2024-2028 CORPORATE PLAN SUMMARY

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EDC

TAKE ON THE WORLD

Canada

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Executive Summary

Export Development Canada (EDC) is a financial Crown corporation that provides Canadian companies with the solutions they need—when and where they need them—to go, grow and succeed internationally. Our mandate is to support and develop, directly or indirectly, Canada's export trade and Canadian capacity to engage and respond to international business opportunities, and support the Canadian economy during times of crisis.

The 2024-2028 Corporate Plan continues EDC's journey towards its 2030 Strategy, which aims to build Canada's trade competitiveness by accelerating the success of Canadian companies in high-growth international markets and sectors for long-term and sustainable growth. Specifically, EDC's long-term strategy will focus on accelerating the international growth of medium-sized exporters—key drivers of Canada's trade performance and economic prosperity. They represent $7.5 billion per year of untapped trade potential and punch far above their weight in terms of impact on Canadian trade performance. We will focus on sectors such as Cleantech, Agri-food, and Resources of the Future, which have high growth potential given the high projected global demand, and the potential to increase Canada's trade competitiveness.

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

Given the urgency of Canadian economic engagement in light of global competition, EDC plans to contribute significantly to Canada's Indo-Pacific Strategy, with a sustained and long-term approach to support Canadian exporters and investors in the region. This will require a step change to EDC's business model in the region, in order to operate in closer proximity to our customers and at the pace our customers expect. We aim to build a self-sustaining business centered around a Singapore hub, and with a much broader presence in the different markets by doubling our current representations in the region.

In this context, this plan outlines our continued focus on our 2030 Strategy objectives: to achieve maximum impact for Canadian exporters and the Canadian economy, our efforts to prioritize medium-sized companies, and increase trade diversification through our Indo-Pacific Expansion Program.

Environmental sustainability, social equality, and responsible governance (ESG) is central to our value proposition and continues to guide our 2030 Strategy, and imperative to the long-term success of Canadian companies. This plan will highlight the evolution of our ESG practices and our work to help Canadian companies identify and understand their ESG risks in order to drive opportunities for responsible business growth, domestically and internationally.

Finally, this plan will identify the key priorities for EDC's subsidiary, FinDev Canada, established in 2017 with a mandate to provide development financing and technical assistance consistent with Canada's international development priorities and the United Nations Sustainable Development Goals.

1.0 Overview

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

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

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

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

In 2022, we served more than 26,922 unique customers. We helped facilitate a record $133 billion dollars in Canadian business in 215 countries. The exports, Canadian Direct Investment Abroad (CDIA), and domestic business facilitated by EDC in 2022 are estimated to have supported over $85 billion in Canadian nominal Gross Domestic Product, an increase of 19% over 2021. The support to the Canadian economy in 2022 represented 3.7% of Canada's total GDP, the highest level since 2016. EDC's business facilitated supported almost 600,000 Canadian jobs, an increase of 18% over 2021. This represents 3.1% of the entire Canadian labour force, the highest level in nine years. During the same period, the Canadian labour force grew by 4.4%.

With a growing role as an equity investor, we continue to increase support for Canadian companies as they need capital to grow their businesses and retain Canadian control. This is an area where EDC has and will continue to be purposeful with its risk appetite to serve Canadian exporters and fill markets gaps. For more details on our 2022 corporate performance, please refer to our 2022 Integrated Annual Report.

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

Beyond growth in our core business operations, throughout 2023 EDC continued to build on its commitment to leading environmental, social and governance (ESG) practices and contribute positively to critical issues such as climate change and human rights. These commitments underscore all our activities as we work to ensure that long-term trade growth is sustainable and equitable, while creating the positive environmental and social impact that Canadians demand. We also aim to be a champion in supporting Canadian companies as they transition to a lower carbon future and pursue new business opportunities. We will do so by deploying capital within carbon-intensive sectors, driving climate related financial disclosure, and supporting clean technology and innovation, as Canada strives to achieve net-zero emissions by 2050.

Our primary focus is to accelerate the international growth of medium-sized companies, to boost their global competitiveness and accelerate the significant growth opportunities in this segment. EDC has already made great strides in shifting its organization and culture towards a service model that is highly customer centric and brings customers the solutions they need, when they need them, to support them at each stage of their export journey. Further efforts will be deployed to reach a greater number of medium-sized exporters to further accelerate Canada's trade growth trajectory.

Building on newly developed capabilities, EDC is able to provide a more digitized service offering for some product lines, and leverage partnership channels to deploy solutions at a greater scale. A notable example is the deployment of Trade Expansion Lending Program (TELP) through partner Financial Institutions (FIs). These offering are highly beneficial to our customer segments, particularly for small and micro companies. Going forward, we will continue to invest in our digital capabilities to simplify our solutions and improve the customer experience.

Large businesses have a broad impact on the wider trade ecosystem. EDC has already advanced along its 2030 strategy ambitions with respect to this customer segment. For example, we shifted our portfolio away from carbon-intensive industries in keeping with our ESG goals. We will continue support these companies in their international efforts, which also benefits a wider range of Canadian exporters. We will also continue to focus on trade diversification in target markets with a specific focus on the Indo-Pacific region, where we anticipate large businesses will act as trailblazers to help build a long-term and sustainable Canadian presence.

As a Crown corporation, EDC will be contributing to the Government of Canada's fiscal responsibility efforts. This plan will outline our continued focus on our 2030 strategy, which serves as our guide in prioritizing our efforts in order to achieve maximum impact for Canadian exporters and the Canadian economy. EDC will continue to prioritize medium-sized companies and trade diversification through our Indo-Pacific Expansion Program. EDC will share its expectations on business and financial outcomes.

EDC at a Glance

EDC's 2030 strategy included a shift in priorities, to focus more on delivering financial solutions based on our customers' needs. As a result, the number of financial customers rose by 7%, increasing from 14,769 customers in 2021 to 15,845 in 2022—exceeding the planned objective of 13,000 to 15,000 financial customers. Through our range of financial solutions, we supported $133.4 billion in exports, foreign investment and trade development activities in 2022. This included $27.6 billion in business facilitated in emerging markets compared to $22 billion in 2021 as well as $18.7 billion in business facilitated in the Indo-Pacific region in 2022.

Our portfolio has evolved substantially over the past years to align with our strategic priorities. For example, we reduced our exposure to carbon-intensive industries, while increasing our exposure in the cleantech sector. We also increased our exposure in the medium segment through direct investment, and are seeing a growing exposure to our Trade Expansion Lending Program (TELP). The figures below display our portfolio exposure per market and per industry segment. More information on EDC's portfolio can be found in the 2022 Integrated Annual Report (IAR).

FinDev

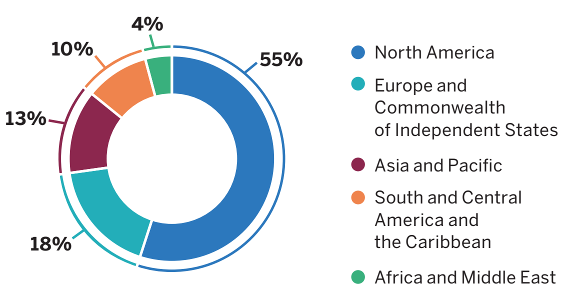
EDC is a parent Crown Corporation to FinDev. FinDev Canada is Canada's Development Finance Institution (DFI), a Crown corporation with the mandate to provide financial solutions to the private sector and mobilize private investment in developing countries to achieve development goals in a manner consistent with Canada's international development priorities.

The governance structure and approach between EDC and FinDev is detailed in Appendix II as well as in our 2022 Integrated Annual Report (IAR).

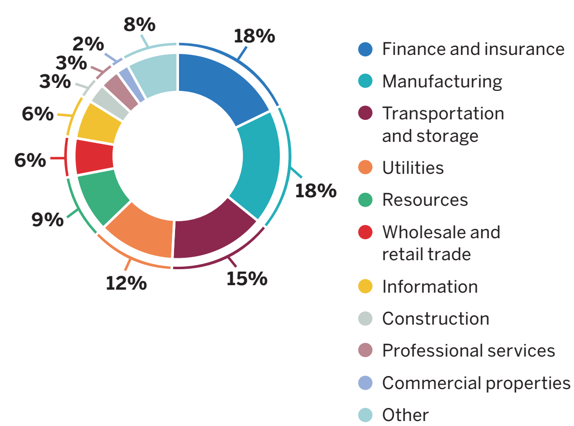
Business Measures	Figures as at 31 December 2022
Customers served	26,922
Financial customers served	15,845
Companies consuming EDC knowledge products	13,194
Business facilitated	$133.4 billion
Portfolio exposure	$120.1 billion
Number of employees	~2,000
Offices in Canada	16
International representations	20

The following figures describe the geographic footprint of our financial customers served and financial transactions by industry within all our customer segments.

Exposure by Geographic Market



Exposure by Industry



EDC's Business Model

A Global Footprint

With offices across Canada and representations around the world, EDC is close to the Canadian businesses we support and to the buyers in global markets that can connect Canadian exporters to international supply chains. This international footprint, and the nature of the support we provide to customers, requires a local presence in markets as well as travel to visit customers, partners, supply chain actors, projects and facilities. In order to be more cost-effective in these efforts, we leverage existing Government of Canada locations around the world to increase our reach.

A Self-Financing Crown Corporation

EDC is a self-financing Crown corporation, operating at arm's length from the Government of Canada. EDC equips Canadian companies with financing solutions (i.e., commercial loans), equity and insurance. We operate much like a commercial institution, collecting interest on our loans and premiums on our insurance products. We also have a treasury department that sells bonds and raises money in global capital markets. All EDC financing transactions must be consistent with commercial market principles or structured in accordance with the terms and practices established under the OECD Arrangement on Officially Supported Export Credits.

Our business activities are not financed through appropriations from Government. In alignment with the World Trade Organization's definition, EDC's business support is not considered a subsidy as we provide Canadian companies with financing solutions on commercial terms. EDC has a strong record of profitability and regularly returns dividends back to the Government of Canada.

Our Indo-Pacific Expansion Program is a notable example of this. It will be self-funded and require no new funds from the Government. Rather it will generate new profits and lead to additional dividends.

A Balanced Approach to Expertise and Capabilities

EDC relies on its highly engaged workforce for internal expertise while also leveraging external expertise when necessary. For example, in deploying the Canada Emergency Business Account, we leveraged the expertise of partner financial institutions and external partners. Going forward, EDC will continue with this balanced approach with a lens of performance and efficiency.

Voice of Our Customers

"We saw the future and EDC helped us map the way"
- Miovision CEO Kurtis McBride

Miovision

Miovision equips cities with innovative technologies to solve their traffic problems. The Kitchener, Ontario company offers solutions that collect multimodal traffic data and uncovers actionable insights to help communities, cities and agencies get more of their traffic infrastructure. The company is present in 64 countries and has established offices in multiple European cities and the United States. Moreover, it has made four acquisitions in 18 months.

EDC mobilized private sector investors to help crowd in private capital to finance Miovision's international expansion. CEO Kurtis McBride believes that if it wasn't for EDC, Miovision would not be the global success that it is today. He describes EDC as "an enabler that has helped to bring the right partners to the table." Asia Pacific and Latin America are on the company's radar for the future. For McBride, "There's a lot of need around the world and a lot of demand for what we do, and EDC is the partner to help take us there."

Miovision CEO Kurtis McBride

Greenhouse Juice Co.

"More plants, more often" is Greenhouse Juice's philosophy. For healthy people and a healthy planet, the Toronto, Ontario company manufactures its juices, shakes and plant-based beverages with organic ingredients grown without the use of chemical fertilizers, pesticides, or herbicides.

Before embarking on its export journey, Greenhouse Juice was leveraging EDC's knowledge products and was excited about the potential to export. With the help of EDC's financing and trade connections, the company was able to export their products across the border, reaching over 160 U.S stores.

Greenhouse Juice Co. co-founders Emma L. Knight, Anthony Green, and Hana James

Triple "A" Cheese

Triple "A" Cheese, a family-owned cheese and dairy enterprise, has become one of North America's leading feta producers. Growing from B2C to B2B, the company has evolved its business strategies in the past few years and began their export journey with the support of EDC.

EDC was present to support the company in establishing trade connections that led to the introduction of their retail partners in the United States. Triple "A" Cheese is now Grade A certified and ready for international markets. With immediate plans to develop in American markets, the company is also considering a future expansion in the Indo-Pacific region.

Triple "A" Cheese President and CEO Stefano Camaiani

2.0 Environment and Context

2.1 Global Economic Context

The near-term economic outlook for the world economy will be constrained by high interest rates, as global central banks—particularly those in developed economies—work to wrestle inflation back to acceptable levels. With policy makers troubled by recent periods that saw price growth be the highest level in nearly four decades, they will be wary about lowering interest rates and easing policy until they're certain inflation has been tamed.

This will result in a global economy that manages growth of just 2.9% in 2023 and 2.7% in 2024.

The combination of inflation and elevated interest rates are acting as a significant drag on sectors that carried the global economy through the first half of 2023. In North America, consumers were able to use pandemic savings to finance spending and demand even in the face of high inflation. However, much of that extra cash has been depleted and is forcing a change in the level of consumption. At the same time, interest rate hikes from the Bank of Canada and U.S. Federal Reserve have resulted in declines of real household wealth over the last six months and higher borrowing costs have taken their toll on the housing market.

Labour markets are also starting to slow from the recent bull runs in both Canada and the U.S., as higher borrowing costs and tighter financial conditions hits corporate earnings and output. As evidenced by central bank communications, including from recent communications and the US Fed-hosted Jackson Hole Conference in August 2023, central bankers continue to have inflationary pressures as their overriding concerns.

In our baseline forecast, we believe that central banks in developed economies will be largely successful in dragging inflation down to their target levels by mid-2024. The impact of interest rate increases historically takes 18-24 months to impact the real economy, which means by the end of 2023 the wave of moves has begun to fully hit the global economy and temper activity.

A significant exception to the global focus on inflation and higher interest rates will be China. However, as it is dealing with other challenges, the subdued outlook for China will also influence the weaker global environment. This weak outlook is important as China has accounted for nearly 1/3 of global growth over the last decade. However, despite the unwinding of its COVID-zero polices at the end of 2022, the country is struggling with weak levels of business and consumer confidence, record youth unemployment, a significant slowdown in the property market and soft export demand. While the policy makers will provide some measures to stimulate growth, it isn't likely to significantly alter the fortunes of the global economy.

With these multiple sources of weakness, our baseline outlook is that this soft path for the global economy will hold until mid-2024. With inflation tamed and interest rates likely to have started easing, the second half of 2024 should represent a return of stronger global growth. One key downside risk is that policy makers act too aggressively and restrain growth more than required and for longer than needed.

2.2 Canadian Economic Context

Like most developed economies, Canada has been grappling with the challenges brought on by nearly 40-year high levels of inflation and the Bank of Canada's historically strong hike of interest rates in response. With a muted global economic outlook not providing a significant tailwind and highly indebted consumers improving their own balance sheets, the outlook for the Canadian economy is relatively subdued with growth of just 1.3% forecasted in 2023 and 0.6% in 2024.

In 2022, Russia's war on Ukraine saw prices pop across several commodities. However, now the echo of these events represents a significant reversal and different environment for several sectors of the economy. Most significantly, the energy and ores and metals sectors are collecting lower prices as weak global demand has reduced concerns about the level of available supply. The completion of major Canadian projects, including the Trans Mountain pipeline expansion in the near-term, will see the volume of exports increase for commodities.

Agricultural producers will see carry-over benefits from the stronger harvest last season, as well as ongoing demand with the war in Ukraine removing key supplies from global consumers. Fertilizer exports will similarly fill key gaps left vacant by the ongoing conflict. Sectors previously impacted by severe supply chain constraints, like automotive and machinery and equipment, should continue to recover. At the same time, producers of manufactured goods are wrestling with a tight labour market and weaker consumer demand due to inflation and tighter personal budgets.

After a couple years of robust growth, the outlook for Canada's export growth will slow to 1% in 2023 with growth of 4% forecast for 2024.

2.3 EDC Context

EDC is already a few years into its 2030 Strategy, which aims to improve Canada's trade performance, and we have made significant progress, by building a more customer centric organization, leveraging new partner channels and developing our digitized service offering.

The global context however, is ever more volatile, complex, and competitive for Canadian exporters in the shifting geopolitical and economic landscape. Exporters from other countries continue to expand into markets of interest such as the Indo-Pacific region, and other Export Credit Agencies are bound to increase their influence and play a growing role as a strategic policy instrument for all countries. With high interest rates, slower economic growth, geopolitical conflicts and climate change impacts, EDC has a critical role to play in helping our customers navigate the current uncertainty of global markets. While we are well positioned to do so—with a broad mandate, wide product offering and ESG leadership—the volatility of the global context may present challenges to our ability to grow and diversify trade for Canada in 2024.

We will strive to become ever more relevant to improve Canada's trade performance. Our commitment to provide a better customer experience underpins our success, and includes:

- More than 75 years of business and risk management experience in more than 200 markets.
- International representations in 20 key markets, which enables us to be where our customers are, and where they are going, and leverage relationships with the Trade Commissioner Service, international buyers and borrowers.
- Strong customer satisfaction and loyalty among export clients, as demonstrated by a Net Promoter Score in the top 10% of North American business-to-business companies.
- Creating a positive employee experience. As we continue to build a customer-centric organization fueled by passionate employees, our employee Net Promoter Score (eNPS) remains strong. In our November 2022 engagement survey, our employees got to respond to the question "I would recommend EDC as a great place to work." which yielded an eNPS of 22, well above the benchmark for a Large Canadian Public Sector organization of 17.

Opportunities and Challenges

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

External Environment

Counterparts	Opportunities and Challenges
Federal Partners	**Opportunities** Canadian companies stand the best chance of succeeding internationally when they have a coordinated network of support at home. To this end, we continue to work closely with our federal partners to improve the experience for Canadian companies. These partners include the Trade Commissioner Service (TCS), Business Development Bank of Canada (BDC), Canadian Commercial Corporation (CCC), Sustainable Development Technology Canada (SDTC), Innovation, Science and Economic Development Canada (ISED), Environment and Climate Change Canada (ECCC), Farm Credit Canada (FCC), Invest in Canada (IIC) and Agriculture and Agri-Food Canada. EDC's stewardship of the Minister of Export Promotion, International Trade and Economic Development's Business Economic and Trade Resilience (BETR) committee, is a top priority to improve customer experience and collaborate with federal partners. Throughout 2024, EDC will continue to work with Innovation, Science and Economic Development Canada's (ISED) and other government partners to develop ISED's Hyper Growth Passport Program, Accelerated Growth Service and Strategic Innovation Fund to support high growth companies and help them scale up. For more details, please see the Leveraging Our Partnerships section (3.4.3). **Challenge** While all partners within Canada's trade ecosystem must be aware of each other's offerings to ensure a seamless experience for Canadian companies, we must improve delivery among all agencies and departments. The BETR committee continues to identify and advance opportunities that enhance Canadian companies' experience and utilization of trade solutions offered by federal ecosystem agencies and departments.
Private Sector Partners	**Opportunities** Opportunities exist to collaborate in new ways with financial partners, industry associations and innovation centers, for the benefit of Canadian companies. 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. This includes deepening our relationships with existing partners and diversifying our partners to target specific segments, sectors, and inclusive trade initiatives. For example, in 2023, EDC launched the Trade Expansion Lending Program (TELP) with Accord Financial Corporation. For more details, please see the Leveraging Our Partnerships section (3.4.3). **Challenge** Financial institutions are rapidly evolving their solutions, technology, delivery methods, and processes to meet increasing demands from Canadian companies. We must continue to evolve our digital capabilities and better integrate EDC solutions within our partner's processes and solutions to support more Canadian companies seamlessly.

Counterparts	Opportunities and Challenges
Canadian Companies	**Opportunities** In the current high inflation and high interest rate environment, EDC can serve and support companies of all sizes. For example, as our financing solutions become increasingly competitive, we can be more patient than other private market lenders and fill gaps where credit conditions have tightened and might not be available to Canadian companies. Moreover, as we continue to increase our focus on medium-segment companies and create conditions for Canadian companies to do more trade in the Indo-Pacific region, we help them expand into new markets and supply chains and/or increase production to meet areas of growing demand. **Challenges** The challenges facing Canadian companies stem from an environment where inflation and interest rates are reaching levels not seen since the early 2000s. This can put both direct and indirect pressure on companies as they experience shifts in global supply chains. Notably, Canadian companies are facing an environment in which securing financing is more challenging.
EDC as Canada's Export Credit Agency	**Opportunities** EDC is a critical tool in the Canadian trade ecosystem to ensure Canadian companies can compete internationally. Our broad range of innovative products sets us apart from other Export Credit Agencies (ECAs). However, as other ECAs evolve in response to economic pressures and the changing global trade landscape, EDC must continue to be proactive to provide innovative solutions and support trade. In addition, ECAs increasingly have a strong alignment with industrial and innovation policy and the export strategies of their respective governments. This enables ECAs to innovate and directly target support toward priority growth areas of strategic national interests and, increase their risk appetite. The modernized OECD Arrangement on Officially Supported Export Credits remains a framework through which EDC facilitates trade opportunities for Canadian exporters. The additional flexibilities that came into effect in July 2023 provides an enhanced tool for EDC to support Canadian exporters, particularly in the climate related sectors. **Challenges** EDC continues to share experiences and help advance best practices with other financial institutions and ECAs. We also advocate for a more advanced OECD ESG framework to raise the bar on due diligence requirements. This work will be critical to ensure we are working towards similar goals to create a level-playing field for Canadian companies.

Internal Environment

Initiative	Opportunities and Challenges
Digital Strategy	To remain relevant in a global marketplace increasingly shaped by technology, and deliver on our long-term strategy, we must invest in our core business and digital infrastructure. As EDC progresses on its digital strategy and roadmap, eliminating our technical debt will be a priority throughout the planning period. We will continue to evolve our digital resources and capabilities to address the distinct needs of each customer segment.
ESG	We are committed to sustainable and responsible business—good business and good trade can contribute to a better Canada and a better world. It is why EDC is integrating sound Environmental, Social and Governance principles and practices at the core of our 2030 corporate strategy. We recognize that EDC has a role to play in helping Canadian exporters adapt to the increasing risks and opportunities related to climate change , human rights and other ESG-related challenges. With our capital, knowledge and experience, EDC is in a unique position to help businesses navigate both the opportunities and risks of a rapidly changing regulatory environment.
People	Over the planning period, we will continue to prioritize the employee experience by maintaining momentum on our culture shift. Wen will continue to strengthen leadership capacity and capability, and bring our corporate values to life by setting clear behavioral expectations and evolving our people practices.
ID&E	We value and respect the differences among our employees and customers, and celebrate the diversity of a global organization. Based on advanced people analytics, we will continue to address systemic barriers for employees and customers who are Black, Indigenous or part of other traditionally marginalized groups.
Leveraging Risk	Our risk management governance, practices, and risk appetite continue to evolve to align with our corporate strategies and business priorities. This evolution is informed by an annual assessment of EDC's risk activities maturity, which drives risk prioritization discussions at the executive level and with the Risk Management Committee. Moreover, we will continue to strengthen our practices and systems to support our strategy, including ensuring an appropriate management of operating risk with the right organizational structure and a stable and well controlled platform to support it.

2.4 Oversights and Reviews

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

We are accountable and responsive to the Government of Canada through several oversight mechanisms, including this Corporate Plan and our Integrated Annual Report, both of which are approved by the Minister and tabled in Parliament, and the Ministerial Statement of Priorities and Accountabilities (SPA). A copy of the 2023 SPA can be found in Appendix I. Ministerial directives also form part of this system of oversight, and we are compliant with nine directives as outlined in Appendix VIII.

2018 Legislative Review

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

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

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

Participation in Review of Crown Corporations Announced in the 2023 Fall Economic Statement

EDC welcomes the review of key Crown Corporations, including EDC, as announced in the 2023 Fall Economic Statement. As the Crown Corporation dedicated to providing the solutions so that Canadian companies can go, grow, and succeed internationally, EDC looks forward to engaging with the Government of Canada, and our peer Crowns, to ensure that we are delivering for Canadian exporters. Within a competitive global economy, it is essential that EDC deploy its capital and risk appetite to level the global playing field for our customers and to drive Canada's economic growth. We look forward to supporting this review on EDC's role and how best to manage risk appetite to support Canadian companies as part of a Team Canada approach.

Special Examinations

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

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 2023 ESRD Audit is underway and EDC's responses to OAG recommendations are currently being finalized. The findings will be tabled in Parliament and made publicly available in 2024. As articulated in EDC's responses to the OAG's recommendations on the ESRD, EDC will explore options for implementation for any actions committed to in future updates of the ESRD and associated operational processes.

3.0 Goals and Objectives

3.1 Main Objectives

EDC's 2024 – 2028 objectives are grounded in our 2030 vision and strategy to create a positive impact on Canadian trade by putting customers' needs first, leading with our values, focusing on the sectors of the future, and making an impact.

EDC's top priorities in 2024 are to continue evolving our solutions and service models to meet the needs of the different Canadian business segments better and faster, and build a long-term presence in the Indo-Pacific region.

As outlined in the 2022 Integrated Annual Report, performance against our objectives is critical to our success. While the 2016-2020 Strategy focused on growing EDC's customer base, our 2030 Strategy emphasizes our role as Canada's export credit agency in enabling Canada's trade performance.

EDC's 2030 Strategy aims to help reverse Canada's trade performance gap by supporting and accelerating the success of Canadian companies in high growth international markets. By focusing on a segmentation approach[1] to delivering targeted products and services to exporters in target sectors, we will drive future Canadian trade competitiveness, particularly for those industries in high demand internationally.

The 2024-2028 corporate plan priorities remain aligned with our 2030 Strategy. We will continue to prioritize efforts and resources to accelerate the growth of medium-sized companies, deploy our Indo-Pacific Expansion Program, implement our Environmental, Social and Governance commitments, and adjust our technological approaches and organizational mindset. All of these efforts will be undertaken through a fiscally responsible approach as outlined in this Corporate Plan.

FinDev Canada's Objectives

FinDev celebrated its 5th year in 2023. For the 2024-2028 planning period, its corporate objectives are focused on three core areas:

1. Growing the Business,
2. Driving Impact; and
3. Enabling Operations.

As part of its growth agenda, FinDev will be expanding into the Indo-Pacific market in support of the Government of Canada's Indo-Pacific Strategy.

These are detailed in Annex I: FinDev Canada's Corporate Plan

3.2 Segment Focus Over the Planning Period

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

EDC has adjusted the way it listens and responds to the unique needs of medium-sized companies—the catalysts to Canadian economic growth— by bringing together experts from across business lines to work directly with customers and deploy the solutions that will accelerate their international growth. Moving forward, we will expand this approach by growing market penetration of medium-segment companies, improving our speed and consistency of delivery, and adjusting our risk appetite to accelerate the growth of this key segment.

1 Note. Segments referenced in EDC's 2030 strategy are defined as: Small (less than 100 employees), Medium (between 100-499 employees), Large (500 or more employees).

Canadian micro- and small businesses are a major driver of the Canadian economy, contributing to growth, innovation and job creation, and many are already engaged in international trade. This segment benefits specifically from EDC's growing digital services, as well as offerings such as the Trade Expansion Lending Program (TELP), that is leveraging a growing number of financial institution partners. These efforts will help shift our approach to a self-serve, always-on model and away from a high-touch, tailored approach.

