC at external events; and
- Building a virtual trade community for underrepresented and diverse business groups on Facebook to create a safe and open space for creation, support and innovation. We will leverage this community to tell success stories and further listen and learn about their specific trade challenges.

Supplier Diversity

In 2020, we committed to diversity and inclusion, building partnerships with organizations that certify diverse-owned businesses to develop a more inclusive procurement process and establish a baseline understanding of the current diversity of our supply chain. Moving forward, we will aim to make purchasing opportunities more accessible to diverse-owned suppliers.

We will be engaging more with the certifying councils through events to build our knowledge of more potential suppliers owned by women, Indigenous, LGBT+ and other diverse people.

3.1.3 DIGITAL MODERNIZATION

In light of the new realities and challenges emerging from the COVID-19 pandemic, enhancing our digital capabilities is a priority.

In 2020, our digital office sought internal feedback as well as feedback from our clients and partners, to inform a roadmap that will help us to deliver on our longer-term corporate strategy and better serve Canadian companies during the post COVID-19 recovery phase.

Core elements include:

- Increased customer centricity – we will increase our digital capabilities to marketplace expectations (clients, partners and shareholder).
- Easy and timely access to relevant data – we will enable our employees to provide more relevant advice and results to Management, the Board and our Shareholder to increase transparency and facilitate rapid and informed decision-making.
- Larger impact on the Canadian economy – we will scale our existing support and develop new business models to help us reach more companies, particularly small and micro companies and specific sectors such as Advanced Technology.

Digital Roadmap

The improvements in our digital resources and capabilities are top priority for enabling increased customer focus and will be key to our plans for addressing the distinct needs of each segment. Notable accomplishments in building our digital foundations include replacement of some legacy systems, ramping up cybersecurity, increasing infrastructure capability to enable all employees to work remotely into the future, launch of new COVID-19 products with partner financial institutions.

The COVID-19 crisis underscored the importance of digital capabilities which will enable us to address significantly increased speed and volume of transactions, and to have easy and timely access to data to make informed decisions, particularly in the recovery phase.

The new normal will be increasingly digital for clients, partners and employees and we need to be able to play in this environment to serve more Canadian companies and relate to our partners.

In order to place the customer at the center of our strategy and shift our business to align around segments, we will implement our digital plan to enable the following:

From (Current State)	To (Future State)
Product line organization that can obfuscate important nuances between client needs across different segments	**Customer segment focus** enabled through new 'cascading units,' focused on unique needs and opportunities unlocked across the end to end customer journey
Direct distribution that is highly individualized and effort-intensive for all customers across all products lines	**A fit-for-purpose distribution approach combining direct and wholesale distribution** that is simple and leverages partners for low complexity transactions with targeted direct service for clients in strategic sectors and segments
Complex set of highly-customized products, often manually tailored and underwritten for clients of all sizes across all product lines	**A set of limited standardized products** that are digitally enabled for micro, small, and medium clients, with targeted customization for strategic accounts and special needs
Asynchronous onboarding experiences for different clients and products	**A singular, digitally-enabled onboarding process** that clients undergo once in their lifecycle with EDC, supported by a robust enterprise CRM
Highly manual prospecting and nurturing activities driven by individuals' knowledge that are unsupported and not-captured by an enterprise data platform (EDP)	**Data and analytics enabled workforce and customer experience** that leverages and reinforces institutional intelligence via a singular, robust enterprise data platform (EDP) for cross-sell, deepening of relationships, and identification of global champion indicators

3.1.4 ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Our mandate is to help Canadian companies do business in some of the most challenging markets in the world. We understand that there are environmental, social and financial crimes–related risks involved in the business we support, and that it is critical to have strong procedures to identify, assess and manage these risks.

Our Corporate Sustainability and Responsibility (CSR) vision is to help Canadian companies become internationally recognized as leaders in sustainability and responsibility, giving them the competitive advantage they need to succeed, while building a stronger, more equitable society.

Our strategic CSR framework guides these efforts. Each of the framework's four pillars, Business Integrity, Environment and People, Our Workplace, and Our Communities, has specific priorities and key performance indicators to track progress. We have mapped our framework to the six United Nations Sustainable Development Goals (SDGs) that are most relevant to our business and where we can have the greatest impact.

EDC VISION

EDC is the leader in helping every Canadian company **GO, GROW AND SUCCEED** internationally.

CSR at EDC

We work to make Canadian companies internationally recognized **AS LEADERS IN SUSTAINABLE AND RESPONSIBLE BUSINESS,** giving them the competitive advantage they need to succeed internationally.

ENVIRONMENT AND PEOPLE

- Taking action on climate change risks and opportunities
- Respecting human rights
- Contributing to our customers' competitiveness by promoting strong E & S performance

BUSINESS INTEGRITY

- Implementing a robust approach to combatting financial crimes
- Conducting our business with honesty, integrity and transparency

OUR WORKPLACE

- Inspiring our workforce
- Fostering a diverse workplace and an inclusive culture
- Embedding a sustainable and responsible business culture across the organization

OUR COMMUNITIES

- Strengthening communities by supporting causes our employees care about
- Leveraging our skills and expertise for innovation and positive social impact

7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

5 GENDER EQUALITY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

17 PARTNERSHIPS FOR THE GOALS

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

Our *Code of Conduct* outlines our commitment to not knowingly support transactions that have been facilitated by the offer or the giving of a bribe. Our *Financial Crime Policy* establishes the due diligence program elements to support this commitment and broader financial crime prevention, detection and deterrence commitments. All employees are required to participate in annual training and provide an attestation relating to EDC's *Code of Conduct*. In 2019, all relevant employees received financial crime training on the enhanced components of the Financial Crime Program applicable to them, and all new customers received a letter from our CEO advising them of Canada's anti-corruption laws and providing bribery and corruption risk reduction information.

In 2017, the Board approved our new *Financial Crime Policy*, which replaced our Anti-Corruption Policy Guidelines with a broader Financial Crime Program. The Financial Crime Program addresses risks relating to corruption, bribery, money laundering, terrorist financing, external fraud and economic sanctions. Some key elements of the program include:

- enhanced scope of documented guidelines and procedures within a more robust policy governance structure;
- improved data collection and related data confirmation standards to improve accuracy of counterparty and transaction screening and risk assessment;
- more standardized screening and assessment of counterparties and transactions, through an automated risk assessment tool that screens for risk indicators in a consistent manner and systematically triggers enhanced due diligence by our subject matter experts;
- enhanced risk escalation standards;
- ongoing monitoring of counterparties and transactions; and
- financial crime training for all employees and appropriately tailored financial crime training for employees in specialized areas.

By adopting these elements and applying them early in prospective relationships and transactions, we know our prospective customers better, earlier in the relationship, which, in some cases, leads to helping Canadian companies better understand and manage the financial crime risk present within their business.

A key component of our CSR Strategy transformation is increased accountability and business integrity throughout the organization. This includes training to enable front-line employees to discuss sustainable and responsible business practices with customers, to mitigate our own risk and promote CSR as a competitive advantage. We continue to leverage our new automated risk assessment tool, and our underwriting and business development staff conduct baseline due-diligence reviews on every transaction, to consider various business integrity related risks. If risk indicators are present and require enhanced due diligence, our team then considers risk mitigation measures.

We continue to invest in and implement technology updates to our Financial Crime Program and enhance our policies and practices to align with international standards and best practices. In 2020 and 2021, we will introduce the broader Financial Crime Program across more of our business operations.

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 to identify and manage risks and impacts associated with our customers transactions and, when required, provide guidance and monitor their progress against action plans or recommendations.

We are committed to high environmental and social standards. We review and revise our policies regularly, to ensure they are relevant and aligned with international frameworks, including the OECD Common Approaches, the Equator Principles and the UN Guiding Principles on Business and Human Rights (UNGPs).

Informed by these frameworks, and by consultation with experts and stakeholders, our ESRM policies govern our approach to respecting the environment and people and guide our internal decision making in the transactions we support. To ensure that our policies and processes reflected best practice, we recently concluded our 2018-2019 review of our existing ESRM policy framework. This review, which benefitted from consultations with business, CSOs, and our partners in government, resulted in:

- An updated *Environmental and Social Risk Management (ESRM) Policy*
- An updated *Environmental and Social Review Directive*
- A new dedicated *Climate Change Policy*
- A new dedicated *Human Rights Policy*
- An updated and newly named *Transparency and Disclosure Policy*

Our focus will be on implementing the policy commitments resulting from the latest review, evolving our risk management approach in response to evolving industry best practice and increasing our transparency around these approaches.

We will also continue to participate in and influence industry and standard-setting bodies such as the OECD environmental and social practitioners and the Equator Principles (EPs). In addition to participating in several of the EP's working groups and co-chairing its Climate Change Working Group, we joined the Steering Committee in 2020 to help shape the association's management and strategic direction.

Human Rights

Our *Human Rights Policy*, released in 2019, aligns our publicly expressed policy commitments with our progress on human rights due diligence processes, and reflects our work to align our practices to the United Nation Guiding Principles on Business and Human Rights (UNGPs).

We continue to implement our policy commitments as described in our 2019-2022 Policy Implementation Plan. We track progress against the implementation plan in our Annual Report.

At the core of our *Human Rights Policy* is our commitment to managing the human rights impacts in the transactions we support. We are currently developing principles to support the implementation of these commitments. An external consultant (Shift, the leading center of expertise on the UNGPs) is supporting this effort.

This work will help us align with industry best practices, guide our approach to human rights risk management and decision-making, and provide clarity to our stakeholders regarding our approach to these important human rights concepts. Through the planning period, we will engage more broadly on human rights-related matters with stakeholders and report on our human rights performance through our Annual Report and website.

Support for Climate Change Initiatives

With fast-changing global dynamics resulting from climate change impacts, we aim to be a leader in supporting Canadian companies as we transition to a lower carbon future. We will do so through an ongoing commitment to Canada's energy sector and by helping to drive climate-related disclosure, transition, and innovation, as Canada works toward achieving net-zero emissions by 2050.

In 2019, with a focus on our financing portfolio, we set a target to reduce our exposure to the most carbon intensive sectors by 15 percent over five years against a December 31, 2018 baseline. We now expect the carbon intensive exposure of our financing portfolio to reduce to $18.9 billion in 2023 from $22.2 billion in 2018, a decrease of approximately $3.3 billion over the five-year period. Details of the target were disclosed in our Annual Report, published in April 2020.

Over the planning period, we aim to further evolve our carbon target setting to ensure it is science-based, extends over the medium- to long-term and is aligned with Canada's commitment to achieve net-zero emissions by 2050. Aside from managing our own climate-related risks, we see the target as an opportunity to set parameters to position different sectors to enhance their emissions efficiency, while acknowledging that each sector has its own unique low carbon pathway. Our target will continue to acknowledge the important role that carbon intensive sectors need to play in the transition to a lower carbon and climate-resilient economy, consistent with the principles guiding our *Climate Change Policy*.

As such, we will evaluate the emerging greenhouse gas (GHG) measurement and target-setting methodologies that are relevant to the financial sector, such as the Partnership for Carbon Accounting Financials and the Science-Based Target Initiative, as well as tools like the Paris Agreement Capital Transition Assessment. We will continue to issue climate-related disclosures and align with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), including the use of scenario analysis.

The COVID-19 crisis requires that EDC mobilize support for Canadian companies. However, it also presents an opportunity to foster long-term, trusted relationships with carbon intensive companies where we can use our influence to catalyze a shift to a new energy future. Part of that work will involve encouraging the uptake of climate-related disclosures, aligned with the TCFD recommendations.

Through the planning period, we will continue our efforts to embed climate-related risk in transaction due diligence processes. As we evolve our approach to climate-related target-setting, we will seek feedback from internal and external stakeholders and adjust our process accordingly, to support Canada's broader climate change objectives.

As co-chair of the Equator Principles Climate Change Working Group, EDC worked with other Equator Principles Financial Institutions (EPFIs) to ensure a more focused integration of climate change-related risk in the updated Equator Principles Environmental and Social Risk Management Framework for project-related transactions. Equator Principles 4 (EP4), which we implemented on July 1, 2020, includes updated disclosure requirements, as well as a requirement that EPFIs consider climate-related physical and transition risks, based on specific criteria. We will continue to support the Equator Principles by implementing EP4 throughout the planning period.

We also increased our support for clean and low carbon business in 2019. In August 2019, we issued our fifth Green Bond, valued at $500 million. The funds raised from our Green Bonds have financed nearly 30 transactions in various sectors, for a value of more than $2 billion, each contributing to environmental protection or the mitigation of climate change. As a result, we anticipate a reduction of 4.1 million tons of CO_2.

We are the largest provider of financial solutions for Canadian cleantech companies looking to expand internationally. In 2019, we served 227 companies – up from 52 in 2012 – for a total of $2.5 billion in business facilitated. We also provided $100 million in climate finance in support of the Government of Canada's commitment to the UN Framework Convention on Climate Change, which focuses on EDC's support for low-carbon or carbon-resilient transactions in developing countries. We will continue to support clean and low carbon business throughout the planning period.

3.2 CONTRIBUTING TO GOVERNMENT OF CANADA PRIORITIES

Canadian companies have a better chance of succeeding internationally when they have a network of support at home. Over the planning period, we are committed to 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), Innovation, Science and Economic Development Canada (ISED) and Sustainable Development Technology Canada (SDTC).

Priority areas of focus in the near term include COVID-19 response and recovery efforts, transparent reporting, specific sector support, and support for SMEs and underrepresented groups. Priorities over the longer-term include a return to diversification, support for medium-sized companies as the drivers of Canada's economy, seamless collaboration and service to exporters, and adjusting our approach to risk to support more companies and contribute to economic growth.

Underlying these priorities is a commitment to collaboration within the Trade portfolio. In this regard, we are proud to have been asked to chair the Minister's Business, Economy, Trade and Recovery (BETR) working group which brings together all the Trade Portfolio partner organizations to promote collaboration and innovation to increase opportunities for Canadian businesses. Collaboration initiatives are discussed throughout the Plan and in Appendices X (COVID) and I (Shareholder priorities).

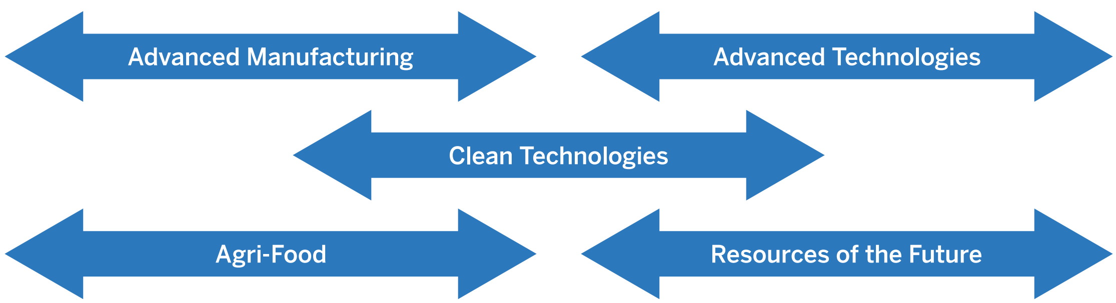
Closer collaboration with our partners through this pandemic period has further underlined the need for data and information sharing. In accordance with Minister Ng's letter of March 26, 2020, EDC provides quarterly reporting (since August 2020) that demonstrates performance against Government objectives and priorities.

We have firmly embedded Environmental, Social and Governance (ESG) principles in every aspect of our business and look forward to supporting the Government in the development of its renewed Responsible Business Conduct Strategy.

In addition, non-OEDC economies which do not adhere to the OECD Arrangement on Export Credits have become increasingly important providers of export credits, further disrupting the level playing field established by the Arrangement and fueling the call by some members for modernization. As part of the Canadian delegation to the OECD led by our counterparts at GAC and Finance, EDC will support the Government of Canada as it works towards ensuring no competitive disadvantages to Canadian companies.

3.3 SECTOR SUPPORT

EDC has started to think differently about sectors and are engaging in moving from a traditional vertical view of sectors to one that layers-in emerging horizontal capabilities and international growth opportunities. This has resulted in identifying the following priority sectors for Canadian competitiveness:



These priority sectors incorporate a multi-sector focus on Canadian expertise and innovation that transcends traditional vertical industries and will allow EDC to focus on emerging high-growth opportunities. To do this, we need to understand relevant Canadian clusters and ecosystems, including accelerators and Canadian anchor companies, and we will leverage the work of the Government's sector strategy tables and work on superclusters in this regard. We will combine this with our knowledge of international growth opportunities and real time market intelligence on emerging priorities including strategic relationships with decision makers in customer networks. We will leverage planned digital investments as well as our network of partnerships both within the federal family and with the private sector to facilitate economic growth through trade. Additional information on these sectors and EDC's support is contained in Appendix XI .

3.4 PARTNERSHIP AND COLLABORATION

The COVID-19 pandemic underscored the importance for partnership and collaboration with the Canadian financial sector, federal and provincial departments, stakeholder groups, the private sector and Canadian companies, in order to respond and adapt to the economic challenges.

Our financial institutions and government partners played a crucial role in enabling us to operationalize the BCAP Guarantees & COVID support programs, which would not have been possible without their speed, agility and cooperation. We built on already strong relationships to deliver the CEBA program through partnered banks and credit unions. Beyond our solutions, our partners became a key voice, providing market intel and feedback that enabled EDC to adapt programing and product criteria to reduce barriers and complexity, to better address the needs of Canadian companies.

Over the planning period, we will explore new ways to engage with our partners to reach significantly more Canadian companies, but also to think differently about service delivery, particularly for the micro and small segments of Canadian businesses.

Bank Channel

In partnership with Canadian financial institution partners, we have served more than 3,200 customers through working capital solutions (WCS), with an average growth of more than 20 percent per year for the last four years, resulting in more than 330 client acquisitions, a 20 percent growth for the same period.

With the onset of COVID-19, the partnerships enabled us to bring new products to the market in record time, including the Business Credit Availability Program Guarantees to support Canadian companies through the COVID-19 crisis. Since the launch of the BCAP Guarantees, we have extended our reach to more than 60 new financial institutions. We have also begun working with more departments within our existing FI partners, including Small Business, Mid-Market and Corporate, using this opportunity to reach more Canadian exporters of all sizes.

Moving forward, we will continue to develop relationships with financial institutions to better serve Canadian exporters.

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.

Strategic alliances with organizations such as BDC, TCS, FCC, MaRS Discovery, Google Canada and Start-Up Canada have helped drive customer acquisition, advance our digital footprint and increase our market exposure. As of June 2020, we have served 946 financial customers and 3,331 knowledge customers, leading to 673 small business customer and 2,449 knowledge customer acquisitions.

Over the planning period, we will continue to deepen our existing alliances, and explore opportunities to develop innovative solutions for Canadian Companies, particularly SMEs.

Government Organizations

As part of our commitment to a "Team Canada" approach to advancing Canadian Trade, we have built strategic alliances with key federal partners in the trade ecosystem to leverage each other's capabilities. We will deepen these alliances in the context of our role as Chair of the Minister's BETR portfolio working group. In aiming to drive trade and diversification results for Canadian companies through synergistic and innovative collaboration within the portfolio, this group will look at different ways to leverage partner strengths.

Trade Commissioner Service (TCS)

Our partnership with the TCS continues to expand. Building on the work done to develop training, establish a referral protocol and clear guidelines for information sharing and collaboration, EDC and the TCS recently signed a renewed Memorandum of Understanding (MOU) to expand strategic areas of cooperation, advancing both organizations' mandates to provide value to the Canadian exporting community. This includes initiatives such as referrals to the TCS' CanExport program, training and joint relationship management.

We will continue to identify opportunities to strengthen the partnership and support Budget 2018's direction to refine "the export support platform, by simplifying and improving the client experience across the TCS, Export Development Canada and other federal partners." We will work with the TCS over the planning period to explore ways to broaden our collaboration.

In 2020, the TCS participated in and/or promoted eight EDC webinars, including several featuring COVID-19-related topics, and our Export Help team referred TCS services to 518 Canadian companies. We continue to reach out to companies that have used the TCS' CanExport program, to identify areas where we can provide support. Moving forward, we expect to set key performance indicators and related key collaborative behaviours, for enhanced tracking and increased cross referrals.

Farm Credit Canada (FCC)

Our current collaboration with the FCC is primarily through a cross-referral program, which includes but is not limited to FCC offering our Export Guarantee Program (EGP) to their customers. We are also exploring other initiatives that will support Agri-food and Agribusinesses throughout their growth journey and recovery from the COVID pandemic. We are also collaborating to support innovative and cross-sectoral Canadian agri-products, such as Winnipeg's Merit Functional Foods. Together with FCC and the TCS we provided the company with the support they needed to build a world class, made-to-order facility with a specialized purpose: extracting food-grade canola and pea protein for the global food and beverage industry.

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, the EDC-BDC International Purchase Order (PO) Financing. Similar to our 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.

Most recently, this partnership was key to delivering on the government response to the COVID-19 pandemic through the Business Credit Availability Program (BCAP) developed to support Canadian companies during these unprecedented times.

Our regular engagements and alignment allowed our teams to better communicate and coordinate efforts in advising customers and working effectively with our FI partners. Other examples of collaboration include regular executive engagements, a newly tailored referral program and joint participation at public events and webinars. We continue to work closely to support Canadian companies throughout their recovery phase.

Canada Border Service Agency (CBSA)

In 2020, EDC and the Canada Border Service Agency (CBSA) collaborated to leverage each other's expertise and networks for the benefit of Canadian exporters by creating awareness of the new Canadian Exporter Reporting System (CERS). CERS is a free web-based self-service portal that allows exporters and customs service providers to submit export declarations directly to the CBSA, replacing the previous Canadian Automated Export Declaration (CAED). EDC leveraged its numerous external channels, including the Export Help Hub (EHH) to inform exporters of this change and promote the benefits of CERS.

Broker Channel

Through the relationships we have built with our credit insurance network, we continue to explore and advance opportunities to reach more companies. Faced with demand for credit insurance solutions, insurance brokers play a pivotal role and look to us, now more than ever, for assistance. As such, we have focused our efforts on the following:

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

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

3.5 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 it's our employees who will drive that change.

3.5.1 COVID-19 IMPLICATIONS

The impact of the COVID-19 pandemic will continue to reshape how we live, work and play.

Our initial pandemic response focused on ensuring the safety and wellness of employees as a result of increased workloads and the impact on our employees' lives and families. We were quick to transition to a fully remote workplace and deliver COVID-19 related programs to support Canadian businesses. This shift from our traditional ways of working and the significant increase in business volume required immediate and ongoing adjustments. To ensure core areas of the business were properly resourced, we re-deployed staff from non-priority areas to enhance capacity where demand was greatest. We also made changes to our Human Resources programs and practices including recruitment, overtime, leave, leadership, incentives, team-building and onboarding new employees.

We also implemented several wellness-related programs, including virtual fitness programming, access to virtual health and additional supports through our Employee and Family Assistance Program. We introduced a Leading Remotely Series to provide leaders with practical tools and resources to help them support their employees. In addition to traditional emails and intranet updates, leaders recorded personal video messages from their homes, to add a personal touch during a difficult time and ensure transparency and timely communication.

Our behaviours have also undergone a dramatic shift, with a focus on increased agility, decisiveness, collaboration, customer centricity, innovation and empathy. As we move to the recovery phase of the COVID-19 pandemic and define our "new normal", we will consider additional elements to embed in our culture. This experience has also challenged us to reflect on who we are as an organization, how we want to grow and what the future of work will look like for EDC.

3.5.2 TALENT

The COVID-19 pandemic will have a lasting impact on our strategies and approaches to talent management.

Working remotely during the pandemic has shifted our approach to sourcing talent – no longer limited by a candidate's physical location, we now hire from across Canada to fill most domestic roles. Similarly, with the acceleration of remote work globally, skilled EDC employees are even more attractive to competitors.

Attracting and retaining talent will be critical as we prepare for the post-pandemic economy. We will continue to ensure we offer a positive employee experience and that our HR programs are inclusive, flexible and competitive.

3.5.3 RECOGNIZING WELLNESS AS AN EMPLOYMENT DIFFERENTIATOR

We pride ourselves on delivering an employee experience with a focus on employee health and well-being. In addition to the support provided in response to COVID-19, our wellness program provides employees with tools and resources to maintain a healthy lifestyle at work and at home. Moving forward, we will also focus on mental health, including training for leaders and employees.

A continued focus on employee health and well-being will help us remain one of the best places to work in Canada.

3.5.4 CULTURE

In 2019, President and CEO Mairead Lavery refreshed the organizational structure in order to build on our culture of accountability, transparency, corporate social responsibility and risk management. As we continue to plan for a post-pandemic economy, we will evolve this structure to ensure we are well-positioned to meet the changing needs of our customers and stakeholders.

Risk-awareness continues to be an important aspect of our culture, as we work to complete our Enterprise Risk Management transformation. Employees at all levels of the organization are engaged in identifying and mitigating risks. Results of our annual employee pulse survey said that 85 percent of employees understand our risk practices and how these apply to them, a 10 percent improvement over 2019. We also introduced a new Human Resources Policy and several guidelines and standards to better align to our new risk practices, as well as a new corporate target, to ensure 100 percent completion of all compliance-related training. For 2020, this mandatory training included privacy, insider trading and mitigation of cyber-security risks.

As noted, the COVID-19 pandemic challenged our traditional way of working, advancing discussions on the 'future of work' and shifting behaviours to emphasize agility, decisiveness, collaboration, customer centricity, innovation and empathy. Moving forward, this will give us an advantage as we compete for talent within the Generation Z workforce, there's no question that the flexible workday has rapidly becoming mainstream and we will be challenged (globally) on our idea of what we have traditionally called "the office".

We will also consider and invest in increased process automation and digitization, reskilling, retooling and redeploying our current workforce, and recruiting for new skills and experience.

Leaders play a critical role in ensuring a diverse, inclusive and welcoming workplace for our employees. In 2020, we began work to redefine the role of leader at EDC and will implement programs to help leaders develop the skills, mindsets and behaviours to build a more agile and resilient workforce.

We replaced our biennial Employee Survey in 2019 with a quarterly Pulse Survey in order to gather more timely and targeted feedback from our employees. The Pulse Survey has helped to identify ways to improve the overall employee experience. This included a special edition to assess our COVID-19 response and related communications, technology, capacity, barriers to work and wellness of our employees and their families. And, in response to the Black Lives Matters movement, we added new questions related to Inclusion, Diversity & Equity. Our latest results continue to place EDC in the top quartile in Canada, with 88 percent of employees recommending EDC as a good place to work.

3.6 RISKS

We are international risk experts—we take on and manage risk, so Canadian companies can take on the world. Our success hinges on our employee's ability to use our knowledge of international trade to enable us to take on and manage significant levels of risk. Managing risk goes beyond financial transactions, it is inherent in everything we do, in order to protect our security, our reputation, and the Canadian exporters that we serve.

Our risk taxonomy is a comprehensive set of risk categories, which formalizes, defines and classifies risk, enabling consistent identification, categorization and reporting on risks. This taxonomy enables those involved in risk identification to consider all types of risks that could affect our objectives, promotes common language for risks and ensures that information about risks is aggregated.

The three risk types in our risk taxonomy are as follows:

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

The Risk Taxonomy is reviewed and recommended for approval by the senior management regularly.

We encourage 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 non-financial risk (strategic and operational). Those risks that are 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.

Financial risks that are directly associated with our financial services and revenue generating activities are monitored through quantitative measures and aggregated to look at the impact of financial risks to specific portfolios, concentration types, product groupings, or to the Corporation as a whole.

In response to the COVID-19 pandemic, we took on additional levels of risk. To reflect this increase in our Risk Appetite, we developed a Crisis Risk Appetite Statement to complement our existing Risk Appetite Statement. The Crisis Risk Appetite Statement was developed to reflect decisions that have been made relating to the Business Credit Availability Program (BCAP) and other initiatives established to support our COVID-19 response.

