



findevcanada.ca
1 Place Ville Marie, bureau/suite 2950
Montréal (Québec) Canada H3B 2B6

FinDev Canada's Incentive Pay Program 2022

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1. MEASURES DRIVEN BY OUR BUSINESS STRATEGY

A well-designed incentive program supports key performance expectations for the coming year. Accordingly, the incentive measures chosen for the 2021 Program reflect FinDev Canada’s business strategy.

The table below outlines the incentive measures program and the performance levels for 2021.

Table: 2022 Corporate Incentive Program

Measure	2022 proposed targets	Weight %
<i>Total Business Volume</i>	USD 200 mln transactions approved	30
<i>Women’s Economic Empowerment</i>	60 % of transactions approved 2X-Challenge qualified (volume)	15
<i>Market Development</i>	10 % of transactions cleared through triage are in Least Developed Countries (LDCs) (volume)	10
<i>Climate Mitigation and Adaptation</i>	25 % of transactions approved qualify as Climate Finance ¹ (volume)	10
<i>Concessional facility</i>	<i>Removed in 2022</i>	
<i>Private sector mobilization</i>	USD 25 mln	10
<i>Financial sustainability</i>	Achieve Corporate plan objectives (net of donor contributions and related expenses): - Admin. expenses ² : \$ 18.6 mln - Fin. and Invest. revenues ³ : \$ 18 mln	25

2. CALCULATING YOUR ANNUAL INCENTIVE PAY

FinDev Canada calculates incentive pay using the formula below. Incentive payments are specific to each employee. The goal is to achieve a more direct line-of-sight between individual contributions and the achievement of corporate objectives, as well as to allow greater differentiation of compensation based

¹ “Climate Finance” transactions are those that contribute to climate change mitigation or adaptation, as per the *Common Principles for Climate Mitigation Finance Tracking* and the *Common Principles for Climate Change Adaptation Finance Tracking*, developed by the joint climate finance group of multilateral development banks (MDBs) and the International Development Finance Club (IDFC).

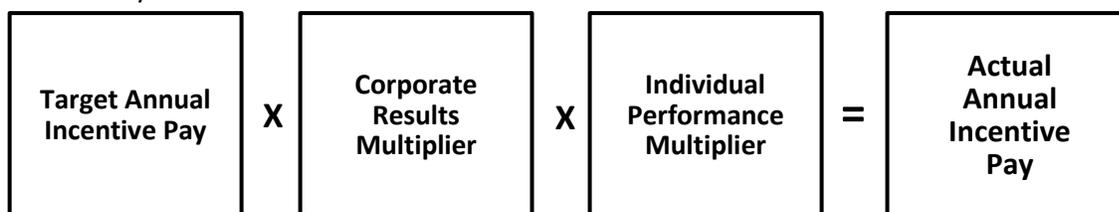
² Administrative Expenses net of the portion covered by grant revenues.

³ As represented by the “Total Financing and Investment Revenue” line item in FinDev Canada’s financial statements.

on individual performance including over- achievement. If you have any questions, please contact your Leader.

3. TARGET ANNUAL INCENTIVE PAY

This amount is determined by accumulating the incentive accrued for each eligible working day of the year (see eligibility criteria below), based on your rate of pay and target incentive percentage in effect on each day.



Your annual incentive pay is inclusive of any vacation pay entitlements earned on the eligible amount in accordance with the Canada Labour Code.

The incentive percentage applicable to each role at FinDev can be accessed through the EDC Career Framework site at <https://communication.edc.ca/EN/careerframework/Pages/home.aspx>.

4. CORPORATE RESULTS MULTIPLIER

As delegated from EDC’s Human Resources Committee of the Board, it is the role of the FinDev Canada Board to approve performance measures, weights and payouts for its STI program within the approved frameworks. The corporate multiplier reflects the overall performance of FinDev Canada against the measures approved by the Board in the Corporate Incentive Program for the year.

FinDev Canada is still at an early stage of its formation and will require time and experience to develop robust, meaningful and auditable performance measures for the STI program. Therefore, to date the STI has been based on the completion of key milestones and we have not yet established differentiated performance levels for each measure (threshold, target and overachieve). Over time, we would expect to move towards this level of differentiation.

While the program measures the performance of the Corporation as a whole, the pay- out to employees depends on each individual’s performance during the year against their personal objectives. This multiplier concept ensures that an individual’s performance is taken into account in determining the incentive award.