Finally, large companies are the backbone of the Canadian economy and drive Canada's export and international investment. To support this segment, as per our 2030 Strategy, we refocused our portfolio in line with our objectives. For example, we have responsibly shifted away from carbon-intensive industries, and adapted our service offerings that tie more directly to Canadian export growth. EDC will continue to provide account management to our large customers as anchor clients in new markets - such as the Indo-Pacific region - to spur growth for small- and medium-sized companies. Specifically, we will leverage these companies as strategic partners, and seek opportunities to support their customers, suppliers and partners, and develop specific solutions that other financial institutions do not provide.

An evolving segmentation strategy will enable EDC to respond to the specific needs of businesses of different sizes as they seek out international opportunities. In 2024, we will continue to listen and innovate, to ensure our solutions meet the evolving needs of Canadian businesses and position them to seize future opportunities. To do so, we will invest our ESG and digital capabilities and build a stronger workforce and culture.

3.3 Market and Sector Focus Over the Planning Period

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

Markets

As outlined by Canada's Indo-Pacific Strategy, *"The Indo-Pacific region will play a critical role in shaping Canada's future over the next half-century. Encompassing 40 economies, over four billion people and $47.19 trillion in economic activity, it is the world's fastest growing-region and home to six of Canada's top 13 trading partners. The Indo-Pacific region represents significant opportunities for growing the economy here at home, as well as opportunities for Canadian workers and businesses for decades to come."*

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

Of note, Canadian exporters will be operating against a global field of competitors, all looking to grow their connections in the region. Market players in the region expect a committed presence – along the long term – from international partners, and it is thus essential that Canadian exporters enhance their engagement in the region.

Over the planning period, EDC will focus efforts on building a long-term presence for Canadian exporters in the region. To do so, we will increase our market coverage and understanding by focusing on key partners and developing deeper relationships with key Indo-Pacific companies of national interest to Canada.

EDC's Indo-Pacific Expansion Program

EDC's Indo-Pacific Expansion Program supports Canada's Indo-Pacific Strategy and its five interconnected strategic objectives, namely to:

- Promote peace, resilience and security
- Expand trade, investment and supply chain resilience
- Invest in and connect people
- Build a sustainable and green future
- Position Canada as an active and engaged partner to the Indo-Pacific

How Canada engages in the region will set the pace for the future and prosperity of our own economy, security and stability.

To realize our goals in the region, EDC must engage differently than it does today, and needs to make those changes today to position Canada's growth over the long-term.

The Urgency

To realize real benefits for Canada, the groundwork for the Indo-Pacific Strategy must be laid now. Canada aims to become a reliable partner that the region can trust to have a sustained long-term presence and influence. From a trade perspective, there will continue to be increasing competition in the market from global players, which will define the rules for trade and technology in the region. As such, capturing market share in the region will be competitive and require patience and a long-term commitment from Canada and Canadian exporters. Given the long-term nature of Canada's trade goals in the region and the patience required, EDC must make a step change in its approach to growth in the region. More of the same will not position us to achieve our goals. We must change our business model in the region to operate in closer proximity to our customers and at the pace our customers expect.

EDC's Indo-Pacific Expansion Program will help set the pace for the future prosperity of Canada's economy. With significant growth happening in the Indo-Pacific region, one of the key factors in regaining Canada's standing as a leader in international trade will be to support Canadian companies' growth to the region. To do this, EDC will change the way it does business in the region, creating a self-sustaining business model in the region centered around a Singapore Hub. An aggressive growth strategy in the region will position EDC to operate in markets that are growing faster than others, such as Indonesia, South Korea, Philippines, and Thailand. Strategic relationships over the long-term will be critical to our success but will take time to develop. However, if we start now, we will be well-positioned to help Canadian companies grow in the region as opportunities materialize. Changing the way we do business will also require us to re-think and re-imagine how we operate in the region, making substantial changes to the capabilities we bring to market and the processes we put in place to transact at the speed of business.

The key pillars of our Indo-Pacific Expansion Program are:

- **Increase EDC Presence in the region** – Establish new representations and scale-up our branch in Singapore to drive more business in the region and facilitate business at the pace our customers expect. To do so we will prioritize select markets and build new skillsets within the region.
- **Establish Strategic Relationships with Indo-Pacific Market Leaders** – Open doors and de-risk the market for Canadian companies through relationships with large Indo-Pacific players in the market.
- **Lead with Canadian Champions** – Do more for Canadian champions—those companies already operating in or exporting to the region—to catalyze their growth, learn from their success, and pave the way for growth of medium-segment companies to the region.
- **Build Knowledge and Awareness about the Indo-Pacific region in Canada** – Build awareness among Canadian companies about the opportunities in this region.
- **Establish and Strengthen Partnerships in Canada and in the region** – Strengthen and leverage Team Canada partnerships to facilitate and accelerate Canadian medium segment businesses entry into the region.

EDC's Indo-Pacific Expansion Program

Laying the groundwork for our Indo-Pacific Expansion Program now will help Canada to expand its trade network at home and abroad. While this may take time, we are committed to the long-term. That said, we do expect to see benefits related to export diversification in the near-term, as we accelerate the growth of EDC's customer base exporting to the region.

Expected Results Over the Planning Period for the Indo-Pacific Region

These efforts will significantly contribute to Canada's objectives by expanding Canada's trade network, increasing export diversification, building resilience of supply chains, and building Canada's influence on rules-based trade in the region.

We aim to be supporting over $25B in business facilitated including $6B of direct financing in the Indo-Pacific region by the end of the planning period, a growth of over 30% from 2022. In order to achieve this, we will increase the number of Indo-Pacific customers by 800 by 2028, by supporting existing customers that are not yet active in the Indo-Pacific region, and supporting the journey for new customers. To do so, we will aim to establish approximately 25 strategic partnerships with large Indo-Pacific players in the market.

>$25B
Business facilitated

~$6B
Direct Financing

~800
New customers served

~25
Strategic Partnerships

Whitecap: E23 Day 2 Going Where we Need to Grow (vimeo.com)

Whitecap International Seafood Exporters—one of the world's leading suppliers of premium sustainable Canadian shellfish and groundfish—set its sights on the Indo-Pacific in 2018 and hasn't looked back since.

Headquartered in St. John's, NL, the company is no stranger to global expansion and exporting. It represents more than 25 seafood plants across Eastern Canada, exports its products to 45 countries and has established offices in the United States, Germany, United Kingdom, France, Denmark and China.

The company sees the Indo-Pacific region as the catalyst for its future growth. But it was Indonesia's rapid development and advanced infrastructure that caught Whitecap's attention as a market to watch.

Soon after visiting in 2018, Whitecap decided to go full steam ahead. With support from partners in Canada and in-market, Whitecap was able to access valuable resources, insights, and connections, which helped the company establish its footing in Indonesia.

The company moved large amounts of its value-added production to the island nation and began collaborating with local suppliers, who shared the same values for environmental sustainability and high-quality food standards.

Darrell Roche, senior vice-president of global sales and procurement at Whitecap, acknowledges Export Development Canada (EDC) as one of the company's strategic and longstanding partners. Whether for financing, knowledge, or connections, EDC has supported Whitecap's expansion in markets around the world.

Other markets of high importance include our largest trading partner, the U.S., and Europe, markets that provide the greatest potential for growth to Canadian exporters.

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

EDC will also support growth in Europe, taking advantage of free trade agreements such as the Canada-European Union Comprehensive Economic and Trade Agreement (CETA), Canada-Ukraine Free Trade Agreement (CUFTA), and the Canada-United Kingdom Free Trade Agreement with a focus on Agri-food, by diversifying our export market to capture market share and cleantech, by embedding Canadian companies into the supply chain. Moreover, given the ongoing conflict in Ukraine, EDC will continue to partner with the Government of Canada and leverage its expertise and financial tools as needed.

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

Sectors

The sectors identified, based on our expertise and aligned with Government of Canada priorities are:

- Agri-food: Includes a wide range of industries from farm-to-factory and factory-to-consumer.
- Clean technologies (cleantech): Focuses on processes, products or services that reduce negative environmental impacts through renewable energy use, energy efficiency, sustainable use of resources and environmental protection activities.
- Advanced manufacturing: Focuses on applying innovative technologies and methodologies to improve products, processes and services, including automation, additive manufacturing, robotics and the Internet of Things.
- Digital industries: Refers to innovative technologies and services that capture, transmit, process and display data electronically, such as cloud and quantum computing, cybersecurity and enterprise software.
- Resources of the future: Includes Canada's natural resource industries—such as mining and the critical mineral value chain and the forestry sector—that are developing solutions to enable the global transition to a low-carbon economy.

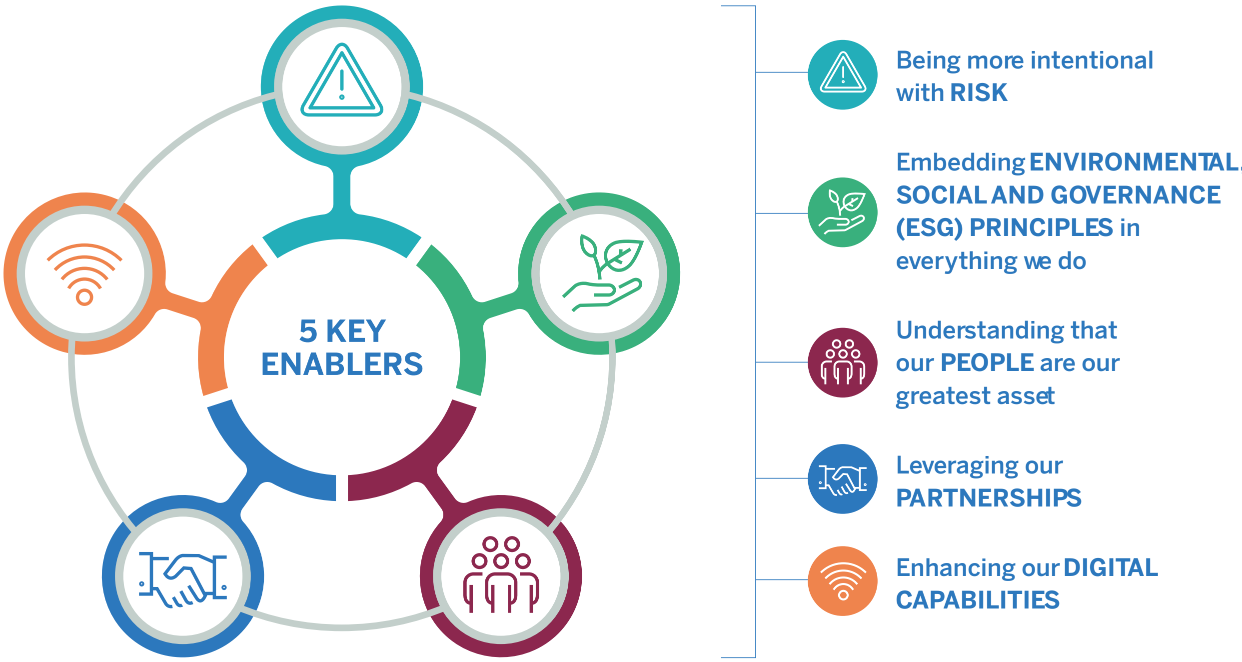
The Agri-food and Cleantech sectors, in particular, were highlighted in our 2022 Integrated Annual Report. Agri-food has long been one of Canada's economic strengths, includes many innovative farmers and firms that are primed for growth and can make a meaningful contribution to help close Canada's trade gap.

For more than 10 years, EDC has helped Canadian clean technology companies of all sizes achieve success on the global stage. As one of Canada's largest financiers of cleantech, we provide support across all subsectors, such as renewable power generation, biofuels, energy efficiency and green buildings, among others.

EDC will also continue to support the growth of the Canadian creative industry, including support to motion picture productions and distribution, and the Canadian gaming industry.

3.4 The 5 Key Enablers

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



3.4.1 Empower Our People, Our Greatest Asset

Our business strategy provides the roadmap for change—but it is our employees who drive that change. Highly qualified, passionate and engaged employees create an exceptional customer experience and EDC continues to take a proactive approach to meet employee expectations in an ever-evolving labour market in Canada, and focus on those elements necessary to attract, engage, develop, empower and retain a competent and diverse workforce.

Inclusion, Diversity and Equity (ID&E)

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

We believe in taking a data-driven evidence-based approach to inclusion, diversity and equity initiatives. This helps us make decisions based on facts, permitting us to better direct our People and Talent Management programs, practices that drive our ID&E agenda. Our 10 employee resource groups (ERGs), each with an Executive Sponsor, continue to a play a key role in the execution of our ID&E strategy. ERGs support faster cultural change by providing valuable insights and helping to identify opportunities, increasing levels of employee ownership and trust.

We are committed to providing accessible and inclusive experiences for our employees and customers, including those with disabilities. EDC published its accessibility plan in 2022 in support of *Accessible Canada Act* (ACA) legislative requirements and we are now in the early stages of its implementation.

Increasing our bilingual capacity, particularly at the leadership level, is a corporate priority. We provide a best-in-class language training program and encourage the use of both French and English on a daily basis, to ensure employees are able to work and interact in their language of choice.

Recognizing Wellness as an Employment Differentiator

EDC prides itself on delivering an employee experience that focuses on employee health and well-being. Our inclusive wellness program, focused on mind, body, relations and finances, provides employees with tools and resources to help maintain a healthy lifestyle at work and at home. All leaders are empowered to support their employees in these efforts. We continue to have a strong focus on mental health with workplace training for leaders and employees.

Hybrid Workplace

EDC has embraced a hybrid work model, blending remote, on-site and on-the-go. This flexibility for employees drives high productivity and job satisfaction while maintaining a strong corporate culture. EDC continues to be an employer of choice in part through this hybrid approach.

3.4.2 Being More Intentional with Risk

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

We continue to mature our risk management practices, guided by our Enterprise Risk Management Framework. The Risk Taxonomy—a comprehensive set of risk categories that formalize, define, and classify risks using a common language—enables consistent risk identification, assessment, and reporting. This taxonomy ensures that we consider all key risks inherent to our transactions and that risk information is aggregated to provide an enterprise-wide view.

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

1. Financial: Risk associated with our revenue-generating and treasury activities.
2. Strategic: Internal and external risks that can deter or prevent EDC from achieving its strategic objectives and business priorities.
3. Operational: Risk of loss from people, inadequate or failed internal processes and systems, or external events. This includes risks relating to Legal and Compliance.

Senior management reviews strategic and operational risk profiles as part of our Integrated Risk Report (IRR) process. The Top Strategic and Operational Risks are determined based on the residual risk level to achieve EDC's objectives and business priorities.

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

EDC's sound risk management practices support our 2030 strategy. Risks are defined and measured against thresholds and limits outlined in our Risk Appetite Framework, enabling informed and responsible execution of risk-taking activities required to meet strategic objectives and optimize our impact for customers. As we continue to evolve the service offering for each customer segment, leveraging our risk appetite and risk practices will be vital to unleashing the potential of Canadian companies to succeed internationally.

3.4.3 Leveraging Our Partnerships

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

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

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

Partnering With Financial Institutions

We have long-standing partnerships with Canadian financial institution (FI) partners, which are critical to support the delivery of our core financial solutions, such as working capital, financing and insurance solutions. These partnerships enable EDC to reach more Canadian exporters while also mobilizing and de-risking private sector capital. With the onset of COVID-19, and the launch of the Business Credit Availability Program (BCAP) Guarantees, we extended our reach and deepened our relationship with several credit unions and FIs with a strong presence in the Indigenous business community.

Leveraging these learnings, we have right-sized our FI partnerships and simplified our guarantee programs, to ensure we deliver relevant solutions to all segments. For example, we launched EDC's Trade Expansion Lending Program (TELP) with Accord Financial Corporation. Having Accord as a TELP financial partner will help spread the benefits of exporting to more Canadian businesses, including women, Indigenous peoples, Black and other racialized communities, persons with disabilities, and members of the 2SLGBTQ+ communities and ultimately, bolster the national economy.

We remain focused on advancing partnerships with key FIs and regional players to increase market penetration, while also exploring the partnership opportunities within the international, credit union and financial technology space. Our partnerships are required to demonstrate eligibility to EDC's core and/or portfolio-level financial solutions by meeting both credit and non-credit risk due diligence requirements.

Partnering With Brokers

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

- Increasing our value proposition to both brokers and Canadian exporters;
- Streamlining operations and increasing capacity to better support broker business development activities;
- Using broker insight to help us target key improvement initiatives that increase relevance and experience; and
- Expanding market awareness such that exporters working with brokers may benefit from EDC's full suite of solutions

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

Business Partnerships

We seek strategic business partnerships from a diverse range of export-oriented organizations, to support companies along their export journey and expand Canadian trade. Our Partnerships Team, along with financial institutions, federal, and crown partners, is working to advance Canada's trade mandate and economic trade recovery program by enabling seamless service and faster outcomes for Canadian businesses. In addition, private and industry associations partnerships focus on strategies to make trade more accessible to Canadian business, by meeting exporters where they are through digital distribution networks.

Partnerships with organizations such as Fonds de Solidarité F.T.Q., MaRS Discovery, Canada's Trade Accelerator Program (TAP) and Start-Up Canada help to increase our market exposure, reach more Canadian companies and build new capabilities and solutions that foster our partner ecosystem.

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

We will continue to deepen our existing alliances and explore opportunities to develop joint and collaborative solutions with financial and non-financial partners, to support more Canadian companies, particularly SMEs.

Team Canada Partnerships

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

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

BETR's vision is focused on achieving a robust economic recovery, and longer-term inclusive growth, by giving Canadian businesses access to a suite of timely and seamless federal trade and business development services. This will be accomplished through (i) increasing knowledge and awareness of available support so business can select what most appropriately meets their needs, (ii) leveraging ecosystem tools, and (iii) exploring opportunities to promote growth through collaboration on specific initiatives.

The BETR committee has two key initiatives in progress:

- Develop the Infrastructure Government-to-Government framework initiative, initially targeting opportunities for Canadian exporters in West Africa and the Indo-Pacific region.
- Establish the Single Window Work Stream to enhance customer experience by strengthening ecosystem collaboration, amplifying existing tools, coordinating partner content, planning cross-promotional opportunities and improving digital awareness of partner offerings.

Trade Commissioner Service

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

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

Business Development Bank of Canada

Our alliance with the Business Development Bank of Canada (BDC) enables both organizations to leverage our respective areas of expertise, to better support Canadian companies throughout their growth journey.

In response to the pandemic recovery efforts, BDC and EDC focused on Government Support Programs with the launch of the Business Credit Availability Program – BDC (BDCAP-BDC), Business Credit Availability Program (BCAP-EDC), and Highly Affected Sectors Credit Availability Program (HASCAP-BDC).

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

Farm Credit Canada

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

Canadian Commercial Corporation

Collaboration between EDC and the Canadian Commercial Corporation (CCC) enables both organizations to leverage their respective areas of expertise to identify trade opportunities for Canadian exporters. CCC continues to work with EDC to determine the foreign markets that are the most receptive to the government-to-government procurement opportunities. Over the balance of 2023 and into 2024, EDC and CCC will continue to develop a more focused and collaborative market identification and business strategy, to help Canadian exporters access foreign opportunities.

Inclusive Trade Partnerships

A fundamental pillar of the Inclusive Trade Strategy, further detailed in the plan (section 3.3), is the development of partnerships and collaboration initiatives with trusted organizations that support the economic development and advancement of Canadian businesses owned by members of equity-seeking groups.

The Inclusive Trade Strategy is also being integrated into our trade ecosystem, to create relevant trade solutions that reach Canadian businesses. Collaboration and partnerships are essential to help remove barriers, address market gaps and ensure our products and services are known, relevant and accessible. By working together with the broader trade ecosystem, we aim to create an equitable playing field that enables more Canadian businesses owned and led by women, Indigenous Peoples, Black and racialized Canadians, people living with disabilities and those from the 2SLGBTQI+ community, to achieve success in global markets.

We will do so by:

- Deepening our engagement with existing strategic and financial institution partners with like-minded inclusive business objectives, to ensure accessibility of our financial solutions to companies owned by equity-seeking entrepreneurs
- Build the trade capacity of advisors within ecosystem organizations working with diverse-owned businesses, and collaborating with them to build awareness of the full range of international trade financing and knowledge resources available
- Leveraging our partnership with the Forum for International Trade Training to deliver trade and export workshops and mentorship for diverse-owned businesses within programs and events co-created with Inclusive Trade ecosystem partners

For examples of Inclusive Trade partnerships to date please refer to the 2022 Integrated Annual Report.

International Partnerships

TCS Partnership Abroad

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

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

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

Export Credit Agency Partnerships

Partnerships with other Export Credit Agencies (ECAs) enable EDC to better serve our customers' needs by leveling the international playing field on issues that impact the customer's competitiveness. For example, EDC's priority in the coming years is to push for the review of the Common Approaches at the OECD along with other ECAs, in order to level the playing field on ESG. EDC will leverage relationships with other like-minded ECAs to raise the bar on ESG practices.

We are also working to build streamlined and standardized approaches to working with other ECAs on shared transactions and respond to requests from other ECAs to support our mutual customers, to better support Canadian businesses' competitiveness in international supply chains.

We are also pursuing more international collaboration to respond to geopolitical uncertainties.

Finally, we monitor emerging competitive issues among ECAs that could impact EDC's and our customer's competitiveness.

Looking ahead EDC will continue to engage with other ECAs bilaterally and through international fora such as the OECD, International Union of Credit and Investment Insurers (the "Berne Union") and G7/G12 Heads of ECA meetings. We will engage with ECAs within the OECD export credit group, to better understand each other's practices and evolve the shared rules and guidelines under which OECD member country ECAs operate. EDC will continue to be an active contributor various Berne Union's committees and specialized working groups. The Berne Union is a not-for-profit association with a membership that spans the world's largest and most active export credit agencies, multilateral financial institutions and private underwriters of credit and political risk insurance. Finally, we will continue to grow our ECA network and deepen our bilateral relationships with ECAs that share mutual interests and can deliver opportunities for Canadian exporters.

3.4.4 Embed Environmental, Social and Governance in Everything We Do

Our commitment to strong environmental, social and governance (ESG) practices is at the centre of our business strategy. Not only is ESG key to our organization's sustainability, but it is also imperative to the long-term success of Canadian companies.

Three objectives underpin our approach:

1. **Building for resilience.** We are focusing our ESG efforts to enable resilient business, by developing EDC's foundational capabilities.
2. **Equipping our customers.** We are enabling our customers to identify their ESG risks and opportunities, while supporting them with solutions and knowledge to help them achieve their ESG objectives.
3. **Amplifying our impact.** Through EDC's influence and leverage, we help Canadian customers integrate responsible business practices.

Key Priorities

Environment

In 2021, EDC made a commitment to achieve net zero emissions by 2050. Our roadmap focuses on reducing financed emissions, reducing emissions from our own operations, and expanding sustainable finance for our customers. Detailed information on our approach and progress to date is available in our 2022 Climate-related Disclosure.

Our plans for each area are summarized below.

1. **Financed Emissions**
   - Following the release of our two sectoral science-based targets, relative to airlines and upstream oil and gas in 2022, our focus over the next year will be to launch and implement a roadmap to deliver on the targets.
   - We are also in the process of developing a net-zero plan, which includes setting additional portfolio management targets and strengthening EDC's risk management practices, using findings from various climate risk scenario analyses.
   - We continue to improve the quality of climate data, to help inform our transaction decisions, with portfolio-level climate emissions data.
2. **Operational Emissions**
   - Following the release of our interim target in 2022, we are developing a Greenhouse Gas (GHG) emissions reductions strategy to meet our 2030 operational emissions interim target.
   - We will finalize a list of emission reduction abatement initiatives for the head office, including a mix of capital expenditure and non-capital expenditure projects.
   - We will also look to secure procurement for a multi-year contract with a Renewable Energy Certificates and carbon offsets vendor to maintain our commitment to carbon neutrality in our operations.
   - For the 2023 reporting period, we will begin externally assuring the GHG emissions in scope of our operational emissions net zero-target, as well as our carbon neutrality commitment.
3. **Sustainable Finance**
   - Over the coming year, we plan to publish EDC's Sustainable Finance Framework, which will help identify eligibility criteria for what business constitutes sustainable finance, informing the makeup of our portfolio.
   - Pending market conditions, this year we will issue our first bond under EDC's new Sustainable Bond Framework.
   - In 2024, we will establish and communicate EDC's sustainable financing target.

Additionally, we are developing an understanding of carbon markets and what role we can play to help Canadian companies, particularly the medium-sized segment. This is nascent work, but is emerging as a potential area where EDC could support exporters as they navigate international carbon pricing frameworks.

EDC will continue to implement the commitments outlined in our updated *Climate Change Policy*, such as strengthening EDC's climate due diligence on transactions and customers, advancing dialogue and action on just transition, and enabling customers to respond to climate-related risks and opportunities.

We will also continue to work in lockstep with our Government of Canada partners to ensure robust implementation and compliance with the commitments in the Glasgow Statement.

We have also begun important work in the area of biodiversity. With the adoption of the Kunming-Montreal Global Biodiversity Framework at COP15, we recognize that the financial sector has a significant role to play in contributing to and advancing nature-based solutions. This year, we became the second export credit agency to join the Taskforce on Nature-Related Financial Disclosures (TNFD) Forum, signaling our support to the TNFD's mission.

Social

At EDC, we recognize that economic prosperity created through international trade has the potential to positively impact people and communities around the world. At the same time, we know it can lead to adverse human rights impacts. That is why respecting internationally proclaimed human rights is at the forefront of our social commitments.

In 2022, EDC updated its *Human Rights Policy* as part of the ESRM Policy Framework review, which included feedback we heard from our stakeholders.

Going forward, EDC will:

- continue to implement the commitments outlined in the updated *Human Rights Policy*, including establishing of Responsible Exit guidance, and explore due diligence considerations for groups at heightened risk of marginalization;
- undertake an exercise to understand the saliency of human rights issues, the outcomes of which will inform the development of the "social" pillar in ESG, including social impact metrics;
- focus on continuous improvement of our process and approach to the Principles on Leverage & Remedy, which were launched in 2022; and
- continue to enhance and refine our approach to supply chain risk management, including assessing the impacts of the "Fighting Against Forced Labour and Child Labour in Supply Chains Act" (formerly Bill S-211) on EDC and its customers.

To increase transparency and understand where EDC can use its influence for improved human rights outcomes, we continue to track and publish information on the number of transactions that undergo our due diligence screenings. This information, as well as a summary of our progress to date, can be found in the 2022 Integrated Annual Report and in our 2021 Human Rights Disclosure.

Governance

Our governance approach incorporates stakeholders at all levels of the organization, beginning with our Board of Directors, which oversees our Environmental, Social and Governance (ESG) efforts and contributes to the evolution of our strategy. Our Chief Sustainability Officer chairs the ESG Executive Committee, which receives regular reporting on the progress of our ESG-related initiatives.

ESG Risk Management

Our approach to risk is governed by our ESRM Policy Framework, comprised of five policies:

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

The framework is reviewed every three years to ensure the policies remain relevant and are aligned with international frameworks, including the OECD Common Approaches, the Equator Principles, the recommendations of the Taskforce on Climate-related Financial Disclosures, and the United Nations Guiding Principles on Business and Human Rights. A primary focus over the coming years will be to implement the updated policies, which were approved by the Board of Directors in October.

We also continue to act on and implement the feedback received in our 2021 Materiality Assessment. In 2024, we will continue to leverage our Materiality Assessment to ensure we prioritize the areas that have the most impact on our organization and which our stakeholders deem a priority.