3.7 EXPECTED RESULTS AND PERFORMANCE INDICATORS

The following provides an overview of our corporate measures for the 2021-2025 planning period. These measures drive our behaviors to ensure we are delivering on our mandate and creating value for Canadian companies engaged in international trade. We achieve success by meeting or exceeding the target range set for individual measures for the business year. We report out on actual results in 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 percent of North American B2B companies. We expect the NPS score for 2020 to finish at 69.7 and anticipate the range to fall between 63.0-71.0 in 2021.
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 2020, we anticipate CDIA transactions to reach 650 by year-end (no change year over year) and have set the 2021 range at 0-10 percent.
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 percent by 2025. In 2020, we anticipate the SBC transaction measure to reach 6,918 transactions and have set a 2021 target growth range for the measure at 2-12 percent.
Customers Served	The Customer Served measure is the count of unique companies EDC transacts with over a 12-month period. We anticipate ending 2020 with 25,263 customers served (11,440 financial and 13,823 non-financial customers). This growth is due to the current business environment driving demand for EDC's products as well as a high-level uptake of our knowledge products. Looking ahead to 2021 we forecast this number to grow to between 26,000 (12,000 financial and 14,000 non-financial) and 30,000 (14,000 financial and 16,000 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 2020, we expect PR to reach 34.3 percent by year-end and, for 2021 are increasing the expected range for PR to 43-47 percent, a significant increase from 2020 mainly due to an increase in administrative expenses stemming from the investments in our digital transformation where the benefits will be realized in future years.
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 2020 year with $104.6 billion in business facilitated. Looking forward to 2021, we are forecasting that business facilitated will reach $111 billion.
Business Facilitated in Emerging Markets (BFEM)	In 2020, we expect BFEM to reach $24,100 M by year-end. We are forecasting BFEM to have the growth range 5-15 percent in 2021.

4.0 FINANCIAL OVERVIEW

4.1 OVERVIEW

The COVID-19 pandemic has shifted our focus to being a key part of the Government of Canada's response to the pandemic. A number of measures were announced in 2020 by the Government of Canada that will increase EDC's capacity to help Canadian companies facing extreme financial challenges brought on by the global response to COVID-19. These measures include the activation of the Business Credit Availability Program (BCAP) which is expected to increase business volumes in the commercial financing and insurance programs through our existing suite of financial solutions, and the expansion of our domestic capabilities to enable us to help Canada's financial institutions provide financing and credit solutions to Canadian businesses, helping even more companies raise the credit necessary to survive this unprecedented crisis.

The economic crisis will have a significant impact on our financial results in 2020 where we are projecting higher provisions for credit losses and claims related expenses stemming from the deterioration in the credit quality within our portfolios as well as assuming increased risk on new BCAP transactions. The economic scenario underpinning the Corporate Plan anticipates a gradual improvement in the economy beginning in 2021, as such our financial projections reflect an improvement in profitability over the Corporate Plan period when compared with 2020.

As previously discussed, beginning in 2021 focus will be placed on helping medium sized exporters, key drivers of economic growth, scale and grow their international trade success. In order to achieve this objective, significant investments are required in a number of areas of our business including digital capabilities. As well over the planning period we will be creating and implementing a new digitally enabled operating model for micro and small exporters that will allow us to further extend our reach and effectiveness in understanding and meeting their needs to drive better trade outcomes for Canada. These, along with our involvement in the pandemic response, will lead to higher administrative expenses and, as a result, we are projecting an increase in the productivity ratio. Refer to page 66 for further details.

In order to ensure EDC has the capital required to support Canadian businesses during the pandemic the forecast for 2020 includes an additional capital injection of $9.3 billion bringing the total capital injection in 2020 to $11 billion. $5 billion of this capital is earmarked to support the oil and gas sector during the pandemic as requested by our shareholder. If the take-up of pandemic-related support programs is lower than expected and/or if less capital is required to absorb program losses, EDC will return excess capital provided for both BCAP and oil and gas supports. The capital surplus will be returned by way of a special dividend at the end of the programs' availability periods, following the publication of the fiscal quarter results in which the program availability period ends. Refer to dividend section page 64.

Due to the ongoing COVID-19 pandemic, our actual results could be materially different from the financial projections in this Plan as the situation is extremely volatile and continues to evolve. Items most impacted by the current economic crisis include our forecasts for business facilitated under the Business Credit Availability Program and our estimates for provisions for credit losses as well as claims-related expenses.

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:

- A net loss of $2.8 billion in 2020 mainly due to an increase in the provision for credit losses as a result of the credit deterioration caused by the pandemic. Net income in the range of a $49 million net loss to net income of $810 million for the remainder of the Corporate Plan period.
- Net revenue[1] is projected to be $1.6 billion in 2020 and expected to be within the range of $1.5 billion to $1.8 billion for the Corporate Plan period.

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

4.3 KEY ASSUMPTIONS

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

Business Facilitated

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

Table 1: Projected Level of Business Facilitated (2019-2025)

(in millions of Canadian dollars)	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Business Facilitated								
Direct lending	19,913	20,700	14,900	18,100	17,000	20,200	21,000	22,000
Project finance	4,717	3,500	3,700	3,600	3,600	3,700	3,800	3,900
Loan guarantees	2,078	3,500	4,400	7,500	3,200	3,800	4,500	5,200
Investments	378	170	330	360	340	360	380	400
Total financing and investments	27,086	27,870	23,330	29,560	24,140	28,060	29,680	31,500
Credit insurance	57,569	61,500	60,500	63,500	65,500	69,600	74,500	80,000
Financial institutions insurance	6,915	6,000	8,500	6,800	6,800	6,800	6,800	6,800
International trade guarantee	8,612	10,000	10,300	10,900	11,300	11,900	12,500	13,100
Political risk insurance	2,407	2,400	2,000	300	-	-	-	-
Total insurance	75,503	79,900	81,300	81,500	83,600	88,300	93,800	99,900
	102,589	107,770	104,630	111,060	107,740	116,360	123,480	131,400

Table 2: Projected Level of BCAP Support Included in Business Facilitated

(in millions of Canadian dollars)	2020 Plan	2020 Fcst	2021 Plan
Business Facilitated			
Direct lending	5,000	3,800	1,700
Loan guarantees	1,000	2,800	5,600
Investments	-	150	40
Total financing and investments	6,000	6,750	7,340
Credit insurance	1,000	12,100	9,500
International trade guarantee	-	1,600	1,100
Total insurance	1,000	13,700	10,600
	7,000	20,450	17,940

2020 Forecast

We are forecasting an increase in business facilitated in 2020 when compared with the prior year mainly due to new business in support of the Business Credit Availability Program (BCAP). This new business is forecast at $20.5 billion in 2020 and is partially offset by a decrease in our core business in our corporate lending international, credit insurance and international trade guarantee product groups as we focus our efforts on helping Canadian companies through the current economic crisis.

2021 Plan to 2025 Plan

We are projecting the business facilitated for 2021 to increase when compared with 2020 mainly due to an increase in our direct lending business. Our core international lending business slowed in 2020 as we focused our efforts on the response to COVID-19 and we expect that area of the business to begin returning to more normal levels. As no BCAP business is projected beyond 2021, we will see a decline in business facilitated in 2022 followed by increases in each subsequent year of the Plan which is made up of nominal growth across the existing portfolios as well as new volumes in both financing and insurance that are due to our strategic focus on medium sized exporters.

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 2020 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 2020, is U.S. $0.76. 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 $3.1 billion in 2021 based on current projections.

Other Key Assumptions

Other (income) expense projections include realized gains or losses on our investments portfolio. The projections are based on a complex model, using market-driven internal rate of returns, which evaluates the expected cash distributions of current and future investments. The realized gains or losses are then estimated based on those projections. Also included are gains or losses on loan sales that are undertaken for a variety of reasons including risk mitigation purposes. Should actual results differ from projections, our profitability and productivity ratio will be impacted.

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

The administrative expense projections include additional headcount and consultant fees related to the work on our strategy and digital enablement as well as 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 2020 and we expect to end the year lower than the 3.2 per cent at the end of 2019. We are forecasting the discount rate to remain stable at 3.0 per cent throughout the planning period.

4.4 DIVIDEND

A strong capital position, along with a return to normal profitability levels beginning in 2022, will result in eligible dividend payments in each year of the Plan. A capital injection of $1.7 billion was received in April 2020 and a further injection of $9.3 billion is projected for the fourth quarter of 2020. These injections provide us with the capital needed to support business undertaken to aid in Canada's recovery from the pandemic. Included in the anticipated capital injection is $5 billion to support transactions in the oil and gas sector for the equivalent amount. If the take-up of pandemic-related support programs is lower than expected and/or if less capital is required to absorb program losses, EDC will return excess capital provided for both BCAP and oil and gas supports. The capital surplus will be returned by way of special dividends. The 2020 financial results are expected to lead to an eligible dividend payment of $2.5 billion in 2021. The eligible dividends for the remainder of the Corporate Plan period range between $1.0 and $2.6 billion. Refer to page 64 for further details.

5.0 APPENDICES

APPENDIX I: STATEMENT OF PRIORITIES AND ACCOUNTABILITIES

Minister of Small Business, Export Promotion and International Trade

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

Ottawa, Canada K1A 0G2

February 4, 2021

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

Dear Ms. Irman:

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

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

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

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Canada

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

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

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

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

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

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

Business Economic and Trade Recovery Team (BETR)

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

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

…/3

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

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

Resilience and Growth

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

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

Support for the Modernization of Multilateral Export Credit Agreements

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

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

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

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

Foreign Direct Investment

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

Climate Change & Cleantech

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

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

…/5

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

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

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

Responsible Business Conduct

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

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

Excess Share Capital Dividend

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

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

Performance and Accountability

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

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

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

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

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

Conclusion

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

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

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

Sincerely,

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

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

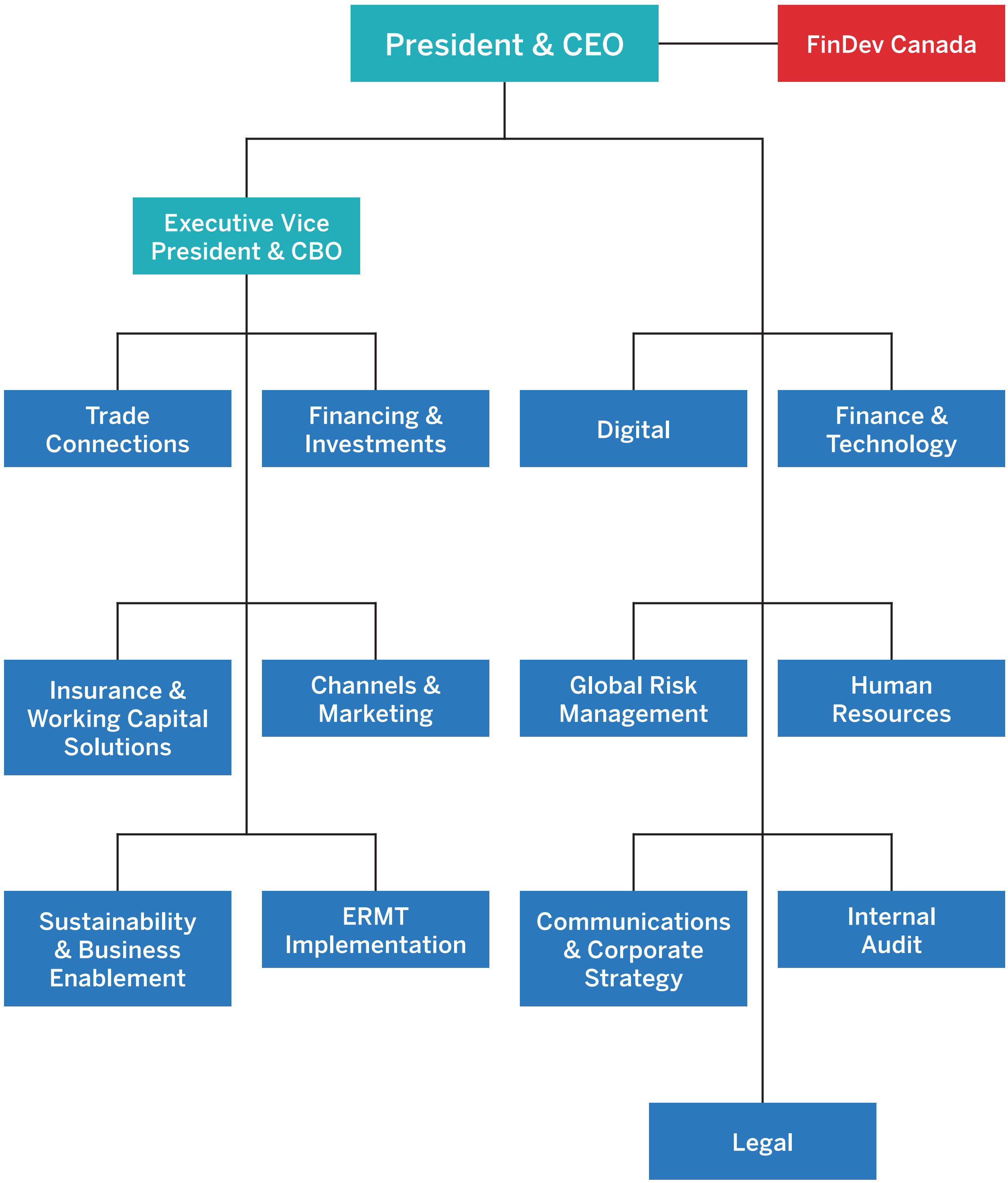
Mr. John Hannaford, Deputy Minister of Foreign Affairs, Global Affairs Canada

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

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

APPENDIX II: CORPORATE GOVERNANCE STRUCTURE

Managerial and Organizational Structure



Board and Committee Structure

Chair of the Board

Board of Directors

Executive Committee

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

Business Development and Performance Committee

- Acts as an advisory body to the Board of Directors, through which business performance is reviewed to validate alignment with the strategic direction of the Corporation.
- Provides strategic policy direction as to how EDC can best continue to meet the evolving needs of Canadian exporters and investors.
- Oversees the execution of the strategic direction of the Corporation.
- Monitors the performance of the Corporation against approved business strategies, plans and policies.

Risk Management Committee

- Supports the Board's oversight of the prudent management of EDC's capital structure, including the management of credit, market and other enterprise risks.
- Oversees and recommends updates to the internal policy framework governing authorization of EDC's business activities, and it oversees the authorizations that EDC requires in order to undertake specific transactions.
- Reviews and recommends transactions requiring Board approval and monitors compliance with the *Environmental and Social Review Directive*.
- Oversees EDC's compliance and ethics programs and receives updates on portfolio management activities.

Nominating and Corporate Governance Committee

- Handles matters relating to EDC's governance regime. It provides input on the ethics program for Directors, selection criteria for appointments of the President and the Chair, profiles of the desirable skills and experience required of Directors, consideration of Board candidates, and Board orientation and education programs.
- Oversees the Board governance survey, monitors relations with management, and reviews the membership and mandates of committees.

Human Resources Committee

- Supports the Board's oversight of human resources strategic planning and approves the management succession plan, employee and executive compensation, and the measures and targets for the corporate incentive program.
- Sets objectives and advises the Board on the assessment of the President's performance and oversees the design, investment strategy and performance of pension plans for employees.

Audit Committee

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

APPENDIX III: PLANNED RESULTS

Short Term (January 1, 2020 – December 31, 2021)

Performance Indicator	Target(s) 2019 Actual	2020 Plan	2020 Forecast*	2021 Plan	Data Strategy
Net Promoter Score	69.5	63.0 - 71.0	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 financial customers is selected for the survey which is comprised of various questions. Responses are tabulated and weighted and the final Net Promoter Score is computed.
CDIA Transactions	649	5 - 10 percent	650 (0 percent)	0 - 10 percent	Transactions that qualify as CDIA are counted and tabulated throughout the calendar year as they are signed and finalized.
SBC Transactions Core	5,930	5 - 15 percent	6,918 (17 percent)	2 - 12 percent	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.
SBC Transactions BCAP	n/a	n/a	1,300	1,890	BCAP includes BCAP Guarantee, mid-market and RBL
Customers Served	16,802	25,000 - 30,000	25,263	26,000 - 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.
	9,044 financial	9,300 - 9,800 financial	11,440 financial	12,000 - 14,000 financial	
	7,758 non-financial	15,700 - 20,200 non-financial	13,863 non-financial	14,000 - 16,000 non-financial	Our financing and insurance solutions count both Canadian and foreign customers while our knowledge solutions only count Canadian customers.
Productivity Ratio (percent)	36.4 percent	34 - 38 percent	34.3 percent	43 - 47 percent	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 ($M)	102,589	105,770	104,630	111,060	The amount of business Canadian companies are able to carry out with the help of EDC's financing and insurance solutions: on the insurance side it represents the value of the exports being insured and on the financing side it represents the loan amount or guarantee amount, as well as the committed amount for investments.
Business Facilitated in Emerging Markets ($M)	28,422	n/a	24,100	5 - 15 percent	Business Facilitated in Emerging Markets is a sub-set of Business Facilitated, it shows the business our customers carry out in emerging markets with the help of EDCs trade finance solutions.

* *Forecast for 2020 year-end actuals. Final 2020 results to be presented in 2020 Annual Report.*

** *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

Net Promoter Score (NPS) is the measure EDC uses to determine customer satisfaction and improve the customer experience. This metric is based on a single question we ask our customers in a survey: “On a scale of 0 – 10, with 0 being not at all likely and 10 being extremely likely, how likely is it that you would recommend EDC to a business associate?”

Our NPS, relative to other organizations, is strong and remains in the top 15 percent of North American B2B companies. We expect the NPS score for 2020 to finish at 69.7, which is within the 2020 Corporate Plan range.

In 2021, we anticipate the range to fall between 63.0-71.0. This range remains a best in class standard, given the changes to our service model in the context of COVID-19. reflects our commitment to focus on the customer experience, as we put more emphasis and resources to deliver in other areas, such as meeting demand for our small and medium-sized customers. The lower end of the range accounts for continued volatility due to COVID-19 and the eventual wind down of our COVID support. The upper end of the range assumes that economic conditions improve, and we return to historical levels of customer satisfaction. As well, we continue to improve our digital offerings to meet customer needs and deliver a better customer experience.

Canadian Direct Investment Abroad (CDIA) Transactions

Supporting CDIA transactions remains an integral part of EDC’s core business. This measure includes trade finance support (insurance, bonding and financing) for Canadian companies or their affiliates engaged in activities such as opening facilities in new markets, participating in joint ventures outside of Canada, acquiring a foreign company, and expanding a foreign investment. A transaction occurs when a Canadian company purchases one, or more, of our financial products.

In 2020, we anticipate CDIA transactions to reach 650 by year-end (no change year-over-year). This zero growth from the previous year is lower than anticipated due to:

- Companies pausing and re-evaluating their investment plans during the crisis; and
- EDC focusing resources on pandemic response efforts and support to small and commercial market companies.

For 2021, we forecast growth in the range of 0-10 percent.

The lower end of the range assumes:

- Travel restrictions remain in place longer than anticipated;
- Economy is slow to recover, and businesses are more focused on day-to-day operations than a growth strategy;

The upper end of the range assumes:

- Travel restrictions are lifted in 2021 and businesses are more inclined to invest abroad; and
- Corporate priorities focus more on supporting companies with their investment activities.

Small Business and Commercial (SBC) Transactions

We are 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. It measures the level of credit insurance, bonding, and financing activity between EDC and its small and commercial sized customers (annual sales generally less than $300 million). It also captures the number of referrals of SBC companies to the Business Development Bank of Canada (BDC) and the Trade Commissioners Service (TCS), where the organization then completes a transaction for the company. A transaction occurs when a Canadian small and commercial sized business purchases one, or more, of our financial products, with the exception of transactions involving referrals.

In 2020, we expect to reach 8,218 transactions (SBC Core and SBC BCAP) by year-end. SBC Core is forecast to reach 6,918 for year-over-year, for growth of 17 percent. This is above the Corporate Plan range of 5 to 12 percent. Year-over-year growth in the SBC Core reflects the current business environment, including increased market and currency volatility, heightened risks, greater uncertainty and diminished risk appetite by private insures. This led to increased demand from Canadian businesses for our trade finance products, particularly insurance products. This increase also reflects the Minister's direction to extend our services to domestic companies.

The 2021 growth range is forecast to be 2 to 12 percent for SBC Core business and 1,890 active BCAP transactions (80 percent retention on existing, plus 850 new transactions). This range takes into consideration different scenarios of economic recovery, which will impact our acquisition and retention rates and demand for our insurance products.

Customers Served

Customer Acquisition – Financial

This measure supports EDC's strategy to serve more Canadian companies. This measure counts the number of new companies that purchase our financial products (insurance, bonding and financing) in a calendar year. Therefore, the measure excludes companies who were financial customers served in the prior year.

Customer Acquisition – Non-Financial

Non-financial customer acquisition supports EDC's strategy to reach and serve more Canadian companies at different stages in their export journey. A non-financial customer is defined as a company who benefits from EDC's knowledge products or solutions. We offer trade-related knowledge and insights via various mechanisms such as webinars, in-person events, and our e-newsletter (TradeInsights). Another non-financial solution EDC provides is connections. Many Canadian companies do not have the size or contacts to be included in the procurement plans of large foreign buyers. Their challenge is getting a seat at the table with these companies to pitch their product. To address this, we have a matchmaking program that facilitates introductions between Canadian companies and international buyers.

We anticipate ending 2020 with 25,263 (11,440 financial and 13,823 non-financial) customers served. This growth is due to the current business environment driving demand for our products. Given the uncertain business environment, there is an ongoing demand for knowledge products, which contributed to the growth of non-financial customers. We expect this trend to continue in the second half of the year. Additional demand will also be expected as we invest in our digital capabilities and improve our knowledge offerings.

In 2021, we forecast this number to grow to between 26,000 (12,000 financial and 14,000 non-financial) and 30,000 (14,000 financial and 16,000 non-financial) customers. This range is based on momentum established over the past three years. Growth in SBC and BCAP will continue to increase Financial Customers Served.

Productivity Ratio

Our Productivity Ratio (PR) captures in aggregate form how well we use our resources.

In 2020, we expect PR to reach 34.3 percent by year-end and, for 2021 we are increasing the expected range for PR to 43-47 percent. While this represents a significant increase from 2020, there are several factors which are contributing to the growth, including the addition of resources to continue to deliver on COVID-19-related initiatives such as the Business Credit Availability Program (BCAP). Although the origination of BCAP transactions will come to an end in 2021, additional resources will still be needed to manage the BCAP assets that remain on our books throughout the Plan period.

We anticipate realizing future benefits from our strategic transformation including digital investments that will result in an increase in revenue as well as cost savings. These will result in a decline in PR beginning in 2022.

Total Business Facilitated

We expect to end the 2020 year with $104,6 billion in business facilitated. In 2021, we are forecasting that business facilitated will reach $111 billion.

As per the Minister’s request, we included a new measure in this year’s Corporate Plan to address trade diversification: Business facilitated in emerging markets (BFEM). In 2020, we expect BFEM to reach $24,100 million by year-end. We are forecasting BFEM to have the growth range 5-15 percent in 2021.

Medium-to-long Term (January 1, 2022 – December 31, 2025)

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

1. EDC will continue to support Canadian companies through the COVID-19 crisis and recovery phases;
2. EDC will move from a product-driven organization to customer needs-driven segmentation;
3. EDC will move from “reactive risk mitigation” on Environment, Social and Governance (ESG) / Corporate Social Responsibility (CSR) to “proactive leadership” in ESG / CSR;
4. EDC will invest heavily in new digital capabilities to address the growing technology debt to better connect with customers and create a more efficient and scalable business.

These objectives underpin our mandate to support, develop, directly or indirectly, Canada’s export trade and Canadian capacity to engage in that trade, and respond to international business opportunities and will guide our business strategy over the planning period.

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

Performance Indicator	Target(s) 2022	2023	2024	2025	Data Strategy
Customers Served	30,000 (11,000 financial customers)	30,000 (11,400 financial customers)	30,000 (11,900 financial customers)	30,000 (12,500 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 (percent)	43.5 percent	42.3 percent	38.6 percent	36.8 percent	The medium to long term forecast for the productivity ratio is a function of our forecasts for administrative expenses and operating revenue. A series of key assumptions, including business facilitated, risk profile of business facilitated, foreign exchange and interest rates and yields, all of which have an impact on our business activity and financial performance, and drive the plan projections in these areas, thereby driving the forecast of the productivity ratio over the medium to long term. We revise the medium to long term forecast for the productivity ratio on an annual basis.
Total Business Facilitated ($B)	107,740	116,360	123,480	131,400	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.

We are developing additional success measures to track how we boost the competitiveness of Canadian companies internationally (EDC's impact on its customer success) and how we create a stronger, more inclusive and cleaner economy (EDC impact on Canada).

These success measures are as follows:

EDC's impact on Customer Success:

- Increase revenue of Canadian companies.
- Increase in trade diversification of Canadian companies.
- Spurring of clean business models.
- More inclusive and diverse exporters.

EDC's impact on Canada:

- Increasing Canada's trade revenues.
- Increasing Canada's trade diversification.
- A lower carbon and climate resilient economy.
- Increasing Canada's inclusive and diverse exporters.

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 22, 2020

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 2021-2025 Corporate Plan. It is in all material respects, in accordance with International Financial Reporting Standards, based on information available at the time of the preparation of this submission, that I considered necessary, as of the date indicated below. Based on this due diligence review, I make the following conclusions:

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

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

The Corporate Plan 2021-2025 was approved by EDC's Board of Directors on October 22, 2020.

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

Marsha Acott

Marsha Acott, Acting Senior Vice-President and Chief Financial Officer
Export Development Canada

October 22, 2020

APPENDIX V: FINANCIAL STATEMENTS AND NOTES

Statement of Comprehensive Income

Table 3: Projected Condensed Statement of Comprehensive Income (2019-2025)

for the year ended December 31 (in millions of Canadian dollars)	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Financing and Investment Revenue:								
Loan	2,295	2,127	1,848	1,542	1,454	1,453	1,578	1,717
Marketable securities	254	172	164	75	63	57	61	71
Investments	7	6	9	8	8	8	8	8
Total financing and investment revenue	2,556	2,305	2,021	1,625	1,525	1,518	1,647	1,796
Interest expense	1,307	966	753	366	349	374	414	497
Financing related expenses	31	24	22	16	15	14	14	14
Net Financing and Investment Income	1,218	1,315	1,246	1,243	1,161	1,130	1,219	1,285
Loan Guarantee Fees	55	70	63	173	155	143	120	103
Insurance premiums and guarantee fees	243	252	266	255	274	289	305	324
Reinsurance ceded	(41)	(38)	(39)	(32)	(29)	(28)	(28)	(28)
Net Insurance Premiums and Guarantee Fees	202	214	227	223	245	261	277	296
Other (Income) Expense	113	5	4	95	(11)	(18)	(40)	(72)
Administrative Expenses	527	530	545	693	684	657	639	646
Income before Provision and Claims-Related Expenses	834	1,064	987	851	888	895	1,017	1,110
Provision for Credit Losses	238	800	3,300	600	300	300	200	100
Claims-Related Expenses	126	200	500	300	100	50	50	200
Net Income	470	64	(2,813)	(49)	488	545	767	810
Other comprehensive income:								
Retirement benefit plans remeasurement	(40)	32	(85)	39	41	44	46	48
Comprehensive Income	430	96	(2,898)	(10)	529	589	813	858

2020 Forecast Versus 2020 Corporate Plan

We are forecasting a net loss of $2.8 billion for 2020, a decrease of $2.9 billion from the 2020 Corporate Plan. Items of note regarding this forecast are as follows:

- An increase in the provision for credit losses of $2.5 billion mainly due to downward credit migration within our portfolio as a result of the economic uncertainty related to the COVID-19 crisis.
- Claims-related expenses have increased by $300 million from the Corporate Plan mainly due to an increase in the allowance for insurance claims combined with a higher forecast of claim payments as a result of COVID-19.
- While interest rates have declined in 2020, thereby lowering both loan revenue and interest expense when compared with the 2020 Plan, net financing and investment income is $69 million lower than Plan. The decrease is mainly due to a decrease in loan fee revenue, changes in interest rates and foreign exchange translation.
- Administrative expenses are projected to increase by $15 million compared to the Plan as a result of higher pension costs due to a decrease in the discount rate used to value the pension obligation as well as additional resources needed to deliver on the COVID-19 related government initiatives.

2021 Corporate Plan Versus 2020 Forecast

We are anticipating that interest rates will stay at their current levels in 2021 thereby decreasing both loan revenue and interest expense from 2020, which had the higher interest rates in the first quarter of 2020.

The planned net loss for 2021 is $49 million, which is an improvement of $2,764 million from 2020.