5. INDIVIDUAL PERFORMANCE MULTIPLIER

This multiplier is based on the Performance Rating received by each employee during his or her annual performance assessment. Each of the five possible performance ratings is associated with a specific multiplier as presented in the table below. Performance evaluations must be completed prior to the issuance of any incentive pay.

Performance Rating	Performance Multiplier
Exceeds All Expectations (EA)	1.25
Exceeds Most Expectations (EM)	1.125
Meets All Expectations (MA)	1.0
Meets Most Expectations (MM)	.75
Does Not Meet Expectations (DNM)	0

6. ELIGIBILITY CRITERIA

GENERAL

Incentive pay is not an entitlement, but rather a variable component of your pay that is linked to the achievement of specific and measurable goals. Incentive pay is also intended as a retention vehicle with respect to continued employment and accordingly, you must be a permanent employee contributing to the achievement of corporate & team objectives.

Employees must be seconded to Fin Dev Canada to participate in the FinDev Canada Incentive Program. Employees transferring from EDC to FinDev Canada on secondment will have their incentive pay calculation prorated for the period of employment with EDC which will align to EDC's Corporate Incentive Pay Program and the period seconded to FinDev Canada which will align to the FinDev Canada Corporate Incentive Pay Program. This same approach will apply for FinDev Canada seconded employees who have transferred to EDC.

A minimum of 20 "active" working days (i.e. days not taken as Leave or retirement) are required during the calendar year to be eligible for incentive pay.

CONTRACT EMPLOYEES AND CONSULTANTS

Contract employees (employees on fixed-term contracts) and consultants are not eligible for incentive pay.

NEW HIRES

Incentive pay is pro-rated to the date of hire as a permanent employee.

RETIREMENT

Incentive pay for employees who retire is pro-rated to the effective date of their retirement.

RESIGNATION / TERMINATION

You are not eligible to receive incentive pay if your permanent employment status changes as a result of resignation or termination of employment prior to the actual date of incentive payment by FinDev Canada. In order to be eligible to receive incentive pay you must remain actively employed on the date of payment and you will not be eligible to any pro rata payment and you will not be eligible beyond your active employment or the period prescribed by all applicable laws. If you are entitled to any reasonable notice of termination, this period shall not be recognized for the purpose of establishing your eligibility to any incentive compensation.

LEAVE

In general, incentive is not payable for periods of paid or unpaid Leave (i.e. periods where your employment status is considered to be “inactive” and you are absent). Leaves include (but are not limited to): Maternity/Parental/Adoption Leave, Short and Long- Term Disability, Banked Sick Leave, Workers’ Compensation, Special Leave (Paid Personal Leave), Personal Leave Without Pay, Compassionate/PCIC Leave, Military Leave, Jury Duty, etc.

Incentive is paid for the portion of the year you are not on Leave. Incidental Sick Days, Bereavement Leave, FinDev Canada approved Secondments, Vacation, and FinDev Canada Holidays and Floaters are not considered Leave for purposes of incentive.

Incentive is paid for the first 20 days of Leave in a calendar year.

e.g. if you take a total of 23 working days of Leave during the year, the first 20 days (the grace period) are eligible for incentive, and the last three are not.

PRESIDENTIAL DISCRETION

The Board of Directors of FinDev Canada reserves the absolute discretion to revise or vary the criteria

and objectives relating to incentive pay both from year to year and with respect to the year in question. This discretion shall also extend to determining the extent to which criteria and objectives have been met and to validating compliance with all internal processes, calculations and determinations.

ACKNOWLEDGEMENT

You are not eligible to receive incentive pay if you have not executed and returned, or electronically communicated, the Acknowledgement indicating your agreement with the terms and conditions of the Corporate Incentive Pay Program.

RECOVERY OF PAYMENT

If FinDev Canada determines that an employee has engaged in Misconduct, FinDev Canada may take such action relating to incentive compensation made or owing to such employee as deemed appropriate, including requiring that any or all incentive compensation earned or paid with respect to the year(s) that the Misconduct occurred, be withheld from or reimbursed by the employee, in whole or in part, with allowance made for taxes paid.

For the purpose of this provision, Misconduct means any act or omission that constitutes inappropriate action that is determined by FinDev Canada to be significant, and includes without limitation:

- non-compliance with internal policies, controls, procedures and directions (written or otherwise) including without limitation, non-compliance with the Code of Conduct or Code of Business Ethics, or internal controls over financial reporting;
- non-compliance with applicable laws and regulations;
- falsifications, omissions or manipulations of accounting records or financial disclosures or their supporting documents or transactions;
- accounting fraud;
- negligent, reckless or intentional misrepresentation negligent supervision.