Other priorities include:

- Establishing the ESG Center of Expertise to coordinate ESG initiatives and actions across the three lines of defense, support ESG training, sustain ESG processes across EDC, and build efficiency;
- maturating EDC's risk-based environmental, social and financial crime risk considerations, processes and tools, and risk models that streamline the required manual due diligence in alignment with our ESG risk appetite; and
- building stronger relationships through early engagement with our customers and frontline business teams, to identify and support their ESG-related risks.

Business Integrity

An important part of our governance is business integrity, which includes ethical conduct and financial crime prevention. Below are key areas of focus for the year ahead:

- We are updating key policies, guidelines and procedures to incorporate new elements aligned with the ongoing maturity of the Financial Crime compliance program at EDC. Our *Code of Conduct*, which outlines the expectations that govern our ethical behavior, is being updated to include additional financial crime risks.
- There are multiple enhancements being made to our Financial Crime compliance program, including enhancements to the risk models that trigger enhanced due diligence.
- We will continue to participate in consultations on potential changes to the financial crimes regulatory landscape, and international forums such as the OECD Working Group on Bribery Phase 4 evaluations, to support efforts to fight corruption and bribery.

3.4.5 Enhance Our Digitally Enabled Capabilities

Considering the new realities and challenges of operating in an increasingly digital trade finance ecosystem, which the COVID-19 pandemic highlighted, enhancing our digital capabilities is a priority. In 2020, EDC sought client and partner feedback to inform a transformation roadmap to help deliver on our long-term strategy and better serve Canadian companies during the post-COVID-19 recovery phase and beyond. The following elements guide our digital investments:

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

Digital Roadmap

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

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

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

In 2023 we began shifting into **Phase 2**, to be ready in 2024, to direct our investments on initiatives that will deliver new business solutions in modern applications.

While these efforts remain a priority for EDC, we will do so with a clear eye to fiscal responsibility. As such, we will continue to deploy our technology modernization more efficiently, continue to prioritize and make choices based on our strategic objectives, and pace our investments accordingly.

3.5 Measuring Our Impact: EDC's Impact Framework & Impact Report

As we advance our 2030 strategy, we continue to monitor and quantify our progress towards our target to increase Canada's export by 60% by 2030. The impact framework and report allow us to consider our progress towards our long-term goals. This framework and report are used to support the organization in keeping an eye on the broader impact it is looking to have with the 2030 strategy for Canadian business and the country.

The Framework

EDC's Impact Framework connects the dots for how our trade solutions deliver impact to Canada. It is presented in EDC's 2030 Strategy and explains our impact statement. The Impact Framework reads from left to right and shows EDC's impact statement in the dark blue box on top and the impact narrative in the light blue boxes below. Each of the four blue boxes represents a different step in the impact narrative going from (1) activities; to (2) outputs; (3) outcomes, and ultimately (4) impact.

EDC PROVIDES TRADE SOLUTIONS	...TO BOOST THE COMPETITIVENESS OF CANADIAN COMPANIES INTERNATIONALLY...	... CREATING A STRONGER, MORE EQUITABLE AND SUSTAINABLE ECONOMY...	... AND BUILDING A BETTER FUTURE FOR ALL CANADIANS IN THE DECADE AHEAD.
Activities	**Outputs**	**Outcomes**	**Impact**
Utilize a mix of capital, risk mitigation, trade knowledge and global connections **Provide guidance on responsible and sustainable business standards** **Provide access to global markets through government, business and civil society partnerships**	**Unlocking export markets for micro-sized and small businesses** • Enable first-time exporters • Expand export opportunities **Accelerating growth potential of medium-sized businesses** • Scale high-potential companies **Partnering with large businesses** • Enhance future competitiveness and supply chains • Diversify markets, partners and clients **Promoting responsible and inclusive business for all** • Empower diverse exporters • Spur sustainable business models • Address human rights issues • Strengthen business integrity	**Stronger trade and investment opportunities** • Increasing Canada's export growth • Increasing Canada's share of global exports • Increasing Canadian GDP Facilitated and Jobs Facilitated • Increasing Canada's trade diversification **More equitable and sustainable economy** • More diverse and inclusive exporters • Lower carbon and climate resilient economy	**By 2030, Canada will regain its standing as a leader in international trade, building a better and stronger economic future for all Canadians.**

The Impact Report

One of EDC's key priorities is to measure the impact of our 2030 strategy, namely the impact on customers and the impact on Canada. EDC's 2022 Impact report is presented in Appendix III.

Impact on customers

To grow Canadian trade and tailor our support for medium-sized companies, we need to better understand our direct impact on customers and derive insights that may help refine our future strategies and plans.

In partnership with Statistics Canada, EDC is completing its first impact study to quantify EDC's impact on Canadian businesses. As we evolve this new capability, we will also be able to more accurately quantify the benefits we bring to the Canadian economy in key sectors, especially those that position Canada for more equitable, long term export growth.

3.6 Expected Results and Performance Indicators

The following provides an overview of our corporate measures for the 2024-2028 planning period. These measures drive our behaviors in order to achieve the objectives laid out in the Plan, thereby ensuring that we are delivering on our mandate and creating value for Canadian companies engaged in international trade. Success is achieved by meeting or exceeding the target range set for individual measures for the business year. EDC reports out on actual results by way of our Annual Report. Detailed forecast and result information can be found in Appendix III.

Performance Indicator	Information and Context
Net Promoter Score (NPS)	This is a measure of our customer experience which helps evaluate customer loyalty and the likelihood of them recommending EDC to others. We expect the NPS for 2023 to finish at 72.3. In 2024, we commit to a range—that remains a best-in-class standard—of 65.7 – 77.8%.
Total Customers Served	This measure is tied to the corporate objective of helping more Canadian companies succeed internationally, especially small and medium-sized companies. It includes companies that purchase our financial and knowledge products. We anticipate ending 2023 with 27,500 customers served, with 16,090 being financial customers. Looking ahead to 2024, we forecast the number of customers served to remain in the range of 25,000 – 30,000, while the financial customers served range will keep a similar range as that of 2023 of 14,500 – 16,500.
Medium Financial* Customers Served	This measure reflects EDC's strategic focus on facilitating the growth of medium-sized companies (100 – 499 employees) in target sectors, matched with high-growth markets. By year-end, we expect to serve 1,200 medium-sized firms with our financial products. In 2024, we expect a financial customers served in the range of 14,500 – 16,500.
Productivity Ratio (PR)	Our PR captures in aggregate form how well we use our resources. We expect PR to reach 46.0% by year-end and, for 2024, we are expecting it to stay in the range of 42.5% and 46.5%
Total Business Facilitated (BF)	This measure represents the amount of business Canadian companies were able to carry out with the help of EDC's financial solutions. We expect to end the year with $131,550 million in business facilitated. Looking forward to 2024, we are forecasting that business facilitated range of $123,000 – 129,000 million.
Business Facilitated in Emerging Markets	This measure is an indicator of trade diversification. As a subset of business facilitated, it shows the business Canadian companies carry out in emerging markets with the help of EDC's solutions. We expect business facilitated in emerging markets to reach $28,500 million by year-end and we are forecasting growth in the range of $25,000 – 28,000 million in 2024.
Business Facilitated in the Cleantech Sector	This measure is also a subset of business facilitated, representing the amount of business supported in the Cleantech sector. In 2023, we expect this measure to reach $10,050 million and we anticipate it will reach $7,000 – 8,500 million in 2024.

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

3.7 Contributing to Government of Canada Priorities

EDC Support in Ukraine

Since the start of Russia's illegal invasion, EDC has continued to actively bolster the Government's efforts to support Ukraine and support Canada's flow of trade to Ukraine.

At the start of the war, EDC was one of very few export credit agencies (ECAs) that remained open for short-term (ST) and medium- to long-term (MLT) business at a time when a majority within the ECA community were closed as they redefined their parameters of support to Ukraine. EDC has maintained cover and continues to support exporters. We initiated a streamlined transaction process to individually assess the support requests we are receiving from exporters to enable strategically impactful, faster flowing business with Ukraine. The greatest need of Canadian businesses to date has been to access EDC's credit risk insurance solutions, though EDC has seen an increase in demand across all product lines in 2023 for Ukraine. EDC's credit risk insurance provides war-related risk coverage, and has been availed to over fifty Canadian exporters to Ukraine since February 2022. In addition, EDC can provide guarantees up to 100% to Canadian banks for working capital solutions extended to Canadian companies wishing to do business in Ukraine. Our medium and long term solutions, including buyer financing, can take the form of either direct lending or up to 100% guarantees to international or Canadian banks extending credit lines, thus offering maximum flexibility. Either directly or through guarantees, EDC takes on the war-related risks through these solutions.

To support Canadian businesses looking to grow their business in the market, EDC is taking more risk, including through the introduction of a dedicated USD200 million envelope, enabling us to consider more challenging opportunities in Ukraine from a credit risk perspective. Importantly, EDC continues to maintain its environmental, social and governance policies for all transactions. With the cost of Ukraine's rebuild estimated to be in the hundreds of billions, we expect our support to grow considerably in the coming years as Canadian companies will seek to participate in Ukraine's recovery.

In addition, drawing on our unique insight into Canadian exporters as well as our relationships with peer ECAs, EDC continues to convene a range of stakeholders on an ongoing basis. EDC sponsored several Ukraine Reconstruction Business Roundtables in Canada and abroad, and is supporting the development of tools to enable Canadian businesses to connect to Ukrainian reconstruction opportunities. EDC spearheaded the formation of, and continues to engage with its peers in, the G7 Export Credit Agency Ukraine Working Group, where we share intel and seek collaboration opportunities. EDC welcomes ongoing engagements with Ukrainian officials, and our engagements to date have included the President of Ukraine, the Prime Minister of Ukraine, and both the Ukrainian and Canadian Ambassadors. We will continue our ongoing engagement with Canadian businesses, investors and commercial financial institutions across Canada to monitor their evolving needs and interests.

More broadly, EDC was pleased to partner with Canada's Department of Finance to facilitate an additional $2.4 billion in loans to Ukraine through the International Monetary Fund's Administered Account on behalf of the Government of Canada. As well, EDC has supported the Government of Canada's delivery of over $4.5 billion in financial assistance to Ukraine under the Bretton Woods and Related Agreements Act.

EDC will continue to work alongside Finance Canada, GAC and our sister Crown corporations to leverage its expertise and financial tools as needed to support the continued flow of Canada Ukraine trade and advance Canada's important role in guaranteeing a stable and prosperous future for Ukraine, Europe and beyond.

Other Contributions to the Government of Canada's Priorities

At the time that this Plan was approved by EDC's Board of Directors, a 2024 Statement of Priorities and Accountabilities (SPA) had not been issued. This Plan reflects guidance contained in the 2023 SPA, provided in December 2022, as well as ongoing consultation and dialogue with the Minister, her office, and government officials.

Additionally, EDC continues to undertake transactions or classes of transactions on behalf of the Government of Canada under the **Canada Account**. The Minister for International Trade (with the concurrence of the Minister of Finance) must deem them to be in Canada's national interest and provide specific authorization. The support to Ukraine mentioned above is an example of such transactions.

Another example is the **Canada Emergency Business Account (CEBA) program. EDC was directed to build, implement and administer the CEBA program under the Canada Account, which provided** critical support for Canadian entrepreneurs to see them through the economic challenges caused by COVID-19. Announced by the Government of Canda on March 26th 2020, the program aimed to help eligible businesses by providing up to $60,000 in emergency funding to help cover a variety of expenses that could not be deferred during a period of shutdown such as payroll, rent, insurance and utilities. CEBA provided $49 billion in funding to support over 898,000 micro and small businesses from April 2020 to June 2021 and has now moved to collections. EDC will continue to support this program throughout the Planning period.

EDC has a strong commitment to collaboration within the Government's Trade portfolio. In this regard, we are proud to chair the Minister of Export Promotion, International Trade and Economic Development's Business, Economy, Trade and Recovery (BETR) team, which brings together all Canadian Trade Portfolio partner organizations to promote collaboration and innovation to increase opportunities for Canadian businesses. Collaboration initiatives are discussed throughout the Plan and in Appendix I (SPA). In accordance with previous direction from the Minister of Export Promotion, International Trade and Economic Development, EDC provides quarterly reporting that demonstrates performance against Government objectives and priorities.

4.0 Financial Overview

4.1 Overview

EDC's commitment to financial sustainability is critical to our ability to help Canadian companies go, grow and succeed internationally. Our financial results over the Corporate Plan period underline this commitment while also placing emphasis on our other strategic objectives, including supporting medium-sized exporters, Canadian exporters in Indo-Pacific markets, and environmental sustainability, social equality, and responsible governance (ESG) practices.

EDC's approach to fiscal responsibility includes a focus on our administrative expenses. While previous Corporate Plans have included cost savings over the planning period, an effort has been made to further reduce our spending such that our current planned activities reflect an additional 3 per cent total cost savings by 2026 and 15 per cent discretionary costs savings in the areas of professional services and travel. This downward pressure is reflected in this Corporate Plan within the expected financial results over the planning period. However, we remain committed to the strategy we embarked on to help medium-sized exporters diversify and grow their international trade success, to enhance our digital capabilities and ESG practices. It will continue to guide our decisions and prioritization efforts during the planning period. Refer to page 61 for further details.

The 2024-2028 Corporate Plan will present forecast results for the first time in accordance with International Financial Reporting Standard (IFRS) 17 – Insurance Contracts. Please see the Accounting Policies and Future Accounting Changes on page 57 for further details. While 2022 actual results have been presented in accordance with IFRS 17, the 2023 Plan results are not as the new standard was not in effect at the time the 2023 Plan was prepared.

Over the planning period, EDC intends to focus efforts in the Indo-Pacific region in support of Canada's Indo-Pacific Strategy. While the previous chapters of the Corporate Plan have outlined our approach to this market expansion, forecast financial results related to EDC's expanded Indo-Pacific Expansion Program can be found on page 63.

Global economic factors, including inflation and rising interest rates, continue to be a challenge. As such, our actual results could be materially different from the financial projections in this Plan. Items most impacted by the current economic environment include our forecasts of interest rates, our estimates for provisions for credit losses, as well as estimates included in our net insurance service result.

To ensure that EDC had the capital required to support Canadian businesses during the pandemic, an additional capital injection of $11.0 billion occurred in 2020, bringing total share capital to $12.3 billion. Included in the injection was $5.0 billion of capital earmarked to support the oil and gas sector during the pandemic as requested by our shareholder. As the capital requirements for the Business Credit Availability Program (BCAP) and oil and gas business decline, the capital surplus will be returned by way of a special dividend and/ or a repurchase of share capital. Based on the capital surplus position of the BCAP programs, including the oil and gas support, a special dividend of $6.7 billion was declared and paid in 2021, and $3.1 billion was declared and paid by way of repurchase of share capital in 2022. A special dividend of $450 million is expected to be paid by way of repurchase of share capital following the Shareholder approval of the 2023-2027 Corporate Plan. Any additional capital surplus for the BCAP programs as well as any eligible dividends calculated based on the approved dividend calculation methodology will be paid by way of a share repurchase until such time that our share capital as a proportion of our total equity returns to pre-pandemic levels. This will allow EDC to maintain a sufficient retained earnings position to be operationally prepared and financially resilient. Refer to page 59 for further information.

4.2 Significant Items

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

- Net income in the range of $461 million to $912 million for the Corporate Plan period. Net income is projected to be $685 million in 2023, an increase from Plan of $141 million, mainly due to an increase in net financing and investment income, a decrease in the provision for credit losses, partially offset by a decrease in net insurance service result. Refer to the Statement of Comprehensive Income section on page 52 for further details.
- Net revenue[1] is projected to be $1.5 billion in 2023 and expected to be within the range of $1.5 billion to $2.0 billion for the Corporate Plan period.
- Our financial position remains strong due to growth in interest earning assets throughout the Corporate Plan period, primarily in the Indo-Pacific region.

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 (2022-2028)

(in millions of Canadian dollars)	2022 Actual	2023 Plan	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Financing								
Direct financing	24,586	21,230	24,340	20,110	20,310	20,430	20,540	20,660
Direct financing - Indo-Pacific Expansion Program[1]	n/a	n/a	1,750	3,180	3,980	4,630	5,280	5,980
Guarantees	3,401	3,380	4,410	3,750	3,820	3,880	4,260	4,670
Total financing	27,987	24,610	30,500	27,040	28,110	28,940	30,080	31,310
Insurance								
Credit insurance	86,620	86,500	82,000	79,540	79,540	79,940	80,740	81,540
Financial institutions insurance	6,573	6,500	6,500	6,500	6,830	7,170	7,380	7,600
International trade guarantee	11,386	12,400	12,150	12,670	13,140	13,670	14,210	14,780
Political risk insurance	833	400	400	300	230	170	140	110
Total insurance	105,412	105,800	101,050	99,010	99,740	100,950	102,470	104,030
Total	133,399	130,410	131,550	126,050	127,850	129,890	132,550	135,340

1 *Relates to business facilitated from the expanded Indo-Pacific Expansion Program which is incremental to the business we've historically done in the region. See page 63 for additional information.*

Download accessible versions of all financial tables here.

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

Table 2: Projected Level of BCAP Support Included in Business Facilitated (2022-2028)

(in millions of Canadian dollars)	2022 Actual	2023 Plan	2023 Fcst(*)	2024 Plan(*)	2025 Plan(*)	2026 Plan(*)	2027 Plan(*)	2028 Plan(*)
Financing								
Direct lending	40	-	-	-	-	-	-	-
Guarantees	915	660	700	530	270	-	-	-
Total financing	955	660	700	530	270	-	-	-
Insurance								
Credit insurance	818	-	-	-	-	-	-	-
International trade guarantee	571	200	150	30	-	-	-	-
Total insurance	1,389	200	150	30	-	-	-	-
Total	2,344	860	850	560	270	-	-	-

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

Download accessible versions of all financial tables here.

2023 Forecast

We are projecting an increase in business facilitated of $1.1 billion in 2023 from the Corporate Plan mainly due to an increase in our direct financing business facilitated as a result of the anticipated Indo-Pacific growth, coupled with several large loan signings in the first half of 2023, partially offset by a decrease in credit insurance business facilitated primarily due to moderating commodity prices following exceptional growth.

2024 Plan to 2028 Plan

We are projecting a $5.5 billion decrease in business facilitated in 2024. A decrease of $3.5 billion is expected in total financing business however we remain focused on our support for medium-sized companies and trade diversification through our Indo-Pacific Expansion Program. A decrease of $2.0 billion is expected in our total insurance business, primarily from credit insurance as commodity prices continue to moderate.

We are projecting a slight increase in business facilitated in 2025, and over the remainder of the plan, primarily due to the anticipated Indo-Pacific growth.

Foreign Exchange

The Financial Plan uses a month to date average rate as the foreign exchange rate assumption for all currencies for the remainder of 2023 and all subsequent years. This methodology removes the volatility associated with yearly exchange rate fluctuations and ensures more comparable projections. Our assets and liabilities are primarily denominated in U.S. dollars and were translated to Canadian dollars based on the average rate for June 30, 2023, U.S. $0.75. For further information regarding our foreign exchange sensitivity, please see page 72.

Interest Rates

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

Other Key Assumptions

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

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

4.4 Dividend and Repurchase of Share Capital

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

Capital injections of $11.0 billion were received in 2020 to provide us with the capital needed to support business undertaken to aid in Canada's recovery from the pandemic. If take-up of pandemic-related support programs is lower than expected and/or if less capital is required to absorb program losses, EDC will return excess capital provided for both the BCAP and oil and gas support by way of a special dividend payment and/ or a repurchase of share capital. The total repurchase of share capital for 2023, based on 2022 actual results, is $1.2 billion, made up of $450 million related to the BCAP support and $750 million related to EDC core operations.

The 2023 financial results are expected to lead to the repurchase of share capital of $471 million related to the BCAP support, including oil and gas support, and $914 million related to EDC core operations in 2024.

5.0 Appendices

Appendix I: Statement of Priorities and Accountabilities

See an accessible version of the Statement of Priorities and Accountabilities here.

Minister of International Trade,
Export Promotion,
Small Business and
Economic Development

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

Ottawa, Canada K1A 0G2

December 21, 2022

Mr. Lindsay Gordon
Interim Chair of the Board of Directors
Export Development Canada
150 Slater Street
Ottawa ON K1A 1K3

Dear Mr. Gordon:

I am pleased to provide Export Development Canada (EDC) with its 2023 Statement of Priorities and Accountabilities.

This is a pivotal time for Canada's economy and approach to trade. Recovery from the COVID-19 pandemic, fallout from Russia's illegal invasion of Ukraine, the climate crisis, supply chain disruptions, and global economic headwinds are among the myriad of challenges facing Canadian businesses. In response to these challenges, EDC has delivered strong results as part of Canada's trade support network. From administering the Canada Emergency Business Account to support over 900,000 small businesses through the pandemic, to standing firm with our allies to swiftly respond to Russia's illegal attacks on Ukraine, EDC has been there for Canadians.

Looking to the year ahead, I expect EDC to focus on: i) enhancing trade support; ii) supporting sustainable and responsible growth; and, iii) delivering results for Canadians. This work will allow Canadian businesses the opportunity to develop and grow internationally, contributing to our economic prosperity and creating good-paying jobs across the country.

Enhancing Trade Support

As the Minister responsible for supporting Canadian businesses from start-up, to scale-up and to expansion abroad, ensuring Canada has a complete suite of tools to support its exporters is a cornerstone of my mandate. Canadian companies succeed internationally when they have a strong network of seamless and high quality services at home. To this end, I ask that EDC:

- ❖ Continue in its role as Chair of the Business, Economic, Trade Recovery (BETR) team and continue to pursue seamless "Team Canada" approach to trade support.

- ❖ Explore joint marketing and coordinated communications among federal partners to help enhance collaboration and engagement with Canadian businesses.

Canada

- ❖ Work with Global Affairs Canada, Innovation, Science and Industry (ISED), Transport Canada, and Agriculture and Agri-Food Canada to strengthen and secure Canada's supply chains. As part of these efforts, EDC should enhance support to companies improving Canada's supply chain resilience.

- ❖ Work with Natural Resources Canada, Global Affairs Canada, and ISED to enhance support for Canada's critical mineral value chains.

- ❖ Support the growth of Canada's creative industries in existing and new markets by working with the Business Development Bank of Canada, Canadian Heritage, ISED, and Global Affairs Canada.

Supporting Sustainable and Responsible Growth

As Canadians, we hold ourselves to a high standard when engaging in business abroad. Our competitiveness is amplified through principles of sustainability and responsibility. In continuing to support this vision, I ask that EDC:

- ❖ Implement the Government's policy guidance on the Glasgow Statement commitment to end new direct public support for the international unabated fossil fuel energy sector, and provide regular updates on progress.

- ❖ Continue to support Canada's transition to a low-carbon economy, in particular, by phasing out support for new projects in the fossil fuel sector, in alignment with Canada's climate objectives and future Government of Canada climate change and fossil fuel energy financing policies.

- ❖ Operate in a manner consistent with the Government's comprehensive approach to responsible business conduct, including measures related to thorough due diligence and addressing forced labour throughout supply chains. It also includes greater collaboration with the TCS, with respect to withdrawing support provided to companies that do not meet Canada's responsible business conduct expectations.

- ❖ Bolster the Governments efforts to support Ukraine as it fights against Russia's illegal invasion and be prepared to assist in future rebuilding. This includes offering competitive export support for businesses utilizing the Canada-Ukraine Free Trade Agreement.

- ❖ Ensure trade works for all Canadians by engaging and supporting more exporters from under represented groups, including Indigenous and racialized business owners.

- ❖ Identify opportunities to enhance support for Canada's cleantech exporters under the *Climate Change Sector Understanding* of the OECD Arrangement on Officially Supported Export Credit.

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Delivering Results for Canadians

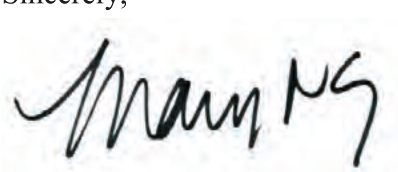
To help Canadian businesses successfully navigate the challenges of the current global economic environment, maintain a focus on Canadian economic growth and support the Government's long-term trade strategy, I ask that EDC:

- ❖ Orient activities towards the Indo-Pacific region, consistent with Canada's Indo-Pacific Strategy.
- ❖ Review its Canadian Benefits Policy, in close consultation with Global Affairs Canada and the Department of Finance, ensuring that clear, measurable, benefits to the Canadian economy remain at the heart of this approach in an ever-changing global environment. The first review should be submitted to my office by December 31, 2023, and every three years thereafter.
- ❖ Develop an export competitiveness report, benchmarking the performance of EDC's supports against export credit agencies in both OECD and non-OECD countries. The first report should be submitted to my office by August 1, 2023, and submitted every three years thereafter.
- ❖ Enhance engagement in multilateral export credit negotiations to ensure the best possible competitive position for Canadian exporters and identify ways to leverage international agreements to the benefit of Canadian businesses.

EDC has had a remarkable year, working in partnership with the Government of Canada to deliver vital support to businesses and communities across the country. Despite global economic headwinds on the horizon, Canadians can be confident that EDC will continue to be there to support their ventures in both familiar and new markets, helping them achieve prosperity through trade that is inclusive, competitive, and sustainable.

I look forward to working with EDC in the coming year to continue meeting the needs of Canadian businesses and advancing the priorities outlined in this letter.