- Provision for credit losses are forecast to decline to $600 million from $3.3 billion in 2020. The $600 million of provision for credit losses in 2021 is due to new BCAP transactions which are expected to be predominantly non-investment grade. While these new transactions will increase our provision for credit losses we will also see an increase in both our loan and loan guarantee fee revenue.
- Claims-related expenses are expected to decrease by $200 million in 2021. The higher expense in 2020 is mainly due to the impact of COVID-19 on the allowance for claims on insurance. We do not expect the impact of COVID-19 on our portfolio to be as significant in 2021.
- Administrative expenses are higher by $148 million in 2021 primarily due to the investments required for our strategic transformation and additional resources needed to deliver on the COVID-19 initiatives. Refer to page 66 for further details.
- Other expenses of $95 million are forecast for 2021 mainly due to anticipated losses on loan sales that are undertaken for a variety of reasons including risk mitigation purposes.

Statement of Financial Position

Table 4: Projected Condensed Statement of Financial Position (2019-2025)

as at December 31 (in millions of Canadian dollars)	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Assets								
Cash	172	76	111	111	111	111	111	111
Marketable securities	10,648	9,434	12,966	8,799	10,582	9,126	11,905	11,114
Derivative instruments	667	761	1,731	1,731	1,731	1,731	1,731	1,731
Loans receivable	51,543	57,158	56,144	53,690	50,678	53,066	55,073	58,582
Allowance for losses on loans	(928)	(1,717)	(3,078)	(1,709)	(809)	(809)	(810)	(809)
Investments	1,576	1,692	1,532	1,544	1,570	1,536	1,505	1,458
Investment in FinDev Canada	200	300	300	300	300	300	300	300
Amounts due from FinDev Canada	1	3	2	185	403	-	-	-
Reinsurers' share of premium and claims liabilities	120	134	149	119	104	83	99	94
Other assets	219	182	293	320	323	328	334	340
Retirement benefit assets	88	139	2	27	56	90	128	162
Property, plant and equipment	42	47	42	37	32	26	20	15
Intangible assets	108	90	85	73	61	49	35	22
Right-of-use assets	130	121	123	113	103	93	82	72
Total Assets	64,586	68,420	70,402	65,340	65,245	65,730	70,513	73,192
Liabilities and Equity								
Accounts payable and other credits	115	91	151	143	137	137	137	137
Loans payable	52,404	53,713	48,784	46,305	46,649	49,229	55,158	58,021
Derivative instruments	1,269	2,065	2,018	2,018	2,018	2,018	2,018	2,018
Lease liabilities	157	149	152	144	136	128	120	112
Retirement benefit obligations	210	204	225	235	246	257	268	279
Allowance for losses on loan commitments	10	31	90	90	90	90	90	90
Premium and claims liabilities	500	485	832	805	784	647	540	604
Loan guarantees	147	206	307	309	364	415	444	436
Total Liabilities	54,812	56,944	52,559	50,049	50,424	52,921	58,775	61,697
Share capital	1,333	3,000	12,300	12,300	12,300	12,300	12,300	12,300
Retained earnings	8,441	8,476	5,543	2,991	2,521	509	(562)	(805)
Total Equity	9,774	11,476	17,843	15,291	14,821	12,809	11,738	11,495
Total Liabilities and Equity	64,586	68,420	70,402	65,340	65,245	65,730	70,513	73,192

2020 Forecast Versus 2020 Corporate Plan

Loans receivable are forecast to be lower than Plan primarily due to changes in foreign exchange rates. Loans payable is also lower as a result of the anticipated $9.3 billion capital injection as well as changes in foreign exchange rates.

2021 Corporate Plan Versus 2020 Forecast

Loans receivable are expected to decrease by $2.5 billion in 2021 mainly due to forecast loan write-offs as a result of the economic crisis and forecast net loan repayments.

2022 to 2025

Loans receivable is expected to grow from 2022 to 2025 due to the expected economic recovery as well as newly anticipated business volumes as a result of our strategic focus on medium sized exporters. We will see a corresponding increase in our loans payable as our borrowing requirements are largely driven by our loan portfolio.

Amounts due from our subsidiary, FinDev Canada, increase 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 over the planning period with the debt to equity ratio reaching 5.5 in 2025. Since the end of 2011 we have paid $6.7 billion in dividend payments and we are projecting another $9.1 billion over the planning period.

Statement of Changes in Equity

Table 5: Projected Condensed Statement of Changes in Equity (2019-2025)

for the year ended December 31 (in millions of Canadian dollars)	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Share Capital	1,333	3,000	12,300	12,300	12,300	12,300	12,300	12,300
Retained Earnings								
Balance beginning of year	9,022	8,380	8,441	5,543	2,991	2,521	509	(562)
IFRS 16 transition adjustment	(1)	-	-	-	-	-	-	-
Revised balance beginning of year	9,021	8,380	8,441	5,543	2,991	2,521	509	(562)
Net income	470	64	(2,813)	(49)	488	545	767	810
Other comprehensive income								
Retirement benefit plans remeasurement	(40)	32	(85)	39	41	44	46	48
Dividend paid	(1,010)	-	-	(2,542)	(999)	(2,601)	(1,884)	(1,101)
Balance end of year	8,441	8,476	5,543	2,991	2,521	509	(562)	(805)
Total Equity End of Year	9,774	11,476	17,843	15,291	14,821	12,809	11,738	11,495
Return on Equity	4.7%	0.6%	-19.2%	-0.3%	3.2%	3.9%	6.2%	7.0%

Share Capital has increased in 2020 due to the capital injection of $1.7 billion received in April 2020 and the injection of $9.3 billion to be received in the last quarter of 2020.

Statement of Cash Flows

Table 6: Projected Condensed Statement of Cash Flows (2019-2025)

for the year ended December 31 (in millions of Canadian dollars)	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Cash Flows from (used in) Operating Activities								
Net income	470	64	(2,813)	(49)	488	545	767	810
Adjustments to determine net cash from (used in) operating activities								
Provision for (reversal of) credit losses	238	800	3,300	600	300	300	200	100
Change in the net allowance for claims on insurance	(331)	(20)	306	(17)	(13)	(122)	(130)	61
Depreciation and amortization	41	40	40	38	39	40	41	41
Realized (gains) and losses	8	-	(45)	95	(11)	(18)	(40)	(72)
Changes in operating assets and liabilities								
Change in fair value of investments and accrued interest on loans receivable	(158)	92	131	121	110	69	48	14
Change in accrued interest and fair value of marketable securities	(174)	-	(207)	-	-	-	-	-
Change in accrued interest and fair value of loans payable	439	-	304	-	-	-	-	-
Change in derivative instruments	(192)	-	(16)	-	-	-	-	-
Other	(118)	1,655	(530)	(689)	(212)	(116)	(155)	(98)
Loan disbursements	(21,670)	(28,201)	(27,970)	(28,254)	(27,565)	(30,049)	(31,010)	(31,960)
Loan repayments and principal recoveries from loan asset sales	22,188	23,225	23,241	29,245	29,549	27,576	28,967	28,460
Net cash from (used in) operating activities	741	(2,345)	(4,259)	1,090	2,685	(1,775)	(1,312)	(2,644)
Cash Flows from (used in) Investing Activities								
Disbursements for investments	(276)	(337)	(300)	(244)	(302)	(301)	(324)	(326)
Receipts from investments	152	188	412	232	312	378	420	470
Finance lease repayments	-	5	-	-	-	-	-	-
Disbursements for investments in FinDev Canada	(100)	(100)	(100)	-	-	-	-	-
Purchases of marketable securities	(9,287)	(14,359)	(12,487)	(13,411)	(14,436)	(14,160)	(16,254)	(14,850)
Sales/maturities of marketable securities	9,629	15,706	11,898	16,305	13,194	15,172	14,321	15,402
Purchases of property, plant and equipment	(3)	-	(3)	-	-	-	-	-
Purchases of intangible assets	(21)	-	(1)	-	-	-	-	-
Net cash from (used in) investing activities	94	1,103	(581)	2,882	(1,232)	1,089	(1,837)	696
Cash Flows from (used in) Financing Activities								
Issue of long-term loans payable	14,872	15,852	11,310	9,755	15,063	10,001	15,360	22,894
Repayment of long-term loans payable	(14,574)	(13,524)	(13,820)	(10,944)	(14,757)	(7,559)	(9,486)	(20,085)
Issue of short-term loans payable	37,037	54,789	44,553	48,781	52,879	50,896	49,574	48,913
Repayment of short-term loans payable	(38,450)	(56,117)	(46,865)	(50,103)	(52,879)	(50,896)	(49,574)	(48,913)
Disbursements from sale/maturity of derivative instruments	(443)	-	(84)	-	-	-	-	-
Receipts from sale/maturity of derivative instruments	99	-	87	-	-	-	-	-
Amounts borrowed by FinDev Canada	-	(3)	(2)	(183)	(218)	-	-	-
Issue of share capital	-	-	10,967	-	-	-	-	-
Dividend paid	(1,010)	-	-	(2,542)	(999)	(2,601)	(1,884)	(1,101)
Net cash from (used in) financing activities	(2,469)	997	6,146	(5,236)	(911)	(159)	3,990	1,708
Effect of exchange rate changes on cash and cash equivalents	(85)	-	1	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(1,719)	(245)	1,307	(1,264)	542	(845)	841	(240)
Cash and cash equivalents								
Beginning of year	2,894	1,931	1,175	2,482	1,218	1,760	915	1,756
End of year	1,175	1,686	2,482	1,218	1,760	915	1,756	1,516
Cash and cash equivalents are comprised of:								
Cash	172	76	111	111	111	111	111	111
Cash equivalents included within marketable securities	1,003	1,610	2,371	1,107	1,649	804	1,645	1,405
	1,175	1,686	2,482	1,218	1,760	915	1,756	1,516

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 contacts. The standard requires entities to measure the contract liabilities using their current fulfillment cash flows and revenue to be recognized using one of three methods. In June 2020, the IASB amended IFRS 17 to make the explanation of financial performance easier for companies as well as to extend the effective date by two years, to annual periods on or after January 1, 2023. This standard will impact EDC's financial statements and related disclosures, however the impact has not been incorporated in the Corporate Plan as it cannot be reasonably estimated at this time.

Risk Management

For a comprehensive discussion on our risk management, please refer to pages 65-74 of our 2019 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 AA solvency rating, consistent with the level targeted by leading financial institutions. Our capital position is also subject to downside vulnerabilities, and 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 (2019-2025)

(in millions of Canadian dollars)	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Credit risk	2,965	3,086	7,802	7,383	5,466	4,457	4,194	4,227
Market risk	934	833	1,094	1,107	1,105	1,109	1,115	1,112
Operational risk	225	225	239	231	243	233	249	263
Total pillar I risks	4,124	4,144	9,134	8,721	6,814	5,799	5,558	5,601
Strategic risk	412	414	913	872	681	580	556	560
Pension plan risk	469	469	545	545	545	545	545	545
Total pillar II risks	881	883	1,458	1,417	1,226	1,125	1,101	1,105
Total economic capital	5,005	5,027	10,593	10,138	8,041	6,924	6,659	6,706
Capital reserved for strategic initiatives	100	-	300	300	300	200	100	-
Capital reserved to withstand a stressed period	-	-	-	-	-	-	-	-
Total capital demand	5,105	5,027	10,893	10,438	8,341	7,124	6,759	6,706
Supply of capital	9,756	11,443	17,802	15,232	14,748	12,809	11,738	11,495
Capital surplus/ (deficit)	4,651	6,416	6,909	4,794	6,407	5,685	4,979	4,789
EDC target rating	AA	AA	AA	AA	AA	AA	AA	AA
EDC implied solvency rating	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA

As previously discussed, $5 billion of the anticipated $9.3 billion capital injection is to support the oil and gas sector through the economic crisis. While table 7 above includes the total capital position for EDC, the following table shows the projected capital position for the separate oil and gas support:

Table 8: Capital - Oil and Gas (2020-2025)

(in millions of Canadian dollars)	2020 Fcst	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Capital demand	3,550	3,016	1,367	413	259	105
Supply of capital	5,000	3,066	3,016	1,367	413	259
Capital surplus/ (deficit)	1,450	50	1,649	954	154	154

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

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

Region	2017 Actual	2018 Actual	2019 Actual
Africa and Middle East	26.0%	24.5%	22.7%
Asia and Pacific	21.4%	23.2%	18.3%
Europe and CIS	19.8%	19.4%	19.0%
North America	26.6%	24.4%	27.7%
South and Central America and the Caribbean	6.2%	8.5%	12.3%

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

Industry	2017 Actual	2018 Actual	2019 Actual
Aerospace	15.9%	9.2%	11.5%
Agri-food	0.7%	1.3%	4.1%
Automotive	1.4%	2.3%	3.7%
Construction	2.2%	2.8%	1.2%
Environmental	0.7%	0.7%	0.2%
Financial and insurance services	5.4%	4.4%	4.4%
Forestry	0.9%	3.6%	3.7%
Knowledge technologies	1.1%	1.5%	1.0%
Light manufacturing	5.2%	6.9%	4.0%
Mining	17.1%	11.7%	16.5%
Oil and gas	33.6%	34.4%	24.1%
Sovereign	1.4%	1.5%	1.7%
Surface transportation	2.4%	3.5%	5.1%
Telecom and media	4.5%	6.6%	9.0%
Tourism and government services	0.0%	0.3%	0.4%
Utilities and alternative and renewable energy	7.5%	9.3%	9.4%

The loan capital distribution reflected in tables 9 and 10 is impacted by the corresponding business volumes and risk characteristics as well as risk transfer activities conducted by EDC. The capital distribution is consequently not a direct representation of the outstanding loan amounts by country or industry.

Eligible Dividends

Under normal conditions when we generate a capital surplus, the surplus is released back to the Shareholder as a dividend over a certain period of time which should tie in with the forecasted outlook period. Based on our Capital Management and Dividend Policy, under normal conditions, the amount of dividend shall be based on 20% of available capital surplus; however, the Shareholder and EDC each retains the right to request that a dividend be paid based on a different methodology, or that no dividend be paid. In 2020, as a result of EDC's actions to support Canadian companies through the BCAP programs, EDC did not pay a dividend to the shareholder. In 2020, we anticipate receiving capital injections totaling $11 billion of which $5 billion is to support the oil and gas sector through the crisis. As previously discussed, for the capital injection received for pandemic-related supports, the amount of the special dividends will be calculated and paid following the publication of the fiscal quarter results. The amount will be equivalent to the capital surplus which is shown in Table 11.

Table 11: Dividends Oil and Gas (2020-2025)

(in millions of Canadian dollars)	2020 Fcst	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Total capital demand	3,550	3,016	1,367	413	259	105
Supply of capital	5,000	3,066	3,016	1,367	413	259
Capital surplus/(deficit)	1,450	50	1,649	954	154	154
Calculated dividend	1,450	50	1,649	954	154	154

Table 12: Dividends Excluding Oil and Gas (2019-2025)

(in millions of Canadian dollars)	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Total capital demand	5,105	5,027	7,343	7,422	6,974	6,711	6,500	6,601
Supply of capital	9,756	11,443	12,802	12,166	11,732	11,442	11,325	11,236
Capital surplus/(deficit)	4,651	6,416	5,459	4,744	4,758	4,731	4,825	4,635
Calculated dividend	-	918	1,092	949	952	930	947	908

Ordinary dividend projections are based on EDC's existing Board-approved Capital Management and Dividend Policy, which returns to the shareholder 20% of the available capital surplus at the end of each fiscal year. EDC will inform the shareholder of the final dividend for 2020 as soon as feasible following Board approval of the dividend. EDC will seek agreement from officials from Global Affairs Canada and Finance Canada on the methodology for the calculation and the timing of the Special Dividend for the $4.3 billion capital injection that EDC received on November 9, 2020 for BCAP programming, in order to ensure that all surplus capital from the injection is returned to the shareholder.

Table 13: Total Dividends (2019-2025)

(in millions of Canadian dollars)	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Total capital demand	5,105	5,027	10,893	10,438	8,341	7,124	6,759	6,706
Supply of capital	9,756	11,443	17,802	15,232	14,748	12,809	11,738	11,495
Capital surplus/(deficit)	4,651	6,416	6,909	4,794	6,407	5,685	4,979	4,789
Calculated dividend	-	918	2,542	999	2,601	1,884	1,101	1,062

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 $90 billion ('Contingent Liability Limit'); and
- A limit on our borrowings ('Loans Payable Limit'), as discussed on page 71.

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

Table 14: Statutory Limits (2019-2025)

(in millions of Canadian dollars)	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Contingent Liability Limit	45,000	45,000	90,000	90,000	90,000	90,000	90,000	90,000
Credit insurance	11,856	11,892	14,277	14,531	14,748	15,658	16,765	18,002
Financial institutions insurance	1,970	2,816	2,422	1,937	1,937	1,937	1,937	1,937
International trade guarantee	9,026	9,353	10,359	10,006	9,723	9,595	9,952	10,416
Political risk insurance	838	847	742	519	464	444	315	315
Loan guarantees	3,552	4,726	5,696	8,468	7,583	6,220	5,175	4,143
Position against limit	27,242	29,634	33,496	35,461	34,455	33,854	34,144	34,813
Percent used	61%	66%	37%	39%	38%	38%	38%	39%
Loans Payable Limit	155,175	145,350	146,340	267,015	228,480	221,220	192,135	176,070
Position against limit	52,404	53,713	48,784	46,305	46,649	49,229	55,158	58,021
Percent used	34%	37%	33%	17%	20%	22%	29%	33%

Operating Budget and Notes

Administrative Expenses and Productivity Ratio

Table 15: Projected Administrative Expenses and Productivity Ratio (2019-2025)

(in millions of Canadian dollars)	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Salaries and benefits	252	265	273	317	311	296	300	307
Systems costs	46	58	50	55	57	58	60	62
Professional services	45	31	46	113	112	101	80	81
Pension, other retirement and post-employment benefits	45	44	57	62	60	58	56	54
Amortization and depreciation	33	31	32	28	29	30	31	31
Marketing and communications	32	29	27	32	32	32	32	32
Occupancy	24	29	27	31	31	31	31	31
Information services	20	18	20	25	25	25	25	25
Travel, hospitality and conferences	11	10	2	5	7	6	6	6
Other	20	15	11	25	20	20	18	17
Total administrative expenses	527	530	545	693	684	657	639	646
Productivity Ratio	36.4%	33.2%	34.3%	44.9%	43.5%	42.3%	38.6%	36.8%

We are targeting administrative expenses of $693 million for 2021 compared to a current forecast for 2020 of $545 million. Items of significance in our administrative expense projections for 2021 and beyond are as follows:

- Additional resources will continue to be required in order to deliver on the COVID-19 related government initiatives such as the Business Credit Availability Program (BCAP) which will lead to an increase in our salaries and benefits when compared with the 2020 Plan.
- We will embark on a strategic transformation beginning in 2021 where our primary focus will be on helping medium sized exporters scale and grow their international success. In addition, we will be creating and implementing a new digitally enabled operating model for micro and small exporters that will allow us to further extend our reach and effectiveness in understanding and meeting their needs to drive better trade outcomes for Canada. These objectives will require a significant investment in a number of areas including the enhancement of our digital capabilities.
- Pension costs are expected to increase in 2021 and beyond when compared with the 2020 Corporate Plan mainly due to a decrease in the discount rate used to value our pension obligations.

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 2020, we are expecting our PR to increase when compared with the Corporate Plan mainly due to the factors previously discussed.

In 2021, we are projecting PR to increase to 44.9 per cent mainly due an increase in administrative expenses. We anticipate that the PR will gradually decline over the Corporate Plan period as we are projecting an increase in revenues due to our strategic transformation while the associated costs will gradually decline. In addition, we expect to realize benefits from our digital investments that will result in further cost savings.

The following tables provide information on our travel, hospitality and conferences expenses from 2017 to 2025. We do not anticipate these costs to increase over the plan period.

Table 16: Travel, Hospitality and Conferences Expenses (2017-2025)

(in thousands of Canadian dollars)	2017 Actual	2018 Actual	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Travel*	7,418	9,025	9,053	7,000	1,509	3,565	5,543	5,524	5,495	5,495
Hospitality	994	1,077	1,480	1,600	170	1,228	810	807	804	804
Conferences	742	769	840	1,000	50	150	150	150	150	150
Total	9,154	10,871	11,373	9,600	1,729	4,943	6,503	6,481	6,449	6,449

* *Travel for 2017-2019 actuals and the 2020 forecast include travel related to employee training. These expenses have been reclassified for 2021-2025.*

Table 17: Travel, Hospitality and Conferences Expenses as a Percentage of Total Administrative Expenses (2017-2025)

(in millions of Canadian dollars)	2017 Actual	2018 Actual	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Total travel, hospitality and conferences expenses	9.2	10.9	11.4	9.6	1.7	4.9	6.5	6.5	6.4	6.4
Total administrative expenses	429	489	527	530	545	693	684	657	639	646
Travel, hospitality and conferences as a % of total administrative expenses	2.1%	2.2%	2.2%	1.8%	0.3%	0.7%	1.0%	1.0%	1.0%	1.0%

Capital Budget and Notes

Capital Expenditures

Table 18: Projected Capital Expenditures (2019-2025)

(in millions of Canadian dollars)	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Facilities	1.8	9.4	6.1	1.7	1.7	1.7	1.7	1.7
Information technology	22.8	5.0	2.5	10.5	10.5	10.5	10.5	10.5
Total capital expenditures	24.6	14.4	8.6	12.2	12.2	12.2	12.2	12.2

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

The facilities capital expenditures for 2020 are expected to be lower than Plan due to the reduced scope of some regional office expenditures. The 2020 Plan for information technology included projects that no longer meet the criteria for capitalization and have been transferred to operating expenses.

The 2021 facilities capital expenditures are projected to return to a more regular spend after a year of investments in the new and existing regional offices in key markets to better support exporters across Canada. The 2021 technology capital expenditures are expected to increase over the 2020 Plan as we embark on implementing new digital capabilities as previously discussed.

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 2020 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 19: Projected Condensed Consolidated Statement of Comprehensive Income (2019-2025)

for the year ended December 31 (in millions of Canadian dollars)	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Financing and Investment Revenue:								
Loan	2,295	2,135	1,850	1,549	1,467	1,453	1,578	1,717
Marketable securities	255	173	165	75	63	57	61	71
Investments	7	6	9	8	8	8	8	8
Total financing and investment revenue	2,557	2,314	2,024	1,632	1,538	1,518	1,647	1,796
Interest expense	1,307	966	753	366	350	374	414	497
Financing related expenses	31	24	22	16	15	14	14	14
Net Financing and Investment Income	1,219	1,324	1,249	1,250	1,173	1,130	1,219	1,285
Loan Guarantee Fees	55	70	63	173	155	143	120	103
Insurance premiums and guarantee fees	243	252	266	255	274	289	305	324
Reinsurance ceded	(41)	(38)	(39)	(32)	(29)	(28)	(28)	(28)
Net Insurance Premiums and Guarantee Fees	202	214	227	223	245	261	277	296
Other (Income) Expense	110	5	10	91	(15)	(18)	(40)	(72)
Administrative Expenses	538	545	558	713	705	657	639	646
Income before Provision and Claims-Related Expenses	828	1,058	971	842	883	895	1,017	1,110
Provision for (Reversal of) Credit Losses	240	804	3,308	608	309	300	200	100
Claims-Related Expenses	126	200	500	300	100	50	50	200
Net Income	462	54	(2,837)	(66)	474	545	767	810
Other comprehensive income:								
Retirement benefit plans remeasurement	(40)	32	(85)	39	41	44	46	48
Comprehensive Income	422	86	(2,922)	(27)	515	589	813	858

Consolidated Statement of Financial Position

Table 20: Projected Condensed Consolidated Statement of Financial Position (2019-2025)

as at December 31 (in millions of Canadian dollars)	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Assets								
Cash	176	78	117	117	117	111	111	111
Marketable securities	10,754	9,434	12,983	8,799	10,582	9,126	11,905	11,114
Derivative instruments	668	761	1,733	1,733	1,733	1,731	1,731	1,731
Loans receivable	51,565	57,318	56,283	53,985	51,132	53,366	55,373	58,882
Allowance for losses on loans[1]	(930)	(1,723)	(3,088)	(1,723)	(828)	(809)	(810)	(809)
Investments	1,627	1,803	1,636	1,679	1,754	1,536	1,505	1,458
Reinsurers' share of premium and claims liabilities	120	134	149	119	104	83	99	94
Other assets	221	184	295	322	325	328	334	340
Retirement benefit assets	88	139	2	27	56	90	128	162
Property, plant and equipment	43	48	43	37	32	26	20	15
Intangible assets	108	91	86	74	63	49	35	22
Right-of-use assets	132	122	124	114	104	93	82	72
Total Assets	64,572	68,389	70,363	65,283	65,174	65,730	70,513	73,192
Liabilities and Equity								
Accounts payable and other credits	117	91	152	144	138	137	137	137
Loans payable	52,404	53,713	48,784	46,305	46,649	49,229	55,158	58,021
Derivative instruments	1,269	2,065	2,018	2,018	2,018	2,018	2,018	2,018
Lease liabilities	159	151	154	145	137	128	120	112
Retirement benefit obligations	210	204	225	235	246	257	268	279
Allowance for losses on loan commitments[1]	10	31	90	90	90	90	90	90
Premium and claims liabilities	500	485	832	805	784	647	540	604
Loan guarantees[1]	147	206	307	309	364	415	444	436
Total Liabilities	54,816	56,946	52,562	50,051	50,426	52,921	58,775	61,697
Share capital	1,333	3,000	12,300	12,300	12,300	12,300	12,300	12,300
Retained earnings	8,423	8,443	5,501	2,932	2,448	509	(562)	(805)
Total Equity	9,756	11,443	17,801	15,232	14,748	12,809	11,738	11,495
Total Liabilities and Equity	64,572	68,389	70,363	65,283	65,174	65,730	70,513	73,192

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 21: Projected Condensed Consolidated Statement of Changes in Equity (2019-2025)

for the year ended December 31 *(in millions of Canadian dollars)*	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Share Capital	1,333	3,000	12,300	12,300	12,300	12,300	12,300	12,300
Retained Earnings								
Balance beginning of year	9,012	8,357	8,423	5,501	2,932	2,521	509	(562)
IFRS 16 transition adjustment	(1)	-	-	-	-	-	-	-
Revised balance beginning of year	9,011	8,357	8,423	5,501	2,932	2,521	509	(562)
Net income	462	54	(2,837)	(66)	474	545	767	810
Other comprehensive income								
Retirement benefit plans remeasurement	(40)	32	(85)	39	41	44	46	48
Dividend paid	(1,010)	-	-	(2,542)	(999)	(2,601)	(1,884)	(1,101)
Balance end of year	8,423	8,443	5,501	2,932	2,448	509	(562)	(805)
Total Equity at End of Year	9,756	11,443	17,801	15,232	14,748	12,809	11,738	11,495
Return on Equity	4.6%	0.5%	-20.6%	-0.4%	3.2%	4.0%	6.2%	7.0%

Consolidated Statement of Cash Flows

Table 22: Projected Condensed Consolidated Statement of Cash Flows (2019-2025)

for the year ended December 31 *(in millions of Canadian dollars)*	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Cash Flows from (used in) Operating Activities								
Net income	462	54	(2,837)	(66)	474	545	767	810
Adjustments to determine net cash from (used in) operating activities								
Provision for (reversal of) credit losses	240	804	3,308	608	309	300	200	100
Change in the net allowance for claims on insurance	(331)	(20)	306	(17)	(13)	(122)	(130)	61
Depreciation and amortization	41	40	40	38	39	40	41	41
Realized (gains) and losses	8	-	(45)	95	(11)	(18)	(40)	(72)
Changes in operating assets and liabilities								
Change in fair value of investments and accrued interest on loans receivable	(160)	91	139	122	111	69	48	14
Change in accrued interest and fair value of marketable securities	(174)	-	(207)	-	-	-	-	-
Change in accrued interest and fair value of loans payable	439	-	304	-	-	-	-	-
Change in derivative instruments	(192)	-	(20)	-	-	-	-	-
Other	(123)	1,658	(534)	(689)	(215)	(116)	(155)	(98)
Loan disbursements	(21,692)	(28,293)	(28,087)	(28,422)	(27,744)	(30,049)	(31,010)	(31,960)
Loan repayments and principal recoveries from loan asset sales	22,188	23,226	23,242	29,253	29,567	27,576	28,967	28,460
Net cash from (used in) operating activities	706	(2,440)	(4,391)	922	2,517	(1,775)	(1,312)	(2,644)
Cash Flows from (used in) Investing Activities								
Disbursements for investments	(311)	(398)	(357)	(275)	(351)	(301)	(324)	(326)
Receipts from investments	152	188	413	232	312	378	420	470
Finance lease repayments	-	5	-	-	-	-	-	-
Purchases of marketable securities	(9,316)	(14,429)	(12,487)	(13,411)	(14,436)	(14,160)	(16,254)	(14,850)
Sales/maturities of marketable securities	9,686	15,808	11,898	16,305	13,194	15,172	14,321	15,402
Purchases of property, plant and equipment	(3)	-	(3)	-	-	-	-	-
Purchases of intangible assets	(21)	-	(2)	(1)	(1)	-	-	-
Net cash from (used in) investing activities	187	1,174	(538)	2,850	(1,282)	1,089	(1,837)	696
Cash Flows from (used in) Financing Activities								
Issue of long-term loans payable	14,872	15,852	11,310	9,755	15,063	10,001	15,360	22,894
Repayment of long-term loans payable	(14,574)	(13,524)	(13,820)	(10,944)	(14,757)	(7,559)	(9,486)	(20,085)
Issue of short-term loans payable	37,037	54,789	44,553	48,781	52,879	50,896	49,574	48,913
Repayment of short-term loans payable	(38,450)	(56,117)	(46,865)	(50,103)	(52,879)	(50,896)	(49,574)	(48,913)
Disbursements from sale/maturity of derivative instruments	(443)	-	(84)	-	-	-	-	-
Receipts from sale/maturity of derivative instruments	99	-	87	-	-	-	-	-
Issue of share capital	-	-	10,967	-	-	-	-	-
Dividend paid	(1,010)	-	-	(2,542)	(999)	(2,601)	(1,884)	(1,101)
Net cash from (used in) financing activities	(2,469)	1,000	6,148	(5,053)	(693)	(159)	3,990	1,708
Effect of exchange rate changes on cash and cash equivalents	(85)	-	1	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(1,661)	(266)	1,220	(1,281)	542	(845)	841	(240)
Cash and cash equivalents								
Beginning of year	2,946	1,954	1,285	2,505	1,224	1,760	915	1,756
End of year	1,285	1,688	2,505	1,224	1,766	915	1,756	1,516
Cash and cash equivalents are comprised of:								
Cash	176	78	117	117	117	111	111	111
Cash equivalents included within marketable securities	1,109	1,610	2,388	1,107	1,649	804	1,645	1,405
	1,285	1,688	2,505	1,224	1,766	915	1,756	1,516

Consolidated Administrative Expenses

Table 23: Projected Consolidated Administrative Expenses (2019-2025)

(in millions of Canadian dollars)	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Salaries and benefits	258	274	280	326	321	296	300	307
Systems costs	46	58	52	56	58	58	60	62
Professional services	46	34	48	116	115	101	80	81
Pension, other retirement and post-employment benefits	45	44	57	63	61	58	56	54
Amortization and depreciation	33	31	32	28	29	30	31	31
Marketing and communications	33	30	28	33	33	32	32	32
Occupancy	25	29	27	31	31	31	31	31
Information services	20	18	20	25	25	25	25	25
Travel, hospitality and conferences	12	11	2	6	8	6	6	6
Other	20	16	12	29	24	20	18	17
Total administrative expenses	538	545	558	713	705	657	639	646

Consolidated Capital Expenditures

Table 24: Projected Consolidated Capital Expenditures (2019-2025)

(in millions of Canadian dollars)	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Facilities	2.0	9.5	6.2	1.7	1.8	1.7	1.7	1.7
Information technology	22.8	5.7	3.3	11.3	11.3	10.5	10.5	10.5
Total capital expenditures	24.8	15.2	9.5	13.0	13.1	12.2	12.2	12.2

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*. 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, subject to the exceptions at sections 5 and 6 of this Act. We will report our borrowings to the Minister of Finance to comply with this Act.