Sincerely,



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

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Appendix II: Corporate Governance Structure

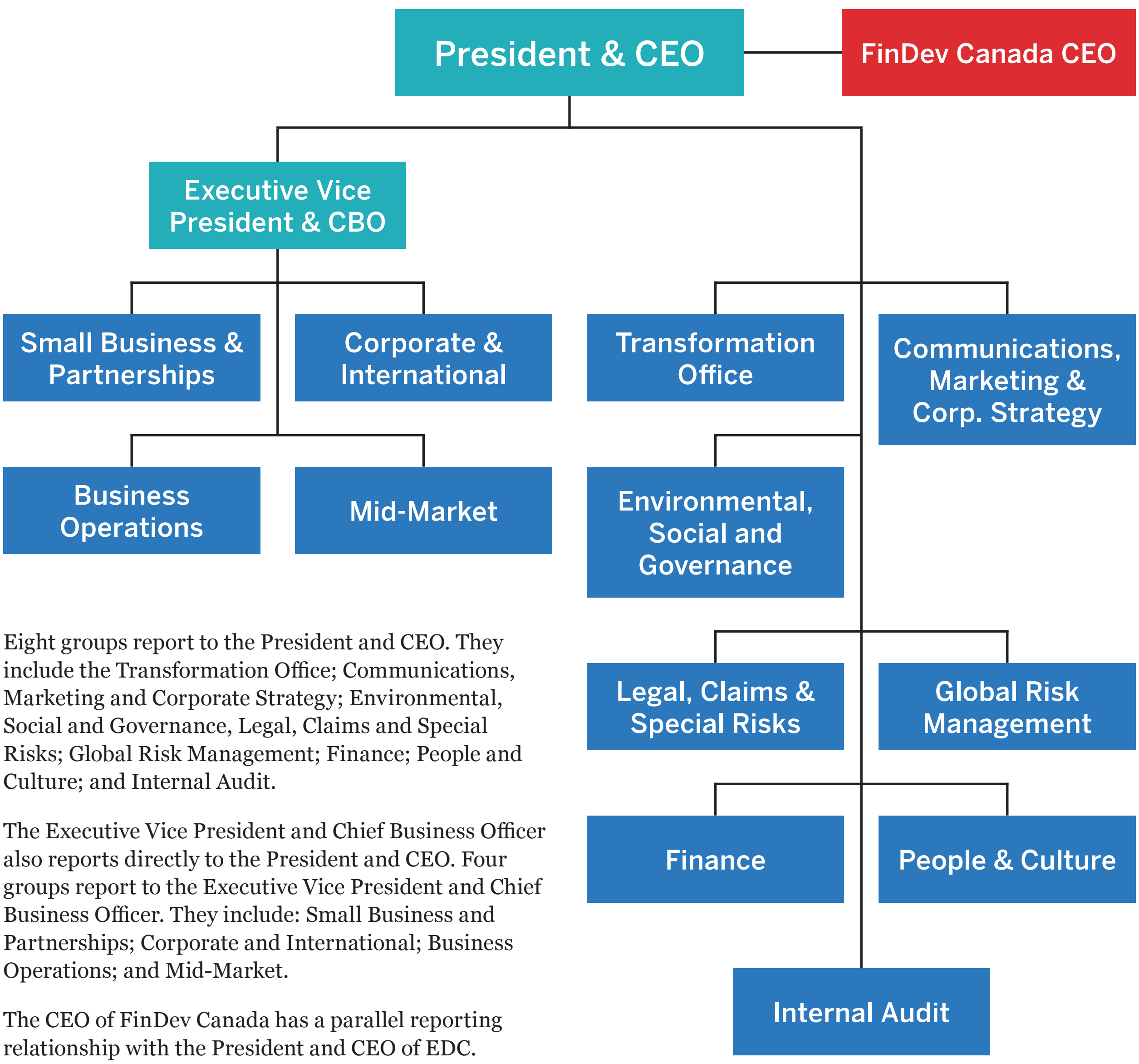
As a commercial and financial Crown corporation, EDC is governed by a board of directors whose representatives are from the private sector. The board's responsibility is to supervise the direction and management of EDC, support the development of strategy and oversee its execution as outlined in EDC's Corporate Plan.

A detailed account of the EDC's corporate governance is found in the 2022 Integrated Annual Report, including EDC's Board membership, Board terms, Committee meeting attendance and Director remuneration. Below is a managerial and organizational structure chart as well as a chart describing the board and committee structure.

FinDev

As a parent Crown Corporation, EDC maintains a comprehensive Subsidiary Governance Framework, approved by its Board of Directors, to ensure appropriate oversight and processes for the sound governance of EDC's subsidiaries in accordance with applicable regulatory requirements, Treasury Board of Canada guidelines, and best practices in corporate governance. Under the Framework, EDC ensures the appointment of a skilled Board of Directors responsible for the stewardship of each subsidiary, and sets out monitoring parameters that enable EDC to ensure that the activities of its subsidiaries are consistent with the EDC Corporate Plan.

Managerial and Organizational Structure



Eight groups report to the President and CEO. They include the Transformation Office; Communications, Marketing and Corporate Strategy; Environmental, Social and Governance, Legal, Claims and Special Risks; Global Risk Management; Finance; People and Culture; and Internal Audit.

The Executive Vice President and Chief Business Officer also reports directly to the President and CEO. Four groups report to the Executive Vice President and Chief Business Officer. They include: Small Business and Partnerships; Corporate and International; Business Operations; and Mid-Market.

The CEO of FinDev Canada has a parallel reporting relationship with the President and CEO of EDC.

Board and Committee Structure

EDC's Board of Directors is divided into the following six committees.

Chair of the Board

Board of Directors

Executive Committee

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

Business Development and Performance Committee

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

Risk Management Committee

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

Nominating and Corporate Governance Committee

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

Human Resources Committee

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

Audit Committee

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

Appendix III: Planned Results & 2022 Impact Report

Short Term (January 1, 2023 – December 31, 2024)

Performance Indicator	2022 Actual*	2023 Plan	2023 Forecast**	2024 Plan**	Data Strategy
Net Promoter Score	75	65.7 – 77.8	72.3 +/-6.2	65.7 – 77.8	Our Net Promoter Score follows an industry standard approach. Surveys are conducted through an independent third party and take place in the calendar year. A random pool of EDC financial customers is selected for the survey which is comprised of various questions. Responses are tabulated and weighted, and the final Net Promoter Score is computed.
Customers Served	26,922 Total (15,845 Financial)	26,000 – 30,000 Total (15,500 – 16,500 Financial)	27,500 Total (16,090 Financial)	25,000 – 30,000 Total (14,500 – 16,500 Financial)	The Customer Served measure is the count of unique companies EDC transacts with over a 12-month period. We consider a customer to be one that provides EDC with either financial payment or information on their company that goes above and beyond publicly available information, allowing us to expand our own knowledge-base and target them for migration to financial products. Our financing and insurance solutions count both Canadian and foreign customers while our knowledge solutions only count Canadian customers.
Medium Financial Customers Served	1,175	1,250 – 1,350	1,200	1,200 – 1,350	The methodology for Medium Financial Customers Served is similar to above, but only includes financial customers with 100 – 499 employees.
Productivity Ratio (%)	42.2	44 – 48%	46.0%	42.5 – 46.5	This is a measure of EDC's administrative expenses as a percentage of net revenue. It is computed and reported annually.
Business Facilitated ($M)	133,399 Total (27,566 in Emerging Markets)	130,020 – 133,921 Total (25,148 – 27,543 in Emerging Markets)	131,550 Total (28,500 in Emerging Markets)	123,000 – 129,000 Total (25,000 – 28,000 in Emerging Markets)	The amount of business Canadian companies can carry out with the help of EDC's financing and insurance solutions: on the insurance side it represents the value of the exports being insured and on the financing side it represents the loan amount or guarantee amount, as well as the committed amount for investments. BFEM is a sub-set the above but is limited to business carried out in emerging markets.
Business Facilitated in the Cleantech Sector ($M)	8,744	7,700 – 8,700	10,050	7,000 – 8,500	This is a sub-set of business facilitated based on EDC's definition of cleantech. Cleantech is defined as any process, product, or service that reduces environmental impacts through: • Environmental protection activities that prevent, reduce, or eliminate pollution or any other degradation of the environment, • Resource management activities that result in the more efficient use of natural resources, thus safeguarding against their depletion, or • The use of goods that have been adapted to be significantly less energy or resource intensive than the industry standard.

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

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

Net Promoter Score

Will remain in the 65.7 – 77.8 range which is well above industry standard. We anticipate there may be some downward pressure on the NPS throughout 2024, as EDC anticipates increased customer demand due to economic pressures such as high interest rates.

Customers Served

Gradual unwinding of Business Credit Availability Program support between now to the end of 2025 will result in fewer small and medium-sized customers. This will be somewhat offset by continued growth in our core business.

EDC will continue to focus on the medium segment, but expects a slower pace of growth in 2024 as we reach capacity limits on account management. This will be partially offset by business acquired through partner channels. With respect to the large segment, EDC will continue to focus on creating greater impact for our large customers rather than customer acquisition. We expect a decline in 2024 due to a higher number of accounts, which limits capacity acquire new with no partner channels to offset the decline. For the small business segment, EDC assumes continued focus on growth through partner channels; therefore, limited impact on this segment due to capacity constraints.

Productivity Ratio

In 2023, we expect PR to reach 46.0 percent by year-end, which is within the 44 – 48 percent range as outlined in our 2023-2027 Corporate Plan.

For 2024 the expected range for PR is 42.5 – 46.5 percent, a decrease from 2023 due reductions in administrative expenses as well as an increase in net revenue resulting from our strategy in the Indo-Pacific region.

Total Business Facilitated

Reflecting the ongoing global economic slowdown, the 2024 pipeline is not as robust as 2023. The projection is lower in 2024 with growth picking up again in 2025 and regaining 2023 levels by 2026.

Business Facilitated in Emerging Markets

Although EDC is assuming downward pressure on new business in 2024, this will be partially offset by a continued focus on the Indo-Pacific and growth enabled by the recent representation opening in Jakarta.

Business Facilitated in the Cleantech Sector

CleanTech is not immune to the same downward pressure seen in business facilitated overall, as EDC sees a weakening in the 2024 pipeline when compared to the highs in 2023, particularly for lending. The portfolios in Credit Insurance and International Trade Guarantees are fairly stable, but commodity prices are expected to decline in 2024. Other programs remain fairly stable, however commercial loans and structured project finance business must be built yearly with new transactions.

Medium-to-Long Term (January 1, 2025 – December 31, 2028)

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

Performance Indicator	2025 Target	2026 Target	2027 Target	2028 Target	Data Strategy
Customers Served	27,400 Total (17,375 Financial, 1,300 Medium Financial)	27,400 Total (17,830 Financial, 1,350 Medium Financial)	27,400 Total (18,330 Financial, 1,400 Medium Financial)	27,400 Total (18,805 Financial, 1,450 Medium Financial)	The Customers Served measure is the count of unique companies EDC transacts with over a 12-month period. We consider a customer to be one that provides EDC with either financial payment or information on their company that goes above and beyond publicly available information, allowing us to expand our own knowledge-base and target them for migration to financial products. Our financing and insurance solutions include both Canadian and foreign customers, while our knowledge solutions only include Canadian customers. The methodology for Medium Financial Customers Served is similar to above, but only includes financial customers with 100 – 499 employees.
Productivity Ratio (%)	37.8%	36.5%	35.7%	35.4%	The medium- to long-term forecast for the productivity ratio is a function of our forecasts for administrative expenses and operating revenue. The Productivity Ratio is based on a series of key assumptions, including business facilitated, risk profile of business facilitated, foreign exchange and interest rates and yields, all of which have an impact on our business activity and financial performance, and drive the plan projections in these areas, thereby driving the forecast of the productivity ratio over the medium to long term. We revise the medium- to long-term forecast for the productivity ratio on an annual basis.
Total Business Facilitated ($M)	127,850	129,890	132,550	135,340	The business facilitated measure for the medium- to long-term is based on growth rates, which vary by product and by year. We revise the medium- to long-term forecast for business facilitated on an annual basis.

Chief Executive Officer Commitment

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

Mairead Lavery

Mairead Lavery, Chief Executive Officer
Export Development Canada

October 17th, 2023

Growth in Canada's Exports – We Aspire for a 60% Growth in Canada's Exports

Measure	2019	2020	2021	2022
Canada: Real Exports of Goods and Services (Bil.2012.C$)	685.5	624.8	633.3	649.7
Annual growth (% yr/yr)	2.7%	-8.9%	1.4%	2.6%

Source: Statistics Canada

These measures represent a growth in the past decade (2012-2022) of 17.1%. EDC targets growth of 60% in the decade to come (2021-2030).

Share of Global Exports – We Will Maintain and Build Back Canada's Market Share in Global Trade

Measure	2019	2020	2021	2022	Change Since 2012
Canada: Share of Global Exports (%) (Goods & Services Bil.2010.US$)	2.4%	2.3%	2.2%	2.1%	-14%
OECD: Share of Global Exports (%) (Goods & Services Bil.2010.US$)	62%	61%	60%	61%	-2%
Non-OECD: Share of Global Exports (%) (Goods & Services Bil.2010.US$)	38%	39%	40%	39%	4%

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

Canada ranks 29 out of 32 countries in the OECD based on the change in share of global trade over the past decade (e.g., the percent change in share of global trade in 2012 vs. 2022; if a country had 3% share in 2011 and a 2% share in 2021, this represents a 50% decline).

Canada's share of global exports declined in 2022 from 2.2% to 2.1% and we moved down in the ranking- from 20 (2020) & 26 (2021) to 29 (2022). Canada fell behind a number of European economies that lagged Canada in rank in 2021 (e.g., UK, Norway, France) The average annual increase in exports for these three countries was 8% as opposed to 3% for Canada. Canada's chief trading partner, US also slipped from 29 to 31 despite a 7% growth in exports in 2022.

The group of 32 countries used for comparison purposes are 38 OECD countries minus Turkiye, Poland, Mexico, Costa Rica, Chile and Columbia, which are still considered 'emerging/developing' by EDC (and others, such as the IMF).

Canadian GDP Facilitated & Number of Jobs Facilitated – We Will Create Jobs, Wealth, and Opportunity for Canadians

Measure	2019	2020	2021	2022	5-year Average
Total GDP Supported by EDC (bn C$ market prices)	$64.54	$65.33	$71.14	$84.83	$70.39
Share of Total Canadian GDP Supported by EDC (%)	3.3%	3.4%	3.3%	3.7%	3.4%
Total Employment Supported by EDC (# of Jobs)	487,431	470,298	512,117	602,259	514,353
Share of Total Canadian Employment	2.6%	2.6%	2.7%	3.1%	2.7%

Source: EDC calculations and Statistics Canada data.

The exports, CDIA, and domestic business facilitated by EDC in 2022 are estimated to have supported over $85 billion in Canadian nominal GDP, an increase of 19% over 2021. The support to the Canadian economy in 2022 represented 3.7% of Canada's total GDP, highest since 2016.

EDC's business facilitated supported almost 0.6 million Canadian jobs, an increase of 18% over last year. This represents 3.1% of the entire Canadian labour force, highest level in nine years. During the same period, Canadian labor force grew by 4.4%.

Sustainable and Equitable Business – We Will Support Canadian Companies on Their ESG and Low-carbon Journey

All Canadian SMEs	2019	2020	2021	2022
A. Total SME Exporters, Canada (Notes 1 and 5)	92,152	95,413	99,754	104,292
B. EDC Supported SMEs	14,411	15,587	20,480	19,164
C. EDC Supported Domestic BCAP Customers	–	524	942	–
D. EDC Supported Share of Total Canadian SMEs That Export (%) – Excludes domestic BCAP in 2020/21	12.4%	15.8%	19.6%	18.4%

Indigenous SMEs (Majority-owned Only)	2019	2020	2021	2022
E. Indigenous Majority-owned SME Exporters (Notes 1 and 2)	1,445	1,612	1,694	1,778
F. EDC Supported Indigenous SMEs	43	126	235	269
G. EDC Supported Indigenous Domestic BCAP Customers	–	20	53	–
H. EDC Supported Share of CDN Indigenous SMEs That Export (%): (Line F - Line G) / Line E – Excludes domestic BCAP in 2020/21 (Note 3)	3.0%	6.6%	10.7%	15.1%

Women-Owned/Led SMEs (Minority + 50/50 + Majority)	2019	2020	2021	2022
I. Women-owned/led SME Exporters, Canada (Notes 1 and 4)	38,804	38,356	39,521	40,721
J. Women-owned SME Exporters (Minority, 50/50 and Majority) as a Share of Total SME Exporters, Canada	42.1%	40.2%	39.6%	39.0%
K. EDC Supported Women-owned/led (Minority, 50/50 and Majority) SME Exporters	919	1,555	2,254	2,592
L. EDC Supported Women Domestic BCAP Customers	–	99	269	–
M. EDC Supported Share of Total CDN Women-owned/led SMEs That Export (%): (Line K - Line L) / Line I – Excludes domestic BCAP in 2020/21	2.4%	3.8%	5.0%	6.4%

Source: Inclusive Trade, Partner Channels. March 17, 2023.

- In 2018, Black-owned businesses generated average annual revenue of $460,300, about one-third the level of white-owned businesses. Black-owned exporters are also smaller on average, generating $884,100 in annual export sales, compared with an average of $3.5 million for white-owned businesses, and $1.7 million for other racialized groups.
- In 2022, 30.7% of majority-owned Indigenous businesses were turned down on their largest loan request. The loan denial rate for businesses owned by visible minorities was 21.5%. The turn-down rate for all Canadian businesses on their largest loan request was 7.4%.
- While loan approval rates for women- and men-owned businesses are similar in Canada, the average amount of financing authorized for men-owned businesses is about 150% higher (WEKH).
- One-third of Black owned SMEs cite access to financing as a major business obstacle compared with an average of just 9.5% for all Canadian SME businesses.
- There are an estimated 50,000 Indigenous entrepreneurs and companies in Canada with sole proprietors and micro companies representing around 70% of this total. There were 17,417 Indigenous majority-owned companies operating in Canada at the end of 2022.
- There are 193,108 women majority-owned businesses in Canada, accounting for 19% of all majority-owned businesses in Canada at the end of 2022.
- In Canada, the number of Black business owners is estimated at 66,880 in 2018, representing 2.1% of all business owners.

Explanatory Notes and Data Limitations

1. Estimates for total Canadian, Women owned and Indigenous owned SME exporters (lines A, E and I) are derived using the StatsCan/ISED SME Financing and Growth Survey. The last year of available data from the survey is 2020. The 2021 and 2022 numbers were extrapolated based on 2014-2020 growth rates from the survey. The Indigenous business estimates also incorporate additional data from the Statistics Canada Business Register (see note 2).
2. The estimate for Indigenous majority owned exporters is based on combined data from the SME Financing and Growth Survey and the Statistics Canada Business Register (BR). Data in Line E are derived by applying ISED SME survey export ratios to aggregate BR counts.
3. The SME Financing and Growth Survey provides data for majority Indigenous majority-owned SMEs only. As such, the EDC support percentages for Indigenous exporters is an overestimate.
4. The SME Financing and Growth Survey provides Women owned percentage levels of: 1-49%; 50% and 51-100%. The aggregate data in line I includes all three ownership categories.
5. The Canadian SME aggregates for non-survey years are estimates extrapolated from the 2011, 2014, 2017 and 2020 SME Financing and Growth Surveys and therefore subject to change as new information becomes available.
6. With improvements in EDC data collection, estimates for Indigenous and Women owned/led business supported by EDC increased in comparison with previous EDC Impact Reports. Better data coverage across EDC's products allows new information on ownership (Indigenous, Women) to be added to existing and previous customer profiles, boosting overall Women and Indigenous counts.

Canadian Trade Diversification – We Will Diversify Exports Across Markets and Sectors

Measure	2019	2020	2021	2022	10-year Average	Trend
EDC: Business Facilitated in Emerging Markets (Share of Total)	28%	23%	20%	21%	26%	Declining
Canada: Merchandise Exports, Emerging Markets (Share of Total)	11%	12%	11%	10%	11%	Stable
EDC: Business Facilitated in Non-US Markets (Share of Total)	56%	53%	50%	52%	55%	Declining
Canada: Merchandise Exports, Non-US Markets (Share of Total)	25%	27%	24%	23%	24%	Stable

Source: EDC calculations and Statistics Canada data.

EDC is more diversified, from a market perspective, than the Canadian trade landscape overall: both from an Emerging Market and non-US perspective; However, EDC's share has been on a declining trend despite recent uptick, while Canada's has been largely stable for both non-US and emerging markets.

EDC's share of business facilitated in both EM and Non-US increased in 2021, breaking a two-year declining streak. In 2022, 21% of EDC's Business Facilitated was in EMs, still lower than the average of 26% over the preceding decade. EDC's Business Facilitated in non-US also increased a little in 2022, to 52%, below the 10-year average of 55%.

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 2024-2028 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 2024-2028 was approved by EDC's Board of Directors on October 12, 2023.

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

Scott Moore

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

October 17th, 2023

Appendix V: Financial Statements and Notes

Statement of Comprehensive Income

Table 3: Projected Statement of Comprehensive Income (2022-2028)

for the year ended December 31 (in millions of Canadian dollars)	2022 Actual	2023 Plan[1]	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Financing and Investment Revenue:								
Loans	1,911	3,150	3,686	4,003	3,855	3,820	3,830	3,795
Marketable securities	175	340	382	313	267	258	262	274
Investments	23	16	16	16	16	16	16	16
Total financing and investment revenue	2,109	3,506	4,084	4,332	4,138	4,094	4,108	4,085
Interest expense	969	2,426	2,864	3,091	2,653	2,534	2,518	2,472
Financing-related expenses	32	36	48	44	48	48	48	48
Net Financing and Investment Income	1,108	1,044	1,172	1,197	1,437	1,512	1,542	1,565
Loan Guarantee Fees	73	83	85	87	89	91	94	96
Insurance revenue	290	299	295	299	300	304	310	317
Insurance service expenses	(110)	(70)	(254)	(234)	(236)	(236)	(238)	(241)
Reinsurance service expenses	(45)	(30)	(25)	(33)	(31)	(30)	(29)	(30)
Net Insurance Service Result	135	199	16	32	33	38	43	46
Other (Income) Expense	(442)	(20)	(47)	42	(66)	(66)	(66)	(66)
Administrative Expenses[2]	516	652	560	563	598	605	605	611
Income before Provision	1,242	694	760	711	1,027	1,102	1,140	1,162
Provision for Credit Losses	54	150	75	250	250	250	250	250
Net Income	1,188	544	685	461	777	852	890	912
Other comprehensive income:								
Retirement benefit plans remeasurement	167	4	33	14	15	15	16	16
Comprehensive Income	1,355	548	718	475	792	867	906	928

1 *The Corporate Plan was prepared under IFRS 4 and has not been restated to conform to IFRS 17.*
2 *A portion of administrative expenses are included in insurance service expenses under IFRS 17.*

Download accessible versions of all financial tables here.

2023 Forecast Versus 2023 Corporate Plan

We are forecasting net income of $685 million for 2023, an increase of $141 million from the 2023 Corporate Plan. Items of note regarding this forecast are as follows:

- We are projecting a $183 million decrease in the net insurance service result mainly as under IFRS 17 costs attributable to the acquisition and maintenance of insurance contracts are now included here rather than in administrative expenses as they were for the 2023 Plan. After excluding these costs, net insurance service result has declined $71 million from Plan. This decrease is primarily attributable to a decrease in expected volumes as well as changes in actuarial assumptions related to expected claims.
- Net financing and investment income is expected to increase by $128 million. The increase primarily relates to an increase in our interest earning assets as a result of higher business facilitated, of which a portion relates to anticipated Indo-Pacific growth.
- Per the projected statement of comprehensive income, administrative expenses decrease $92 million, however, a portion of this relates to the new presentation of financial results under IFRS 17. Gross administrative expenses, as presented in Table 18, are expected to increase by $20 million from Plan. The increase is the result of transition costs for our managed IT service provider, increased pension costs and expenditures related to the Indo-Pacific Expansion Program.
- We are projecting a decrease in the provision for credit losses of $75 million primarily due to year-to-date reversals as a result of the macroeconomic forecasts used in the calculation of the allowance for losses on loans, loan commitments and loan guarantees.
- We are projecting a $27 million increase in other income mainly due to year to date unrealized gains on our financial instruments, partially offset by higher losses on marketable securities and lower realized gains on investments. Due to the volatility and difficulty in estimating fair value gains or losses on financial instruments, a forecast for unrealized gains is not included in the Plan.

2024 Corporate Plan Versus 2023 Forecast

The planned net income for 2024 is $461 million, which is a decrease of $224 million from 2023.

- The provision for credit losses is expected to increase by $175 million from 2023 mainly due to the provisions related to the anticipated growth in our lending portfolio in the Indo-Pacific region.
- Other expense of $42 million is forecast for 2024 compared to other income of $47 million in 2023 mainly due to realized and unrealized gains on our financial instruments in 2023 as previously discussed. The level of realized gains on investments projected in 2023 is not expected to reoccur in 2024. As previously noted, due to the volatility and difficulty in estimating fair value gains or losses, a forecast for unrealized gains is not included in the Plan.
- Net financing and investment income is expected to increase by $25 million. As mentioned above, a large portion of the increase relates to an increase in revenue from our lending portfolio due to higher business facilitated, primarily in the Indo-Pacific region.

2025 to 2028

Growth in net financing and investment income over the remaining years of the Corporate Plan is primarily due to growth in the Indo-Pacific region. Minimal growth is expected in our other markets as we prioritize efforts in the Indo-Pacific region.

Statement of Financial Position

Table 4: Projected Statement of Financial Position (2022-2028)

as at December 31 *(in millions of Canadian dollars)*	2022 Actual	2023 Plan[1]	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Assets								
Cash	263	78	412	412	412	412	412	412
Marketable securities	9,523	8,221	8,592	9,410	7,411	7,543	10,004	7,678
Derivative instruments	1,661	1,835	1,634	1,634	1,634	1,634	1,634	1,634
Loans receivable	54,062	53,376	59,466	63,980	68,622	72,575	73,301	73,953
Allowance for losses on loans	(1,605)	(1,537)	(1,410)	(1,463)	(1,521)	(1,594)	(1,667)	(1,740)
Investments	2,616	2,688	2,954	3,577	3,728	3,898	4,040	4,319
Investment in FinDev Canada	300	600	600	950	1,350	1,350	1,350	1,350
Amounts due from FinDev Canada	3	6	3	3	3	3	3	3
Reinsurance contract assets	60	86	62	52	45	15	11	10
Property, plant and equipment	40	39	36	39	35	32	29	26
Intangible assets	46	40	33	28	23	17	9	8
Right-of-use assets	117	106	107	97	87	77	67	57
Retirement benefit assets	453	480	503	525	549	580	612	645
Other assets	217	252	112	112	112	112	112	112
Total Assets	67,756	66,270	73,104	79,356	82,490	86,654	89,917	88,467
Liabilities and Equity								
Accounts payable and other credits	135	126	77	77	77	77	77	77
Loan guarantees	234	209	372	435	485	520	555	590
Loans payable	50,568	49,257	55,494	63,792	66,820	70,676	73,539	71,700
Derivative instruments	3,712	4,039	3,359	3,359	3,359	3,359	3,359	3,359
Lease liabilities	151	142	142	135	128	121	114	107
Allowance for losses on loan commitments	9	16	26	28	30	32	34	36
Insurance contract liabilities	388	518	345	344	342	290	297	308
Retirement benefit liabilities	162	169	174	181	189	196	204	212
Total Liabilities	55,359	54,476	59,989	68,351	71,430	75,271	78,179	76,389
Share capital	8,490	7,629	8,490	5,905	5,168	4,624	4,073	3,485
Retained earnings	3,907	4,165	4,625	5,100	5,892	6,759	7,665	8,593
Total Equity	12,397	11,794	13,115	11,005	11,060	11,383	11,738	12,078
Total Liabilities and Equity	67,756	66,270	73,104	79,356	82,490	86,654	89,917	88,467

1 *The Corporate Plan was prepared under IFRS 4 and has not been restated to conform to IFRS 17.*

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2023 Forecast Versus 2023 Corporate Plan

Loans receivable are forecast to be $6.1 billion higher than Plan mainly due to higher net disbursements at the end of 2022 and year-to-date in 2023 than anticipated in the Plan.

2024 Corporate Plan Versus 2023 Forecast

Loans receivable are forecast to grow in 2024 as a result of an increase in our direct financing business in the Indo-Pacific region, leading to a corresponding increase in loans payable as our borrowing requirements are largely determined by our loan portfolio.

2025 to 2028

Loans receivable are expected to grow from 2025 to 2028 as a result of the anticipated Indo-Pacific growth. We will see a corresponding increase in our loans payable as our borrowing requirements are largely driven by our loan portfolio.

The proportion of our debt to equity increases over the planning period resulting in a debt to equity ratio of 6.3 in 2028. Between 2011 and 2022 we have paid $17.8 billion in dividend payments, including $9.8 billion in special dividend or share buyback payments relating to the BCAP. Over this same period, we have received capital injections of $11.0 billion. We are projecting to repurchase additional share capital of $5.0 billion over the planning period, including $1.1 billion related to the BCAP support.

Statement of Changes in Equity

Table 5: Projected Statement of Changes in Equity (2022-2028)

for the year ended December 31 (in millions of Canadian dollars)	2022 Actual	2023 Plan[1]	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Share Capital								
Balance beginning of year	12,300	8,490	8,490	8,490	5,905	5,168	4,624	4,073
Shares repurchased	(3,810)	(861)	-	(2,585)	(737)	(544)	(551)	(588)
Balance end of year	8,490	7,629	8,490	5,905	5,168	4,624	4,073	3,485
Retained Earnings								
Balance beginning of year	2,388	3,617	3,907	4,625	5,100	5,892	6,759	7,665
IFRS 17 transition adjustment	164	-	-	-	-	-	-	-
Revised balance beginning of year	2,552	3,617	3,907	4,625	5,100	5,892	6,759	7,665
Net income	1,188	544	685	461	777	852	890	912
Other comprehensive income								
Retirement benefit plans remeasurement	167	4	33	14	15	15	16	16
Balance end of year	3,907	4,165	4,625	5,100	5,892	6,759	7,665	8,593
Total Equity End of Year	12,397	11,794	13,115	11,005	11,060	11,383	11,738	12,078
Return on Equity	8.8%	4.6%	5.5%	3.8%	7.0%	7.6%	7.7%	7.7%

1 *The Corporate Plan was prepared under IFRS 4 and has not been restated to conform to IFRS 17.*

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The repurchase of share capital of $2.6 billion in 2024 includes $1.2 billion related to the 2022 fiscal results which will be paid following the approval of the 2023-2027 Corporate Plan.

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

Effective January 1, 2023, the recognition, measurement, presentation, and disclosure requirements of insurance contracts are reported in accordance with *IFRS 17 – Insurance Contracts*, with retroactive application to our reporting period beginning January 1, 2022. The adoption of IFRS 17 resulted in an increase to retained earnings of $164 million as at January 1, 2022.

Statement of Cash Flows

Table 6: Projected Statement of Cash Flows (2022-2028)

for the year ended December 31 (in millions of Canadian dollars)	2022 Actual	2023 Plan[1]	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Cash Flows from (used in) Operating Activities								
Net income	1,188	544	685	461	777	852	890	912
Adjustments to determine net cash from (used in) operating activities								
Provision for Credit Losses	54	150	75	250	250	250	250	250
Depreciation and amortization	35	33	33	26	26	26	25	18
Realized (gains) and losses	(51)	(20)	34	42	(66)	(66)	(66)	(66)
Changes in operating assets and liabilities								
Change in accrued interest on loans receivable	(143)	99	(285)	(100)	(112)	(87)	(61)	(47)
Change in fair value of investments	389	-	(26)	-	-	-	-	-
Change in accrued interest and fair value of marketable securities	377	-	(42)	-	-	-	-	-
Change in accrued interest and fair value of loans payable	(1,405)	-	101	-	-	-	-	-
Change in derivative instruments	1,802	-	(320)	-	-	-	-	-
Other	57	(223)	203	251	368	(46)	(74)	(105)
Loan disbursements	(20,224)	(19,692)	(22,645)	(20,862)	(21,386)	(22,653)	(23,518)	(24,468)
Loan repayments and principal recoveries from loan asset sales	15,921	17,442	16,804	16,476	16,838	18,788	22,863	23,920
Net cash from (used in) operating activities	(2,000)	(1,667)	(5,383)	(3,456)	(3,305)	(2,936)	309	414
Cash Flows from (used in) Investing Activities								
Disbursements for investments	(700)	(501)	(600)	(1,000)	(600)	(600)	(600)	(600)
Receipts from investments	445	363	288	377	521	502	530	393
Disbursements for investments in FinDev Canada	-	(300)	(300)	(350)	(400)	-	-	-
Purchases of marketable securities	(8,393)	(10,606)	(7,209)	(8,535)	(6,431)	(6,684)	(9,129)	(7,679)
Sales/ maturities of marketable securities	9,290	11,494	9,608	8,113	7,443	6,617	7,881	8,860
Purchases of property, plant and equipment	(3)	2	1	10	3	3	2	2
Purchases of intangible assets	-	5	2	4	4	4	2	2
Net cash from (used in) investing activities	639	457	1,790	(1,381)	540	(158)	(1,314)	978
Cash Flows from (used in) Financing Activities								
Issue of long-term loans payable	13,207	19,618	19,014	22,061	16,949	16,852	18,107	18,446
Repayment of long-term loans payable	(13,263)	(13,137)	(13,375)	(10,314)	(10,443)	(13,814)	(19,327)	(20,393)
Issue of short-term loans payable	51,551	90,337	60,914	66,415	63,758	64,423	67,743	63,891
Repayment of short-term loans payable	(44,854)	(95,462)	(61,095)	(70,333)	(67,743)	(63,758)	(63,758)	(63,891)
Disbursements from sale/ maturity of derivative instruments	(285)	-	(238)	-	-	-	-	-
Receipts from sale/ maturity of derivative instruments	87	-	65	-	-	-	-	-
Issue (repurchase) of share capital	(3,810)	(861)	-	(2,585)	(737)	(544)	(551)	(588)
Net cash from (used in) financing activities	2,633	495	5,285	5,244	1,784	3,159	2,214	(2,535)
Effect of exchange rate changes on cash and cash equivalents	99	-	(116)	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	1,371	(715)	1,576	407	(981)	65	1,209	(1,143)
Cash and cash equivalents								
Beginning of year	1,656	3,566	3,027	4,603	5,010	4,029	4,094	5,303
End of year	3,027	2,851	4,603	5,010	4,029	4,094	5,303	4,160
Cash and cash equivalents are comprised of:								
Cash	263	78	412	412	412	412	412	412
Cash equivalents included within marketable securities	2,764	2,773	4,191	4,598	3,617	3,682	4,891	3,748
	3,027	2,851	4,603	5,010	4,029	4,094	5,303	4,160
Operating Cash Flows from Interest								
Cash paid for interest	621	2,215	2,451	2,954	2,553	2,427	2,426	2,373
Cash received for interest	1,723	3,188	3,540	4,088	3,958	3,906	3,934	3,859

1 *The Corporate Plan was prepared under IFRS 4 and has not been restated to conform to IFRS 17.*

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Accounting Policies and Future Accounting Changes

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

Amended and Evolving Standards

The International Accounting Standards Board (IASB) has a number of projects underway. The following standards are highly relevant to EDC.

IFRS 17 – Insurance Contracts - In May 2017, the IASB issued IFRS 17 which replaces the guidance in IFRS 4 and establishes recognition, measurement, presentation, and disclosure requirements of insurance contracts. The standard requires entities to measure the contract liabilities using their current fulfillment cash flows and revenue to be recognized using one or more of three methods. We have adopted two of these methods – the General Measurement Model and the Premium Allocation Approach to measure insurance contracts. IFRS 17 is effective for annual periods beginning on or after January 1, 2023, with retroactive application to periods beginning on or after January 1, 2022.

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

The amendments include changing the effective interest rate of financial instruments to reflect the change to the alternative benchmark rate, as well as additional disclosure about new risks arising from the reform and how we are managing the transition to alternative benchmark rates. For financial assets and liabilities measured at amortized cost, the amendments introduce a practical expedient that allows the change in contractual cash flows to be accounted for as an update to the effective interest rate, as opposed to immediately recognizing a gain or loss, provided that the modification is made on an economically equivalent basis and is a direct consequence of interest rate benchmark reform. For further information, please see Note 2 of our 2022 Integrated Annual Report.

Risk Management

For a comprehensive discussion on our risk management, please refer to pages 143-151 of our 2022 Integrated Annual Report.

Capital Management

Capital Adequacy Policy (CAP)

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

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

A key principle of our CMDP is the establishment of a target solvency standard for EDC that determines the level of capital that is required to cover our exposures even in exceptional circumstances. As a corporation, we target the maintenance of a AA solvency rating, consistent with the level targeted by leading financial institutions. Our capital position is also subject to downside vulnerabilities, and a AA target provides an appropriate level of resilience to the risks we take on in order to fulfill our mandate. EDC pays dividends to the shareholder or repurchases share capital when there is a capital surplus.

Table 7: Projected Capital Position (2022-2028)

(in millions of Canadian dollars)	2022 Actual	2023 Plan	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Credit risk	4,528	4,739	4,072	4,329	4,655	5,052	5,410	5,809
Market risk	1,010	1,234	1,157	1,337	1,478	1,584	1,651	1,556
Operational risk	249	207	222	226	279	291	297	302
Total pillar I risks	5,787	6,180	5,451	5,893	6,412	6,926	7,358	7,666
Strategic risk	515	586	518	581	640	693	736	767
Pension plan risk	591	591	591	591	591	591	591	591
Total pillar II risks	1,106	1,177	1,109	1,172	1,231	1,284	1,327	1,358
Total economic capital	6,893	7,357	6,560	7,065	7,644	8,210	8,685	9,024
Capital reserved for strategic initiatives	1,050	750	1,065	904	688	403	81	-
Total capital demand	7,943	8,107	7,624	7,970	8,332	8,614	8,766	9,024
Supply of capital	12,353	11,757	13,063	10,944	10,998	11,308	11,642	11,956
Capital surplus/ (deficit)	4,410	3,650	5,439	2,974	2,666	2,694	2,876	2,932
EDC target rating	AA	AA	AA	AA	AA	AA	AA	AA
EDC implied solvency rating	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA

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

Table 8: Capital - Oil and Gas (2022-2028)

(in millions of Canadian dollars)	2022 Actual	2023 Plan	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Capital demand	628	315	224	60	-	-	-	-
Supply of capital	1,130	916	1,145	224	-	-	-	-
Capital surplus/ (deficit)	502	601	921	164	-	-	-	-

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Table 9: Capital - BCAP (2022-2028)

(in millions of Canadian dollars)	2022 Actual	2023 Plan	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Capital demand	10	5	46	29	16	-	-	-
Supply of capital	32	35	5	(12)	(27)	(50)	-	-
Capital surplus/ (deficit)	22	30	(41)	(41)	(43)	(50)	-	-

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

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

Region	2020 Actual	2021 Actual	2022 Actual
Africa and Middle East	18.1%	10.6%	4.5%
Asia and Pacific	13.8%	12.6%	18.2%
Europe and CIS	23.9%	30.8%	18.4%
North America	37.6%	35.5%	47.7%
South and Central America and the Caribbean	6.6%	10.5%	11.2%

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

Industry	2020 Actual	2021 Actual	2022 Actual
Aerospace	25.3%	23.4%	11.7%
Agri-food	4.3%	3.4%	8.5%
Automotive	4.2%	6.0%	4.3%
Construction	1.1%	2.2%	3.9%
Environmental	0.3%	3.5%	2.4%
Financial and insurance services	2.5%	2.7%	10.9%
Forestry	1.7%	1.7%	0.9%
Knowledge technologies	1.2%	2.0%	12.1%
Light manufacturing	5.5%	7.6%	9.9%
Mining	9.2%	11.6%	8.7%
Oil and gas	19.0%	4.6%	2.2%
Sovereign	3.3%	4.5%	2.4%
Surface transportation	7.8%	7.0%	6.2%
Telecom and media	3.3%	4.6%	4.1%
Tourism and government services	0.3%	0.5%	0.4%
Utilities and alternative and renewable energy	11.0%	14.7%	11.4%

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The loan capital distribution reflected in tables 10 and 11 is impacted by the corresponding business volumes and risk characteristics as well as risk transfer activities conducted by EDC. The capital distribution is consequently not a direct representation of the outstanding loan amounts by country or industry.

Eligible Dividends and Repurchase of Share Capital

Under normal conditions when we generate a capital surplus, the surplus is released back to the Shareholder as a dividend over a certain period of time which should tie in with the forecasted outlook period. Based on our Capital Management and Dividend Policy, under normal conditions, the amount of dividend shall be based on 20 per cent 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 2022, we declared and paid a $675 million dividend according to our current dividend policy and a special dividend of $3.1 billion based on the capital surplus position of the BCAP programs and a targeted ICAAP ratio. As previously discussed, over the Plan period, any capital surplus related to both the BCAP programs and EDC core operations will be returned by way of a repurchase of share capital. In 2023, a $750 million repurchase of share capital was declared according to our current dividend policy as well as a special repurchase of share capital of $450 million based on the capital surplus position of the BCAP programs and a targeted ICAAP ratio. The total repurchase of share capital of $1.2 billion will be paid following the approval of the 2023-2027 Corporate Plan.

Table 12: Total Dividends and Repurchase of Share Capital (2022-2028)

(in millions of Canadian dollars)	2022 Actual	2023 Plan	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Total capital demand	7,943	8,107	7,624	7,970	8,332	8,614	8,766	9,024
Supply of capital	12,353	11,757	13,063	10,944	10,998	11,308	11,642	11,956
Capital surplus/(deficit)	4,410	3,650	5,439	2,974	2,666	2,694	2,876	2,932
Calculated repurchase of share capital	1,200	1,234	1,385	737	544	551	588	599

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Table 13: Dividends and Repurchase of Share Capital Oil and Gas (2022-2028)

(in millions of Canadian dollars)	2022 Actual	2023 Plan	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Total capital demand	628	315	224	60	-	-	-	-
Supply of capital	1,130	916	1,145	224	-	-	-	-
Capital surplus/(deficit)	502	601	921	164	-	-	-	-
Calculated repurchase of share capital*	450	601	471	164	-	-	-	-

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

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Table 14: Dividends and Repurchase of Share Capital BCAP (2022-2028)

(in millions of Canadian dollars)	2022 Actual	2023 Plan	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Total capital demand	10	5	46	29	16	-	-	-
Supply of capital	32	35	5	(12)	(27)	(50)	-	-
Capital surplus/(deficit)	22	30	(41)	(41)	(43)	(50)	-	-
Calculated repurchase of share capital*	-	30	-	-	-	-	-	-

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

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

Statutory Limits

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

- A limit on our contingent liability arrangements which is currently $90 billion ('Contingent Liability Limit'); and
- A limit on our borrowings ('Loans Payable Limit'), as discussed on page 68.

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

Table 15: Statutory Limits (2022-2028)

(in millions of Canadian dollars)	2022 Actual	2023 Plan	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Contingent Liability Limit	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000
Credit insurance	16,029	15,570	16,605	16,108	16,106	16,188	16,349	16,513
Financial institutions insurance	2,865	2,330	2,351	2,351	2,469	2,592	2,670	2,750
International trade guarantee	13,412	14,193	13,582	14,653	14,749	15,274	15,903	16,569
Political risk insurance	359	384	347	341	326	267	238	232
Loan guarantees	4,418	3,821	5,138	5,170	5,387	5,484	5,927	6,212
Position against limit	37,083	36,298	38,023	38,623	39,037	39,805	41,087	42,276
Percent used	41%	40%	42%	43%	43%	44%	46%	47%
Loans Payable Limit	219,600	181,005	185,295	195,945	164,415	165,330	170,100	175,230
Position against limit	50,568	49,257	55,494	63,792	66,820	70,676	73,539	71,700
Percent used	23%	27%	30%	33%	41%	43%	43%	41%

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Operating Budget and Notes

Administrative Expenses and Productivity Ratio

Table 16: Projected Administrative Expenses and Productivity Ratio (2022-2028)

(in millions of Canadian dollars)	2022 Actual	2023 Plan	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Salaries and benefits	325	348	358	358	362	366	370	380
Systems costs	52	57	51	50	48	46	44	44
Professional services	104	106	131	85	80	75	75	75
Pension, other retirement and post-employment benefits	49	17	23	23	20	20	19	19
Amortization and depreciation	24	23	23	16	16	16	15	7
Marketing and communications	23	22	19	19	19	19	19	19
Occupancy	25	30	28	29	29	29	29	29
Information services	21	24	24	24	24	24	24	24
Travel, hospitality and conferences	3	6	6	6	6	6	6	6
Other	17	22	4	20	21	24	19	17
Previous Corporate Plan Administrative Expenses	643	655	667	630	625	625	620	620
Reduction to Administrative Expenses								
Permanent Reduction to Discretionary Administrative Expenses	n/a	-	-	(5)	(10)	(17)	(17)	(17)
Further Reduction to Discretionary Consulting, and Professional Services	n/a	(3)	(3)	(14)	(14)	(15)	(15)	(15)
Further Reduction to Discretionary Travel	n/a	-	-	(1)	(1)	(1)	(1)	(1)
Total Reductions to Administrative Expenses	-	(3)	(3)	(20)	(25)	(33)	(33)	(33)
Current Corporate Plan Administrative Expenses[1]	643	652	664	610	600	592	587	587
Less: Amounts attributed to insurance contracts	127	n/a	112	102	100	99	99	99
Add: Amounts attributed to Indo-Pacific Program[2]	-	n/a	8	55	98	112	117	123
Total	**516**	**652**	**560**	**563**	**598**	**605**	**605**	**611**
Productivity ratio	42.2%	46.0%	46.0%	44.5%	37.8%	36.5%	35.7%	35.4%

1 *Administrative expenses for 2024-2027 align with those submitted in the 2023-2027 Corporate Plan*

2 *Relates to administrative expenses from the expanded Indo-Pacific Program which are incremental to the costs historically incurred in the region. See page 63 for additional information.*

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The 2024-2028 Corporate Plan reflects EDC's approach to being fiscally responsible, including a focus on administrative expense spending. Consistent with prior Plans, our planned activities reflect cost savings over the planning period, including an additional 3 per cent total cost savings by 2026 and 15 per cent discretionary costs savings in the areas of professional services and travel (pre-Indo-Pacific spending).

Included in planned professional services costs are items we consider to be non-discretionary and as such have been excluded from the 15 per cent cost savings. These items include but are not limited to, support for our existing system applications, including customer management and support systems, costs associated with EDC's existing infrastructure, and regulatory compliance spending.

Gross administrative expenses, pre-Indo-Pacific, are forecast to be $664 million in 2023, an increase of $12 million over the Corporate Plan forecast of $652 million. The increase is primarily the result of costs associated with modernizing our digital capabilities. Despite the increase in the cost for the current year, it is expected that we will see savings over the planning period as a result of these changes as reflected in the systems costs in the table above. The increase from Plan is also partially attributable to an increase in pension expense as a result of the decrease in the discount rate.

We are targeting gross administrative expenses, pre-Indo-Pacific, of $610 million for 2024 compared to a current forecast for 2023, pre-Indo-Pacific, of $664 million. For a discussion of the forecast Indo-Pacific spending, please see page 63.

Items of significance in our administrative expense projections for 2024 and beyond are as follows:

- As previously mentioned, a key focus over the Corporate Plan period will be on achieving cost reductions as part of our ongoing dedication to financial sustainability. As evidenced in the table above, the major source of reductions will be from professional services, business travel, and other discretionary spending.
- As noted in the 2021-2025 Corporate Plan, our focus is to help medium sized exporters scale and grow their international success. In addition, we are modernizing our digital capabilities that will allow us to further extend our reach and effectiveness in understanding our customers' needs to drive better trade outcomes for Canada. Investment in these areas will be tempered over the Plan period in order to achieve the planned cost savings mentioned above. We do expect to realize benefits, both increased revenue and cost savings, as a result of our investment in the transformation.
- EDC continues to support Canadian businesses in their ESG transition through sharing knowledge and advice and providing financial solutions that help their business succeed in a changing global marketplace. Developing and regularly updating our ESG practices helps ensure EDC and Canada remain leaders in proactive risk management and sustainable and responsible economic development. Again, while investments will need to be made in our people and processes in order to achieve our objectives in this space, they will be paced to ensure adherence to our expense reduction efforts.
- The administrative expenses projections include amounts related to accounting pension expense in each year. The pension expense is an actuarially determined amount and is difficult to predict, as it is determined using a discount rate which is dependent on year-end market data. Included in the administrative expense projections are pension cost increases over the planning period, when compared with the 2023-2027 Corporate Plan, mainly due to a lower discount rate.

We remain committed to ensuring long term financial sustainability through the management of our productivity ratio (PR), which measures our administrative expenses as a percentage of our net revenue.

We anticipate that the PR will gradually decline over the Corporate Plan period as we are projecting an increase in revenues due to our strategic focus on the Indo-Pacific region. In addition, we are projecting a decrease in our administrative expenses, before Indo-Pacific, as previously discussed.

The following tables provide information on our travel, hospitality and conferences expenses from 2020 to 2028. Strong efforts are being made to reduce our travel related expenditures from pre-pandemic levels over the plan period to support our commitment to net zero emissions by 2050. For reference, travel costs were $9.1 million in 2019.

Table 17: Travel, Hospitality and Conferences Expenses (2020-2028)

(in thousands of Canadian dollars)	2020 Actual	2021 Actual	2022 Actual	2023 Plan	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Travel	1,372	235	2,851	4,855	4,855	4,119	4,121	4,121	4,121	4,121
Hospitality	181	56	403	569	569	566	566	566	566	566
Conferences	81	84	202	150	150	150	150	150	150	150
Total	1,634	375	3,456	5,574	5,574	4,835	4,837	4,837	4,837	4,837

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Table 18: Travel, Hospitality and Conferences Expenses as a Percentage of Total Administrative Expenses (2020-2028)

(in millions of Canadian dollars)	2020 Actual	2021 Actual	2022 Actual	2023 Plan	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Total travel, hospitality and conferences expenses	1.6	0.4	3.5	5.6	5.6	4.8	4.8	4.8	4.8	4.8
Current Corporate Plan Administrative Expenses	528	543	643	652	664	610	600	592	587	587
Travel, hospitality and conferences as a % of total administrative expenses	0.3%	0.1%	0.5%	0.9%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%

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Indo-Pacific Expansion Program

As previously discussed, EDC intends to focus efforts over the Corporate Plan period in the Indo-Pacific region in support of Canada's Indo-Pacific Strategy. While EDC has historically served this market, we plan to expand our support of Canadian exporters in this region. Key assumptions and forecast results for the expanded Indo-Pacific Expansion Program are summarized in the table below:

Table 19: Indo-Pacific Expansion Program Assumptions and Results*

(in millions of Canadian dollars)	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Business Facilitated – Direct Financing	3,180	3,980	4,630	5,280	5,980
Net Revenue	50	114	177	240	308
Administrative Expenses	55	98	112	117	123
Provision for Credit Losses	63	68	83	133	113
Net Income	(68)	(52)	(18)	(10)	72

* *Projected financials results assume continued trade flows with countries in the Indo-Pacific region.*

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Administrative expenses for this Program are primarily made up of costs incurred in the region as we look to better support Canadian companies' growth in market. This will require investment for salaries and benefits for locally engaged staff, rent and leasehold costs for in-region office space, sponsorships and marketing, as well as professional services and travel costs.

Based on our preliminary projections, the anticipated income would exceed the required costs in 2025, however, due to increased provisioning requirements, net income would only be achieved in 2028. As well, due to the increased capital demand required, the program would be in a capital deficit position throughout the Plan period.

Capital Budget and Notes

Capital Expenditures

Table 20: Projected Capital Expenditures (2022-2028) TABLE OUTSTANDING

(in millions of Canadian dollars)	2022 Actual	2023 Plan	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Facilities	1.3	2.5	1.5	4.2	2.4	2.5	2.5	2.5
Information technology	2.0	4.6	5.6	3.8	3.8	3.8	1.8	1.8
Amounts attributed to Indo-Pacific Program	-	-	-	5.3	1.0	-	-	-
Total capital expenditures	3.3	7.1	7.1	13.3	7.2	6.3	4.3	4.3

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

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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 2023 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 21: Projected Consolidated Statement of Comprehensive Income (2022-2028)

for the year ended December 31 (in millions of Canadian dollars)	**2022 Actual**	**2023 Plan[1]**	**2023 Fcst**	**2024 Plan**	**2025 Plan**	**2026 Plan**	**2027 Plan**	**2028 Plan**
Financing and Investment Revenue:								
Loans	1,931	3,209	3,738	4,073	3,943	3,938	3,987	4,001
Marketable securities	175	340	383	316	270	259	262	274
Investments	26	16	17	16	16	16	16	16
Total financing and investment revenue	2,132	3,565	4,138	4,405	4,229	4,213	4,265	4,291
Interest expense	973	2,444	2,889	3,102	2,668	2,568	2,579	2,566
Financing-related expenses	32	37	50	47	50	50	50	51
Net Financing and Investment Income	1,127	1,084	1,199	1,256	1,511	1,595	1,636	1,674
Loan Guarantee Fees	73	83	85	87	89	91	94	96
Insurance revenue	290	299	295	299	300	304	310	317
Insurance service expenses	(110)	(70)	(254)	(234)	(236)	(236)	(238)	(241)
Reinsurance service expenses	(45)	(30)	(25)	(33)	(31)	(30)	(29)	(30)
Net Insurance Service Result	135	199	16	32	33	38	43	46
Other (Income) Expense	(459)	(26)	(46)	41	(67)	(67)	(67)	(66)
Administrative Expenses[2]	533	681	588	600	642	656	661	672
Income before Provision	1,261	711	758	734	1,058	1,135	1,179	1,210
Provision for Credit Losses	69	167	81	265	275	288	302	316
Net Income	1,192	544	677	469	783	847	877	894
Other comprehensive income:								
Retirement benefit plans remeasurement	167	4	33	14	15	15	16	16
Comprehensive Income	1,359	548	710	483	798	862	893	910

1 *The Corporate Plan was prepared under IFRS 4 and has not been restated to conform to IFRS 17.*
2 *A portion of administrative expenses are included in insurance service expenses under IFRS 17.*

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Consolidated Statement of Financial Position

Table 22: Projected Consolidated Statement of Financial Position (2022-2028)

as at December 31 (in millions of Canadian dollars)	2022 Actual	2023 Plan[1]	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Assets								
Cash	275	85	421	421	421	421	421	421
Marketable securities	9,539	8,231	8,614	9,430	7,431	7,562	10,023	7,696
Derivative instruments	1,654	1,835	1,634	1,634	1,634	1,634	1,634	1,634
Loans receivable	54,182	53,727	59,779	64,566	69,501	73,294	73,823	74,265
Allowance for losses on loans	(1,630)	(1,572)	(1,438)	(1,503)	(1,582)	(1,683)	(1,791)	(1,905)
Investments	2,771	2,938	3,197	3,915	4,205	4,560	4,925	5,437
Reinsurance contract assets	60	86	62	52	45	15	11	10
Property, plant and equipment	40	39	36	43	38	35	31	28
Intangible assets	46	40	33	28	23	17	9	8
Right-of-use assets	118	107	109	100	89	79	68	58
Retirement benefit assets	453	480	503	525	549	580	612	645
Other assets	221	258	118	118	118	118	118	118
Total Assets	67,729	66,254	73,068	79,329	82,472	86,632	89,884	88,415
Liabilities and Equity								
Accounts payable and other credits	150	137	92	90	90	89	89	88
Loan guarantees	234	209	372	435	485	520	555	590
Loans payable	50,568	49,257	55,494	63,792	66,820	70,676	73,539	71,700
Derivative instruments	3,712	4,050	3,354	3,354	3,354	3,354	3,354	3,354
Lease liabilities	152	143	144	138	131	123	115	108
Allowance for losses on loan commitments	10	17	30	34	39	44	49	51
Insurance contract liabilities	388	518	345	344	342	290	297	308
Retirement benefit liabilities	162	169	174	181	189	196	204	212
Total Liabilities	55,376	54,500	60,005	68,368	71,450	75,292	78,202	76,411
Share capital	8,490	7,629	8,490	5,905	5,168	4,624	4,073	3,485
Retained earnings	3,863	4,125	4,573	5,056	5,854	6,716	7,609	8,519
Total Equity	12,353	11,754	13,063	10,961	11,022	11,340	11,682	12,004
Total Liabilities and Equity	67,729	66,254	73,068	79,329	82,472	86,632	89,884	88,415