The *Export Development Act* permits us to borrow and have outstanding loans payable up to a maximum of 15 times the aggregate of our current paid in capital and retained earnings as determined by the audited financial statements for the previous year. Based on the 2020 forecast, the maximum borrowing limit allowable under this Act for 2021 is estimated at CAD $267.0 billion (U.S. $202.0 billion), compared to forecast loans payable at the end of 2020 of CAD $46.3 billion (U.S. $35.0 billion).

In accordance with subsection 127(3) of the *Financial Administration Act*, EDC requires the approval of the Minister of Finance to enter into any particular transaction to borrow money, including the time and the terms and conditions of the transaction. We obtain Minister of Finance approval annually for our capital and money markets borrowing plans. Annual Board resolutions permit us to operate within the authorities prescribed by the Minister.

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

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

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. $76 million) capital injection. Additional capitalization of CAD $100 million (U.S. $76 million) took place in each of 2019 and 2020. EDC is currently forecast to provide debt financing of CAD $183 million (U.S. 138 million) in 2021. Our Treasury team will leverage its expertise to undertake all borrowing, investing, hedging and foreign exchange activities on behalf of FinDev Canada, should business requirements or market conditions necessitate access to additional funding.

Borrowing Approach

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

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

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

The execution of the borrowing and liquidity strategies is monitored on a daily basis by the Treasury team's management. Monthly reports are provided to senior management and quarterly reports are provided to the 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 billion (CAD $7.9 billion). We will also maintain a CAD component of the liquidity portfolio with a target size of CAD $300 - $500 million (U.S. $227 - $378 million). In addition, a daily minimum U.S. $2.0 billion (CAD $2.6 billion) of unused CP capacity will be required.

Capital Markets Borrowing Program

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

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

Total Borrowings – New and Outstanding

2020 Borrowings

As at August 31, 2020, we have issued U.S. $8.6 billion (CAD $11.4 billion) in long-term debt compared to the Minister of Finance approved 2020 maximum of U.S. $14.7 billion (CAD $19.4 billion). Commercial paper outstanding amounted to U.S. $8.0 billion (CAD $10.6 billion) as at August 31, 2020 compared to the Minister of Finance authorized 2020 maximum of U.S. $20.0 billion (CAD $26.4 billion). However, commercial paper outstanding peaked at U.S. $12.9 billion (CAD $17.0 billion) in April due to increased revolver utilization in response to the COVID-19 crisis.

2020 long-term borrowing is forecast to be CAD $4.8 billion (U.S. $3.6 billion) lower than the 2020 Plan due primarily to the use of the anticipated capital injection of CAD 9.3 billion in the fall to reduce long term borrowing requirements. 2020 short-term borrowing outstanding at year end is forecast to be CAD $0.1 billion (U.S. $0.1 billion) lower than the 2020 Plan reflecting the use of the anticipated capital injection to reduce the elevated level of commercial paper outstanding at mid-year to USD $4.0 billion (CAD $5.3 billion) by December 31, 2020.

In 2020, the liquidity portfolio is forecast to maintain an average balance of CAD $9.5 billion (U.S. $7.2 billion), with a minimum balance of CAD $7.9 billion (U.S. $6.0 billion) and a maximum balance of CAD $9.9 billion (U.S. $7.5 billion).

2021 Borrowings

Money Market Borrowings (Short-term Borrowings)

Unpredictable cash flow demands most often result from undrawn revolver commitments, estimated at U.S. $7.6 billion (CAD $10.0 billion) at December 31, 2021. Revolver commitments range in size from approximately U.S. $311 thousand to U.S. $300 million (CAD $411 thousand to CAD $397 million), can provide for same day advances and can be highly concentrated among certain industries and individual borrowers. Revolver utilization rates spiked in 2020 and are expected to remain elevated throughout 2021. Additional committed facilities which have not yet been drawn are forecast to total U.S. $3.6 billion (CAD $4.8 billion) at the end of 2021.

In 2021, the liquidity portfolio is forecast to maintain an average, as well as a minimum and maximum, balance of CAD $7.9 billion (U.S. $6.0 billion), with a minimum and a maximum balance of CAD $7.9 billion (U.S. $6.0 billion). The entire liquidity portfolio can be accessed during a liquidity event. At December 31, 2021, short-term borrowings outstanding are projected to be CAD $1.3 billion (U.S. $1.0 billion) lower than the forecast December 31, 2020 short-term borrowings outstanding reflecting the use of long-term funding to further reduce short-term borrowings outstanding to our target level.

Capital Market Borrowings (Long-term Borrowings)

The Corporate Plan projects a baseline borrowing requirement of U.S. $7.4 billion (CAD $9.8 billion) with potential additional long-term requirements of U.S. $3.8 billion (CAD $5.0 billion) for contingency purposes. The baseline borrowing requirement is U.S. $2.6 billion (CAD $3.4 billion) lower than the 2020 plan requirement primarily due to increased net loan repayments, decreased requirements due to increased investments reflecting the 2020 capital injection and lower debt maturities partially offset by decreased cash from operations and an increase in the eligible dividend.

Total Outstanding Borrowings

The aggregate principal amount outstanding of borrowings will not at any time in 2021 exceed CAD $46.3 billion (U.S. $35.0 billion), which is well below the maximum statutory limit of fifteen times the current paid in capital and retained earnings, equivalent to CAD $267.0 billion (U.S. $202.0 billion) estimated as of December 31, 2021.

Primary Uses of Financing

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

CP Outstanding – Decrease in the level of CP outstanding.

FinDev Canada – Debt financing for operations and projects.

Eligible Dividend – Debt financing for dividend

Potential Increases in Requirements

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

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

Pre-Funding of 2022 Business Facilitated – We may seek to pre-fund some of our 2022 capital markets requirements to minimize debt service costs and lock-in longer term funding.

Table 25: Capital Markets Borrowing Requirement Projection for 2021

(in millions of U.S. dollars)	USD	2021 Plan
Decrease/(increase) in cash from operations	(76)	
Net loan disbursements/(repayments)	(741)	
Funding Requirements for Fin Dev Canada	138	
Eligible dividend	1,923	
Activity from operations		1,244
Funding required for change in CP outstanding	1,000	
Funding required for change in marketable securities at fair value through profit or loss	(3,145)	
Refinancing of debt maturities	8,179	
Buybacks	100	
Activity from liabilities		6,134
Forecast Borrowing Requirements for Corporate Plan		**7,378**
Potential increases to cash requirements		
Changes to assumption on lending activity		2,000
Changes to assumption on revolving facilities		750
Reduction of outstanding commercial paper		500
Pre-funding of 2022 volumes/maturities		500
Forecast Borrowing Requirements Including Contingencies		**11,128**

Table 26: Projected Borrowing Plans (2018-2025)

(in millions of Canadian dollars)	2018 Actual	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Capital Markets Borrowing Limit									
(U.S. $14.7 billion)*	21,707	21,685	19,954	19,954	-	-	-	-	-
Position	13,857	14,582	15,852	11,310	9,755	15,063	10,001	15,360	22,894
Percent used	64%	67%	79%	79%	-	-	-	-	-
Short-Term Borrowing Limit									
(U.S. $20.0 billion)*	19,113	18,179	27,148	27,148	-	-	-	-	-
Position	11,085	9,117	5,325	5,215	3,911	3,911	3,911	3,911	3,911
Percent used	58%	50%	20%	20%	-	-	-	-	-

* *Refers to 2020 limit. The limits are set each year in consultation with the Department of Finance, and accordingly, there are no limits set for 2021 to 2025.*

Table 27: Projected Total Outstanding Borrowings (2018-2025)

as at December 31 (in millions of Canadian dollars)	2018 Actual	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Short-term borrowings	11,085	9,117	5,325	5,215	3,911	3,911	3,911	3,911	3,911
Long-term borrowings	44,363	43,287	48,388	43,569	42,394	42,738	45,318	51,247	54,110
Total borrowings	55,448	52,404	53,713	48,784	46,305	46,649	49,229	55,158	58,021

Table 28: Projected Short-Term Borrowings by Currency (2018-2025)

as at December 31 *(in millions of Canadian dollars)*	2018 Actual	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Canadian dollar	-	-	-	-	-	-	-	-	-
U.S. dollar	10,772	9,117	5,325	3,993	2,689	2,689	2,689	2,689	2,689
Other currencies	313	-	-	1,222	1,222	1,222	1,222	1,222	1,222
Total short-term borrowings	11,085	9,117	5,325	5,215	3,911	3,911	3,911	3,911	3,911

Table 29: Projected Peaks in Short-Term Borrowings by Currency (2018-2025)

for the year ended December 31 *(in millions of Canadian dollars)*	2018 Actual	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Canadian dollar	136	10	-	-	-	-	-	-	-
U.S. dollar commercial paper	12,330	9,117	7,302	15,641	2,689	4,066	4,066	4,066	3,405
U.S. dollar line of credit	-	-	-	-	-	-	-	-	-
Other currencies	313	302	-	1,331	1,222	1,222	1,222	1,222	1,222
Total short-term borrowings	12,779	9,429	7,302	16,972	3,911	5,288	5,288	5,288	4,627

Table 30: Projected Long-Term Borrowings (2018-2025)

(in millions of Canadian dollars)	2018 Actual	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Opening balance	40,690	44,363	46,032	43,287	43,569	42,394	42,738	45,318	51,247
Maturities	(12,058)	(14,574)	(13,524)	(13,820)	(10,944)	(14,757)	(7,559)	(9,486)	(20,085)
New issuances	13,128	14,872	15,852	11,310	9,755	15,063	10,001	15,360	22,894
FX translation and other changes	2,603	(1,374)	28	2,792	14	38	138	55	54
Total long-term borrowings	44,363	43,287	48,388	43,569	42,394	42,738	45,318	51,247	54,110

Table 31: Projected Long-Term Borrowings by Type (2018-2025)

as at December 31 *(in millions of Canadian dollars)*	2018 Actual	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 Plan	2024 Plan	2025 Plan
Fixed rate	18,257	17,456	15,306	19,085	17,887	17,723	16,687	13,415	9,680
Floating rate	26,106	25,831	33,082	24,484	24,507	25,015	28,631	37,832	44,430
Total long-term borrowings	44,363	43,287	48,388	43,569	42,394	42,738	45,318	51,247	54,110

Interest Rate Sensitivity

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

Interest Rate Change

(in millions of Canadian dollars)		2019
	+100 Basis Points	-100 Basis Points
Change in net financing and investment income	**(30)**	**30**

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

Foreign Exchange Risk

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

Canadian Dollar Relative to Other Currencies

(in millions of Canadian dollars)		2019
	Increases by 1%	Decreases by 1%
Change in net income	**(2)**	**2**

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

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 suite of policies to address legislative and policy requirements, relevant to our operations. We systematically monitor new Bills tabled in Parliament to ensure we are prepared for continued compliance with any new federal requirements.

Compliance Risk Management at EDC

As a Crown corporation engaged in international trade, we are subject to a 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, the *Compliance Risk Management 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 continue through the planning period.

In 2019, we made significant progress on our Compliance Risk Management program. A key milestone included the review and assessment of existing compliance controls related to federal laws, which provided an enterprise-wide view of EDC's top compliance risks such as the *Corruption of Foreign Public Officials Act*, *Privacy Act*, *Special Economic Measures Act*, and the *Financial Administration Act* among others.

We will continue to develop this program including processes and guidelines related to regulatory change, monitoring and testing, issues management and reporting to support the implementation of the CRM Policy at the end of 2020 and advance a risk-intelligent culture at EDC.

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 five directives as described below.

In September 2008, together with other federal Crown corporations involved in commercial lending, EDC was issued a directive to give due consideration to the personal integrity of those we lend or provide benefits to, in accordance with Government's policy to improve the accountability and integrity of federal institutions. To implement this directive, we reviewed all of our policies and programs and confirmed that they were sufficient to ensure that due consideration is given to the personal integrity of individuals seeking support or other benefits from EDC, and the effects that transactions into which we may enter could have on our reputation.

In 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.

On March 26, 2020, in accordance with subsection 149(1) of the *Financial Administration Act*, the Minister for International Trade asked EDC to provide specific, ongoing reporting that includes: aggregate baseline data for 2019 on all financial customer transactions; monthly aggregate reporting related to the following government programs: Business Credit Availability Program, cleantech commercialization support program, Export Diversification Strategy, and support for women entrepreneurship and for Indigenous entrepreneurs.

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

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. To support these efforts, in 2020 we updated and renamed the *Transparency and Disclosure Policy* (the Policy) that sets out our framework to disclose information pertaining to our business in a manner that balances the confidentiality required by our customers with the information sought by the public. It is intended to provide clarity for all audiences about the work we do, whether they are our employees, customers, members of civil society, or the general public. The Policy is authorized by our Board of Directors and provides the framework that governs our disclosure practices in relation to our business activities.

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

The application of the Policy is overseen by our Compliance Officer and monitored for compliance by our Internal Audit and Evaluation department. In accordance with our current Disclosure Policy, we make available on our website:

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

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

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

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

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

Gender-Based Analysis Plus

While we have not yet identified a formal Gender-Based Analysis Plus (GBA+) assessment process, we monitor and assess GBA+ issues as they arise. We are also establishing a baseline that indicates 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 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;
- Developed a corporate roadmap to guide our women's strategy into the planning period; and
- In 2020 we became Corporate Members of both WE Connect International in Canada and WBE Canada.

Similarly, we have undertaken a review of our accessibility to Indigenous-led businesses, which will strengthen our support for Indigenous exporters. In 2020, we became Patron Members of the Canadian Council for Aboriginal Businesses (CCAB) as well as a Procurement Champion with the Certified Aboriginal Business (CAB) program. We also continue to partner with other organizations to increase our reach and impact with the Indigenous Business community.

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).

Moreover, in 2020 we undertook an inclusive approach to supporting all Canadian companies through the economic downturn caused by COVID-19, to ensure that our COVID-19 response measures are accessible by all businesses. We have been engaging closely and regularly with our ecosystem partners to ensure the needs of these companies are being met by government assistance programs.

Inclusion, Diversity and Equity (ID&E)

Building a safe and inclusive environment where everyone can be their whole, best self in the workplace is of paramount importance at EDC. To help us better understand our diversity and inclusion efforts, a third-party maturity assessment was conducted in early 2020 to obtain an independent perspective on our progress and guide the development of an updated strategy and action plan. The maturity report confirmed the diversity and inclusion work already taking place and included several key recommendations, which are being actioned.

The Black Lives Matter movement has also challenged us to examine our values, practices and processes to ensure all employees, including Black and Indigenous colleagues and other people of colour, feel safe and included and are treated with respect and dignity.

To ensure our actions are impactful and sustained, we are expanding our focus is from 'Diversity and Inclusion' to 'Inclusion, Diversity and Equity', in order to address systemic issues. To build more inclusion, a number of initiatives are underway.

We recognize the crucial role that our leaders play and are providing them with the skills to improve diversity and inclusion throughout the organization. Our June virtual leaders meeting, led by external diversity and inclusion consultants, became a focused conversation on racism and bias in the workplace. We introduced a Leading Inclusively series of newsletters to equip leaders with timely and relevant information and guidance on how to lead more effectively and provided anti-racism resources to enable safe conversations. The Executive team, the Inclusion, Diversity & Equity Committee and Human Resources also completed individual cross-cultural assessments to build their intercultural competence.

To better understand the employee experience and respond to employee concerns, we introduced a series of conversation groups (facilitated by an external Diversity and Inclusion expert) to provide employees with a safe and confidential forum to share their experiences and ensure their voices were heard on matters of anti-racism and inclusion in the workplace. These initiatives will help address inequities moving forward.

EDC's first Chief Diversity Officer was hired to provide expert advice and guidance on the development of a new thoughtful and comprehensive strategy and the enhancement of internal capabilities to build a more welcoming and inclusive workplace culture.

In support of the BlackNorth Initiative launched by the Canadian Council of Business Leaders Against Anti-Black Systemic Racism, we signed the CEO Pledge[1] and committed to fighting anti-Black systemic racism and improving representation of Black people in boardrooms and executive suites.

We regularly monitor representation in four key areas of our workforce, as required by Federal regulation: gender, visible minorities, Indigenous peoples, and people with disabilities. Our goal is to have our employee population mirror the external labour market availability for these four areas. From the end of 2014 to the end of Q2 2020, the percentage of EDC employees who identify as visible monitories increased to 20.8 percent from 13.8 percent. We also have annual targets for women in leadership and within lines of business leadership; visible minorities in leadership; and Indigenous peoples in professional roles. Our current targets for 2020 to 2023 were updated in 2019 and are based on the 2018 workforce availability data.

We have committed to increasing the number of women and women in leadership roles throughout the organization. We are currently undergoing a review of our equity and will develop a plan to address systemic elements that may be keeping us from reaching our targets.

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

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 in global markets where we work. In light of COVID-19, we are currently reviewing our language programming to offer greater flexibility and virtual offerings. Our goal is to create a culture that respects and fosters Canada's language duality.

Safe Workspaces

We are committed to providing a workplace that is civil, respectful and free of harassment. Following the launch of mandatory e-learning module Mutual Respect in The Workplace in 2018, we have enhanced our practices and procedures to ensure that our workplace is free from harassment, discrimination and workplace violence. In 2021, new legislation under the Canada Labour Code, is expected to come into effect, which will require EDC to further enhance our policies, programs, reporting and training for employees on harassment and violence in the workplace.

We strive to create an environment where employees feel safe to raise concerns, through Human Resources, Compliance & Ethics, or Internal Disclosures to Senior Officers.

Accessibility

We are committed to providing an inclusive and accessible workplace. We continue to monitor the *Accessible Canada Act* to ensure our practices, programs and physical space align with the accessibility standards that will soon come from this legislation.

Our corporate head office was designed with accessibility in mind. Our in-house Real Estate and Facilities team works to ensure seamless access to all areas of the building, including: ramps to outside terraces; wider than building code compliant corridors; automatic door openers to washrooms, the Fitness Centre and all floors; counters in washrooms and service areas at accessible heights; adjustable height work stations and a variety of workstation types; spacious access to amphitheater-style boardroom; an infirmary; easy access to the parking garage for barrier free parking; exterior ramps to lobby level; and easily accessible retail space. We also offer a multi-faith religious observance room and gender-neutral washrooms. We also provide increased IT functionality for the mobility and hearing impaired through phone-via-speech recognition and voice command software as well as TTY, a text-based system for communicating over phone lines.

1 https://www.blacknorth.ca/The-Pledge

We also offer a comprehensive disability management program including at work services, accommodation programs, flexible work arrangements and robust health benefits including paramedical services. Employees also have access to an Employee and Family Assistance Program which provides accessibility services for individuals (and their dependents) who are hearing impaired.

Our Inclusion, Diversity & Equity Committee has sponsored various events to raise awareness about disabilities and the wide-range of support we provide.

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 3.1.4 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 our Senior Vice-President supporting Sustainable Business & Enablement Group.

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, Treasury, facilities, our head office landlord Manulife, as well as 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;
- Scholarships for students pursuing an education in international business with an environmental or 1-5 Year Corporate Plan;
- Travel-Carbon offset credits, work with or support, Treasury on their pilot project, when and where we are needed;
- Make baseline for our diversion rates 70 percent on our waste audits;
- Green procurement support, including guidance, tools and training; and
- Showcase green initiatives, for people working from home.

APPENDIX IX: COVID-19 IMPACT

Impacts

Business lines and activities most affected (facilities closures, redirection of products, move to online, etc.), including:

Labour

EDC response: staff were redeployed to support areas where demand was greatest.

Service – loss of clients, particular product/service area impacts, changes to processes

EDC response: Parliament's decision to grant us an expanded mandate, has enabled us to leverage our full suite of tools in support of non-exporting companies. We quickly modified our existing products to respond to customer needs by:

- Implementing payment deferrals for a number of our financial programs.
- Disbursing liquidity under previously negotiated credit facilities.
- Paying insurance claims in advance of the waiting period.

Our solutions have been made more accessible by expanding our risk appetite and agility.

COVID-19 Related Changes to Existing EDC Programs

Export Guarantees	Credit Insurance	Financing	Claims
• Additional working capital support for existing guarantee programs. • Temporary liquidity injection via six-month fee payment deferral for existing customers and new customers qualified under the EDC BCAP Guarantee.	• Payment relief on export receivables policies – deferral will be permitted on an as needed basis. • Increase in risk appetite and flexibility when assessing new buyer coverage requests and in cases of credit deterioration.	• Payment deferral for up to six months on principal and interest payments to provide companies with liquidity relief.	• Waiving of the waiting period for claims under our export policies until June 15, 2020, allowing companies to file and receive payment for a claim earlier.

Financial – total loss (or gain) attributable to the pandemic, including any government program funding applied for (e.g., wage benefits to prevent layoffs, rent relief through CECRA, etc.) or pandemic-related approved funding requests to Finance

EDC response:

- Increase in core business: The numbers below demonstrate the counter-cyclical nature of EDC's core business. When crises threaten liquidity and elevate risk beyond the tolerances of other market players, EDC is able to lean in, mitigate risk and deliver that liquidity. Between March and October, EDC saw an 85% increase in new customers served through our Portfolio Credit Insurance Product. From 279 new policyholders in 2019 to 515 new policyholders in 2020.
- On the bonding side of our business, our solutions have helped support $5.65 billion in trade since the beginning of the year.
- Our financing solutions have helped facilitate $12.8 billion in trade since the beginning of the year. Our knowledge products have also provided much needed guidance during the crisis.

Emergency Relief – (if applicable) summarize both government-directed and voluntary actions undertaken by the CC (outside normal business) to provide financial or other relief to Canadians (e.g., rent deferral/reduction, use of facilities for emergency-related items, implementing GoC loan programs, etc.)

EDC response: EDC is proud to be part of the Government of Canada's response to the pandemic and its economic consequences. We have been helped in this by Parliament's decision to grant EDC an expanded mandate, which has freed EDC to leverage its full suite of tools in support of non-exporting companies.

Beyond our core business line, we also collaborated in the design and delivery of two new Team-Canada programs: the **Business Credit Availability Program**, or BCAP and the **Canada Emergency Business Account**, CEBA. We also play a key role in identifying transactions that meet the criteria for the **Large Employer Emergency Financing Facility** (LEEF) and we are working closely with BDC to provide crucial support to the Oil and Gas sector. We have also produced a web-based triage tool to point Canadian companies to COVID-19 resources across government EDC COVID-19 Assistance Tool.[1]

New Measures to Support Businesses During COVID-19

CEBA (Canada Emergency Business Account)	BCAP (Business Credit Availability Program) Guarantee	LEEFF (Large Employer Emergency Financing Facility)	Support for the Oil and Gas Sector

• $40,000 interest-free loan for qualifying businesses. Up to $10,000 of that amount will be eligible for complete forgiveness if $30,000 is fully repaid on or before December 31, 2022.
• EDC is supporting the Government of Canada with the roll-out and working with Canadian Financial Institutions by providing them with the support they need to deliver this program.
	• SMEs: provide financial institutions with a guarantee on loans of up to $6.25M allowing Canadian businesses to get quick access to the working capital they need to address payroll and operational costs.
	• Mid-market: guarantees 75% of new operating credit and cash-flow loans that financial institutions extend to medium-sized companies, from a minimum guarantee amount of $16.75M to a maximum guarantee amount of $80M.
		• LEEFF provides bridge financing to Canada's largest employers in order to keep their operations going. It is underwritten by the Canadian Development Investment Corporation rather than EDC.
		• LEEFF will be used for transactions that previously would have gone against the Canada Account — an EDC-administered tool for the federal government to support transactions deemed of national interest. EDC's role is to identify and transfer potential LEEFF transactions as quickly as possible.
			• EDC and BDC will work together to help this sector get back on their feet:
			  • EDC: up to $6.5B in support (lending, bonding, and ARI) available over 12-months with a possible 12-month extension.
			  • BDC: a $2.5B mezzanine stimulus fund targeting exploration and production, mid-stream producers and oil-field companies, supporting new investment as the industry emerges from the current economic situation.

EDC's Role in CEBA

We help to deliver the Canada Emergency Business Account (CEBA), by working with Canadian financial institutions to provide funding, validation checks, and administration.

Since its launch, this program has delivered more than $30.4 billion through 220 financial institutions, providing essential liquidity to more than 760,500 companies.

1 https://www.edc.ca/en/campaign/coronavirus-covid-19.html

EDC's Role in BCAP

We currently offer two forms of BCAP financing guarantees.

Our BCAP Guarantee, launched in late March, is geared primarily to small- and medium-sized companies, supporting loans to a maximum of $6.25 million with a guarantee of 80 percent.

Our second guarantee is the Mid-Market Guarantee and Financing Program, which offers expanded support for medium-sized businesses – companies earning revenues between 50 and 300 million dollars – and supports loans in the 16 million to 80-million dollar range, with a guarantee of 75 percent.

The first BCAP guarantee was designed to get liquidity quickly to smaller companies with limited financing sources.

COVID-19 Accomplishments to date [as of September 30, 2020]

- $30.4 billion cumulative funds disbursed for CEBA
- 511 BCAP guarantees confirmed, representing a guarantee amount of $639 million (total credit extended of $798.7 million)

Anticipated Stimulus – (if any) how actions outlined in current plan may assist in general pandemic recovery. This should include only items approved or seeking approval in the current plan, not aspirational projects.

EDC response: EDC will continue with current stimulus initiatives with the BCAP and CEBA programs, as well as work to identify new opportunities to meet the evolving needs of Canadian companies both with new products and services, but also by working together with government partners to identify synergies and reduce complexity for companies

APPENDIX X: SECTOR CONSIDERATIONS

Advanced Manufacturing

Manufacturing continues to be a large component of the Canadian economy. The Government of Canada has set targets calling for an increase in manufacturing sales by 50 percent to $1 trillion by 2030 and an increase in manufacturing exports to $540 billion by 2030. To do so, Canadian firms must leverage next generation technology and processes, or “Advanced Manufacturing” and the related areas of Industry 4.0—the application of innovative technology and related engineering and manufacturing processes that make production faster, simpler and more efficient, which will increase the competitiveness of Canada’s manufacturing sector.

We will continue to support Canada’s advanced manufacturing exporters that are developing the building blocks that are essential to support this industry multiple sectors. We will continue to leverage our international connections to connect Canadian technology companies as they continue to adopt Industry 4.0.

Advanced Technologies

As a result of the digital transformation, industries around the world are embracing new technologies, transforming their operations and processes to improve efficiencies, speed, agility and innovation, and drive global competitiveness and growth. Canada has a rich ecosystem of technology innovation and leaders, particularly in the advanced technology sectors, including artificial intelligence and data analytics, enterprise applications and software, next generation mobility and broadband, and cybersecurity.

We will continue to support Canadian technology companies at the forefront of innovation, developing the technology “building blocks” essential to the digital transformation, and increase collaboration with Innovation, Science and Economic Development (ISED) on the Strategic Innovation Fund, to support Canada’s Innovation Strategy.

Clean Technologies

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 (as at year end 2019), we have facilitated $9.4 billion in Canadian cleantech exports, including a record $2.5 billion in 2019, exceeding most of our initial 2020 cleantech targets. We have also increased the number of our cleantech customers from 51 in 2012 to 227 companies in 2019. In fact, EDC is now largest provider of financial services to the Canadian cleantech sector.

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

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 team to grow our expertise and understanding of the unique operational, financial and market risks of cleantech 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 cleantech 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 continue to collaborate with BDC, Sustainable Development Technology Canada, the Trade Commissioner Service, Canadian Commercial Corporation 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 and strengthening partnerships with regional cleantech associations such as Écotech Québec, MaRS Discovery District, Ontario Clean Technology Industry Association (OCTIA) 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.

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, and a proven ability to grow their business, are eligible for support of $500,000 to $2 million. In 2018 and 2019, through CCIP, we signed four deals for a total investment of $4.5 million.

As the impacts of COVID-19 started to become clear, cleantech industry associations did a cross-Canada survey of their members and identified the lack of equity as one of their main challenges. We responded by creating an investment Matching Program. This program was designed to lower the barriers for entry and provide quick turn-around times by reducing the revenue requirement down to 250,000, matching investments from venture capital investors for up to $5 million and focusing on simplified processes. As of July 31, 2020, we have closed seven deals for a total investment of $15 million.

Budget 2017 directed EDC to deploy capital to the cleantech sector in three forms: working capital, equity and project finance. As of May 2020, we had a pipeline of 23 potential transactions in various stages of maturity under that program, for approximately $4.4 billion across various sub-sectors including waste-to-product, waste-to-energy, biofuels, carbon capture, energy storage, advanced manufacturing processes, and bio-fertilizers. This includes project finance support for Merit Functional Foods, to build a state-of-the-art protein extraction facility.

Over the planning period, we will leverage our deep understanding of the sector to support Canadian cleantech companies that are revenue positive, technologically capable and striving for global success, to scale up to and help build the Canadian cleantech sector for Canada. We will focus on growing our cleantech footprint and ensure our product offering continues to be relevant to companies in this sector.

Agri-Food

Canada's Agriculture and Agri-food (AAF) industry continues to show resilience despite the ongoing challenges and volatility brought on by the COVID-19 pandemic. While AAF exports have endured some disruptions, the industry is generally faring better than others, and positive nominal export growth is forecasted for 2021.

The AAF industry's contribution to the Canadian economy has grown in recent years and is expected to increase over the next decade. RBC has estimated that Canada's AAF sector GDP could reach $40-50 billion in output by 2030; up from $32 billion in 2019. The implementation of both the Comprehensive Economic and Trade Agreement (CETA) and the Canada United States Mexico Agreement (CUSMA) is expected to help contribute to this growth.

We will continue to support AAF companies as they look to new markets to diversify into new markets. This includes helping exporters capitalize on opportunities in developing markets; where consumption of certain agri-food products (including dairy) is expected to increase substantially in the coming decade. Whether through the COVID-19 Business Credit Availability Program (BCAP) or our regular suite of products, EDC is prepared to take on greater risk to help support viable agriculture companies looking to grow their business.

Our Investment Matching Program (IMP) has been filling a market gap for rapidly growing agri-food companies seeking junior capital to expand their distribution channels in the U.S., through several new investments into promising companies. We have also partnered with Canada's leading agriculture lender, Farm Credit Canada (FCC), to help deploy our Export Guarantee Program (EGP), to increase financial support to exporting agri-food companies.

Moving forward, we will help to address specific sector challenges such as increasing efficiency and reducing the impact on the environment, focusing on areas such as precision agriculture, automation, sustainable agriculture and alternative proteins.

We will also continue to strengthen our relationship with the Agriculture and Agri-Food Canada (AAFC) portfolio to promote innovative and cross-sectoral Canadian agricultural trade.

Resources of the Future

While Canada's natural resource sectors (mining, agriculture, forestry and energy) continue to be significant contributors to the Canadian economy, they still face challenges that require them to innovate and adjust. These include becoming more efficient by adopting advanced technologies and reducing their impact on the environment with advanced and clean technologies. We continue to support Canadian clean-tech and advanced technology companies that can make a positive impact on resource companies operating in international markets.

Canada's energy sector employs more than 200,000 people in Canada and contributes six percent to the national GDP. In 2019, we provided approximately $10.5 billion in financial support to the oil and gas industry through financing and insurance solutions.

We recognize the impact on Canada's oil and gas sector that is resulting from the economic impact of the global pandemic, the low price of oil, and volatility in the market. To support this sector through these challenges, we increased our financial capacity to support Canada's small- and medium-sized oil and gas companies. This added capacity is available to eligible companies so they can access the liquidity they need to keep their operations running and to support their employees during the crisis.

By using various financing and insurance solutions, including risk-sharing guarantees for loans obtained from the company's financial institution (e.g., bank) and guaranteed by EDC, and through EDC's bonding and accounts receivable insurance products, this commercial support is aimed at bringing liquidity into the market to help Canada's small- and medium-sized exploration and production companies during the crisis. Providing additional liquidity helps ensure that a company's borrowing base—the total amount of collateral against which a lender will loan to a business—is maintained during this challenging period.

APPENDIX XI: OAG REVIEW RECOMMENDATIONS AND EDC RESPONSE

EDC's Implementation of Recommendations Outlined in the 2018 Spring Reports of the Auditor General of Canada to the Parliament of Canada - Report of the Auditor General of Canada to the Board of Directors of Export Development Canada—Special Examination—2018:

Recommendation 1: The Corporation should continue to engage with its responsible Minister to help ensure that appropriate appointments to its Board of Directors are made in a timely and staggered manner.

Implementation: The Corporation will continue to engage with our responsible Minister to request that appointments be made in a timely manner—and be staggered as to the number of Directors appointed in any one year—to ensure Board continuity and appropriate governance.

Recommendation 2: The Corporation should continue to engage with its responsible Minister and the Privy Council Office to address the issue related to the President and Chief Executive Officer's compensation.

Implementation: Competitive compensation for the role of President and CEO is an ongoing issue. While the recommendation was accepted, it is only partially implemented since PCO declined a request for reclassification.

Recommendation 3: The Corporation should consider disclosing its compensation framework as well as total compensation for senior management—for example, in its annual report—in line with government and financial services industry practices.

Implementation: In line with industry practices, disclosure of total compensation for senior management is made in the annual report. The compensation framework, which is competitive information, is not disclosed.

Recommendation 4: The Corporation should complete its risk management transformation project as planned, including the following activities:

- developing and implementing policies to support its risk management framework in each of the three risk modules (strategic, operational, and financial);
- completing its risk appetite statement by developing the remaining supporting policies, training, and risk limits; and
- implementing risk identification and control assessment processes within all business units.

Implementation: The Corporation notes that work on its enterprise risk management project (the Project) is currently under way. The completion of the Project, which will more systematically address each of the elements noted within the recommendation, is and will continue to be a key priority for the Corporation, with regular reporting to the Board of Directors. The prioritization of elements to be addressed by the Project was informed by gaps previously identified by the Corporation as part of the establishment of an enterprise risk management framework and group led by the Chief Risk Officer, and by those raised during an in-depth review by the Office of the Superintendent of Financial Institutions of the Corporation's risk management and governance practices, which took place in 2014 and 2015. Notwithstanding that a more comprehensive policy framework and approach to manage risk will be addressed by the Project, the Corporation has in place and has periodically updated policies addressing certain operational risks, including information technology, human resources, corporate security and compliance and ethics, among others.

Recommendation 5: The Corporation should ensure that risk reporting includes comprehensive information about operational risk management.

Implementation: The Corporation had developed work plans to enhance risk reporting to include comprehensive information about operational risk management as part of the risk management transformation project (the Project), referred to in the response to the recommendation in paragraph 44. Completion of the Project will address the elements noted within the recommendation. Completion dates for the various work streams of the Project range from the first quarter of 2018 to the last quarter of 2019, as prioritized on a risk basis.

Recommendation 6: The Corporation should develop an inventory and classification of key assets (including information and critical systems) and monitor and mitigate threats against these assets.

Implementation: Although the Corporation has an inventory of technology assets and physical assets, it does not have a comprehensive inventory and classification of information assets. The Corporation will develop and maintain an inventory and classification of all key assets by 30 September 2018 and will monitor and mitigate threats against these assets. The 2018 biannual Enterprise Threat Risk Assessment will use this inventory to complete its internal and external threat risk assessment by 31 December 2018.

For more recent updates to our risk management processes, please review section 3.6 of this plan, along with Appendix VII.

Recommendation 7: The Corporation should complete its risk management transformation project as planned, with prompt consideration of the following items:

- aligning credit risk policies and procedures with its risk appetite statement;
- implementing the Model Risk Management Policy by completing guidelines and standards, and ensuring that models are subjected to validation according to plan, with higher-impact models being prioritized; and
- developing risk limits that combine risk exposures across all business lines.

Implementation: The Corporation notes that work on our enterprise risk management project (the Project) is currently under way. The completion of the Project, which will more systematically address each of the elements noted within the recommendation, is and will continue to be a key priority for the Corporation, with regular reporting to the Board of Directors. The prioritization of elements to be addressed by the Project was informed by gaps previously identified by the Corporation as part of the establishment of an enterprise risk management framework and group led by the Chief Risk Officer, and by those raised during an in-depth review by the Office of the Superintendent of Financial Institutions of the Corporation's risk management and governance practices, which took place in 2014 and 2015.

Regarding the element of the recommendation pertaining to model risk management, a Model Risk Management team is now established and reports directly to the Chief Risk Officer. To support the recently approved Model Risk Management Policy, all related guidelines and procedures are now complete. Also, an enterprise-wide model inventory and a plan to validate high-impact models are now substantially complete.

For more recent updates to our risk management processes, please review section 3.6 of this plan, along with Appendix VII.

Recommendation 8: The Corporation should implement reporting that enables it to understand and monitor the consolidated impacts of its transformation initiatives.

Implementation: Although the overall impact of the corporate transformation projects has been reflected at the specific initiative level and is understood by the Board members, the Corporation will develop enhanced reporting to management and the Board, which will enable better understanding and monitoring of the consolidated impacts of significant transformation initiatives. This reporting will be implemented by the end of the first quarter of 2018.

FinDev Canada

Corporate Plan Summary 2021-2025

Canada

TABLE OF CONTENTS

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.

The role of development finance institutions (DFIs) is more important than ever today, as is the need to mobilize private investors to become more involved in development finance. 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 COVID-19 pandemic has further exacerbated these challenges, with forecasts indicating that—while the effects of the pandemic vary differently from country to country—developing countries are expected to be hit the hardest due to their greater vulnerability.

Despite these challenges and operational limitations, FinDev Canada swiftly adjusted its activities to continue delivering on its mandate. Its COVID-19 response strategy was designed to play its natural, countercyclical role, focusing on a transition phase and growth phase. In the short-term, business will focus on liquidity-enhancing transactions to enable its clients to continue creating impact through their operations. As such, it will continue to work with Financial intermediaries (FIs) who, given their greater reach and knowledge of their local markets, can direct liquidity where it is needed most. FinDev Canada will also place a greater emphasis on simpler lending instruments with compressed turnaround times, and on providing liquidity financing for clients whose alternate sources of financing are no longer available.

In the longer term, as FinDev Canada moves out of this transition phase, efforts will be placed on shifting from a greater reliance on syndicated deals with other DFIs, to deals where it plays a more active, independent role. Focus will also be taken towards balancing FinDev Canada's portfolio across various instruments and leveraging its capacity for innovation. As it navigates the post COVID-19 landscape, FinDev Canada will continue to focus on maximizing its impact while achieving its financial sustainability objectives.

In the spring of 2020, the Government of Canada conducted an operational review of FinDev Canada, assessing the organization's operations under its initial capitalization of C$300 million. In response to the review, FinDev Canada has developed an Action Plan that highlights the measures the organization has put in place to address the recommendations and is fully incorporated in the present Plan.

In collaboration with Global Affairs Canada's (GAC) Innovative Finance and Climate Finance Bureau-, FinDev Canada has indicated its willingness to help establish a Canadian concessional mechanism that would support longer-term recovery and resilience and yield high impact in gender equality and climate action. With the ability to offer combined DFI and concessional financing in a seamless and innovative way, Canada would have a broader reach to support entrepreneurs in targeted developing countries and achieve greater development outcomes—positioning FinDev Canada among global leaders in this space, at a time when the needs are considerable. To do so, FinDev Canada will create capacity and processes to administer these mechanisms, while maintaining its own operational capacity to deliver on its core mandate.

Despite the pandemic, FinDev Canada has been able to undertake its activities with notable achievements. These include the organization building out its portfolio and launching its technical assistance facility with a dedicated team and delivering its first projects. Furthermore, it published its 2019 Annual Report which includes extensive reporting on Development Impact. Paired with a successful term chairing the 2X Challenge Working Group, the organization has been delivering on its goal of promoting impact. Additionally, 2020 saw FinDev Canada increase its operational capabilities, through recruitment across all functions. Internal processes and policies were reinforced or introduced, and the organization will continue to build upon them.

Building on this foundation, FinDev Canada's 2021 – 2025 Corporate Plan highlights how it will continue to accelerate 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. Of a particular note, the organization aims to expand its Technical Assistance strategy to respond quickly to clients' needs while advancing impact goals. FinDev Canada will also direct efforts to refine it government and stakeholder relationship strategies and formalize its Risk Management strategy. The organization aims to continue working to become a leader in the DFI space by expanding its Environmental and Social practices and continuously investing from a gender lens, which COVID-19 makes all the more important. FinDev Canada is committed to bolstering its operational capacities and will be building out its technology roadmap in order to leverage data-enabled business models and digital technology to scale business functions and grow opportunities.

While the financial forecasts in the 2020-2024 Corporate Plan indicated that FinDev Canada would reach break-even by the end of 2024, the forecasts for the 2021-2025 Plan paint a different picture, with break-even remaining beyond the planning period. A number of key factors explain this change: lower base interest rates (LIBOR), reduced margins on lending activity in the foreseeable future, downward pressure on the book value of investments and increased provisioning due to a general increase in risk levels.

Throughout the 2021-2025 planning period, FinDev Canada will accelerate the pace of these initiatives, continue in its effort to apply a gender lens to everything it does, build its portfolio, develop partnerships and raise awareness of the FinDev Canada brand globally.

2.0 OVERVIEW

2.1 INTRODUCTION

This Corporate Plan reflects the economic and social uncertainty for developing countries and for FinDev Canada's operating environment. As such, 2021 will be a transition year, where it will focus on providing support to its clients and liquidity to its target markets. It will also be a very important planning year during which, working with the Board, the stakeholder community and the Government of Canada, FinDev Canada will closely monitor markets and adjust its strategy to prepare for opportunities that arise as the global economy transitions to a post-COVID 19 "new normal."

While the global economic challenges presented by the pandemic led to increased business activity in the first half of 2020, it also placed pressure on its forecasted financial performance, with the compounded negative effect of lower base interest rates (LIBOR), reduced margins on lending activity, downward pressure on the book value of investments and increased provisioning due to a general rise in risk levels. Financial forecasts indicate that during the planning period, FinDev Canada will fully utilize its initial capitalization of C$300 million indicating a need for additional funding in order to maintain its long-term growth trajectory. While further capitalization opportunities are being considered, FinDev Canada will leverage its borrowing ability to continue supporting its growth and maximizing its asset portfolio.

2.2 2020 ACHIEVEMENTS

BUILDING ITS PORTFOLIO

By re-orienting its investment strategy in response to the COVID-19 pandemic, FinDev Canada expects to have approved 12 new transactions in the course of 2020, on target with its corporate objectives. In 2020 FinDev Canada continued strengthening relationships with peers and other industry experts, resulting in closer collaboration in pipeline development and due diligence.

FinDev Canada launched its technical assistance facility and delivered on its first projects and began building its asset management function with recruitment and process development.

As a result of COVID-19, FinDev Canada had to modify its planned on-site visits to conduct portfolio monitoring and evaluation, to a virtual format, complemented by regular client contact. In 2021, the team will continue to build the infrastructure necessary to ensure results across its focus areas as it supports its clients and market development efforts.

PROMOTING IMPACT

In 2020, FinDev Canada published its first 2019 Annual Report, which included extensive reporting on development impact and its first impact portfolio dashboard (Figure 1). FinDev Canada transferred chairpersonship of the 2X Challenge[1] Working Group upon successful completion of the 2019-2020 term. FinDev Canada's tenure as Chair of the 2X Challenge was marked by the surpassing of the initiative's initial $3 billion target, with 2X members committing and mobilizing nearly $4.5 billion so far. Additionally, under FinDev Canada's leadership the 2X Challenge also made significant contributions to the field of gender lens investing through the publication of guidance for investors on the application of the 2X Criteria and guidelines for responding to the COVID-19 crisis with a gender lens, among others.

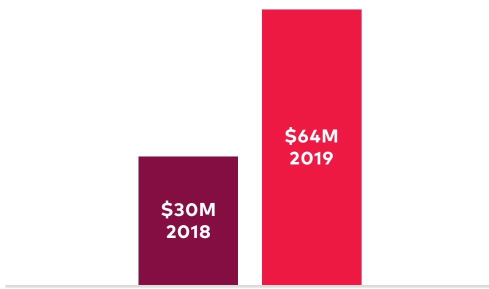
9 clients in portfolio

5 2X clients in portfolio (56%)[1]

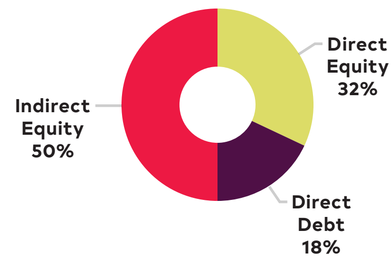
82% of total equity investments committed

$94M in signed commitments

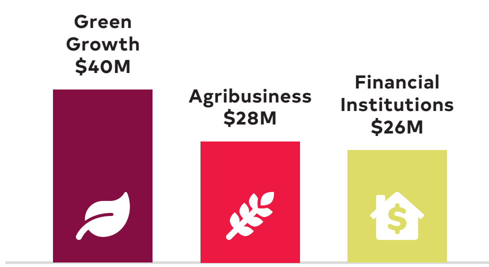
New Commitments



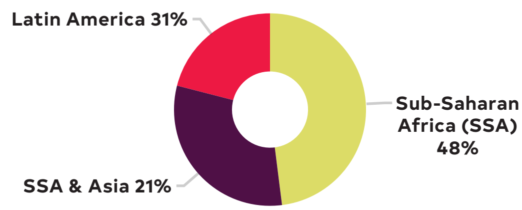
Equity vs Debt
(% Total Commitments)



Commitments by Sector



Geographic Split
(% Total Commitments)



Commitments by Impact Focus[2]

Climate Investor 1	JCM Power	$40M
Criterion Africa Partners, M-KOPA Solar	EcoEnterprises Fund	$30M
Alitheia, Danper	Cooprogreso, Desjardins Développement international	$24M

Market Development
Women's Economic Empowerment
Climate Change Mitigation and Adaptation

Interim Impact Reported by Investees in 2019[3]

1,068 permeant jobs supported...

... including **514 for women**

748,427 people receiving improved access to tools/services[4]

296,000 MWh of Clean Energy produced

468,585 tons of CO_2 emissions avoided

All figures stated in US$
1 - 2X Qualified deals: Alitheia, Cooprogreso, Danper, EcoEnterprises Fund, M-KOPA
2 - Areas where clients are currently delivering impact and/or made a commitments to increase their impact in the future.
3 - Based on data reported by M-KOPA, Climate Investor One, and Danper. Others report annual KPIs later in the year.
4 - Represents direct and indirect customers with improved access to energy. Indirect estimates come from FMO Impact model.

Figure 1: FinDev Canada's 2019 Portfolio Dashboard

INCREASING OPERATIONAL CAPABILITIES

FinDev Canada continued to grow, recruiting across all functions: Investment, Impact, Risk Management, Strategy and Operations. To match its growth trajectory FinDev Canada continues to build and refine its internal processes and policies and began implementing its digital strategy to leverage technology and enhance its agility and client-centricity.

2.3 OPERATIONAL REVIEW

The Government of Canada conducted an operational review of FinDev Canada in the spring of 2020 to assess its operations under the initial funding of $300 million and provide recommendations for the next phase of its growth. Global Affairs Canada (GAC) undertook the strategic alignment section of the review while Export Development Canada (EDC) conducted an audit of the organizational effectiveness of FinDev Canada. The operational review provided a strong endorsement of FinDev Canada's mandate, policy alignment with Canada's international development assistance priorities, leadership in gender lens investing and its operational foundation. The Minister of International Development and the Minister of Small Business, Export Promotion and International Trade also reviewed and approved the operational review and provided an update to the Canada in the World & Public Security Cabinet Committee on August 24, 2020.

FinDev Canada has developed an Operational Review Action Plan presented throughout this Corporate Plan. Moving forward, it will continue to build out its organizational frameworks, secure and manage required resources, including staff, to ensure that it is equipped to deliver on its development and policy objectives.

3.0 OPERATING ENVIRONMENT

3.1 GLOBAL OUTLOOK: EFFECTS OF COVID-19

The COVID-19 pandemic created unprecedented public health and economic challenges around the world. Economic recovery will depend on a variety of interconnected factors: the evolving nature of the pandemic itself and potential subsequent waves, the availability of a vaccine, the responses of individual countries, regarding fiscal stimulus, how restrictions are lifted, and consumer confidence. Considerable uncertainty remains on how the situation will return to a form of normal, and what this normal will be, making any long-term planning challenging.

As the crisis, and governments' responses unfold in the coming months, we will continue to monitor and analyze the situation and adjust our strategies accordingly. The issues and trends analyzed below reflect what can reasonably be forecasted given the information at hand today. They will influence how FinDev Canada can best fulfill its mandate.

3.1.1 EFFECTS OF COVID-19 ON DEVELOPMENT

THE EFFECTS ON SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The global health crisis is triggering widespread and likely durable disruption across most aspects of economic activity and the social fabric of all countries. What is clearly emerging is that far from being a "great equalizer" as suggested by some at the outset, the COVID-19 crisis will most likely exacerbate inequalities - between countries that have the infrastructure and fiscal capacity to respond versus those who do not; and between segments of society that are economically resilient and those whose livelihood is precarious at the best of times.[2] Developing countries are expected to be hit the hardest due to their greater vulnerability. Many lack the fiscal capacity to launch broad support packages for their businesses and households, as have been implemented in most developed countries. Given the combined effects of local lockdown measures and shrinking demand from international markets, poverty levels are expected to rise, reversing much of the progress achieved in recent years.

Employment in the formal sector is expected to drop, and the informal sector to be hit even harder. As a result, the livelihoods of a large proportion of the population are directly threatened. Furthermore, international remittances are projected to drop significantly. The disruption of food supply chains compounded with loss of revenue will place the poorest strata of the population in a situation of food insecurity.[3]

These economic impacts will in turn weaken the social fabric. The lack of social safety nets in many countries contributes to the insecurity the poorest populations will face in the case of loss of revenue. Economic inequalities tend to fuel racial, ethnic and gender divisions, with knock-on effects on political stability and community violence. Food insecurity also has direct impacts on health and education levels, as every resource is directed to livelihood.

THE EFFECTS ON WOMEN

Previous health epidemics have demonstrated that women suffer disproportionately. A recent analysis by CARE noted that COVID-19 outbreaks in developing countries could have multiple negative impacts on women and girls, "including adverse effects on their education, food security and nutrition, health, livelihoods, and protection."[4]

Women make up more than two-thirds of the work force in the global health sector. As reported in *The Lancet* after the 2014-16 Ebola crisis outbreak in West Africa, "gendered norms meant that women were more likely to be infected by the virus, given their predominant roles (...) as front-line health-care workers." Similarly, there are more women working in lower-skilled and lower-paying jobs globally, often in the service sector or the agriculture and manufacturing industries. As such, they are among the first to see their employment ended during a crisis. Many are the sole wage earners and are often single mothers with little, if any, savings. A reduction of women in the labour force can also result in reduced decision-making ability and the authority women previously held within their families, workplace and communities.

As a result of COVID-19, women in many developing countries are expected to see funding for reproductive health or gender violence programs reduced, or eliminated, as scarce resources are reallocated to combat the pandemic. This could in turn lead to an increased risk of maternal or neonatal mortality, and a rise in unwanted pregnancies, domestic abuse and sexual assault incidents. Prolonged school closings also mean girls are more likely to drop out of school altogether, which is in turn associated with higher rates of early marriage and teen pregnancies.

3.1.2 EFFECTS OF COVID-19 IN FINDEV CANADA'S TARGET MARKETS

LATIN AMERICA AND THE CARIBBEAN

COVID-19 threatens to exacerbate existing structural challenges and discontent in Latin America and the Caribbean. Prolonged economic weakness has hindered regional efforts at tackling structural impediments to economic growth and development. Relatively limited economic diversification, fragile labour markets, high inequality and poverty, weak institutional quality and constrained public finances have contributed to a difficult political environment for several countries.

Latin America emerged as an epicenter of the global health crisis. While most governments have rolled out measures to support the private sector, many countries in the region are facing significant financing and debt sustainability risks, with many on the verge of, or already in, default. The regions' debt burden will weigh on long-term prospects among the more vulnerable economies. Moreover, many governments across the region are struggling to balance economic and public health priorities, which could have an impact on subsequent outbreaks and the reopening of their economies.

While the collapse in global energy prices reduces external imbalances among net energy importers, many of these economies – particularly in the Caribbean – are highly dependent on the hard-hit tourism sector and are also vulnerable to natural disasters, all of which could impede recovery prospects. Overall, Latin America is expected to underperform, with the largest three economies of Brazil, Mexico and Argentina mired in crisis.

In the agribusiness sector, while the long-term outlook is stable, the region continues to face structural challenges such as inefficient supply chains and fragmented production. The mixed effectiveness of resource and policy management and infrastructure development, compounded with the effects of climate change, undermine Latin America's ability to ensure sustainable and inclusive growth. In the financial sector, liquidity is drying up and Central Banks are stepping in where they can. Asset quality and profitability will be at risk through 2021. While governments have put measures in place to support businesses and consumers through increased lending and relaxation of regulatory requirements, access to credit for the most vulnerable countries will be further exacerbated.

SUB-SAHARAN AFRICA (SSA)

The pandemic is having adverse and varying impacts on the region. The World Bank estimates the economic and social impacts will cost the region an estimated US$37 to US$79 billion in output losses in 2020. In 2020 alone, many African countries face an additional financing need of over US$110 billion, pushing several into debt distress. Risk appetite for SSA is likely to diminish and access to financing will be a top concern for many countries. A continued economic recession from key importing nations, mainly China, the European Union (EU) and the United States (U.S), could have a major impact on commodity exports, tourism and various supply chains disruptions.