1 *The Corporate Plan was prepared under IFRS 4 and has not been restated to conform to IFRS 17.*

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Consolidated Statement of Changes in Equity

Table 23: Projected Consolidated Statement of Changes in Equity (2022-2028)

for the year ended December 31 (in millions of Canadian dollars)	2022 Actual	2023 Plan[1]	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Share Capital								
Balance beginning of year	12,300	8,490	8,490	8,490	5,905	5,168	4,624	4,073
Shares repurchased	(3,810)	(861)	-	(2,585)	(737)	(544)	(551)	(588)
Balance end of year	8,490	7,629	8,490	5,905	5,168	4,624	4,073	3,485
Retained Earnings								
Balance beginning of year	2,340	3,577	3,863	4,573	5,056	5,854	6,716	7,609
IFRS 17 transition adjustment	164	-	-	-	-	-	-	-
Revised balance beginning of year	2,504	3,577	3,863	4,573	5,056	5,854	6,716	7,609
Net income	1,192	544	677	469	783	847	877	894
Other comprehensive income								
Retirement benefit plans remeasurement	167	4	33	14	15	15	16	16
Balance end of year	3,863	4,125	4,573	5,056	5,854	6,716	7,609	8,519
Total Equity at End of Year	12,353	11,754	13,063	10,961	11,022	11,340	11,682	12,004
Return on Equity	8.8%	4.6%	5.3%	3.9%	7.1%	7.6%	7.6%	7.5%

1 *The Corporate Plan was prepared under IFRS 4 and has not been restated to conform to IFRS 17.*

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Consolidated Statement of Cash Flows

Table 24: Projected Consolidated Statement of Cash Flows (2022-2028)

for the year ended December 31 (in millions of Canadian dollars)	2022 Actual	2023 Plan[1]	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Cash Flows from (used in) Operating Activities								
Net income	1,192	544	677	469	783	847	877	894
Adjustments to determine net cash from (used in) operating activities								
Provision for credit losses	69	167	81	265	275	288	302	316
Depreciation and amortization	35	33	33	27	27	27	27	20
Investments non-cash items	(3)	-	-	-	-	-	-	-
Realized (gains) and losses	(51)	(20)	34	42	(66)	(66)	(66)	(66)
Changes in operating assets and liabilities								
Change in accrued interest on loans receivable	(145)	96	(284)	(106)	(120)	(91)	(66)	(52)
Change in fair value of investments	375	(3)	(23)	-	-	-	-	-
Change in accrued interest and fair value of marketable securities	377	-	(42)	-	-	-	-	-
Change in accrued interest and fair value of loans payable	(1,405)	-	101	-	-	-	-	-
Change in derivative instruments	1,791	-	(326)	-	-	-	-	-
Other	60	(227)	181	248	367	(55)	(90)	(132)
Loan disbursements	(20,227)	(19,837)	(22,527)	(21,151)	(21,800)	(22,469)	(23,510)	(24,541)
Loan repayments and principal recoveries from loan asset sales	15,954	17,354	16,500	16,497	16,969	18,767	23,058	24,207
Net cash from (used in) operating activities	(1,978)	(1,893)	(5,595)	(3,709)	(3,565)	(2,752)	532	646
Cash Flows from (used in) Investing Activities								
Disbursements for investments	(736)	(577)	(686)	(1,095)	(739)	(785)	(823)	(833)
Receipts from investments	450	363	289	377	521	502	530	393
Purchases of marketable securities	(8,398)	(10,906)	(7,509)	(8,885)	(6,831)	(6,684)	(9,129)	(7,679)
Sales/ maturities of marketable securities	9,295	11,794	9,908	8,463	7,843	6,617	7,881	8,860
Purchases of property, plant and equipment	(3)	2	1	6	2	3	2	2
Purchases of intangible assets	-	5	2	4	4	4	2	2
Net cash from (used in) investing activities	608	681	2,005	(1,130)	800	(343)	(1,537)	745
Cash Flows from (used in) Financing Activities								
Issue of long-term loans payable	13,207	19,618	19,014	22,061	16,949	16,852	18,107	18,446
Repayment of long-term loans payable	(13,263)	(13,137)	(13,375)	(10,314)	(10,443)	(13,814)	(19,327)	(20,393)
Issue of short-term loans payable	51,551	90,337	60,914	66,415	63,758	64,423	67,743	63,891
Repayment of short-term loans payable	(44,854)	(95,462)	(61,095)	(70,333)	(67,743)	(63,758)	(63,758)	(63,891)
Disbursements from sale/ maturity of derivative instruments	(285)	-	(238)	-	-	-	-	-
Receipts from sale/ maturity of derivative instruments	87	-	65	-	-	-	-	-
Repurchase of share capital	(3,810)	(861)	-	(2,585)	(737)	(544)	(551)	(588)
Net cash from (used in) financing activities	2,633	495	5,285	5,244	1,784	3,159	2,214	(2,535)
Effect of exchange rate changes on cash and cash equivalents	99	-	(116)	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	1,362	(717)	1,579	405	(981)	64	1,209	(1,144)
Cash and cash equivalents								
Beginning of year	1,693	3,584	3,055	4,634	5,039	4,058	4,122	5,331
End of year	3,055	2,867	4,634	5,039	4,058	4,122	5,331	4,187
Cash and cash equivalents are comprised of:								
Cash	275	85	421	421	421	421	421	421
Cash equivalents included within marketable securities	2,780	2,782	4,213	4,618	3,637	3,701	4,910	3,766
	3,055	2,867	4,634	5,039	4,058	4,122	5,331	4,187
Operating Cash Flows from Interest								
Cash paid for interest	623	2,229	2,463	2,965	2,566	2,454	2,480	2,459
Cash received for interest	1,738	3,239	3,574	4,152	4,037	4,011	4,076	4,047

1 *The Corporate Plan was prepared under IFRS 4 and has not been restated to conform to IFRS 17.*

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Consolidated Administrative Expenses

Table 25: Projected Consolidated Administrative Expenses (2022-2028)

(in millions of Canadian dollars)	2022 Actual	2023 Plan	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Salaries and benefits	337	366	376	382	392	401	409	422
Professional services	106	111	135	91	86	81	82	82
Pension, other retirement and post-employment benefits	50	18	24	25	22	22	22	22
Systems costs	53	58	52	51	49	47	45	45
Occupancy	25	31	29	30	30	30	30	30
Marketing and communications	24	23	20	20	20	20	20	20
Amortization and depreciation	24	23	23	17	17	17	16	8
Information services	21	24	24	24	24	24	25	25
Travel, hospitality and conferences	4	7	7	7	8	8	9	9
Other	18	24	5	21	22	25	20	18
Previous Corporate Plan Administrative Expenses	660	684	695	667	669	676	676	681
Reduction to Administrative Expenses								
Permanent Reduction to Discretionary Administrative Expenses	n/a	-	-	(5)	(10)	(17)	(17)	(17)
Further Reduction to Discretionary Consulting, and Professional Services	n/a	(3)	(3)	(14)	(14)	(15)	(15)	(15)
Further Reduction to Discretionary Travel	n/a	-	-	(1)	(1)	(1)	(1)	(1)
Total Reductions to Administrative Expenses	-	(3)	(3)	(20)	(25)	(33)	(33)	(33)
Current Corporate Plan Administrative Expenses	660	681	692	647	644	643	643	648
Less: Amounts attributed to insurance contracts	127	n/a	112	102	100	99	99	99
Add: Amounts attributed to Indo-Pacific Program	-	n/a	8	55	98	112	117	123
Total	533	681	588	600	642	656	661	672

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Consolidated Capital Expenditures

Table 26: Projected Consolidated Capital Expenditures (2022-2028)

(in millions of Canadian dollars)	2022 Actual	2023 Plan	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Facilities	1.3	2.8	1.7	8.4	3.0	2.8	2.8	2.8
Information technology	2.1	4.9	5.7	3.9	3.9	3.9	1.9	1.9
Amounts attributed to Indo-Pacific Program	-	-	-	5.3	1.0	-	-	-
Total capital expenditures	3.4	7.7	7.4	17.6	7.9	6.7	4.7	4.7

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

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Appendix VI: Borrowing Plan

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

Asset/Liability and Market Risk Management

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

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

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

We continually monitor our exposure to movements in interest rates and foreign exchange rates as well as counterparty credit exposures. Positions against policy limits are reported on a monthly basis. In the event of a Market Risk, Liquidity or Counterparty policy limit breach, management shall develop a remediation plan for the Board's review. Our Asset Liability Committee meets, typically monthly, to review compliance with these policy limits. Board limit compliance for Market, Liquidity, and Counterparty risk is reported quarterly to the Risk Management Committee of the Board.

Borrowing Strategies

Statutory Borrowing Authorities

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

Our funding activities are governed by section 4 of the *Borrowing Authority Act*. Under this Act, borrowings by agent corporations, including EDC, in conjunction with borrowings by the Minister of Finance must not at any time exceed $1,831 billion, subject to the exceptions at sections 5 and 6 of this Act. We will report our borrowings to the Minister of Finance to comply with this Act.

The *Export Development Act* permits us to borrow and have outstanding loans payable up to a maximum of 15 times the aggregate of our current paid in capital and retained earnings as determined by the audited financial statements for the previous year. Based on the 2023 forecast, the maximum borrowing limit allowable under this Act for 2024 is estimated at CAD $195.9 billion (U.S. $147.5 billion), compared to forecast loans payable at the end of 2024 of CAD $63.8 billion (U.S. $48.0 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 for our annual capital and money markets borrowing plans. 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) pursuant to section 13 of the *Export Development Act*. Loans provided by the CRF are subject to the annual short and long term borrowing maximums authorized by the Minister of Finance.

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

FinDev Canada

Pursuant to the corporation's expanded mandate under section 10(1)(c) of the amended *Export Development Act*, the Development Finance Institute Canada (DFIC) Inc. has been incorporated as a wholly owned subsidiary of EDC and operates under the trade name FinDev Canada. We began capitalizing FinDev Canada in 2018 with a CAD $100 million (U.S. $75 million) capital injection. Additional capitalization of CAD $100 million (U.S. $75 million) took place in each of 2019 and 2020. EDC will provide additional capital of CAD $300 million (U.S. $226 million) in 2023 upon shareholder approval of the 2023-2027 Corporate Plan. EDC will provide additional capital of CAD $350 million (U.S. $264 million) in 2024, and CAD $400 million (U.S. $301 million) in 2025. EDC is expecting to provide debt financing of CAD $459 million (U.S. $346 million) in 2023 and is currently forecast to provide debt financing of CAD $117 million (U.S. $88 million) in 2024. Our Treasury team leverages its expertise to undertake all borrowing, investing, hedging and foreign exchange activities on behalf of FinDev Canada.

Borrowing Approach

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

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

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

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

Sources of Financing

Money Markets Borrowing Program

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

The Liquidity and Funding Risk Management Policy requires the liquidity portfolio to meet anticipated cash requirements on a daily basis during a liquidity event. The period required to be covered by the liquidity portfolio is a minimum of one month. Forecast cash requirements are calculated using a one month rolling forecast based on components such as operations, loan disbursements, revolver commitments, debt maturities and non-revolving loan repayments. The target size of the USD component of our liquidity portfolio will be U.S. $5.2 billion (CAD $6.8 billion). We will also maintain a CAD component of the liquidity portfolio with a target size of CAD $300 - $500 million (U.S. $226 - $376 million). In addition, a daily minimum U.S. $2.0 billion (CAD $2.7 billion) of unused CP capacity will be required.

Capital Markets Borrowing Program

The capital markets borrowing program diversifies its funding sources by offering debt securities to investors worldwide. Capital markets instruments may include, but are not limited to, benchmark global bonds, plain vanilla bonds, structured and medium-term notes. Due to the timing of cash flow requirements, investor demand and issuance blackout periods, we typically meet 60% to 85% of our capital markets requirements within the first six months of the year.

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

2023 Borrowings

As at August 31, 2023, we have issued U.S. $12.1 billion (CAD $16.1 billion) in long-term debt compared to the Minister of Finance approved 2023 maximum of U.S. $19.2 billion (CAD $25.5 billion). Commercial paper outstanding amounted to U.S. $9.0 billion (CAD $12.0 billion) as at August 31, 2023 compared to the Minister of Finance authorized 2023 maximum of U.S. $16.0 billion (CAD $21.3 billion).

2023 long-term borrowing is forecast to be CAD $1.1 billion (U.S. $828.1 million) lower than the 2023 Plan. 2023 short-term borrowing outstanding at year end is forecast to be CAD $7.4 billion (U.S. $5.6 billion) higher than the 2023 Plan reflecting the use of short-term funding to meet a portion of long-term funding requirements and unanticipated business requirements.

In 2023, the liquidity portfolio is forecast to maintain an average, and minimum, balance of CAD $6.6 billion (U.S. $5.0 billion), with a maximum balance of CAD $6.8 billion (U.S. $5.2 billion).

2024 Borrowings

Money Market Borrowings (Short-term Borrowings)

Unpredictable cash flow demands most often result from undrawn revolver commitments, estimated at U.S. $5.2 billion (CAD $6.9 billion) at December 31, 2024, or limitations on our access to capital markets. Revolver commitments range in size from approximately U.S. $292 thousand to U.S. $350 million (CAD $388 thousand to CAD $465 million), can provide for same day advances and can be highly concentrated among certain industries and individual borrowers. Revolver utilization is forecast to remain stable during 2024. Additional committed facilities which have not yet been drawn are forecast to total U.S. $4.1 billion (CAD $5.4 billion) at the end of 2024. Unpredictable cash flow demands can also stem from limitations on our access to capital markets, such as during long term issuance blackout periods.

In 2024, the liquidity portfolio is forecast to maintain a balance of CAD $6.8 billion (U.S. $5.2 billion). As part of an annual review of the liquidity portfolio, we may reduce the target size by U.S. $1.0 billion to U.S. $2.0 billion (CAD $1.3 billion to CAD $2.7 billion) in 2024 based on forecast cash needs while remaining onside the liquidity policy. The entire liquidity portfolio can be accessed during a liquidity event. At December 31, 2024, short-term borrowings outstanding are projected to be CAD $3.9 billion (U.S. $2.9 billion) lower than the forecast December 31, 2023 short-term borrowings outstanding reflecting a forecast decrease in the use of short-term borrowing to fund long-term requirements.

Capital Market Borrowings (Long-term Borrowings)

The Corporate Plan projects a baseline borrowing requirement of U.S. $16.6 billion (CAD $22.0 billion) with potential additional long-term requirements of U.S. $8.9 billion (CAD $11.8 billion) for contingency purposes.

Total Outstanding Borrowings

The aggregate principal amount outstanding of borrowings will not at any time in 2024 exceed CAD $63.8 billion (U.S. $48.0 billion), which is well below the maximum statutory limit of fifteen times the current paid in capital and retained earnings, equivalent to CAD $195.9 billion (U.S. $147.5 billion) estimated as of December 31, 2024.

Primary Uses of Financing

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

Increased Lending – Net loan disbursements

CP Outstanding – Decrease in the level of CP outstanding.

Eligible Share Capital – Debt financing for repurchase of share capital

FinDev Canada – Debt financing for operations and projects.

Potential Increases in Requirements

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

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

Pre-Funding of 2025 Business Facilitated – We may seek to pre-fund some of our 2025 capital markets requirements to minimize debt service costs and lock-in longer term funding.

Table 27: Capital Markets Borrowing Requirement Projection for 2024

(in millions of U.S. dollars)	**USD**	**2024 Plan**
Decrease/ (increase) in cash from operations	(698)	
Net disbursements/ (repayments) of loans and investments	3,770	
Funding Requirements for Fin Dev Canada	264	
Repurchase of share capital	1,946	
Activity from operations		5,282
Funding required for change in CP outstanding	2,950	
Funding required for change in marketable securities at fair value through profit or loss	624	
Refinancing of debt maturities	7,665	
Buybacks	100	
Activity from liabilities		11,339
Forecast Borrowing Requirements for Corporate Plan		**16,621**
Potential increases to cash requirements		
Changes to assumption on lending activity		4,000
Changes to assumption on revolving facilities		750
Reduction of outstanding commercial paper		3,000
Pre-funding of 2025 volumes/ maturities		1,000
Changes to assumption on FinDev Canada activities		100
Forecast Borrowing Requirements Including Contingencies		**25,471**

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Table 28: Projected Borrowing Plans (2021-2028)

(in millions of Canadian dollars)	**2021 Actual**	**2022 Actual**	**2023 Plan**	**2023 Fcst**	**2024 Plan**	**2025 Plan**	**2026 Plan**	**2027 Plan**	**2028 Plan**
Capital Markets Borrowing Limit (U.S. $19.2 billion)*	14,048	22,052	24,726	24,726	-	-	-	-	-
Position	7,290	13,985	19,618	19,014	22,061	16,949	16,852	18,107	18,446
Percent used	52%	63%	79%	77%	-	-	-	-	-
Short-Term Borrowing Limit (U.S. $16.0 billion)*	17,718	18,941	20,605	20,605	-	-	-	-	-
Position	6,265	13,653	5,795	13,178	9,271	5,298	5,960	9,933	9,933
Percent used	35%	72%	28%	64%	-	-	-	-	-

* *Refers to 2023 limit. The limits are set each year in consultation with the Department of Finance, and accordingly, there are no full term limits set for 2024 to 2028 (limit of USD 10.8B set for the first half of 2024).*

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Table 29: Projected Total Outstanding Borrowings (2021-2028)

as at December 31 *(in millions of Canadian dollars)*	2021 Actual	2022 Actual	2023 Plan	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Short-term borrowings	6,265	13,653	5,795	13,178	9,271	5,298	5,960	9,933	9,933
Long-term borrowings	37,260	36,915	43,462	42,316	54,521	61,522	64,716	63,606	61,767
Total borrowings	43,525	50,568	49,257	55,494	63,792	66,820	70,676	73,539	71,700

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Table 30: Projected Short-Term Borrowings by Currency (2021-2028)

as at December 31 *(in millions of Canadian dollars)*	2021 Actual	2022 Actual	2023 Plan	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Canadian dollar	-	46	-	-	-	-	-	-	-
U.S. dollar	6,265	13,319	5,795	13,178	9,271	5,298	5,960	9,933	9,933
Other currencies	-	288	-	-	-	-	-	-	-
Total short-term borrowings	6,265	13,653	5,795	13,178	9,271	5,298	5,960	9,933	9,933

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Table 31: Projected Peaks in Short-Term Borrowings by Currency (2021-2028)

for the year ended December 31 *(in millions of Canadian dollars)*	2021 Actual	2022 Actual	2023 Plan	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Canadian dollar	-	46	-	-	-	-	-	-	-
U.S. dollar commercial paper	6,810	13,753	11,532	15,363	11,556	7,970	5,977	9,962	10,095
U.S. dollar line of credit	-	-	-	-	-	-	-	-	-
Other currencies	950	288	-	-	-	-	-	-	-
Total short-term borrowings	7,760	14,087	11,532	15,363	11,556	7,970	5,977	9,962	10,095

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Table 32: Projected Long-Term Borrowings (2021-2028)

(in millions of Canadian dollars)	2021 Actual	2022 Actual	2023 Plan	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Opening balance	42,239	37,260	36,885	36,915	42,316	54,521	61,522	64,716	63,606
Maturities	(10,807)	(13,263)	(13,137)	(13,375)	(10,314)	(10,443)	(13,814)	(19,327)	(20,393)
New issuances	7,205	13,207	19,618	19,014	22,061	16,949	16,852	18,107	18,446
FX translation and other changes	(1,377)	(290)	96	(238)	458	495	156	110	108
Total long-term borrowings	37,260	36,915	43,462	42,316	54,521	61,522	64,716	63,606	61,767

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Table 33: Projected Long-Term Borrowings by Type (2021-2028)

as at December 31 *(in millions of Canadian dollars)*	2021 Actual	2022 Actual	2023 Plan	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Fixed rate	16,186	17,226	15,705	16,579	16,289	15,972	14,511	12,022	9,540
Floating rate	21,074	19,689	27,757	25,737	38,232	45,550	50,205	51,584	52,227
Total long-term borrowings	37,260	36,915	43,462	42,316	54,521	61,522	64,716	63,606	61,767

Download accessible versions of all financial tables here.

Interest Rate Sensitivity

For the sensitivity of the net financing and investment income to changes in interest rates, please refer to pages 148-149 of our 2022 Integrated Annual Report.

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 in the Integrated Annual Report.

Foreign Exchange Risk

For the sensitivity 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, please refer to page 149 of our 2022 Integrated Annual Report.

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 in the Integrated Annual Report over the plan period.

Business Facilitated Sensitivity

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

Business Facilitated Change – Direct Financing

(in millions of Canadian dollars)		**2024**
	Increases by CAD $1.0 billion	Decreases by CAD $1.0 billion
Change in net income	**7**	**(7)**

Download accessible versions of all financial tables here.

Business Facilitated Change – Credit Insurance

(in millions of Canadian dollars)		**2024**
	Increases by 10%	Decreases by 10%
Change in net income	**14**	**(14)**

Download accessible versions of all financial tables here.

Appendix VII: Compliance and Legislative Policy Requirements

We take compliance with the Government of Canada's legislative and policy requirements seriously, in order to protect EDC, our employees and the Government of Canada from potential exposure to legal, reputational and financial consequences. We have a suite of policies to address legislative and policy requirements that are relevant to our operations. We systematically monitor new Bills tabled in Parliament to ensure we are prepared for continued compliance with any new federal requirements.

Compliance Risk Management at EDC

As a Crown corporation engaged in international trade, we are subject to a wide range of compliance obligations. To manage the risk of non-compliance obligations, including those to the Government of Canada, we have implemented a Compliance Risk Management Program. The Compliance Risk Management program sets out the structure, roles and responsibilities, processes, and controls through which we identify, assess, respond to, monitor and report on compliance risk.

Compliance With Ministerial Directives

Ministerial directives are an important component of the Government of Canada's oversight mechanisms for Crown corporations and are issued to EDC under Section 89 of the *Financial Administration Act* (FAA), or more rarely under section 8.3(7) of the *Bretton Woods and Related Agreements Act*. EDC is compliant with nine directives as described below.

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

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

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

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

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

On March 30, 2020, the Minister for International Trade directed EDC to carry on its activities in accordance with section 23 of the *Export Development Act*, as part of its response to the COVID-19 pandemic, to support and develop domestic business in accordance with any request made under the Act as part of that response, and to take any measures necessary to action this directive. EDC has complied with the directive by performing and continuing to perform all required activities described in the Ministerial authorization provided to EDC with respect to the Canada Emergency Business Account (CEBA).

On August 6, 2021, the Minister for International Trade directed EDC to perform any activity consistent with any authorization obtained from the Minister for International Trade pursuant to section 23 of the *Export Development Act* with respect to the Telesat program known as Telesat Lightspeed.

On August 14, 2021, the Minister for International Trade directed EDC to perform any activity consistent with any authorization obtained from the Minister for International Trade pursuant to section 23 of the *Export Development Act* with respect to the Lower Churchill projects in Newfoundland and Labrador.

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

Appendix VIII: Government Priorities and Direction

Transparency and Open Government

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

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

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

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

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

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

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

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

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

FinDev Canada

CORPORATE PLAN SUMMARY

2024-2028

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Executive Summary

FinDev Canada is Canada's bilateral Development Finance Institution (DFI). Established in 2018, the corporation's mandate is "to provide, directly or indirectly, development financing and other forms of development support in a manner that is consistent with Canada's international development priorities." (*Export Development Act, s.10.1.c*) FinDev Canada is a subsidiary of Export Development Canada (EDC).

FinDev Canada supports development through the private sector by providing financing, investment, and blended finance solutions, as well as technical assistance and knowledge, to support sustainable and inclusive growth in emerging markets and developing economies (EMDEs) aligned with the Sustainable Development Goals (SDGs) and Paris Agreement commitments.

FinDev Canada is focused on supporting sustainable development through the private sector in alignment with the SDGs, Paris Agreement commitments and Canada's broader international development priorities. This focus on working with and through the private sector is critical given the scale of development challenges internationally. The corporation's efforts to mobilize private investment in and into EMDEs are guided by FinDev Canada's commitment towards:

- Building low-carbon and climate-resilient economies, including through sustainable infrastructure;
- Developing markets to support quality job creation, capital markets, and access to finance, products and services that raise living standards and add value to local and regional economies; and
- Mainstreaming gender equality investment activities to support women's economic empowerment, gender equality, and improve business performance.

The SDGs were adopted by members of the United Nations in 2015 as a call to action aimed at eliminating poverty, fighting inequality, and advancing economic growth while tackling climate change and broader environmental challenges. The 2016 Paris Agreement followed and put further emphasis on the need for urgent climate action. Today, these goals are more relevant than ever. The challenges they are intended to help address remain significant – and in many areas are, unfortunately, growing.

FinDev Canada is focused on three core themes which are driving the international development agenda: **climate change**, **COVID-19 recovery** and **conflict**. These "three Cs" directly corelate to FinDev Canada's strategy, including its development impact priorities (climate action, women's economic empowerment and market development) and its sectors of focus (the financial industry, agriculture and forestry and their value chains, and sustainable infrastructure).

Importantly, these global development challenges no longer exist in silos, but instead are increasingly overlapping with one another. Whether it is the climate crisis, global conflict, the continued fall-out from COVID-19, economic downturns, or broader societal challenges – the ties between and amongst these issues are creating more complexity and a greater need for immediate and sustained action. This is what guides international development policy and the work of FinDev Canada as Canada's DFI.

The 2024-2028 Corporate Plan lays out the aspirations and intent of FinDev Canada for the next five years, with particular focus on the *Growth with Purpose* strategy, including continued growth of its portfolio, the expansion into the Indo-Pacific region, and the deepening of its relationships in Latin America and the Caribbean and in Sub-Saharan Africa. This work is guided by the continued evolution of the corporation's Development Impact Framework (DIF), its human resources strategy, and the build-out and maturation of a range of systems and processes that collectively ensure FinDev Canada will scale efficiently, effectively, and sustainably.

As FinDev Canada looks forward over the 2024-2028 horizon, it is planning for significant growth aligned with its *Growth with Purpose* strategic intent. This growth mindset will benefit from the experience of the past five years, including the: benefits of developing strategic partners active in the markets the corporation serves; importance of taking a nimble, flexible, client-centric, and innovative approach when deploying financial solutions; and recognition that the transition from start-up to structured growth requires investment in key areas related to people, process, and technology.

These insights continue to guide and support the execution of the corporation's growth strategy. Further enabling this growth is the decision by the Government of Canada to inject an additional CAD 750 million of global capital into FinDev Canada. This capital will not only help the corporation build on its platform of success in Latin America and the Caribbean, and Sub-Saharan Africa, it will also enable FinDev Canada to expand into the Indo-Pacific region in support of Canada's broader strategy. This capital will position the corporation to take on a greater leadership role in the origination and underwriting of development finance opportunities across all its sectors of focus.

FinDev Canada's priorities over the planning period are focused on three core areas.