One of the success factors in SSA over the past 30 years has been the rise of the middle class, rising to about 170 million out of a population of 1.3 billion. The pandemic and its economic fallout not only put this cohort in jeopardy, but is likely to reverse the decline in poverty rates overall. The International Monetary Fund (IMF) estimates that COVID-19 will push 26 to 39 million people into extreme poverty. Real per capita GDP in the region is projected to contract by 5.4 per cent in 2020, bringing it back to its 2010 level and if the pandemic persists indefinitely, the implications could be more significant.

While many SSA countries are among the fastest growing economies in the world, a contraction of global growth by 4.9 per cent in 2020 will weaken access to capital in many markets. A drop in Foreign Direct Investment (FDI), collapse in tourism, disruptions in supply chains and a contraction in remittances are creating liquidity shortfalls and balance of payments crises that will require further external assistance. The burgeoning infrastructure sector – key to unlocking SSA's growth – is expected to be one of the hardest hit by rising sovereign debt in most countries. Overall, economic recovery is expected to be uneven from country to country. Diversified economies are likely to come out of the crisis faster than commodity-dependent markets or those dependent on tourism or remittances.

Agriculture continues to play an outsized role in many SSA markets. This dependence on agribusiness means that vulnerabilities in the sector – particularly volatile crop yields and pricing, as well as trade shocks – could pose additional challenges to many economies. In the near term, the outlook for regional agribusiness will be negatively affected by COVID-19, a collapse in demand for major crop exports, chronic shortages of food-related crops brought about by climate-related disruptions and infrastructure deficits that limit supply chains and impact efficiency, productivity and resource management. A locust outbreak in eastern Africa is currently compounding existing volatility and food security and could have a severe impact on the future viability of some crops.

The outlook for SSA's access to capital in the short-to-medium term appears to be uniformly trending negative, given the global downturn triggered by COVID-19 and pre-existing vulnerabilities of the region's financial sectors. COVID-19 has led to two concurrent financing pressures that are likely to remain in the medium term: a significant, region-wide financing gap for sovereigns and corporates forced to contend with sharp contractions in growth and higher spending; and fewer or reduced financing options available to meet these growing liquidity shortfalls, given a reduction in global capital inflows. These trends are set to negatively affect Financial Institutions' asset quality, increase already elevated levels of non-performing loans and lower the growth of what were rapidly expanding loan volumes. In the longer-term, the outlook for finance in SSA is more favourable, but very dependent on the pace of the global economy recovery.

3.2 THE DFI LANDSCAPE

The COVID-19 pandemic is presenting significant challenges to development finance institutions (DFI). While their role as complementary players to financial service providers places them at the centre of the response to the economic impact of the crisis, restrictions on travel are putting traditional business models under pressure.

In the early days of the pandemic most DFIs, faced with a sudden increase of risk across the board, focused on preserving their existing portfolios. Soon after however, as commercial lenders or investors retired from the market, DFIs began to make fresh liquidity available to their clients to allow them to weather the crisis.

DFIs have been underwriting new commitments to their existing client base, focusing on those financial intermediaries (FIs) in a better position to reach the unbanked or the "no-longer-banked". Working with financial intermediaries also addresses the current inability to conduct on-the-ground due diligence, as FIs are more conveniently assessed remotely. For the same reasons however, this situation hinders the ability of DFIs to establish new relationships and expand their clientele and reach. This puts a greater emphasis on collaboration and intelligence sharing among DFIs and the ability to leverage trusted, local networks, particularly among organizations such as the European Development Finance Institutions (EDFI) and the DFI Alliance, a tripartite agreement between EDFI, US-DFC and FinDev Canada.

Moving forward, as uncertainty around the global economy remains, DFIs will be under pressure to revisit their operating models, and place a larger emphasis on innovation, technology and the ability to operate effectively without travel.

3.3 THE CANADIAN LANDSCAPE

The Canadian development finance landscape continues to evolve with new initiatives and organizations emerging in both the public and private sectors.

In the private sector, the Canadian Forum for Impact Investment and Development (CAFIID)[5] - a platform bringing together Canadian individuals, organizations and investors working in developing countries to learn, share, collaborate and act as a collective voice to strengthen the value and the volume of impact investment- has emerged as a critical voice for the industry, with an aim to strengthen the value and volume of impact investment in developing countries. Canadian businesses are active in developing markets and contribute to Canada's collective expertise and value added. Furthermore, the Equality Fund,[6] launched in 2019, intends to drive the cultural, economic and political changes required to make global gender equality a reality. With a $300 million investment from the Government of Canada, the single largest investment in women's rights organizations, Canada has the opportunity to lead in creating capacity for women's organizations around the world. Organizations such as Convergence, Grand Challenges Canada and the International Development Research Centre (IDRC) are also consolidating their roles as recognized centres of expertise globally in their respective fields.

Sustainable development financing in Canada includes a range of mechanisms and tools to advance impact driven, private sector-oriented solutions in emerging markets. From investing in upstream innovations in health, to commercial investments in agribusiness and blended-finance solutions in renewable energies – Canada has much to offer its developing country partners at this time. FinDev Canada plays a critical role in the Government of Canada's expanded international development toolbox, as the organization dedicated to providing commercial financing solutions to the private sector in developing countries in order to achieve positive development outcomes.

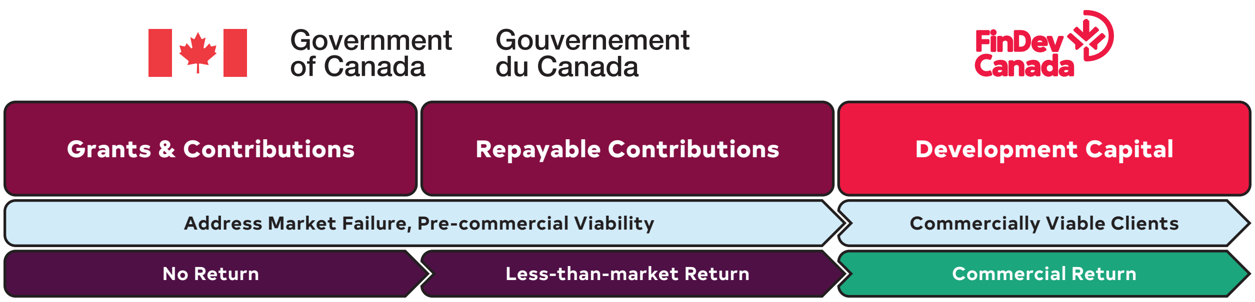


Figure 2: A Continuum of Canadian solutions for the private sector in developing countries

The scale of the economic disruption caused by the COVID-19 pandemic has challenged financing and investment models in developing countries and regions, with an unprecedented demand for financing, as well as blended concessional financing from developing country partners. In response, Canada has an opportunity, to position itself at the forefront of development finance.

4.0 BUSINESS STRATEGY

4.1 INTRODUCTION: LEADING WITH IMPACT

As a small and new organization, FinDev Canada can differentiate itself and be a niche player in the market, by focusing on a few, well-chosen areas of activity. To this end, FinDev Canada's investment activities place impact at their core, centered around the three impact goals: women's economic empowerment, market development, and environment and climate action. Guided by its core impact objective – to be a gender-lens investor - FinDev Canada has, in just over two years, established itself as a leader in the gender finance space. It will continue to build on this reputation through its core activities such as investments and technical assistance and intensified efforts on thought-leadership.

4.2 INVESTMENT AND ORIGINATION

4.2.1 INVESTMENT PRIORITIES

FinDev Canada's long-term vision is to build a portfolio that generates high development impacts while ensuring financial sustainability through stable returns. The emphasis for 2020 was progressing from start-up phase to growth phase by strengthening its asset management capabilities and executing on its origination strategy. However, in response to the COVID-19 pandemic, an 18-month interim investment strategy was developed for 2020-2021 to help address the challenges facing existing and prospective clients. The revised investment strategy focuses on delivering liquidity rapidly to its target markets, leveraging the intermediary role of local financial institutions. It constitutes a transition phase during which FinDev Canada will continue building a diversified and impactful investment portfolio while taking into account the economic, political, social, and environmental effects of the pandemic and adjusting to the logistical constraints it represents.

FinDev Canada remains focused on its target regions and sectors. Given the increased demand for DFI financing in markets faced by a withdrawal of private sector capacity, it expects growth volumes to remain as projected or higher. Its shift in focus towards local financial intermediaries has resulted in a slight increase in the average size - US$15M of transactions. As it begins to adjust to a new normal in 2021-2022, it will assess how the business environment impacts the profile of its transactions, from a counterparty, a structure and a size perspective. The number of transactions in figure 3 are therefore indicative only.

FinDev Canada has reoriented its business objectives towards transactions that are better suited to current operational constraints, with an emphasis on clients and counterparties where due diligence can be conducted remotely. It has also reinforced partnerships and collaboration with other DFIs and similar organizations, which has become crucial in response to the pandemic. 2021 will be a transition phase for FinDev Canada to enable it to address the effects of the pandemic and prepare for a growth phase starting in 2022. As market conditions evolve and the new normal is better understood, FinDev Canada will continue to adapt its priorities, target portfolio and origination activities.

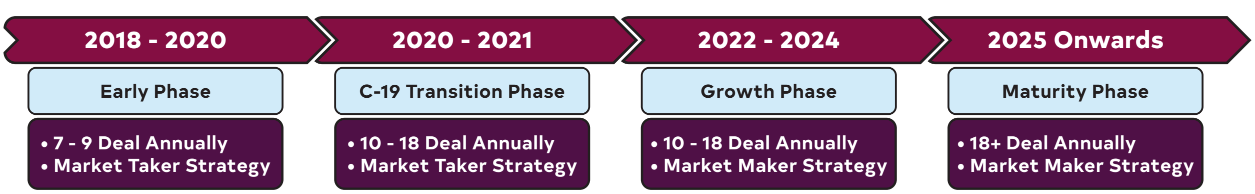


Figure 3: FinDev Canada's updated development timeline

4.2.2 IMPLICATIONS ON FINDEV CANADA'S PORTFOLIO

TRANSITION PHASE (2020-2021)

While the full impact of COVID-19 remains to be seen, there is already evidence and forecasts of the negative effects on the global economy, particularly in FinDev Canada's target regions as highlighted in the Planning Environment.

FinDev Canada's strategy is to fully play its natural, countercyclical role. In the short-term, it will focus on liquidity-enhancing transactions, to enable its clients to continue creating impact through their operations. A credible conduit for this are financial intermediaries (FIs) which have greater reach and knowledge of local situations, to direct liquidity where it is truly needed. FIs are one of FinDev Canada's target sectors; this will however result in a higher concentration in its portfolio than initially targeted. It will also place a greater emphasis on simpler lending instruments with compressed turnaround times, to quickly provide liquidity to clients whose alternate sources of financing are no longer available. Overall, this reorientation of the strategy is not expected to cause significant changes to FinDev Canada's impact results or to the risk profile of its portfolio.

GROWTH PHASE (2022–2025)

As FinDev Canada moves beyond the transition phase, it will focus on implementing its market-maker strategy, shifting from a greater reliance on deals led by other DFIs to deals where it plays a more active structuring role. The current level of uncertainty in the markets makes it premature to develop the components of this strategy. It will however involve ongoing monitoring of the market, an analysis of the sectors and countries which will be most conducive to achieving FinDev Canada's impact goals, the gaps that may exist in those, FinDev Canada's value proposition and the partnerships – global or local - that will be required to progressively pivot to a more active role in the market. The strategy will also identify the resources required to execute it, including how new foreign representations will be involved in sourcing and developing deals (see "origination" below), and how technology will be leveraged to better connect with the market (see digital roadmap - 4.3.4). In the meantime, despite the uncertainty with the pandemic and FinDev Canada's inability to travel, it is exploring the possibility of joint, virtual due diligence for non-financial institution transactions. This will help build expertise and develop local networks. It will also make efforts to rebalance its portfolio across the various instruments and leverage innovation. As its portfolio grows, it will ensure its financial sustainability objectives are met and continue to develop its asset management function.

COVID-19 RESPONSE INVESTMENT

FirstRand Bank

US$ 20M loan to support lending activities to SMEs in Sub-Saharan Africa, including 30% towards 2X qualified business.

- **Up to 435 WSMEs access to financial services**
- **US$ 6M channeled to women-owned and led businesses**
- **Est. 49,000 jobs supported at SME clients**
- **Supporting a sustainable market player and financing for renewable energy investments**

More sustainable and inclusive financial sector in South Africa, providing women, WSMEs, with financial services that support jobs and improve thousands of lives.

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

Latin America Agribusiness Development Corporation (LAAD)

US$ 20M loan to expand agricultural financing to SMEs that produce food in a sustainable manner in over 15 countries across rural Latin America.

- **60,000+ indirect jobs supported annually leading to est. 325,000 lives improved**
- **20,000+ agricultural jobs for women annually**
- **Sustainable food production using fewer inputs**
- **High-value conservation areas protected**

Greater access to finance for agri-SMEs in LAC, contributing to more sustainable and climate-resilient food production and supporting thousands of jobs in rural areas.

8 DECENT WORK AND ECONOMIC GROWTH | 10 REDUCED INEQUALITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION

INVESTMENT PARAMETERS

FinDev Canada will continue to focus on its target sectors and regions as outlined in the 2020-2024 Corporate Plan. In the transition phase, FinDev Canada's will continue to monitor opportunities in the agribusiness and green growth sectors and evaluate the viability to close deals, to complement its pipeline currently weighted on financial intermediaries. This will be important as it will lay the groundwork for the growth phase and work towards rebalancing its portfolio. Beyond 2021, it will explore investments in sub-sectors (examples listed below) within priority sectors that offer a high potential for impact but receive less attention than others. FinDev Canada is also open to reviewing other sectors where there is high impact potential.

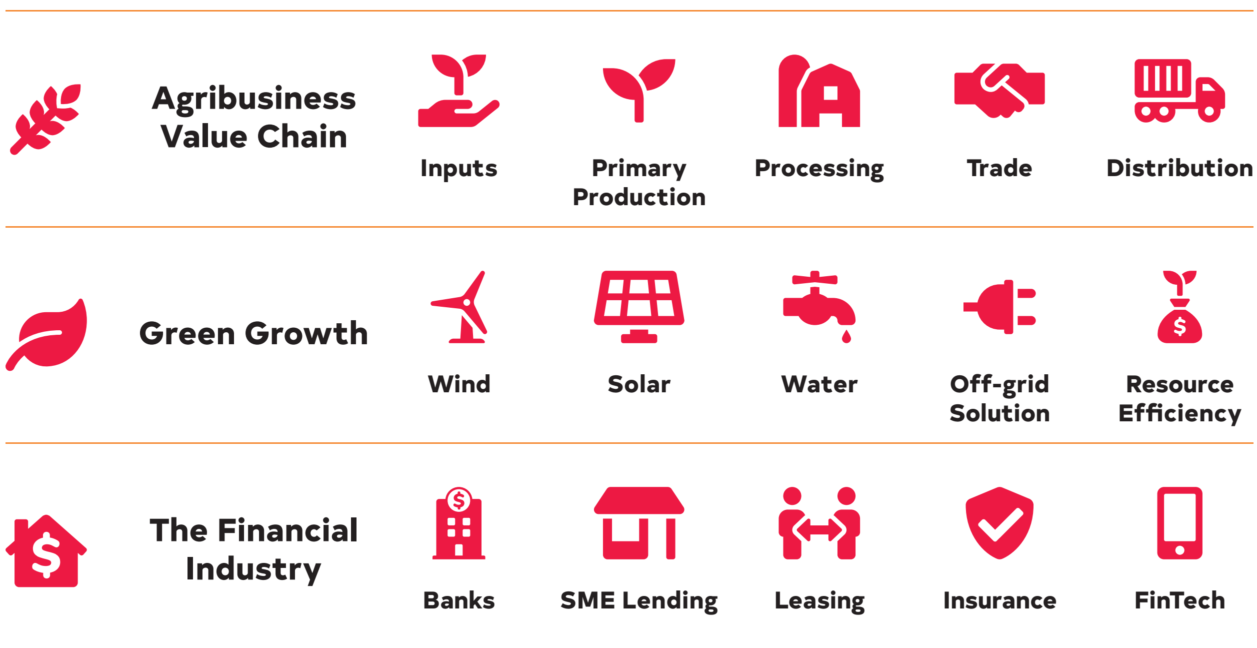


Figure 4: Illustration of sub-sectors within FinDev Canada's priority sectors

FinDev Canada's geographic focus on Sub-Saharan Africa, Latin America and the Caribbean will remain unchanged over the 2021-2025 planning period. It will continue to build knowledge and partnerships to enable effective transaction origination, structuring, and management.

4.2.3 ORIGINATION

FinDev Canada recognizes that in order to become a market maker, it is imperative to have a robust origination strategy. Origination channels, as shown in figure 5 below, are being implemented and are at various levels of progress. During the COVID-19 crisis, FinDev Canada continues to leverage its peers and other intermediaries, such as investment funds and financial institutions, to originate its own business.

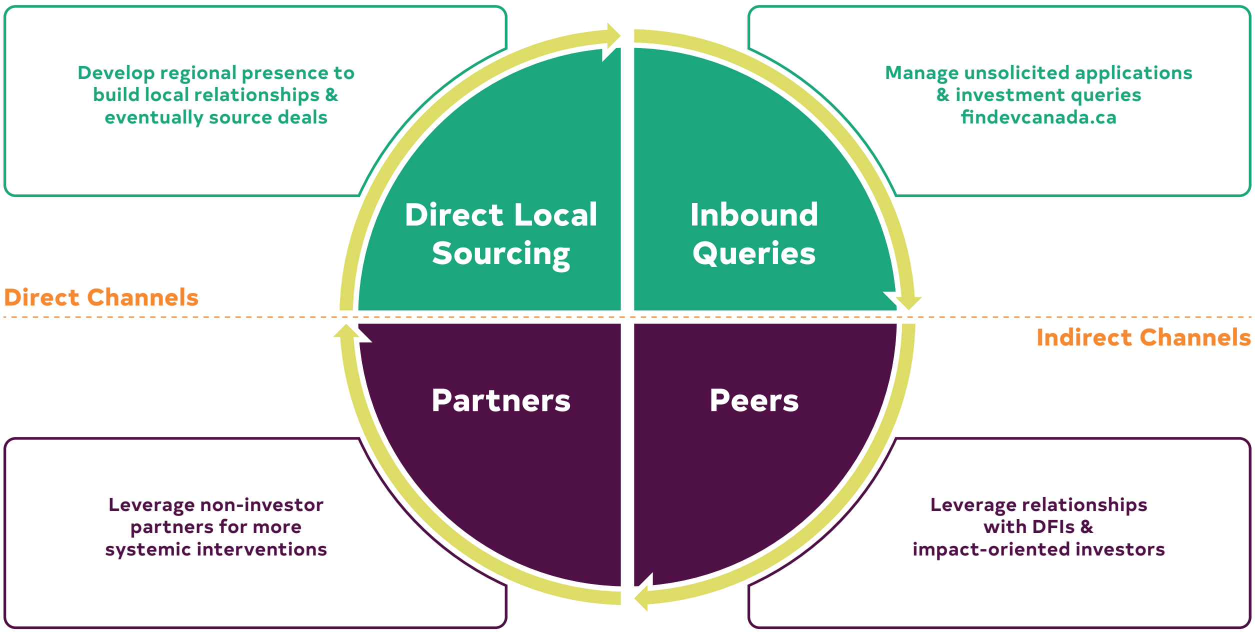


Figure 5: FinDev Canada's origination channels

LEVERAGE RELATIONSHIPS WITH DFIS AND IMPACT-ORIENTED INVESTORS

FinDev Canada has well-established collaboration channels with peer DFIs and other development finance players that have been instrumental in building its portfolio. In the wake of the pandemic, FinDev Canada leveraged its connections with DFI and Multilateral Development Bank (MDB) partners to bolster its origination capacity and due diligence capabilities - with travel restrictions and adoption of remote due diligence calling for closer collaboration to analyze transactions. The experience gained and relationships developed during this crisis will help establish a strong foundation for FinDev Canada post-2021 as it transitions to being a market maker.

DEVELOP REGIONAL PRESENCE

In 2020, FinDev Canada began work towards establishing a local presence in key target markets with a focus on 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. With assets in market, local intelligence will help manage risk, and 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. Several DFIs have established an international presence, some of them substantial, as it is seen as a key to success in reaching their core targets and securing key intelligence. A local presence would allow FinDev Canada to operate at the same level as its peers and strengthen its brand.

FinDev Canada's plans to secure its first in-market presence, with a likely focus on East Africa, by the end of 2020 were hindered by the COVID-19 pandemic. With the foundational work completed, it will explore the next steps, contingent on the effects of the pandemic and the feasibility of moving the project forward. Based on the preliminary work, FinDev Canada anticipates recruiting a minimum of two locally engaged professionals; leveraging their expertise in both development finance and local networks. Their mandate will be, at the onset, gathering intelligence, building relationships and representing FinDev Canada within the region. All transaction-related activities will still be conducted in Canada.

FinDev Canada will set up its representation in colocation with a partner institution already present in the market. Initial conversations have taken place with IDRC and with Global Affairs Canada.

It will seek the required authorities from the Government of Canada in order to formally proceed with the project.

Lessons learned from this will help to plan expansions in the other markets in subsequent years, including Sub Saharan Africa and Latin America and the Caribbean. A more detailed plan for future representations will be drawn up once initial results of the first one can be analyzed. In parallel, FinDev Canada will in any case continue to build on the relationships it has established with the Trade Commissioner Service, both in Canada and in-market to complement its own market intelligence and presence.

4.2.4 ADDITIONALITY

Additionality is based on the premise that development finance institutions ("DFIs") supporting private sector operations should make a contribution beyond what is available in the market and should not crowd out the private sector.[7] Additionality means providing financial solutions that are complementary to what the market already offers, as well as bringing non-financial value added to clients through support and advice.

Additionality is an important dimension of the work FinDev Canada conducts in developing countries. It underpins its commitment to bring to the market services and solutions that are not otherwise available in a form that responds to the needs of our clients. FinDev Canada has considered its additionality in all transactions it has engaged into since inception.

In 2020, FinDev Canada embarked on the refinement of its practices to assess and demonstrate additionality, and further embed them in its decision-making. This exercise involved investigating how additionality is currently being approached by its peers as well as other subject matter experts in the industry. It identified best practices, conducted a needs assessment, and is finalizing the design of an additionality framework that meets FinDev Canada's needs and is easy to implement and use. The additionality framework will be rolled-out in 2021.

4.2.5 MOBILIZATION

FinDev Canada has made it a core objective to mobilize private sector resources and will leverage its understanding of emerging markets to engage with targeted private sector investors both in Canada and abroad. Although COVID-19 has created challenging conditions for effective mobilization, FinDev Canada will continue to refine its strategy and reach out to potential partners and investors in 2021, to build a strong foundation for subsequent years. Building on its initial successes, it will seek to mobilize insurance companies through reinsurance arrangements by building or strengthening strategic relationships. FinDev Canada also seeks to mobilize greater amounts of capital for gender-lens investing through its active participation in the 2X Challenge initiative: the institutions participating in the Challenge are building relationships with potential private sector partners and exploring mechanisms specifically geared towards channeling new investment flows towards eligible transactions.

Effective mobilization requires an intimate understanding of the investment strategies and priorities of potential partners. FinDev Canada will conduct this exercise in phases, beginning with mapping and prioritizing relationships and exploring collaboration models. FinDev Canada will then develop an outreach strategy to build more visibility for its activities and identify or structure specific opportunities for consideration. With a greater understanding of the needs of the market and strategic objectives of various players, FinDev Canada will seek to organize meetings of like-minded Canadian stakeholders. It will also continue to work alongside international networks such as the Investor Leadership Network (ILN) to explore avenues to collaborate.

FinDev Canada will work with GAC to leverage complementary government programs and provide greater incentives for potential investors to invest alongside FinDev Canada. 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 building up mobilization flows.

4.2.6 ASSET MANAGEMENT

Starting in 2020 and throughout the planning period, FinDev Canada will continue to develop its internal capabilities to manage its assets over their lifetime, through both technology and human resources. To that effect, it has created a new dedicated asset management function that will work closely with EDC to enhance guidelines and processes. This will include the management of its assets' financial and development impact performance, Environmental & Social and gender action commitments, 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 undertake appropriate courses of action.

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. Managing these assets will help preserve FinDev Canada's interests and reputation.

4.3 CORPORATE BUILD-OUT: REFINING CAPABILITIES

4.3.1 DEVELOPMENT IMPACT

FinDev Canada's Development Impact Framework encompasses a variety of tools to assess the current and potential impacts of client operations and guide investment decisions and results reporting, in order to ensure that impact is integrated in each step of an investment cycle (Figure 6).

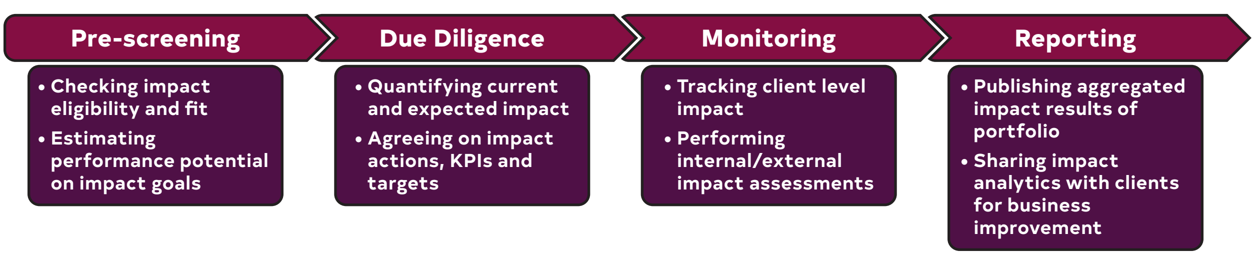


Figure 6: FinDev Canada's Development Impact Management Process

Now that an initial portfolio has been built, FinDev Canada has started incorporating monitoring and reporting activities into its work plan while continuing to refine impact tools and processes throughout the origination process, which it will expand and refine as its portfolio grows.

The COVID-19 pandemic and subsequent global economic crisis elevated the need to respond quickly and efficiently to investment opportunities and inject more liquidity where needed. It reinforced the importance of rigorous analytical tools and processes to assess the impact potential of a client from both economic and social perspectives.

In 2020, FinDev Canada integrated environmental Key Performance Indicators (KPIs) into its development impact tool, such as carbon sequestration and emissions reduction (measured in absolute tons of CO_2/year), and the differentiation between current and potential impact of the opportunities under consideration. FinDev Canada team continues to refine its Development Impact tool and strengthen its internal capacity to deliver on its impact objectives.

The Operating Principles[8] for Impact Management, launched by IFC in the spring of 2019, provide a reference point against which the impact management systems of funds and institutions may be assessed. They draw on emerging best practices from a range of asset managers, asset owners, asset allocators, and development finance institutions. They have become a reference standard for the development finance industry. As a founding signatory and Advisory Board member of the Operating Principles for Impact Management, which offer a common framework for impact management practices, FinDev Canada published its first disclosure statement[9] in 2020 which confirms that FinDev Canada's investments are managed in alignment with the Principles. FinDev Canada also plays an active role in several impact data harmonizing and streaming initiatives, in partnership with other DFIs and multilateral development banks.

Throughout the planning period, FinDev Canada will continue to build its portfolio management processes and tools to ensure that its impact assessment tools are relevant and aligned with the investment strategy. Key priorities include:

1. Creating a clear **governance structure for the Development Impact tool** and a protocol for the periodic review as well as an independent validation of the model embedded in the tool.
2. Advancing **Development Impact analytics**, tools and processes for portfolio management and building the team's capacity to monitor and report on the portfolio's impact performance.

4.3.2 GENDER EQUALITY

FinDev Canada's Gender Equality Strategy informs all of FinDev Canada's activities, underpinned by a Gender Equality Policy that establishes overarching principles to integrate and promote gender equality and women's economic empowerment. The Gender Equality Strategy, designed with its priority sectors, impact areas, gaps and resources in mind, complements the Development Impact Framework, the Investment Strategy, the Technical Assistance Strategy and the Environmental & Social Policy.

In response to the operational review, in 2021 and beyond, FinDev Canada will develop a plan to engage with women in its target markets in order to refine its gender strategy and priorities according to their experiences and their needs. It will also explore opportunities for coordination with other DFIs, in particular the members of the 2X Challenge working group to gain more insights into matters of gender equality.