1. **Growing the Business** through continued emphasis on building out the portfolio across FinDev Canada's three main sectors (the Financial Sector, Sustainable Infrastructure and Agribusiness, Forestry and their value chains). Growth will also come not only from the deepening of relationships in its existing markets, but also through the expansion into the Indo-Pacific region. As the corporation advances in these areas it remains focused on how it can most effectively mobilize the private sector.
2. **Driving Impact,** through the continued modernization of FinDev Canada's Development Impact Framework and its emphasis on market development, women's economic empowerment and climate action. The deployment of Technical Assistance remains an important solution which enables the corporation to work with its clients to support development.
3. **Enabling Operations,** through its people and culture strategy, the development and reinforcement of a risk aware culture, and the maturation of its digital systems to enable business growth.

The 2024-2028 Corporate Plan further elaborates on the work planned in support of these broad objectives and the financial implications of this strategy.

1.0 FinDev Canada

1.1 Corporate Overview

FinDev Canada is Canada's bilateral Development Finance Institution (DFI). Established in 2018, the corporation's mandate is "to provide, directly or indirectly, development financing and other forms of development support in a manner that is consistent with Canada's international development priorities." (*Export Development Act, s.10.1.c*) FinDev Canada is a subsidiary of Export Development Canada (EDC).

FinDev Canada supports development through the private sector by providing financing, investment, and blended finance solutions, as well as technical assistance and knowledge, to support sustainable and inclusive growth in emerging markets and developing economies (EMDEs) aligned with the Sustainable Development Goals (SDGs) and Paris Agreement commitments.

DFIs (Development Finance Institution), as public policy mechanisms, are an important part of global development architecture. Their efforts complement the array of public grants and other aid instruments offered locally and internationally and enable public budgets to be leveraged by private finance in support of development goals.

On the spectrum of DFIs, FinDev Canada occupies an intermediate space between public aid and traditional commercial investment. The corporation has a dual mandate to achieve both development impact and financial sustainability. Accordingly, it is commercially oriented to avoid distorting markets and has a higher risk appetite than traditional investment. Commercial orientation is important to demonstrate the viability of private investment (jobs, income, purchasing power, taxes, and so forth) in generating sustainable economic growth, social progress, and climate action. FinDev Canada seeks impact in alignment with its three impact goals, measures, and reports on progress.

The establishment of a DFI by Canada effected an important complement to its existing suite of international assistance tools, allowing Canada to join its G7 partners in having a DFI supporting development through the private sector. By broadening its own architecture, Canada is a well-positioned, trusted partner internationally with the means to deploy a broader array of solutions in support of multiple development challenges and opportunities.

FinDev Canada is focused on supporting sustainable development through the private sector in alignment with the SDGs, Paris Agreement commitments and Canada's broader international development priorities. This focus on working with and through the private sector is critical given the scale of development challenges internationally. The corporation's efforts to mobilize private investment in and into EMDEs are guided by FinDev Canada's commitment towards:

- Building low-carbon and climate-resilient economies, including through sustainable infrastructure;
- Developing markets to support quality job creation, capital markets, and access to finance, products and services that raise living standards and add value to local and regional economies; and
- Mainstreaming gender equality investment activities to support women's economic empowerment, gender equality, and improve business performance.

The result? After five years in operations, FinDev Canada has built a portfolio totaling over USD 750M in private sector investments to 38 clients that generate positive impacts in terms of economic development, job creation, climate action and women's economic empowerment. More than a quarter of all financial commitments are in support of climate finance and over two-thirds qualify for the 2X Challenge, which looks to advance women's economic empowerment through better access to finance, leadership opportunities, quality employment and economic participation. Overall, 18 percent of the corporation's portfolio is concentrated in the least developed countries (LDCs).

To date, FinDev Canada's financing and investment activities have supported more than 132,000 jobs in low- and middle-income countries and provided over 4.9 million people with access to energy, technology, and financial services. The private-sector clients the corporation lends to or invests in finance over 1,137,000 micro, small and medium-sized enterprises.

1.2 The Development Challenge

The SDGs were adopted by members of the United Nations in 2015 as a call to action aimed at eliminating poverty, fighting inequality, and advancing economic growth while tackling climate change and broader environmental challenges. The 2016 Paris Agreement followed and put further emphasis on the need for urgent climate action.[1]

Today, these goals are more relevant than ever. The challenges they are intended to help address remain significant – and in many areas are, unfortunately, growing.

- Climate change is recognized as the pre-eminent existential threat, with its impact being felt with greater severity by increasingly more people globally, and with most severe impacts in EMDEs.
- Across EMDEs, the pandemic eroded progress that had been made towards inclusivity, particularly for women, and has a debilitating effect on the public finance needed to foster market development.
- Conflict, and most notably the war in Ukraine, has destabilized the world, strained global growth, and eroded food security, again with the most detrimental impacts experienced throughout EMDEs.[2]

1 United Nations Framework Convention on Climate Change, (UNFCCC). "The Paris Agreement.". https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement.

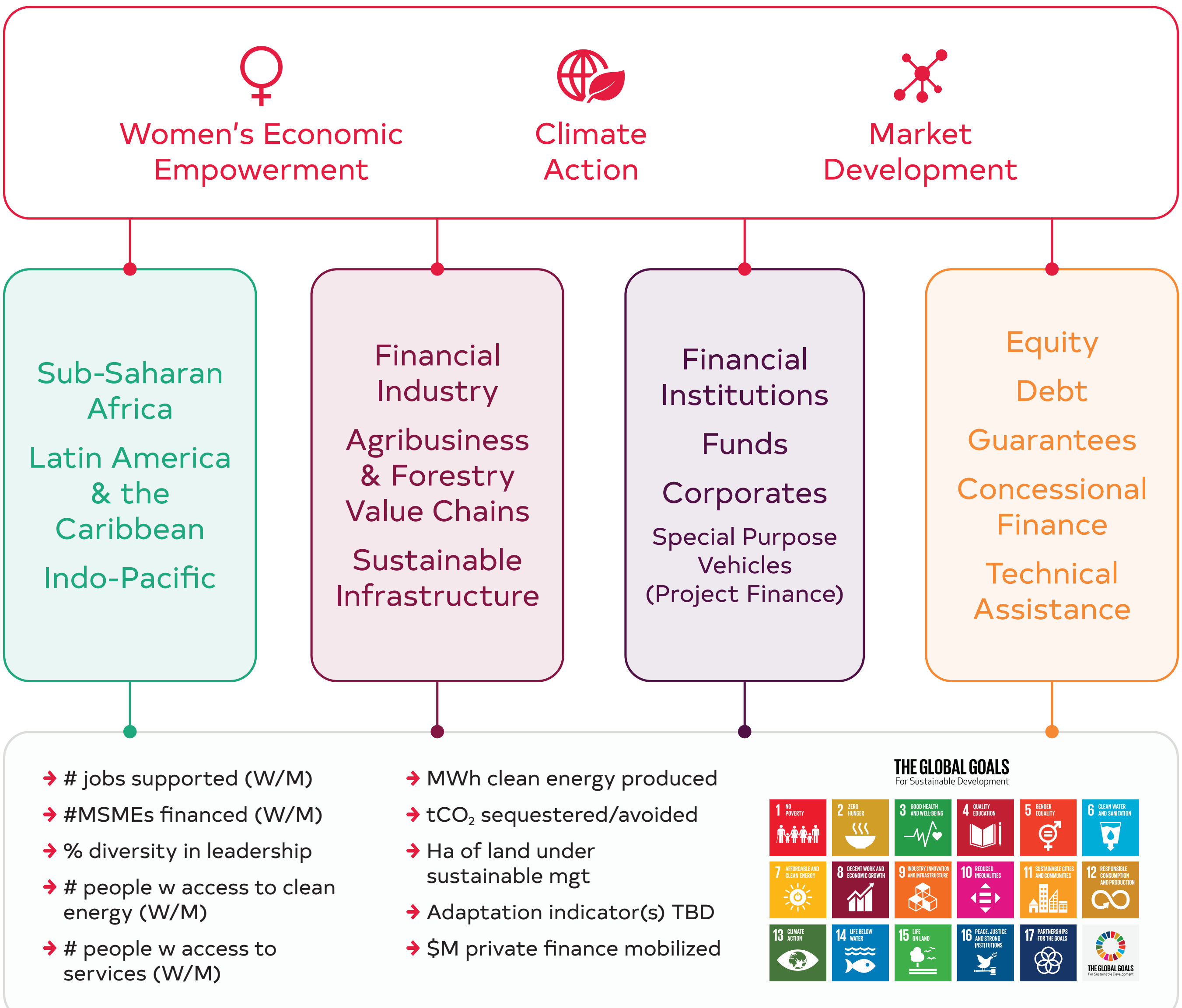
2 The World Bank. "Implications of the War in Ukraine for the Global Economy". The World Bank, 2022. Implications-of-the-War-inUkraine-for-the-Global-Economy.pdf (worldbank.org)

Importantly, these global development challenges no longer exist in silos, but instead are increasingly overlapping with one another. Whether it is the climate crisis, global conflict, the continued fall-out from COVID-19, economic downturns, or broader societal challenges – the ties between and amongst these issues are creating more complexity and a greater need for immediate and sustained action. This is what guides international development policy and the work of FinDev Canada as Canada's DFI.

1.3 Our Strategy

The persistence and growth of global development challenges lies at the centre of FinDev Canada's strategic orientation. It is the corporation's call to action. As noted, Canada has numerous tools which are intended to support international development. These include a variety of grant and aid mechanisms, for example. FinDev Canada plays in the commercial space, using its higher risk appetite to support development with and through the private sector in EMDEs. The core tenets of the corporation's strategy are depicted below.

Figure 1. Our Strategy



The development of this strategy flows from the corporation's consideration of five key questions:

1. What impacts are we driving towards?

To deliver on its mandate, FinDev Canada utilizes a Development Impact Framework (DIF) which defines its strategic development impact objectives and describes how the corporation measures, manages, and discloses progress. The DIF prioritizes three impact areas: market development; women's economic empowerment; and climate action.

- Market Development, through the expansion of local ownership and leadership, strengthening local SMEs and value chains, and increased employment and local economy value-add (taxes and salaries).
- Women's Economic Empowerment, through the support of women's business ownership, leadership, and decent employment, and improving equal access and control over basic services (water, energy) and economic tools (financial services, digital connectivity).
- Climate Action, through the reduction of global greenhouse gas emissions, support for businesses and investments that contribute to the transition to a low-carbon and climate resilient economy, and scaling climate adaptation and resiliency.

The DIF was introduced in 2018 at FinDev Canada's inception and was modernized in 2023 to reflect FinDev Canada's growth, experience and development aspirations flowing from its corporate strategy. Further details on FinDev Canada's development impact activities are found in Section 3.3.

2. What markets do we serve?

Since its inception, FinDev Canada has worked with clients in Sub-Saharan Africa, and Latin America and the Caribbean. The development needs and opportunities in these regions aligns strongly with FinDev Canada's strategy and sector priorities.

In 2022, Canada launched its Indo-Pacific Strategy (IPS), which includes an expansion of FinDev Canada's geographies to this region. As a new region for the corporation, following priority countries in Canada's IPS, FinDev Canada will seek initial focus on opportunities in Indonesia, Vietnam, the Philippines, and the Pacific Islands. From a development perspective, FinDev Canada will prioritize opportunities related to sustainable infrastructure and food security.

Figure 2. Markets We Serve

Specific markets served by FinDev Canada in any region currently fall under the eligibility for Canadian Overseas Development Assistance (ODA), though there is dialogue around the creation of a climate vulnerability index which might broaden eligibility. FinDev Canada is following these discussions. Further details about FinDev Canada's expansion into the region are provided in Section 3.2.2.

3. Which sectors do we support?

FinDev Canada's lending and investment, as well as its Technical Assistance solutions, are directed towards three sectors:

- The Financial Industry, including banks, non-bank financial institutions, and investment funds with the intent of strengthening institutions and access to financial services in the markets we serve;
- Agribusiness and Forestry, and their related value chains, with the intent of supporting food security, strengthening economic conditions, and addressing opportunities to support climate action.
- Sustainable Infrastructure, with the intent of supporting the development of low-carbon, climate-resilient infrastructure in the power, transportation, water, and digital sub-sectors.

4. What solutions do we bring to the table?

FinDev Canada has a suite of solutions available to support its development finance activities. In deploying its solutions, the corporation employs a client-centric approach which is focused on flexibility, nimbleness, and innovation. The corporation provides:

- Financing, including corporate loans and structured and project financing;
- Equity, either directly to clients or through fund investments;
- Blended Finance, currently through the 2X Canada concessional financing facility agreement with Global Affairs Canada (GAC); and
- Technical Assistance, funded by GAC, to support both clients' ability to strengthen operations, addresses knowledge gaps and create more inclusive and sustainable businesses, and to enable broader market development.

FinDev Canada can also provide guarantees, but to date has not deployed this solution. This is something that will be further explored and developed over the planning period.

5. What results do we drive towards?

FinDev Canada tracks its performance across several indicators. Taken collectively, these measures provide visibility on cross-corporate business performance, as well as performance in key areas – gender, climate, LDCs, and private capital mobilization. Recognizing the priority placed on financial sustainability, the scorecard also tracks financial performance from both an income and an expense perspective. The 2022 corporate scorecard is depicted below.

Measure	2022 Performance
Total Business Volume (Signed commitments)	CAD 207M
Climate Finance (Transactions approved)	CAD 39M
2X Challenge (Transactions approved)	CAD 187M
Private Capital Mobilization (Signed commitments)	CAD 28M
Least Developed Countries (% of portfolio)	22%
Net Financing and Investment Income	CAD 19M
Administrative Expenses	CAD 17M

Figure 3. Impacts Reported by Clients

132,352 jobs supported and **1,137,416 MSMEs** financed	**59,696 jobs** for women and **334,411 women-owned MSMEs** financed	**4,919,498 people** receiving improved access to tools and services	**1,423 GWh** of clean energy produced	**398,971 tCO2e** sequestered emissions

Further details on the forecasted performance for 2023 and planned performance for 2024 are found in Section 3.5. Further, the Financial Plan presented in chapter four and related appendices provide additional details on the corporation's financial performance over the planning period.

1.4 Private Capital Mobilization

Developing countries face an estimated 4 trillion annual SDG investment gap, according to the United Nations Conference on Trade and Development. The scale of this gap is such that public institutions – government, agencies, DFIs, etc. – will never possess sufficient resources to address it, be it through aid, grants, or commercial solutions. Public budgets in both developed and developing countries are under too much strain given the multiplicity of crises at home and abroad.[3]

The private sector is therefore critical to unlocking effective and sustainable paths toward development. This is why DFIs, including FinDev Canada, have made Private Capital Mobilization (PCM) a strategic priority.

While there are some segments of private capital that are willing to accept non-commercial returns, unlocking traditional private capital – the deep pockets responsible for USD 90 trillion of assets under management[4] – requires an awareness of and sensitivity towards the risk-return demands faced by the private sector. This holds true whether a commercial bank or an institutional investor. In all instances, the demands they face to manage risk and generate expected financial return will ultimately inform their lending and investment decisions.

The deployment of DFI risk appetite can provide a demonstration effect which ideally entices traditional private capital to lend to enterprises in EMDEs alongside DFIs.[5] Given the enormity of the SDG investment gap and the need to leverage as much commercial finance as possible into EMDEs, beyond their own balance sheets DFIs also deploy blended finance solutions. These solutions leverage third-party concessional capital, typically provided by public donors and with even greater risk appetite than DFIs, to address real and/or perceived risks of traditional private capital providers – a necessary tool in support of PCM.

More details on FinDev Canada's approach to PCM are found in Section 3.2.3.

3 United Nations Conference on Trade and Development. "More investment needed to get global goals back on track, says UNCTAD chief". UNCTAD, 2023. https://unctad.org/news/more-investment-needed-get-global-goals-back-track-says-unctad-chief-0
4 United Nations. "Financing Climate Action". https://www.un.org/en/climatechange/raising-ambition/climate-finance
5 This is particularly true of DFIs that benefit from privileges and immunities and have an A/B loan structure to facilitate traditional private capital participants behind the DFI (e.g. MDBs and FMO). FinDev Canada shall explore the development of such products during the planning period.

1.5 Conducting Business Responsibly

As a DFI, FinDev Canada recognizes the importance of ensuring that its activities are guided by a commitment to responsible business. The consideration of risks in the areas of environmental sustainability ("E"), social impacts ("S") and responsible governance ("G") is embedded within its transaction review processes, and informed by policies and procedures which collectively ensure that ESG is well understood and managed within the corporation.

Environmental and Social Practices

FinDev Canada published an environmental and social (E&S) policy in 2020 that governs its commitment to sustainable development and guides decision-making in the transactions it supports, all of which forms an important part of the corporation's approach to risk management. The policy is informed by, and aligned with, industry best practices and international frameworks – most notably the IFC Performance Standards on Environmental and Social Sustainability.

As part of the transaction lifecycle, FinDev Canada identifies and manages risks associated with its clients' operations and, when required, provides guidance and monitors progress against action plans or recommendations. This assessment and guidance are informed by the corporation's role as a DFI and considers the unique challenges and risks of transacting in EMDEs. The Environmental and Social Action Plans (ESAPs) developed with its clients ensure E&S gaps are well understood and addressed appropriately.

In 2023, FinDev Canada launched a review of its E&S Policy. That review – which included public consultations and engagement with GAC – will inform potential changes to the policy, including the corporation's approach to human rights.

Business Integrity

Business Integrity (BI) underpins FinDev Canada's commitment to high standards of ethical business conduct and good governance – for the corporation and for the companies it supports. It is fundamental to FinDev Canada's ability to carry out its mandate in a socially responsible manner. To that effect, throughout the transaction lifecycle, financial crime risks and ethical & integrity concerns that could present risks for local populations and reputational risks for the corporation, are all thoroughly assessed. Where relevant, mitigation strategies to ensure transactions meet both legal obligations and adhere to the high standards the corporation expects of its clients are put in place and monitored.

Transparency and Disclosure

FinDev Canada is committed to transparency around its operations, strategies, and policies. Disclosure by FinDev Canada builds awareness of, and confidence in, the execution of its mandate and is critical to demonstrate public accountability. As a Crown corporation, FinDev Canada takes seriously its responsibility for transparency regarding its business operations. At the same time, FinDev Canada is mindful of the need to protect certain commercially sensitive and/or personal or otherwise restricted information related to its private sector clients or other stakeholders. In 2023, the corporation updated its *Transparency & Disclosure Policy* to reflect best industry practices. This policy sets out FinDev Canada's commitment to transparency with respect to its business activities, and establishes the framework for the routine and proactive disclosure of information in areas such as:

- publishing information related to corporate planning and performance;
- publishing information on transactional activities, including in relation to environmental and social risks, mitigants and impacts, as well as anticipated development impacts related to a transaction; and
- publishing information on Independent Accountability Mechanism complaints and other activities.

In the case of transaction information, customer consent is required – consistent with standard business practice.

1.6 Inclusion, Diversity & Equity

FinDev Canada is committed to building and sustaining an inclusive workplace culture; one that is diverse and welcoming and where all employees - regardless of their gender, race, ethnicity, sexual orientation, ability or experience - are valued and supported throughout the employment lifecycle, with equal opportunities, and transparency and fairness embedded into all policies, strategies, processes, and practices.

Established in 2021, our Inclusion, Diversity and Equity (ID&E) Committee plays a key role in promoting ID&E to reflect the voice of our diverse employees and continuing to improve our practices. In accordance with the *Accessible Canada Act*, FinDev Canada is taking all necessary steps to ensure our external and internal tools are accessible to everyone.

***

As Canada's bilateral DFI, FinDev Canada's work to catalyze sustainable development through the private sector is more critical than ever. The effects of the past several years – be they related to the pandemic, the climate crisis, global conflict, or economic uncertainty – are such that development challenges are growing.

This persistence and growth of global development challenges – and supporting development through the private sector – lies at the centre of FinDev Canada's strategic orientation. A fundamental tenet of the corporation's strategy is that Canada's DFI is well-positioned to grow further into its mandate and deliver greater impact in the markets it serves. The expansion into the Indo-Pacific region and the planned capital increases of over CAD 1 billion over the next three years will ensure that FinDev Canada can deliver on its ambitious strategy in support of Canada's international development priorities.

2.0 Operating Environment

The context in which FinDev Canada operates is not static. There are a range of issues which inform global development trends, and which collectively are contributing to the challenges and opportunities in EMDEs. Understanding these issues and their implications helps to inform the development and advancement of the corporation's strategy and key priorities.

2.1 Global Context

As noted in chapter one, global development gaps persist and in many cases are worsening. A term that has been increasingly used to describe the situation faced by EMDEs is "poly-crisis."[6] The term refers to the convergence of issues any of which individually would prove challenging, but in aggregate pose an even greater threat to advancement towards achieving the SDGs and Paris commitments.

Before exploring these further, it is important to note that the outlook for global growth is weak. According to EDC Economics, global growth is forecast to be 2.4 percent in 2023, before rising to 3.2 percent in 2024. At the same time, the World Bank's Global Progress Report notes that in EMDEs (minus China), the forecast is for a decline from 4.1 percent to 2.9 percent. Looking ahead to 2024, global growth is forecast to increase by 2.4 percent, while in EMDEs (minus China) growth is forecast to increase to 3.4 percent.[7]

6 We're on the brink of a polycrisis. How worried should we be? | World Economic Forum (weforum.org)

7 The World Bank. "Global Economic Prospects". World Bank Group, 2023. https://openknowledge.worldbank.org/server/api/core/bitstreams/6e892b75-2594-4901-a036-46d0dec1e753/content

A contributing factor to slowing growth are the effects of tighter monetary conditions. The global shocks from the pandemic and the war in Ukraine have led to significant supply disruptions in food and energy markets, contributing to persistent inflationary pressures and below-par global growth. Monetary policy in most G20 economies has been tightened to alleviate inflationary pressures consistent with central bank domestic mandates. While such synchronised tightening has helped curb inflationary pressures globally, including by exerting some downward pressures on certain commodity prices, it is recognized that the tightening has had spillover effects on EMDEs which has further weighed on their recovery in a few ways.

First, as the U.S. economy has slowed, this has decreased demand for imports from EMDEs. Second, tighter monetary policy in the U.S. increases debt-servicing costs for any USD denominated debt, again an area acutely felt by EMDEs, particularly in a post-pandemic world where debt loads have increased significantly. Should tighter monetary conditions necessarily persist, the situation becomes more challenging for these markets and has the effect of creating a downward spiral effect where growth continues to be sluggish and development gaps widen.

2.2 The Three "Cs"

Against this backdrop, FinDev Canada is focused on three core themes which are driving the international development agenda: **climate change**, **COVID-19** recovery and **conflict**. These "three Cs" directly corelate to FinDev Canada's strategy, including its development impact priorities (climate action, women's economic empowerment and market development) and its sectors of focus (the financial industry, agriculture and forestry and their value chains, and sustainable infrastructure).

Climate change is the existential crisis. Increasingly decisions, both in the public and the private sectors, are being made with climate mitigation & adaptation and resiliency lenses. This trend is only expected to increase as climate patterns continue to shift and become more erratic. Further, the effects of climate cut across multiple aspects of the development agenda, including inclusivity and market development. According to the World Bank, climate change could push an additional 100 million people below the poverty line by 2030, with most of those impacted living in EMDEs. Women and children withstand the worst of these effects.[8]

Climate is also driving food security challenges (in addition to issues such as migration), with shifting weather patterns creating the conditions for heat waves, heavy rainfall, and droughts. Rising food commodity prices continue to be a major factor in pushing millions of people in low-income countries towards food insecurity. Going forward, an increasing percentage of development challenges will continue to be linked to climate. This is why global efforts must continue to be focused on maintaining momentum in support of the Paris Agreements and the commitment to stabilize global warming at 1.5 degrees, while at the same time directing investment towards adaptation and resiliency.

On this latter point, the direction of investment, there are important gaps. Taking the example of investment in renewable energy, the Climate Policy Initiative (CPI) and the International Renewable Energy Agency (IRENA) note that, "regions home to about 120 developing and emerging markets continue to receive comparatively low investment",[9] with the lion-share going to Brazil, India and China. What this means is that some 50 percent of the global population received only 15 percent of global investments in renewables in 2022 (compared with 27 percent in 2017). The Report of the Independent High-Level Expert Group on Climate Finance further notes that while the private sector funds sum 81 percent of green investment in high income countries, that figure falls to 14 percent in developing countries.[10]

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8 The World Bank. "Managing the Impacts of Climate Change on Poverty". The World Bank Group, 2015. https://openknowledge.worldbank.org/server/api/core/bitstreams/aa3a35e0-2a20-5d9c-8872-191c6b72a9b9/content

9 Climate Policy Initiative and the International Renewable Energy Agency. "Global Landscape of Renewable Energy Finance" CPI and IRENA, 2023. https://mc-cd8320d4-36a1-40ac-83cc-3389-cdn-endpoint.azureedge.net/-/media/Files/IRENA/Agency/Publication/2023/Feb/IRENA_CPI_Global_RE_finance_2023.pdf?rev=6213e7fa55ec4991a22514572e7996c5

10 Finance for climate action: Scaling up investment for climate and development. Report of the Independent High-Level Expert Group on Climate Finance

The multilateral and DFI ecosystems are shifting to redress this trend with an increased focus on both climate finance directly and through the mobilization of private capital. Accelerating climate finance in terms of dollars and velocity are stated priorities for the World Bank. Further, according to EDFI (the alliance of European DFIs), climate finance amongst their membership has increased by 21 percent since 2021. For its part, pursuant to its Climate Change Strategy of 2021, FinDev Canada has committed to increase climate finance[11] such that by 2025 it represents 35 percent of its portfolio.

COVID-19 recovery continues to be a major priority in EMDEs. The broad effects of the pandemic are three-fold.

First, pre-pandemic gains that were made in areas such as women's economic empowerment and building a more inclusive economy have unfortunately slid. According to the World Bank, "reversal" challenges were already underway prior to the pandemic, and then accelerated starting in 2020. Simply regaining those advancements will prove challenging.

Second, the diversion of public funding towards pandemic response programs, while understandable, has undermined progress against the SDGs. Simply put, SDG-focused funding cannot be re-routed as public budgets no longer have the fiscal capacity to do so, complicating matters further.

Lastly, the pandemic had a significant impact on supply chains. While this has been further exacerbated by conflict, the initial disruptions have strained access to critical goods and services and drove inflation to challenging levels.

Conflict, most notably caused by the Russian invasion of Ukraine, has had a destabilizing effect, especially in EMDEs. Food security is one area that has been severely compromised by the war given that Ukraine and Russia are two of the world's largest producers of grains and fertilizer. Prior to the war, Russia and Ukraine together accounted for one-third of global wheat trade, 17 percent of global maize trade, and almost 75 percent of global sunflower oil trade.[12]

The effect? The UN World Food Programme reports that a record 345 million people across 79 countries face acute food insecurity in 2023. This all-time high represents an increase of 200 million people compared to pre-pandemic. This is most acutely felt in EMDEs, and low- and middle-income, food-importing markets in Africa, the Middle East, and Asia. Other impacts emanating from conflict include rising energy prices and tightening financial conditions, which as noted hit EMDEs disproportionately hard.[13]

11 Transactions 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 MDBs & IDFC; business volume approved.

12 CSIS. "Russia, Ukraine, and Global Food Security: A One Year Assessment". CSIS, 2023. https://www.csis.org/analysis/russia-ukraine-and-global-food-security-one-year-assessment

13 World Food Programme. "WFP at a Glance". WFP, 2023. https://www.wfp.org/stories/wfp-glance

What is striking about these three trends – climate, COVID-19 and conflict – is not simply their individual impacts, but the degree of intersectionality that exists between and amongst them. Rather than existing in silos, these trends are increasingly overlapping with one another and compounding, creating more complexity and a greater need for immediate and sustained action. Each of the three Cs has the effect of exacerbating the worst of the others. Further, the effects of all three have stretched public finances to such a degree that any form of adequate response provided solely through public finance in EMDE markets is extremely difficult, if not impossible.