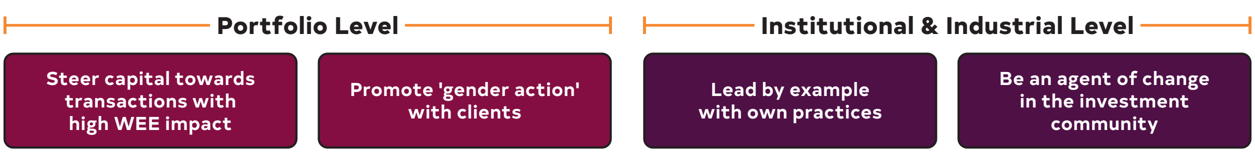


Figure 7: The Gender Equality Strategy four priority action areas

STEERING CAPITAL TOWARDS TRANSACTIONS WITH HIGH WOMEN'S ECONOMIC EMPOWERMENT (WEE) IMPACT AND BRIDGE GAPS IN GENDER-LENS INVESTING

Reducing the legal, social and economic disparities between women and men is a fundamental human rights issue that is also critical to reducing poverty and enabling a stable, prosperous future for all. However, women and girls in FinDev Canada's priority markets continue to face constraints in gaining access to basic services, earning their own livelihoods, owning property and participating in decision-making. The corporation has been actively working to utilize capital in order to bridge these gaps through gender-lens investing. It is proud to have invested in companies such as Alitheia IDF, a women-led first-time fund manager focusing on women owned and led SMEs in Sub Saharan Africa.

As noted in chapter 3, the COVID-19 pandemic is having a disproportionate impact on women in the regions where FinDev Canada operates. When women have less decision-making power, in households or in government, their needs during an epidemic are less likely to be met. As a result, FinDev Canada and its partners in the 2X Challenge and the DFIs' Gender Finance Collaborative, are co-leading the development of a set of recommendations,[10] aimed to help investors respond to the COVID-19 pandemic with a gender lens. Embedding a gender lens into its development impact framework and impact assessment methodology has enabled FinDev Canada to screen for gender in all transactions, despite the limitations of the pandemic.

Moving forward, FinDev Canada will analyze its immediate and longer-term response to the pandemic from a gender lens to refine its strategy and inform funding considerations and processes in 2021. This will enable it to guide and support its clients' ability to adapt to the new reality. In addition, work with its 2X Challenge partners will inform how DFIs can better evaluate and address the effects of a widespread crisis from the perspective of intersectionality – the consideration and analysis of multiple, interconnected social and economic dimensions.

Alitheia

While 40% of Africa's SMEs are women-owned, only 2% of them successfully access finance, leading to a funding gap of over $20 billion in unmet financing needs. Alithea is a joint venture fund developed to proactively finance businesses that are majority-owned, majority-run or primarily created by women, while supporting priority sectors in agriculture, agro-processing and companies that provide essential goods and services.

In late 2019, FinDev Canada invested $7.5 million into the fund, which will be used to finance locally-owned, high-growth SMEs and will help Alithea create 5,000 jobs for women and provide up to 100,000 women with access to essential products and services.

PROMOTING GENDER ACTION WITH CLIENTS

FinDev Canada continues to refine its methodology to engage with clients on gender action. Using its Development impact tool and WEPs Gender Gap Analysis Tool, FinDev Canada is identifying opportunities to strengthen its due diligence processes and establish gender action plans with our clients, as needed.

FinDev Canada has the capacity to offer technical assistance to clients in order to help them implement recommended actions. It is currently developing gender-action specific interventions, including a 2X Challenge gender lens investing tool kit for fund managers.

LEADING BY EXAMPLE IN ITS OWN PRACTICES

Alongside its parent company EDC, FinDev Canada is in the process of obtaining a gender parity certification, helping the organization lead by example when it comes to gender equality and diversity. Internal targets linked to employee remuneration for the number of 2X-qualifying transactions carried out have also been established. Furthermore, FinDev Canada has been building its internal capacity on gender/WEE through new hires and regular capacity-building sessions for staff and will continue throughout the planning period.

In a recent survey, FinDev Canada ranked among the top development finance institutions for its commitment to integrating gender equality across its activities both externally and internally.[11] In 2021, it intends to use the results of the survey and the related recommendations to continue improving its practices and remain at the forefront of the industry in this domain.

Leading by Example

At FinDev Canada, we want to lead by example when it comes to gender inclusion, and to become an employer of choice for women and men.

Gender Parity at FinDev Canada

As of December 31, 2019, women comprised:

57%	40%	40%	56%	45%
of our workforce	of our Senior Leadership team	of our Executive Risk and Investment Committee	of our Advisory Council	of our Board of Directors

A CHANGE AGENT IN THE INVESTMENT COMMUNITY

FinDev Canada strives to be an agent for change in the development finance community. It is proud to have held the position of 2019-2020 Chair of the 2X Challenge, which surpassed its initial target of $3 billion by committing and mobilizing $4.5 billion in capital towards women economic empowerment, and produce a COVID-19 response[12] document. The 2X Challenge has grown steadily, with two new members and one multilateral development bank supporter, for a total of 15 partner institutions. FinDev Canada and its 2X partner CDC Group produced a gender-lens investing guide to support investors wishing to use the 2X Criteria in their transactions. FinDev Canada also supports Invest2Impact, a competition under the 2X Challenge that aims to spur growth of high potential, women-led businesses in developing countries to increase their commerciality and impact.

FinDev Canada will support the continuation of Invest2Impact until 31 Dec 2021. During this period, FinDev Canada will continue to deliver value-added services to the competition winners, including business advisory services to help them scale up and improve their investment-readiness. In 2021, it will consider options for the future of Invest2Impact including the potential to expand in terms of geography, format, and pool of women entrepreneurs supported.

Invest2Impact

Business competition and support for 100 women entrepreneurs in East Africa

Location:

- East Africa (Ethiopia, Uganda, Kenya, Rwanda, Tanzania)

Funding Partners:

- CDC
- Mastercard Foundation
- Proparco
- US DFC

Objectives:

- Business competition for women-owned SMEs in East Africa. 100 winning entrepreneurs selected from over 778 applicants.
- 2XConnect business community created linking winners to group trainings, professional networking, COVID-19 support, and custom business mentorship.
- Group and individual business support with investment-readiness support and opportunities to connect with funders.

4.3.3 TECHNICAL ASSISTANCE

Technical assistance (TA) is a core component of development finance, which DFIs, multilateral development banks and impact investors deploy to expand the capacity of the private sector to enhance development outcomes, mitigate risks and drive business performance. In 2020, FinDev Canada launched its technical assistance facility (TA Facility) and delivered its first projects. The program was funded by GAC through an administrative agreement signed in 2019 for an initial amount of C$ 3.8 million to cover TA needs until March 2023. In the course of 2021, FinDev Canada will be developing the strategy to ensure the sustainability of the TA Facility, so it can continue to support clients in 2023 and beyond.

JCM Power Gender Action Plan

Location:

- Somalia
- Golomoti, Malawi

Funding Partners:

- JCM Power
- Swedfund
- IFU
- FMO

Objectives:

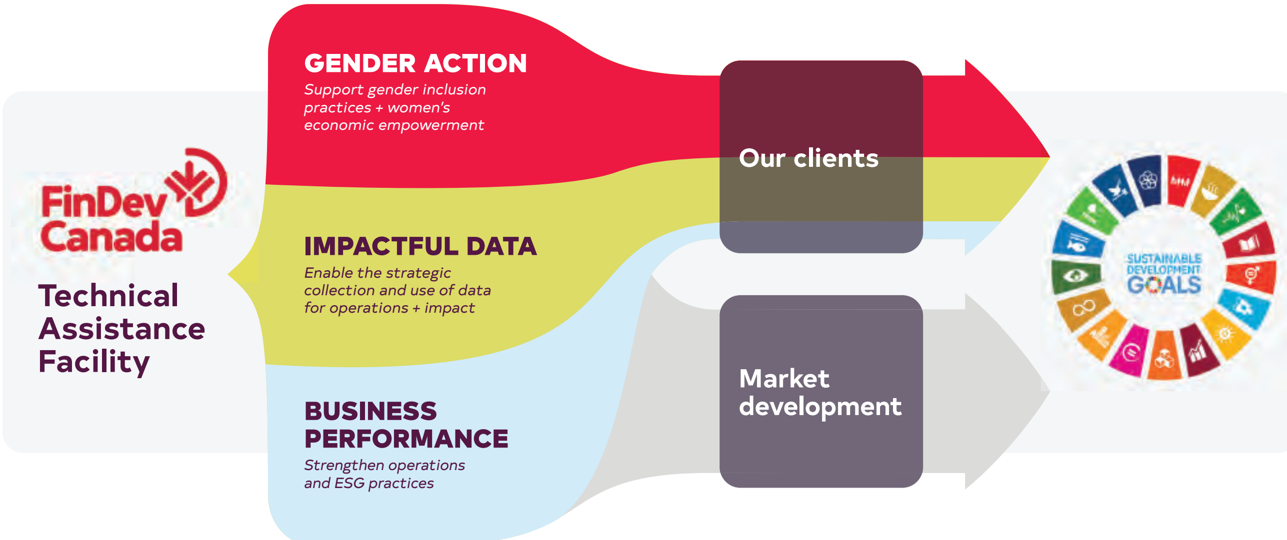
- Create policies and frameworks to address the gender gap present in the company's governance.
- With local consultants, develop staff training and community reporting for gender-based violence and harassment (GBVH).
- Ensure 100% of the local project companies have a Gender Equality Management Plan in place within 12 months of financial close.

"The Technical Assistance Facility has helped JCM assess and build a gender action plan to support their ambition of incorporating a gender lens to their day-to-day decision-making. Through the engagement, JCM reviewed their company policies and, through implementation of key activities including prioritization of women's empowerment as one of their core impact objectives, are working towards reducing the gender gaps within multiple levels of the organization."

Figure 8: Technical assistance in practice: An example of how FinDev Canada's TA support is helping companies improve their business and impact performance

FinDev Canada seeks to build a TA approach that is efficient, flexible and agile, in order to respond quickly to clients' needs and advance its impact goals. FinDev Canada's TA Facility will be intentional in its approaches and target specific gaps in the private sector in order to accelerate its impact. Through transparent reporting, learning and feedback, the facility will demonstrate the value added with each project to inform future TA assignments and the overall strategy.

The TA Facility addresses a range of needs critical for the growth and impact generated by the private sector, including governance and leadership, human capital development, financial management and analysis, impact measurement and reporting through three focus areas (shown below). TA projects can target FinDev Canada existing or prospect clients and support the private sector more broadly, to help shape and grow the market for impact and gender-lens investing.



Six guiding principles shape the development and operations of the Technical Assistance Facility:

1. **Client centricity:** projects are co-designed with clients, based on a deep understanding of their strategic priorities, needs, available resources and capacity;
2. **Sustainability:** interventions designed to deliver sustainable outcomes and long-term change;
3. **Agility:** ability to respond quickly to client capacity building needs; capture learnings and continuously improve approach to remain impactful and relevant;
4. **Local capacity:** leverage local talent and transfer knowledge locally; when working with third-party professionals, source local providers as much as possible;
5. **Additionality:** mindful not to distort markets or displace private capital; support initiatives that would not have happened otherwise and that cannot be covered entirely by the client's own budget; and,
6. **Transparency:** demonstrate good use of funds, publish data and lessons learned wherever possible.

The TA facility has a collaborative and transparent approach to governance and operations. The annual work plan is approved by the TA Steering Committee, composed of FinDev Canada and GAC representatives. Projects are screened and approved in monthly TA Committee meetings composed of FinDev Canada directors and independent members. Given the approval of the 2020-2021 Implementation Plan and budget, coupled with recruitment of key staff within the TA function, we were able to approve six projects by year end.

In 2021, the team will continue to build the infrastructure necessary to ensure results across its three focus areas as it scales up its operations. A priority will be to develop the strategy to ensure the sustainability of the Facility beyond the 2019-2024 GAC agreement period.

4.3.4 TECHNOLOGY ROADMAP

The COVID-19 pandemic clearly demonstrates the importance of technology for development finance institutions. FinDev Canada has developed a digital strategy to guide its technology activities as it seeks to position itself as a 'DFI for the Future'. Underpinned by key digital building blocks, its digital strategy aims to improve FinDev Canada's effectiveness and connectivity with clients, and to identify technology-based initiatives that lead to greater development impact.

Figure 9: FinDev Canada's Digital Building Blocks

FinDev Canada's objectives focus on promoting digital, data-enabled business models and use of technology as a tool to scale up businesses and to unlock new opportunities. They include efforts to:

- Broaden the use of data in decision making and management of high-performance portfolios;
- Expand service offerings by leveraging technology in product innovation; and
- Enhance customer experience by use of digital platforms to collect and disseminate knowledge efficiently.

FinDev Canada was initially launched with limited technological capabilities. Its digital strategy reflects its growth and the diversity of its activities: investing in leading-edge technologies will bring efficiencies while maintaining its agility. The strategy will be implemented in a phased manner over the course of the Planning period (see figure 10 below).

In the short-term, FinDev Canada will focus on building the internal infrastructure to create greater operational efficiencies; it involves developing a cloud-based platform for transaction management and impact reporting, a customer relationship system to better understand and serve customers and stakeholders alike, and productivity tools for enhanced collaboration and analytics.

Figure 10: Digital Strategy Implementation Plan

In the medium term, focus will be on enhancing the corporation's service value added for its clients by designing integrated systems that capture and leverage external data, and make valuable intelligence available to its clients in support of their business objectives.

Throughout the planning period, FinDev Canada will continue to develop partnerships with peers, academia, and digital innovators in the private sector, and connect stakeholders with converging interests. FinDev Canada aims to build on action points proposed at the 'DevMeetsTech' Roundtable held in Washington DC in April 2019[13] and, together with its partners, continue to pursue thought leadership initiatives.

4.4 PARTNERSHIPS

Partnership is at the core of FinDev Canada's operating model. As a young and small organization, its ability to leverage other organizations' capabilities is instrumental in achieving its goals. FinDev Canada pursues a multi-faceted partnership strategy, both at the transactional and at the strategic level.

4.4.1 ENGAGEMENT WITH THE GOVERNMENT OF CANADA

FinDev Canada and the Government of Canada have significant opportunities to partner to achieve Canada's international assistance objectives. As a leader in Canada's development finance sector, FinDev Canada will continue to build and strengthen its relationship with GAC and other government departments during this planning period.

REFRESHED GOVERNMENT ENGAGEMENT STRATEGY

FinDev Canada is aligned with the Government of Canada's international assistance policies and priorities. Its investment strategy applies a gender lens to all transactions, in support of Canada's Feminist International Assistance Policy which emphasizes the promotion of gender equality and women's empowerment as the most effective approach to eradicating poverty and building a prosperous and inclusive world.

In 2020, FinDev Canada worked closely with GAC's International Assistance Innovation Program, sharing intelligence and best practices. FinDev Canada's Chief Investment Officer was seconded to GAC for six months in order to assist the team in building its internal capabilities and processes. In 2021, collaborative work will continue to ensure that FinDev Canada's expertise as a financial institution is shared as appropriate, with GAC. Moving forward, FinDev Canada will strengthen this relationship, particularly with respect to climate action initiatives, to support sustainable development and poverty reduction in developing countries through our financial and advisory services.

Sustainable development financing in Canada includes a range of initiatives and organizations to advance impact driven private sector-oriented solutions in emerging and frontier markets. FinDev Canada's goal is to maintain leadership within the Canadian sector by encouraging innovation, convening on good practices and learning, and driving change. To do so, it will adjust its strategy for government engagement to reflect the current operating environment and implement the recommendations of the operational review. It will continue to conduct quarterly bilateral meetings with GAC, Finance Canada, the Treasury Board and other departments and agencies as appropriate to discuss specific issues, provide updates on operations and strategic orientations, and review of FinDev Canada's active portfolio and pipeline.

FinDev Canada will continue to work with GAC and contribute to Canada's reporting to the Organisation for Economic Co-operation and Development (OECD) on private sector mobilization and Official Development Assistance.

DEVELOPING TANGIBLE COLLABORATION WITH OTHER CANADIAN DEVELOPMENT FINANCE ORGANIZATIONS

FinDev Canada seeks to ensure it leverages the natural synergies between Canadian organizations with complementary mandates. As such, it has built a strong partnership with the International Development Research Centre (IDRC), supported by the one-year secondment to FinDev Canada of an IDRC officer. The two organizations have joined forces to launch an initiative to establish a research agenda grounded in the experience and knowledge of Canada's development finance sector. They will, along with other partners, share lessons on good practices, advance research and policy guidance and identify innovative finance solutions for crisis response and recovery. This work will establish a foundation for tangible action during the planning period and contribute to positioning Canada as an innovator in the space.

Other Canadian organizations, such as Canadian Forum for Impact Investment and Development (CAFIID), Convergence, the Equality Fund and Grand Challenges Canada have been invited to participate in the initiative. Each will participate according to its strengths and benefit from the outcomes in support of their respective strategies.

FinDev Canada has taken a leadership role in developing a response to COVID-19 involving the above-mentioned organizations. This work will continue in 2021 and over the planning period, with a focus on building complementary action where organizations were previously acting separately.

DEVELOPING MADE-IN-CANADA INNOVATIVE BLENDED SOLUTIONS

The COVID-19 pandemic is disrupting global health, economic and financial systems at remarkable speed. Emerging markets are being hit especially hard. Developing countries, donor countries, international financial institutions and project sponsors are appealing for greater access to concessional financing to help address the needs of the private sector in developing markets. Blended finance, which combines various sources of capital to respond to the needs of clients where individual solutions cannot, has a crucial role to play in the medium and longer-term recovery of developing countries. High impact investments that leverage concessional financing can accelerate economic reconstruction, improve resiliency to future shocks, incentivize efforts to resolve inequalities, reduce vulnerabilities and contribute to a green economy.

Sustainable economic recovery requires solutions that cover a wide spectrum of needs, many of which exceed the capability of commercial instruments. FinDev Canada is in a unique position to provide Canadian leadership in identifying and supporting solutions to the economic needs of the private sector in emerging markets through this crisis. In collaboration with GAC's Innovative Finance and Climate Finance Bureaus, FinDev Canada has indicated its willingness to help establish a Canadian concessional mechanism that will support longer-term recovery and resilience and yield high impact in gender equality and climate action.

With the ability to offer combined DFI and concessional financing, Canada would have a broader reach in targeted developing countries and achieve greater development outcomes, positioning Canada among global leaders in this space.

Based on preliminary discussions with government officials, this concessional mechanism is expected to draw from international best practices and key guiding principles such as:

- Contribute to supporting private sector businesses and, through them, local communities affected by COVID-19, with clearly defined expected outcomes;
- Gender equality will be targeted and integrated across all investment activities; and,
- Any facility will align with strategic priorities and operating principles of both GAC and FinDev Canada.

This mechanism will leverage FinDev Canada's market knowledge, financial expertise and operational processes, but will be established in a way that does not undermine FinDev Canada's capability to deliver on its core mandate. At the time of writing, no formal decision has been taken and details of the mechanisms are still being defined in collaboration with GAC. It would however follow the following operating parameters:

- An Arrangement between the parties will set out the detailed parameters of the program
- The facility will enable the deployment of funds from both GAC's Climate Finance and International Assistance Innovation Programs
- It will complement FinDev Canada's core mandate by carrying a higher risk appetite and/or lesser expectation of return (concessionality);
- GAC will provide one Unconditionally Repayable Contribution for each program window;
- FinDev Canada will be responsible for all aspects of the administration of the program, from business origination to asset management. It will set up the required additional capabilities (human resources, processes, technology…) to enable the program, building on its own existing capabilities and expertise.
- FinDev Canada will report to GAC on the operations of the Facility on the basis of criteria and on a frequency to be defined in the Arrangement;
- Detailed parameters of the facility will be determined by the Arrangement, including sectors of focus and financial parameters
- The activities funded under the arrangement will not appear on FinDev Canada's balance sheet and will be administered separately.
- In order to preserve FinDev Canada's own capacity to operate, all costs incurred by FinDev Canada in administering the Facility will be recovered from GAC; the modalities of such recovery will be provided for in the Arrangement.

The above will ensure that the mechanism achieve the agreed objectives while preserving FinDev Canada's operational capacity and establishing a clear distinction with FinDev Canada's core programs, as well as with EDC's activities.

4.4.2 ENGAGEMENT WITH THE STAKEHOLDER COMMUNITY

FinDev Canada continues to reach out to stakeholders for feedback on its strategy and policies, manage a regular flow of information requests through its website and social media channels, and respond to stakeholder inquiries.

In 2020, FinDev Canada sought stakeholder comments as it updated its Environmental & Social (E&S) Policy[14] and participated in virtual events to address potential anti-Black racism in gender lens investing and business origination with private equity General Partners.

In 2021, it will continue to position FinDev Canada as a thought leader on gender lens investing and development finance and implement an independent accountability mechanism to address any potential concerns of its stakeholders.

ADVISORY COUNCIL

FinDev Canada's Advisory Council[15] was created in the spring of 2018 and has grown to eight members by the end of 2020, after recruiting two professionals upon the resignation of a founding member. It is gender balanced and composed of individuals with expertise in development, international corporate affairs and development finance. The Council is not 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 the strategies, procedures and policies of FinDev Canada.

In 2021, efforts will be undertaken to recruit international voices to the Council from FinDev Canada's regions of operations. Over the planning period, it will continue to solicit the views of the Council and hope to conduct a regional meeting to provide greater insight and augment their knowledge as they play their role providing their views and valuable advice.

CANADIAN BUSINESS COMMUNITY

In pursuing its international development mandate, FinDev Canada intends to leverage Canadian capabilities to the extent possible. It selected priority sectors in which Canada is a recognized global leader. Similarly, FinDev Canada operates in many markets where Canada has had a strong presence over time. While respecting the untied nature of its mandate, FinDev Canada seeks to involve other Canadian entities in its business activities and is developing the processes and relationships to achieve that. It will leverage the expertise of the Canadian business community wherever possible, with a focus on businesses with existing international experience and presence, or those that offer solutions that can help enhance the developmental impact of FinDev Canada's activities. This includes not only sharing local intelligence, expert advice but, to the extent applicable, consider investments in Canadian businesses working in FinDev Canada's target regions and sectors, as well as exploring opportunities to include Canadian technology in the projects it supports.

FACILITATING REFERRALS AMONG PORTFOLIO ORGANIZATIONS

FinDev Canada and EDC work closely to refer potential clients to each other based on their respective strengths. They also seek to collaborate, whenever possible, with Canadian businesses with experience and a presence in their target markets. In the planning period, FinDev Canada will conduct targeted outreach to the business community in alignment with its sector and geographic priorities.

Building on existing effective relationships, FinDev Canada will continue to work closely with Canada's Trade Commissioner Service in its target markets, to share intelligence and identify and pursue opportunities to strengthen Canada's presence in developing economies.

FinDev Canada is a member of the CAFIID, whose goal is to strengthen the value and the volume of impact investment in developing countries. Through this partnership FinDev Canada will continue reaching out to the members of the business community interested in conducting responsible business in developing countries.

5.0 OPERATIONS AND INTERNAL STRATEGIES

5.1 RISK MANAGEMENT

Effective risk management begins with sound risk governance. Risk governance at FinDev Canada ensures that:

1. risks are assumed and managed in accordance with a thoughtful risk appetite framework;
2. appropriate checks and balances are in place, enabling FinDev Canada to operate in accordance with its mandate as well as industry best practices; and,
3. information provided to the Board of Directors and management is complete, accurate and timely to enable risk-informed and sound decision-making.

Risk management activities at FinDev Canada are governed by the Three Lines of Defense (3LD) Model. The 3LD model distinguishes roles and responsibilities through three layers of management involving employees from every area of the organization. First Line activities are performed by the Investments Team, which executes front-line business operations, supported by various teams such as Impact Enablement, Legal, Compliance & Ethics and others. Second Line activities are performed by the Risk Management Team, while Third Line activities are performed by the internal audit function.

In 2020, FinDev Canada enhanced its risk governance framework by forming an internal Risk Management Team, establishing the Enterprise Risk Management Framework (ERMF), which touches on all of our risk-taking activities, and Board approval of a Capital Management Policy, which defines how FinDev Canada will balance the various capital sources needed to adequately conduct its risk-taking activities.

Risks are monitored and addressed on an ongoing basis. A detailed Risk Management Report, providing a comprehensive view of FinDev Canada's risk exposure against its established risk limits, is presented to the Board of Directors quarterly by the Director, Risk Management.

For the remainder of 2020 and in 2021, the focus of the corporation will be to continue building its tools and processes. This will include:

- Formalizing a Strategic Risk and an Operational Risk Management Frameworks, with documents stemming from the recently established ERMF. These frameworks will seek to define, as is appropriate for each category of risk, quantitative and/or qualitative measures and tolerances or limits;
- Enhancements to the existing Risk Appetite Framework, which draws largely from EDC's methodology and expertise to define how risks are assessed, categorized and managed, while taking into account FinDev Canada's specific mandate to determine its risk appetite.
- Formalizing and improving our transaction asset management activities, including establishing an Asset Watch List Guideline, an Asset Review Guideline and Early Warning System. These activities are scheduled to be completed at the end of 2020.

Looking ahead at 2022 and beyond and in response to the operational review, FinDev Canada will continue to evolve its policy framework to accompany its growth and the increased complexity of its portfolio. This will include establishing policies for the management of market, liquidity and asset transfer risks. The work on these policies will be initiated well in advance of the actual risk becoming material for FinDev Canada, as was done in 2020 for the Capital Management Policy and will continue to leverage EDC's experience in this domain.

5.2 TRANSPARENCY & DISCLOSURE

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 raise any concerns. Similarly, summaries of transactions with additional details on environmental, social and governance practices, and development impacts are published after signing.

5.3 ENVIRONMENTAL & SOCIAL PRACTICES

FinDev Canada applies rigorous screening to every transaction it supports. Business Integrity and Environmental & Social (E&S) risks assessments of all transactions are critical in identifying risks. They provide opportunities to work with clients to improve their practices in these areas and, by extension, improve their development impacts. Environmental and Social Action Plans (ESAPs) are included in transaction documents wherever relevant, setting objectives that customers are committed to meet.

FinDev Canada's E&S practices to ensure they are aligned with international best practices, through continued engagement with other DFIs, as well as the stakeholder community. After 18 months of operations, the corporation completed the review of the interim Environmental & Social policy adopted in the Fall of 2017, prior to the start of its operations. In 2019, it undertook a benchmarking and stakeholder consultation exercise to update its policy based on market practices and trends in the field. A revised E&S policy came into effect March 2020 and the organization is now developing the implementation plan which will be completed in 2021.

In August 2020, a Senior E&S Advisor was recruited to expand the E&S practice at FinDev Canada, lead the implementation plan of the E&S policy and reinforce the liaison with EDC's Environmental and Social Risk Management team. Together with a successful onboarding exercise, initial work to develop an asset management practice related to E&S Policy, and conducted staff training on the new policy.

In the 2021-2025 planning period, work will be undertaken to develop a procedures manual and guidance notes. With potential support from FinDev Canada's Technical Assistance facility, ongoing assistance will be explored and provided, as appropriate, to clients to improve their E&S practices.

FinDev Canada and Global Affairs Canada will continue to work through the recommendations made in the operational review regarding FinDev Canada's E&S policy and practices.

5.4 FINDEV CANADA'S OPERATING MODEL

MANAGING THE UNCERTAINTY

Like most organizations today, FinDev Canada has had to re-think its current operating model and strategy on what the Future of Work will look like. In the short-term, it has implemented measures to ensure the safety, wellness and health of all employees and enable them to work remotely. In collaboration with EDC, planning for the gradual return to office is underway, with the preference to remain working virtually until further provincial and local government directives are provided and the safety of employees can be adequately ensured. Until a vaccine or treatment is widely available, employees will continue to work remotely to reduce risk of exposure while we assess the need for physical presence. In the long-term, FinDev Canada will identify the vision for the office of the future and digital workplace.

BUILDING AN EXPERT TEAM

FinDev Canada's success to date is a result of the world-class team it has assembled. With a growing investment portfolio and new technical assistance offering, it will continue building its capabilities. A number of key positions were established in 2020 including the Technical Assistance unit, the reinforcement of the Impact team (with additional capacity on gender equality and climate action) and investment teams (with creation of an asset management function), a Digital officer and an Environmental & Social advisor. These positions will help FinDev Canada achieve its corporate objectives and management of its exposure to financial and non-financial risks.

In 2021, FinDev Canada expects to hire new resources to support growth in a variety of areas.

SERVICE LEVEL AGREEMENTS

EDC continues to support FinDev Canada's operations through the delivery of services including general corporate functions and specialized roles. The provision of services is governed by a Master Service Level Agreement and 19 separate Service Level Agreements that cover each of the specific service areas (Summarized in Figure 11). The SLA model allows FinDev Canada to efficiently source functions that would be costly to create in-house or would create unnecessary duplication. In areas where FinDev Canada has created its own internal capacity, it can still benefit from the broader "community of practice" and additional capacity provided by EDC.

FinDev Canada's operating model has evolved since its inception in 2018, due largely to its growth and the changing environment in which it operates. The ability to leverage the capabilities of EDC has been instrumental in ensuring its ability to adapt. In the 2021-2025 Planning period, FinDev Canada will continue to develop its transaction-related functions while leveraging EDC's corporate services.

The Service Level Agreements that govern the relationship between FinDev Canada and EDC were reviewed in 2019 and 2020, to update the definition of the services rendered, improve internal process and governance, and identify and address any factor that may limit the effectiveness of the overall framework. Going forward, Service Level Agreements will be reviewed and amended annually. The Master Service Level Agreement will be reviewed biennially to ensure it accurately reflects the operating environment and will include a review of pricing methodology to ensure its continued appropriateness.

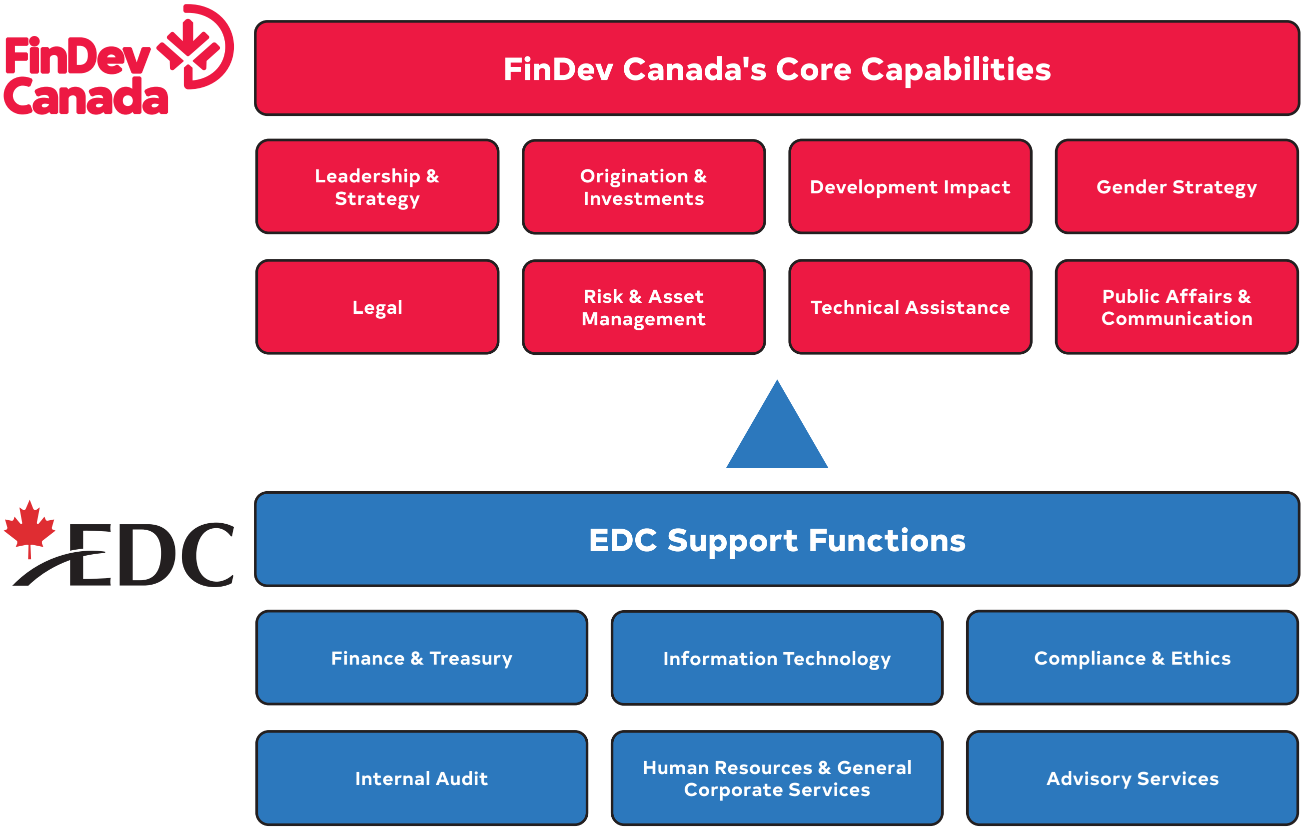


Figure 11: Shared services model

REFINING CORPORATE PROCESSES AND POLICIES

In addition to the continuous improvement of its impact and risk management frameworks, FinDev Canada will continue to build its corporate policies guidelines and processes, in pace with its growth throughout the planning period.

STRENGTHENING THE BRAND

The FinDev Canada brand will continue to be synonymous with transparency, credibility, collaboration and inclusion. In addition to posting of deals prior to signing, as part of its transaction process, it engages with clients, partners, peers and various stakeholders to create brand awareness and foster greater collaboration. In 2020, FinDev Canada launched the 2019 Annual Report[16] in an interactive session, to share its achievements, engage with stakeholders and showcase clients and their stories.

In 2021 and throughout the planning period, FinDev Canada will continue to leverage traditional and social media channels to increase awareness. It will enhance its website to create a more interactive, informative and dynamic platform for its stakeholders to achieve the following:

- Client centricity: highlight its clients' work by sharing impact reports and through storytelling.
- Thought leadership: creating rich, educational, and dynamic content, to increase awareness about FinDev Canada and the development finance space in general, and to target new players.
- Brand awareness: expand our reach by working with strategic partners and associations, participation in events and design initiatives 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.

6.0 MEASURING SUCCESS

FinDev Canada's scorecard measures the success of its activities including; the impact it generates in its target markets, the strength of its investment activities and financial sustainability, its ability to mobilize the private sector and the value it provides to its clients, as well as risk appetite and sustainability targets. The scorecard is tied to compensation and drives the activities and behaviours that ensure FinDev Canada builds an impactful portfolio while adequately balancing risks and return.

6.1 IMPACT MANAGEMENT

FinDev Canada released in 2020 its first comprehensive Annual Report, including an in-depth analysis of its impact. The impact scorecard measures FinDev Canada's ability to be an agent of change along its key impact objectives. For gender equality and women's economic empowerment, it will continue to leverage the work done by the 2X Challenge by measuring the proportion of transactions eligible under 2X criteria.

Market Development (MD)

- **SMEs supported (3)**
- **Decent jobs (#, M/F)**
- **Local procurement ($, %)**
- **Net profit and taxes paid ($)**
- **Salaries paid ($, mgt/staff)**
- **Local ownership (%)**

Women's Economic Empowerment (WEE)

- **Women-owned companies supported (#, %)**
- **Women in senior leadership (#, %)**
- **Gender-inclusive governance (#, %)**
- **Women gaining access to basic services or empowerment tools (#)**

Climate Change Mitigation and Adaptation (CMA)

- **Renewable energy produced (GWh)**
- **Net CO_2 emissions avoided (MT)**
- **Natural resources used reduction**
- **Waste reduction**
- **Customers gaining access to climate adaptation tools (#)**

6.2 INVESTMENT ACTIVITY

FinDev Canada's ability to generate impact is through the continued building of a diversified portfolio. The scorecard will identify the number of transactions to be approved during the year in order to achieve its growth targets.

6.3 FINANCIAL SUSTAINABILITY

FinDev Canada will manage its budget in order to progress towards financial sustainability within the timeframe established in the financial plan.

6.4 MOBILIZATION

FinDev Canada will establish a quantitative target for the mobilization of private sector capacity, which takes into account the expected challenging market conditions that will prevail in the initial years of the planning period.

6.5 CUSTOMER CENTRICITY

Throughout 2020, FinDev Canada developed a "Voice of the Customer" methodology to gauge the satisfaction of its clients which will be deployed, after thorough testing and validation, as part of its scorecard in 2021.

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 initial injection of $100 million occurred in 2018, followed by injections of $100 million in 2019 and 2020.
- The financial statements in this plan cover the years 2020, 2021 and 2022. The years 2023, 2024 and 2025 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)

  - following the successful completion of a review of FinDev Canada's first years of operation, a decision by the Government of Canada regarding an increase in its capital beyond the initial C$ 300 million is pending.
  - based on the Corporation's financial projections, operations in the years 2023, 2024 and 2025 would require further injections of capital and are therefore conditioned by such decision.

  Subsequent Corporate Plans will reflect the decision and present Financials accordingly.

- FinDev Canada is projecting a net loss of $24 million in 2020, an increase of $14 million when compared with the 2020 Corporate Plan net loss of $10 million. The increase is mainly due to lower than anticipated lending volumes in 2019 resulting in lower net financing and investment income in 2020, as well as the impact of the COVID-19 pandemic. The economic crisis brought on by the pandemic has resulted in an increase in our provision for credit losses on our loan portfolio as well as unrealized losses on our investments portfolio.
- Loans receivable are projected to grow to $454 million in 2022.
- Investments are projected to be $104 million in 2020 and are expected to grow to $184 million in 2022.
- FinDev Canada expects to have consumed the $300 million capital injection from EDC in 2021. To support its continuing growth, FinDev Canada intends to borrow from EDC during the Corporate plan period.

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)	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 TBD	2024 TBD	2025 TBD
Business Volume								
Lending	22	132	167	192	203			
Investments	63	67	87	61	68			
	85	199	254	253	271			

2020 FORECAST

The 2020 lending and investments business volume is projected to be $254 million, $55 million higher than the $199 million forecast in the 2020 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.

2021 TO 2022

FinDev Canada is projecting business volume in the lending and investments program of $253 million in 2021 and $271 million in 2022 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 2020 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 August 2020, is U.S. $0.76.

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 Small Business, Export Promotion and International Trade, in consultation with the Minister of International Development, is responsible for providing direction to EDC regarding FinDev Canada, as per the annual Statement of Priorities and Accountabilities (2021 SPA).

APPENDIX 2: CORPORATE GOVERNANCE STRUCTURE

MANAGERIAL AND ORGANIZATIONAL STRUCTURE

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

Established under the *Canadian Business Corporations Act* (CBCA), FinDev Canada is governed by an independent Board of Directors, appointed by EDC's Board of Directors. The Board, chaired by EDC's President and Chief Executive Officer (CEO), is composed of members of the EDC Board of Directors, as well as independent members with expertise and experience regarding the facets of its business and markets. Together, Board members bring expertise in the wide range of domains required to successfully lead the organization.

FinDev Canada has established an Advisory Council composed of individuals with expertise in development and development finance, appointed by FinDev Canada in consultation with the Minister of International Development. The Council provides expert advice in the determination of the corporation's general strategic direction, as well as on specific strategic projects, procedures and policies. It complements the role of the Board of Directors.

FinDev Canada is led by a CEO who reports to the Board of Directors and whose responsibility is to determine the business strategy and lead its execution, in accordance with the Government of Canada's mandate and the Board's direction. The CEO is assisted by a senior management team.

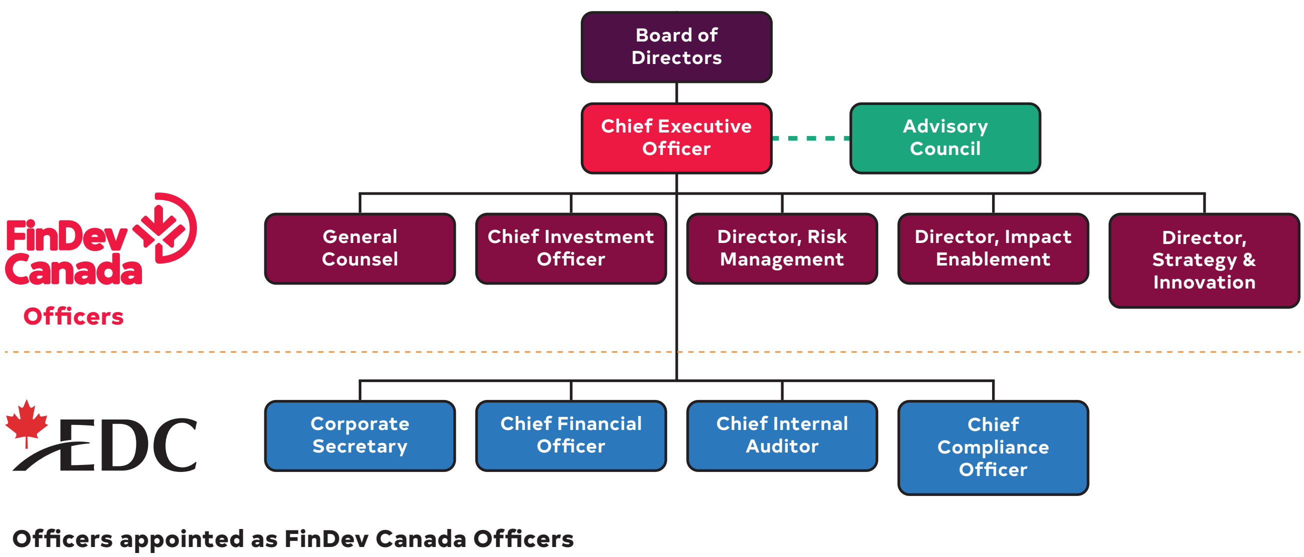


Figure 12: FinDev Canada's Managerial and Organization Structure

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 2021-2025 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 2021-2025 was approved by FinDev Canada's Board of Directors on September 30, 2020.

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

September 30, 2020

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)	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 TBD	2024 TBD	2025 TBD
Financing and Investment Revenue:								
Loan	-	8	2	7	13			
Marketable securities	1	1	1	-	-			
Total financing and investment revenue*	1	9	3	7	13			
Interest expense	-	-	-	-	1			
Net Financing and Investment Income	1	9	3	7	12			
Other (Income) Expense	(3)	-	6	(4)	(4)			
Administrative Expenses	10	15	13	20	21			
Provision for Credit Losses	2	4	8	8	9			
Net Income (Loss)	(8)	(10)	(24)	(17)	(14)			
Other Comprehensive income	-	-	-	-	-			
Comprehensive Loss	(8)	(10)	(24)	(17)	(14)			

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

2020 FORECAST

FinDev Canada is forecasting a net loss of $24 million for 2020, an increase of $14 million from the 2020 Corporate Plan. Items of note regarding this forecast are as follows:

- Net financing and investment income have decreased by $6 million primarily due to a decrease in 2019 lending volume resulting in a lower opening loans receivable balance for 2020 than originally planned.
- Year to date unrealized losses on the investments portfolio of $6 million.
- An increase in provision for credit losses of $4 million resulting from updates to the macroeconomic forecast due to the economic crisis brought on by COVID-19.
- Administrative expenses are lower than Corporate Plan by $2 million mainly due to lower professional services and travel.

2021 CORPORATE PLAN

FinDev Canada is forecasting a net loss of $17 million in 2021 and $14 million in 2022. Although it is forecasting $7 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)*	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 TBD	2024 TBD	2025 TBD
Assets								
Cash	4	2	6	6	6			
Marketable securities	106	-	17	-	-			
Derivative Instruments	1	-	2	2	2			
Loans receivable	22	160	139	295	454			
Allowance for losses on loans	(2)	(6)	(10)	(14)	(19)			
Investments	51	111	104	135	184			
Other assets	2	2	2	2	2			
Property, plant and equipment	1	1	1	-	-			
Intangible assets	-	1	1	1	2			
Right-of-use asset	2	1	1	1	1			
Total Assets	187	272	263	428	632			
Liabilities and Equity								
Accounts payable and other credits	2	-	1	1	1			
Owing to Export Development Canada	1	3	2	185	403			
Lease Liability	2	2	2	1	1			
Total Liabilities	5	5	5	187	405			
Equity								
Share capital	200	300	300	300	300			
Deficit	(18)	(33)	(42)	(59)	(73)			
Total Equity	182	267	258	241	227			
Total Liabilities and Equity	187	272	263	428	632			

2021 CORPORATE PLAN

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

Loans receivable are expected to reach $295 million in 2021 and $454 million in 2022. Investments are projected to reach $135 million in 2021 and are expected to grow to $184 million by 2022.

After the initial capital of $300 million is consumed, debt will be raised through EDC to support its continuing growth. FinDev Canada intends to borrow from EDC during the Corporate plan period starting in 2021, for such amounts, term and conditions as EDC and FinDev Canada may agree. 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)*	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 TBD	2024 TBD	2025 TBD
Share Capital	200	300	300	300	300			
Retained Earnings								
Balance beginning of year	(10)	(23)	(18)	(42)	(59)			
Comprehensive loss	(8)	(10)	(24)	(17)	(14)			
Balance end of year	(18)	(33)	(42)	(59)	(73)			
Total Equity at End of Year	182	267	258	241	227			
Return on Equity	-5.9%	-4.5%	-10.9%	-6.8%	-6.0%			

STATEMENT OF CASH FLOWS

Table 5: Projected Condensed Statement of Cash Flows

for the year ended December 31 (in millions of Canadian dollars)	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 TBD	2024 TBD	2025 TBD
Cash Flows from (used in) Operating Activities								
Net loss	(8)	(10)	(24)	(17)	(14)			
Adjustments to determine net cash from (used in) operating activities								
Provision for credit losses	2	4	8	8	9			
Change in fair value of investments and accrued interest on loans receivable	(2)	(1)	8	1	1			
Change in derivative instruments	-	-	(4)	-	-			
Other	-	3	(3)	-	(3)			
Loan disbursements	(22)	(92)	(117)	(168)	(179)			
Loan repayments	-	1	1	8	18			
Net cash used in operating activities	(30)	(95)	(131)	(168)	(168)			
Cash Flows from (used in) Investing Activities								
Disbursements for investments	(35)	(61)	(57)	(31)	(49)			
Receipts from investments	-	-	1	-	-			
Purchases of marketable securities	(29)	(70)	-	-	-			
Sales/Maturities of marketable securities	57	102	-	-	-			
Purchases of intangible assets	-	-	(1)	(1)	(1)			
Net cash used in investing activities	(7)	(29)	(57)	(32)	(50)			
Cash Flows from (used in) Financing Activities								
Increase (decrease) in amount due to EDC	(5)	3	1	183	218			
Issuance of share capital	100	100	100	-	-			
Net cash from financing activities	95	103	101	183	218			
Net increase (decrease) in cash and cash equivalents	58	(21)	(87)	(17)	-			
Cash and cash equivalents								
Beginning of year	52	23	110	23	6			
End of year	110	2	23	6	6			
Cash and cash equivalents are comprised of								
Cash	4	2	6	6	6			
Cash equivalents included within marketable securities	106	-	17	-	-			
	110	2	23	6	6			

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)

As its investment strategy has gained good traction in the past year, FinDev Canada expects to have consumed the full $300 million capital injection from EDC before the end of 2020. Accordingly, to support its continuing growth, the Corporate Plan contemplates FinDev Canada borrowing from EDC in the coming years.

Consequently, FinDev Canada recently formalized the manner in which it will govern itself with respect to capital adequacy risk. Doing so, FinDev Canada established its initial Capital Management Policy. This document serves to define, given its actual capital base and anticipated portfolio, a prudent level of borrowing.

At a high level, FinDev Canada's approach to capital management introduces the concept of Economic Capital, which is the amount of equity needed to absorb losses over a certain time horizon while maintaining a target solvency. Such approach to capital management is rooted in Basel 3 inspired principles and aligns with practices in place at most international commercial financial institutions.

4.2 OPERATING BUDGET AND NOTES

ADMINISTRATIVE EXPENSES

Table 6: Projected Administrative Expenses

(in millions of Canadian dollars)	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 TBD	2024 TBD	2025 TBD
Salaries and benefits	4.3	6.3	6.2	8.4	8.6			
Professional services	1.1	3.0	2.2	3.1	3.1			
Administration costs	1.5	2.0	1.4	1.4	1.5			
Marketing and communications	0.5	1.0	1.0	0.8	0.8			
Travel, hospitality and conferences	0.9	1.3	0.4	0.5	0.9			
Other	1.9	1.7	2.0	6.1	5.6			
Total administrative expenses	10.2	15.3	13.2	20.3	20.5			

2020 FORECAST

Administrative expenses are expected to be $2.1 million lower than projected in the 2020 plan mainly due to reductions in professional services and travel costs.

2021 PLAN

FinDev Canada is targeting administrative expenses of $20.3 million for 2021. Items of significance in the administrative expense projections for 2021 are as follows:

- Salaries and benefits are projected to increase as new employees are hired to support FinDev Canada's business.
- Professional services are expected to grow in 2021, driven primarily by higher consulting fees and business projects.
- FinDev Canada is planning to establish in 2021, with funding from GAC, a concessional mechanism that will support longer-term recovery and resilience and yield high impact in gender equality and climate action. In order to preserve FinDev Canada's capability to deliver on its core mandate, all costs incurred in administering this mechanism would be recovered from GAC, subject to an agreement to be developed. Initial estimates indicate a cost for 2021 of $3 million, based on a management fee of 2 per cent of managed assets of $100 million, and initial set up costs of $1 million. Cost in subsequent years would be 2 per cent of managed assets.
- In 2020, FinDev Canada launched a Technical Assistance Facility to build the capacity of private sector entities operating in emerging and frontier markets so they can deepen their development outcomes and scale sustainably. For the 2020-2022 period, the Facility's programmatic and administrative expenses are funded by GAC (86 per cent) and FinDev Canada (14 per cent) through an administrative agreement.
- The 2021 administrative expenses are partially offset by the management fee of $3 million and grant revenue of $1 million which is included in other (income) expense.

Table 7: Travel and Hospitality Expenses

(in thousands of Canadian dollars)	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 TBD	2024 TBD	2025 TBD
Travel	743	1,190	360	439	850			
Hospitality	72	43	33	70	71			
Conferences	36	57	56	27	28			
Total	851	1,290	449	536	949			

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

(in thousands of Canadian dollars)	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 TBD	2024 TBD	2025 TBD
Total travel, hospitality and conferences expenses	851	1,290	449	536	949			
Total administrative expenses	10,169	15,332	13,164	20,348	20,509			
Travel and hospitality as a % of total administrative expenses	8.4%	8.4%	3.4%	2.6%	4.6%			

4.3 CAPITAL BUDGETS AND NOTES

CAPITAL EXPENDITURES

Table 9: Projected Capital Expenditures

(in millions of Canadian dollars)	2019 Actual	2020 Plan	2020 Fcst	2021 Plan	2022 Plan	2023 TBD	2024 TBD	2025 TBD
Facilities	0.2	0.1	0.1	-	0.1			
Information technology	-	0.7	0.8	0.8	0.8			
Total capital expenditures	0.2	0.8	0.9	0.8	0.9			

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 $0.8 million for purchases and enhancements of required technology in 2020 and 2021.

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

APPENDIX 5: BORROWING PLAN

BORROWING AUTHORITY

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

BORROWING STRATEGY

FinDev Canada currently forecast to borrow from EDC $183 million in 2021 and $218 million in 2022. 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 is subject to a diverse range of legislation, regulations, international agreements and treaties, government policies, directives and compliance with industry standards across multiple jurisdictions.

FinDev Canada's suite of policies address the legislative and policy requirements relevant to its operations in order to protect the company, its employees, and the Government of Canada from potential exposure to legal, reputational and financial consequences.

To manage the risk of non-compliance with its obligations and policies, FinDev Canada aligns 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)

Furthermore, EDC monitors new bills tabled in Parliament, to ensure that EDC and FinDev Canada are in compliance with new federal requirements.

APPENDIX 7: GOVERNMENT PRIORITIES AND DIRECTION

TRANSPARENCY AND OPEN GOVERNMENT

FinDev Canada is committed to trust and accountability, including accurate and timely disclosure of information. As such, we continue to evolve and build on our Transparency & Disclosure Policy[17] approved by our Board in 2017, in response to the evolution of our operating environment.

FinDev Canada's transparency efforts aim to provide access to information while maintaining the commercial confidentiality of our customers. The Policy governs how we publicly releases information on transactions. It places FinDev Canada in a leading position, 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, including development impact performance and information on all transactions we enter into. 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 engages with stakeholders and civil society through consultations and by participating in events to discuss issues of mutual concern and solicits feedback on our own practices. For example, FinDev Canada issued a draft Environmental and Social (E&S) Policy for stakeholder consideration on November 19, 2019 as part of the E&S Policy revamp. The E&S Policy and Stakeholder comments are available on its website.[18]

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 DFI 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 investments. It strives to lead by example in its own management practices regarding gender equality, to create a culture of equal opportunity and advancement (see diversity and employment below).

DIVERSITY AND EMPLOYMENT EQUITY

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

FinDev Canada recognizes the importance of an inclusive workplace environment. It relies on the support of EDC Human Resources management and benefit from the breadth of experience and recognized leading practices of EDC as an employer. FinDev Canada's Gender Lead seats on the EDC Diversity and Inclusion Committee, a platform geared towards raising awareness of issues and employee concerns and inclusively crafting solutions.

With a majority of female employees, FinDev Canada's employee base represents a large degree of gender diversity. As it grows, it will seek to increase diversity further, by hiring professionals that originate from, or have ties to, the countries in which it operates.

INDIGENOUS ISSUES

FinDev Canada operates outside of Canada only. Through its Environmental and Social due diligence process, it continues to monitor the impact of its clients' activities on local communities, including indigenous communities. Through its support to local business, it also seeks to maximize benefits to the poorest communities, including indigenous ones.

9.0 ENDNOTES

1 https://www.2xchallenge.org/

2 Mimi Alemayehou, *Preventing Covid-19 from becoming a hunger crisis in Africa* (Mail & Guardian, 2 Jul 2020) https://mg.co.za/africa/2020-07-02-preventing-covid-19-from-becoming-a-hunger-crisis-in-africa/

3 Nancy Birdsall, Karen J. Greenberg, John Berger; *Resilience in Developing Nations* (CGD, 8 Jun 2020) https://www.cgdev.org/blog/resilience-developing-nations

4 The Conspicuous Absence of Women in COVID-19 Response Teams and Plans, and Why We Need Them (CARE, Jun 2020) - https://care.ca/wp-content/uploads/2020/06/CARE_COVID-19-womens-leadership-report_June-2020.2.pdf

5 CAFIID https://www.cafiid.ca/

6 Equality Fund https://equalityfund.ca/

7 Sennett et al., 2018, *Multilateral Development Banks' Harmonized Framework for Additionality in Private Sector Operations*, MDB Taskforce on Additionality

8 Operating Principles for Impact Management - https://www.impactprinciples.org/principles

9 Disclosure Statement https://www.findevcanada.ca/sites/default/files/2020-04/Disclosure%20Statement%20Operating%20Principles%20signed.pdf

10 *2X Challenge and gender finance collaborative response to the Covid-19 pandemic* (2X Challenge, 7 April 2020) https://www.2xchallenge.org/press-news/2020/04/07/2x-challenge-and-gender-finance-collaborative-response-to-covid19-pandemic

11 *New Survey Reveals Key Data Gaps in Measuring Development Banks' Commitment to Gender Equity* (September 2020) https://www.cgdev.org/article/new-survey-reveals-key-data-gaps-measuring-development-banks-commitment-gender-equity

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14 Environmental & Social Policy - https://www.findevcanada.ca/sites/default/files/2020-04/FinDev%20Canada%20ES%20Policy%20-%20%2002Mar%202020.pdf

15 Advisory Council - https://www.findevcanada.ca/en/who-we-are/advisory-council

16 *FinDev Canada 2019 Annual Report* (FinDev Canada, 2020) https://www.findevcanada.ca/sites/default/files/annual-report/2019/downloads/AR2019_PDF.pdf or https://www.findevcanada.ca/en/annual-report-2019

17 *Transparency and Disclosure Policy* (FinDev Canada, 2020) https://www.findevcanada.ca/sites/default/files/2018-02/disclosure_interimpolicy_11dec2017_final.pdf

18 Environmental and Social Policy: Summary of Stakeholder Comments and FinDev Canada Response (FinDev Canada, Feb 2020) https://www.findevcanada.ca/sites/default/files/2020-04/SUMMARY%20OF%20STAKEHOLDER%20COMMENTS%20AND%20FINDEV%20CANADA%20RESPONSE_FINAL%20.pdf

Development Finance Institute Canada (DFIC) Inc.

Canada

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