- The costs of climate change – and more specifically the fallout from a growing number of natural disasters and limited adaptation and resiliency caused by an increasingly unpredictable climate – are growing. This is a reality across the globe and experienced especially in EMDEs. Simply put, the economic costs of the climate crisis are being felt today and will only grow, further taxing public budgets.
- The extraordinary fiscal implications from COVID-19 continue to be felt. Markets, even when accounting for pent-up demand, are still working to make up for economic contraction during the pandemic. This problem is particularly acute in EMDEs. Further, the initiatives undertaken to manage through COVID-19 have left public budgets severely challenged.
- The financial implications of conflict, most notably the significant investment in support of Ukraine by advanced economies, has resulted in broad-based reductions in aid and other forms of development assistance.

The combined impact of these issues is driving a point made earlier in this Plan; namely that public budgets and capacity are insufficient to tackle the extent of the development challenges facing EMDEs. Success is dependent on the degree to which private capital can be mobilized. The private sector is critical to unlocking effective and sustainable paths toward development. The degree to which a DFI can enable this involvement will depend on a variety of factors, including its loan structuring ability (e.g. A/B loan capabilities) and the availability of concessional capital.

The Case for Private Capital Mobilization (PCM)

The global dialogue around PCM and the role of multilateral development banks and bilateral development finance institutions in PCM is growing. This was most recently evidenced by the announcements made in Paris in June 2023 by the World Bank Group regarding creation of the Private Sector Investment Lab.[14]

The Lab will be led by the World Bank President, with co-Chairs from the Glasgow Financial Alliance for Net Zero (GFANZ) and Prudential PLC. The intent is to identify more effective ways to mobilize private capital into EMDEs to address climate change and reduce poverty through the development of new partnerships. Implicit in the announcement is the recognition that efforts to date by the development finance ecosystem in support of PCM have not been sufficiently successful.

Canada is examining ways to engage private investors more effectively in development.

14 The World Bank. "World Bank Group Intensifies Focus on Private Sector, Launches Effort to Scale Investment in Emerging Markets". The World Bank, 2023. https://www.worldbank.org/en/news/press-release/2023/06/22/world-bank-group-intensifies-focus-on-private-sector-launches-effort-to-scale-investment-in-emerging-markets

2.3 The DFI Context

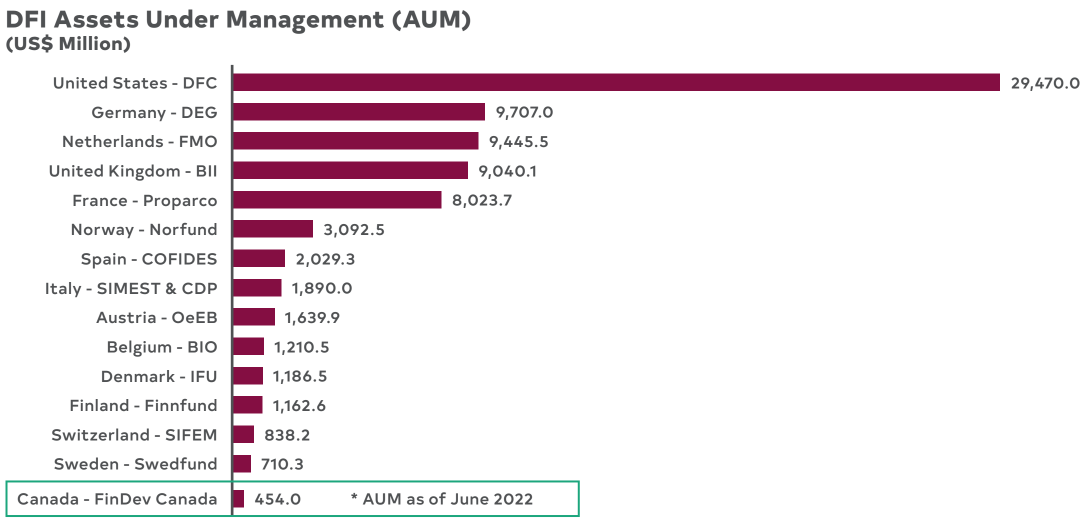
As noted at the outset of this chapter, the context in which FinDev Canada operates is not static. There are a range of issues which inform global development trends, and which collectively contribute to the challenges in EMDEs. As the corporation assesses these trends, it is also observing how the DFI landscape itself is evolving and what this means for its priorities.

FinDev Canada is the newest of the DFIs. This recency allows the corporation to benefit from the experiences of other DFIs. Initially FinDev Canada used its "newness" as an opportunity to play in more niche areas.

That said, the persistence and growth of development gaps internationally has been the main theme of this chapter. The magnitude of the challenges these gaps present helped inform the corporation's main strategic choices as relates to development impact, geographic, and sector focus. Taken in aggregate, the conclusion is that there is a need for FinDev Canada to grow to better address global development challenges.

This was the impetus behind FinDev Canada's strategy refresh conducted in 2022 and which was reflected in the 2023-2027 Corporate Plan and in this Plan. The current global context has only reinforced the importance of a growing DFI in Canada, anchored by Canada's international development priorities and oriented towards growth by working with and through the private sector. This direction was also informed by the recognition that FinDev Canada was not just the newest DFI, but also the smallest.

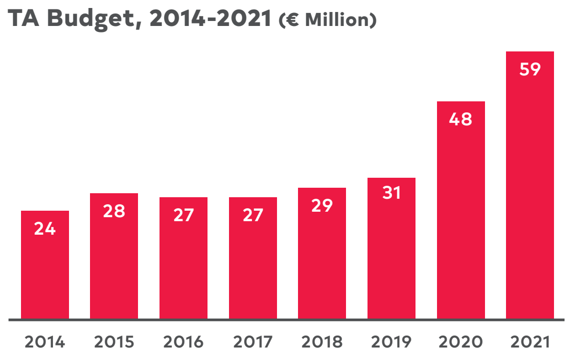
Figure 4. DFI Assets Under Management



The corporation's strategy looks to address this relative standing. As articulated in the strategy refresh and the 2023-2027 Corporate Plan, however growth is not simply for growth's sake. Over time, the corporation will be best positioned to sustainably grow its impact through the growth of its balance sheet. The recently announced capital injections of CAD 300 million (Budget 2021) and CAD 750 million (Canada's Indo-Pacific Strategy and Budget 2023) will enable this growth – the projections for which are provided in the Financial Plan in chapter four and related appendices.

One trend which FinDev Canada has been observing closely relates to the growing use of Technical Assistance (TA). A 2021 comparative analysis by the European Development Finance Institutions (EDFI) provides insight into the amount of TA being deployed by its members. While FMO (the Netherlands), British International Investment (UK) and DEG (Germany) represented almost 75 percent of the total value of signed projects in 2021 across EDFI, overall annual TA budgets among European DFIs is growing.[15] This growth reflects the unique value proposition of TA as an important complement to more traditional financing activities.

Figure 5. TA Budget, 2014-2021



Chapter three provides additional information about FinDev Canada's approach to TA and its engagement with Global Affairs Canada about the program and future funding needs with the objective of ensuring that Canada is well-positioned relative to its international peers with a more complete toolbox to drive development outcomes.

Overall, the DFI community is cognizant of the trends highlighted in this chapter which in aggregate lead to the SDG gap that the world is facing. While DFIs are not the sole solution towards closing this gap, they are important players both in terms of the financing and TA that they can bring to bear, and the impact they can have in support of mobilization. As noted, FinDev Canada's *Growth with Purpose* strategy was developed in consideration of these global gaps and the recognition that the corporation is well-positioned to play a broader role in supporting global development. Chapter three will further articulate the main priorities for the organization as it executes against this strategy, while chapter four will illustrate the corporation's growth trajectory in terms of its business volume and the overall growth of its balance sheet.

15 European Development Finance Institutions. "Comparative Analysis 2021". EDFI, Nov 2022. *internal document*

3.0 Corporate Objectives and Initiatives

3.1 Introduction

Chapter one presented an overview of FinDev Canada, including its corporate strategy. As noted, the persistence and growth of global development challenges lies at the center of FinDev Canada's strategic orientation and has served as its call to action. Today, after five years in operations, this call to action is reflected in the progress the corporation has made through the growth of its client relationships and partnerships, its portfolio, and its impact.

This Corporate Plan lays out the aspirations and intent of FinDev Canada for the next five years, with particular focus on the *Growth with Purpose* strategy, including continued growth of its portfolio, the expansion into the Indo-Pacific region, and the deepening of its relationships in Latin America and the Caribbean and in Sub-Saharan Africa. This work is guided by the continued evolution of the corporation's Development Impact Framework (DIF), its human resources strategy, and the build-out and maturation of a range of systems and processes that collectively ensure FinDev Canada will scale efficiently, effectively, and sustainably.

The 2024-2028 Planning Period

As FinDev Canada looks forward over the 2024-2028 horizon, it is planning for significant growth aligned with its *Growth with Purpose* strategic intent. This growth mindset will benefit from the experience of the past five years, including the:

- benefits of developing strategic partners active in the markets the corporation serves;
- importance of taking a nimble, flexible, client-centric, and innovative approach when deploying financial solutions; and
- recognition that the transition from start-up to structured growth requires investment in key areas related to people, process, and technology.

These insights continue to guide and support the execution of the corporation's growth strategy. Further enabling this growth is the decision by the Government of Canada to inject an additional CAD 750 million of global capital into FinDev Canada. This capital will not only help the corporation build on its platform of success in Latin America and the Caribbean, and Sub-Saharan Africa, it will also enable FinDev Canada to expand into the Indo-Pacific region in support of Canada's broader strategy. This capital will position the corporation to take on a greater leadership role in the origination and underwriting of development finance opportunities across all its sectors of focus. Further information about the Indo-Pacific expansion is included in Section 3.2.2, while additional information on the capital injection is included in chapter four.

FinDev Canada's priorities over the planning period are focused on three core areas:

- Growing the Business,
- Driving Impact; and
- Enabling Operations.

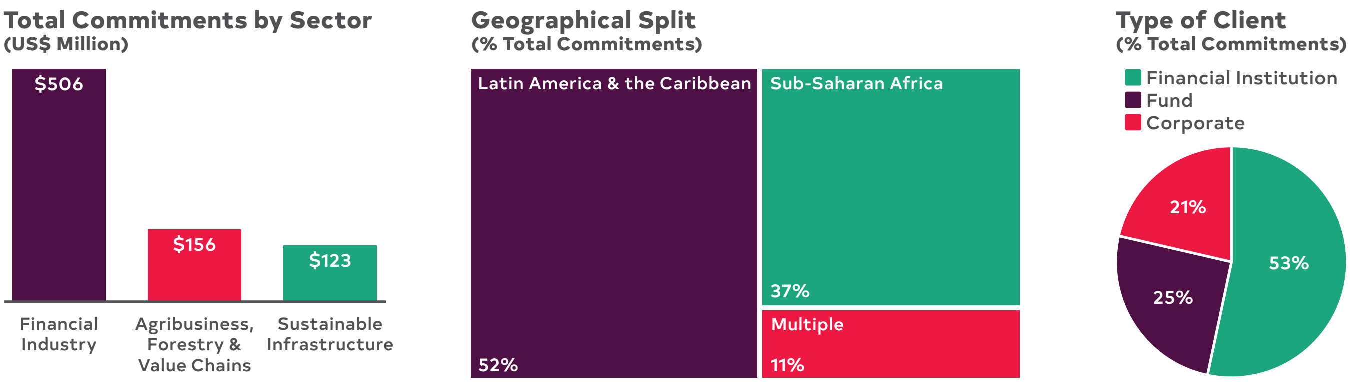
The core priorities in each of these areas are described below.

3.2 Growing the Business

3.2.1 Building the Portfolio

From the outset, FinDev Canada's financing and investment strategy employed a gradual approach to the build-out of the portfolio. This approach included an important partnership focus – something which became even more critical during the pandemic. The corporation's ability to work with partner DFIs and multilateral development banks, and the importance of the financial industry as a delivery in Latin America and the Caribbean, and in Sub-Saharan Africa, is collectively reflected in the portfolio.

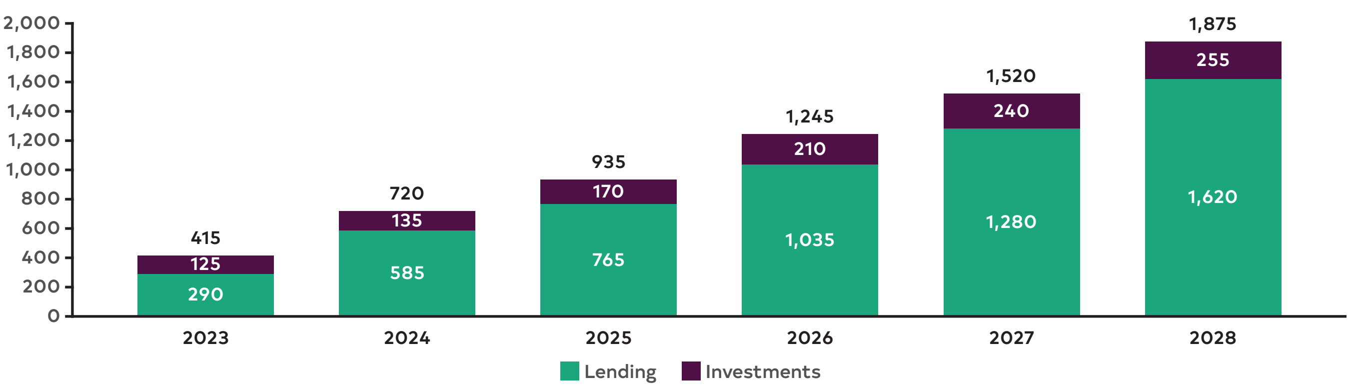
Figure 6. FinDev Canada Today (as at June 30th 2023)



Business Volumes

The 2023-2027 Corporate Plan was the first Plan that was developed in alignment with the corporation's *Growth with Purpose* strategy which envisions a steady increase in FinDev Canada's business volumes. The corporation has been advancing its work in support of that strategy and is forecasting in the 2024-2028 Corporate Plan that for 2024, annual signing volumes will be CAD 720 million, increasing to CAD 1.875 billion by 2028. The number of obligors in the corporation's portfolio is forecast to increase from 56 to 135 over the same period.

Figure 7. Projected Deal Volume (CAD million)



The growth in volume and obligors is reflected in the number of transactions the corporation plans to close. While the 2023-2027 Corporate Plan had forecast 14 closings in 2023, that number is more likely to be 11, with the shortfall attributed to the delay in the 2023-2027 Corporate Plan approval as this has a downstream effect of slowing origination of transactions in the Indo-Pacific region.

For 2024, FinDev Canada is forecasting that it will close 17 transactions. This will be enabled by the anticipated Plan approval and related capital injections, as well as through the corporation's plans to strengthen its internal capabilities through team expansion and enhanced in-market visibility. The Financial Plan in chapter four provides a detailed view of the 2024 forecast and the planned business growth and related expenses over the planning period.

Portfolio Management

As noted above, the corporation is forecasting significant growth in the size of its portfolio from a dollar and obligor perspective. To support this growth, the corporation has built out its portfolio management capabilities, with this function being guided by the following principles:

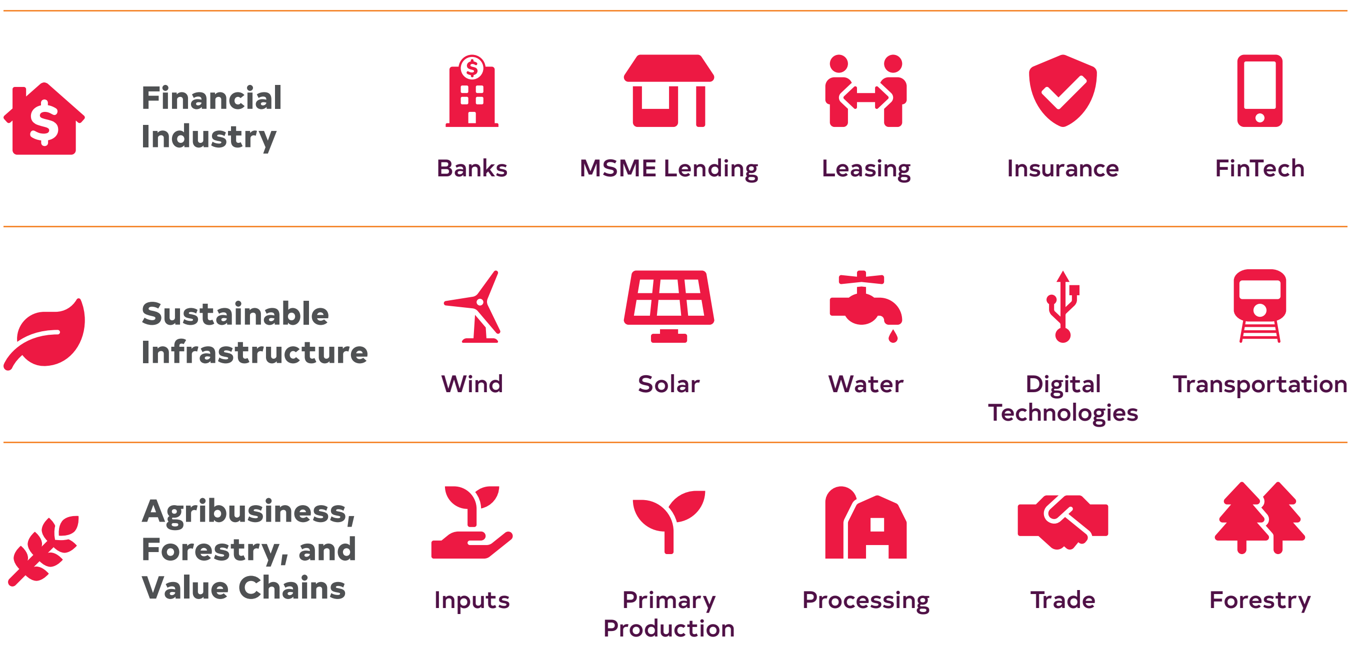
- Active supervision of all portfolio assets;
- Hands-on, holistic approach which considers financial and impact considerations;
- Developing long-term client relationships;
- Patient capital which sees each transaction through its life cycle;
- Proactive identification and mitigation of risks;
- Continuous improvement informed by lessons learned; and
- Partnership approach with all counterparties.

Like transaction development on the origination side, the operationalization of these principles involves the input of all players across the transaction life cycle, including investments, impact, environmental and social risk management, credit risk, business integrity and legal services to ensure a holistic view on the asset. In 2024 and over the planning period, the corporation will continue to invest in its portfolio management capabilities, including appropriate travel to market to support portfolio monitoring. This intent is reflected in the Financial Plan.

Sector Priorities

As noted in chapter one, FinDev Canada's lending and investment, as well as its Technical Assistance solutions, are directed towards three sectors:

Figure 8. Sectors of Focus



The Financial Industry plays a fundamental role in supporting private sector development in EMDEs, as well as reaching development impact goals. For FinDev Canada, banks and non-bank financial institutions are conduits to supporting private sector players that the corporation otherwise cannot reach effectively including, micro- and small-and-medium size enterprises. Innovations in the financial industry, whether related to the rapid digitization of the delivery of financial services, or the overall sophistication of regulatory frameworks, has meant that financial institutions and intermediaries are increasingly meeting the needs of market segments that are driving economic growth in our regions of focus, and doing so in a more inclusive and sustainable ways (by understanding how to better meet the needs of women, for example, or by greening their portfolios and managing climate risks and opportunities efficiently). To this end, FinDev Canada's activity in the financial industry sector grew significantly during the pandemic, as a means to rapidly avail liquidity to those most affected. The corporation's activities have span across various financial intermediaries, ranging from commercial banks to cooperatives to insurance companies and beyond, considering the importance of a range of financial products and services. Throughout the planning period, the corporation will maintain a strong level of activity in this sector, although its relative share of the portfolio in Latin America and the Caribbean, and Sub-Saharan Africa, is forecasted to progressively decline as the corporation grows its corporate lending and investment activities in a post-pandemic world. In the case of the Indo-Pacific expansion however, the financial industry will be an important component of the go-to-market strategy.

Sustainable Infrastructure faces a significant investment gap, with some estimates placing it as high as USD 15 trillion by 2040.[16] Increasing investments in this sector will enable FinDev Canada to expand the provision of basic services and help bridge the massive infrastructure gap that impedes economic development, social progress, and climate action in its target markets.

As the corporation deepens its reach, it will focus on the following sub-sectors: renewable energy (e.g. wind, solar and small-scale-hydro generation projects, mini grids, storage and hybrid facilities), transportation (e.g. electric mobility such as light rail, efficient and less polluting vehicle fleets), water (e.g. potable water treatment and supply, desalination projects, irrigation, waste water and sanitation, and digital infrastructure solutions (e.g. telecom infrastructure, access of digital services).

It is important to note that for FinDev Canada, the focus in the sustainable infrastructure sector will initially be on smaller to mid-size projects – the "missing middle" – where overall project sizes would reach up to approximately USD 300 million for individual projects. Larger projects, including platforms which can mobilize the private sector at scale will also be considered.

Agribusiness, Forestry, and Value Chains have a critical role to play in addressing food security, climate action, and women's economic empowerment. In fact, climate change has only underscored the importance of agriculture and food systems and the necessity to preserve and expand the world's natural capital, such as forests. Given that women make up 43 percent of the global agricultural labour force,[17] the climate and gender dimensions of agribusiness and forestry have been amplified. FinDev Canada will continue to support the long-term resilience and sustainability of the agriculture and forestry and associated supply chains, including planting and harvesting, related transformation industries, manufacturing, distribution – both wholesale and retail - and other related services.

3.2.2 Deepening and Expanding Global Reach

Since its establishment, FinDev Canada's geographical focus has centred on Latin America and the Caribbean and Sub-Saharan Africa. As of June 30th, 2023, these regions account for 52 and 37 percent, respectively, of the corporation's portfolio, with the balance being reflected in fund investments which cover multiple markets.

These markets remain important priorities for FinDev Canada and over the planning period the corporation will look to build on the foundations it has put in place through the continued deployment of all its solutions. The work done to-date, which has included close collaboration with multilateral partners such IDB Invest (the private sector investment arm of the Inter-American Development Bank Group), and with bilateral DFIs in both regions have enabled FinDev Canada to build a strong reputation with clients and partners for relevant solutions which are deployed in a nimble and flexible manner.

16 Oxford Economic; Global Infrastructure Hub. "Global Infrastructure Outlook". 2017. https://cdn.gihub.org/outlook/live/report/Global+Infrastructure+Outlook+reports.zip

17 Food and Agriculture Organization of the United Nations. "Reduce Rural Poverty". FAO. https://www.fao.org/reduce-rural-poverty/our-work/women-in-agriculture/en/

In terms of Sub-Saharan Africa, FinDev Canada is participating in discussions with GAC on the development of its Canada-Africa Economic Cooperation Strategy, the consultations for which were launched in 2023. While the initiative is principally trade-focused, the corporation's participation will centre on the role it can play in areas related specifically to international development and how it can leverage its experience in areas related to food security, climate action and more broadly, market development to support the financing for development agenda on the continent.

The Indo-Pacific Region

In November 2022, the Government of Canada released its Indo-Pacific Strategy, the goal of which is to position Canada as a more engaged and active partner in the region in areas related to peace and security, trade and investment, and sustainable infrastructure. As noted, this strategy was also used to convey the decision to inject an additional CAD 750 million of global capital into FinDev Canada. This capital will not only help the corporation build on its platform of success in Latin America and the Caribbean, and Sub-Saharan Africa, it will also enable FinDev Canada to expand into the Indo-Pacific region in support of Canada's broader strategy.

In 2023, the corporation started its work in support of this expansion, including the build-out of its go-to-market strategy. Core elements of this strategy are noted below.

First is the importance of affecting a **gradual approach**. As transaction volumes increase over time, they benefit from deepening market & partner knowledge and the build-out of regional presence. A gradual approach also ensures that the corporation builds on successes and establishes itself as a serious and long-term partner in the region. By 2028, the corporation expects that 30 percent of its overall portfolio will be in the region, with annual volumes increasing year-over-year.

While FinDev Canada will consider transactions from all eligible markets in the region, priority for early origination is directed at Indonesia, the Philippines, Vietnam, and the Pacific Islands – similar to what Canada has articulated within its broader Strategy. From a sector perspective, FinDev Canada expects the initial focus will be on transactions related to sustainable infrastructure (in support of the G7 Partnership for Global Infrastructure Investment) and food security. The use of intermediaries, including financial institutions and private equity funds, are expected to feature prominently as the corporation looks to leverage the most effective delivery channels for its solutions.

Second is the emphasis that will be placed on the identification and leveraging of key **partnerships** with established players. The corporation will look to replicate the approach it took in other regions whereby strong relationships were built with the multilateral development banks, bilateral DFIs and private sector financial institutions and funds. To that end, in 2023 FinDev Canada signed a Memorandum of Understanding with the Asian Development Bank. This MOU will enable greater cooperation between the two organizations in support of private sector investments that promote sustainable and inclusive development in the region.

Third is the need to build the right team. Regional success demands **regional expertise**. FinDev Canada's hiring strategy is prioritizing the acquisition of this expertise to work in Canada, but also in market. The expansion of the corporation's physical footprint into the region will factor into this strategy (see Section 3.4.2 for more information).

3.2.3 Private Capital Mobilization

As noted in chapter one, the private sector is critical to unlocking effective and sustainable paths toward development. Public sources of capital are not sufficient to address the breadth of development challenges being faced globally, and particularly in EMDEs. This is why DFIs, including FinDev Canada, have made Private Capital Mobilization (PCM) a strategic priority.

As the World Bank notes, PCM "is critical for SDGs such as affordable and clean energy, financial inclusion, zero hunger, decent work and economic growth; industry, innovation and infrastructure; and climate action."[18] While the need for PCM is clear, the means of achieving it are more complicated. Implicit in this work is the acknowledgement of the risk-return dynamic that informs private sector lending and investment decisions. The strategic use of DFI risk appetite is necessary to make certain investments in EMDEs a more feasible option for private players. In certain instances, concessional capital - when used judiciously - can further enable private sector investment.

The degree to which DFI capital alone can leverage the private sector will depend on the approach each institution takes regarding financial sustainability. FinDev Canada has a dual mandate to achieve both development impact and financial sustainability. Accordingly, its own capital is commercially oriented so as not to distort markets and has a higher risk appetite than pure commercials investment. Where DFI capital and its related risk appetite is insufficient, concessional capital can be deployed to structure a blended finance solution, which is an area FinDev Canada will continue to explore in partnership within a whole-of-Government approach. Refer to section 3.2.4 for further information on Leveraging Concessional Capital.

FinDev Canada has been advancing its work in support of PCM. This has included the establishment of a dedicated team and the use of a mobilization target that has increased on an annual basis alongside total volume targets. In this regard, definitions of both mobilization and private capital are used to guide strategy.

As FinDev Canada refines and deploys its mobilization strategy in 2024 and over the planning period, it will focus on three areas:

- Transactional activities, including co-investment via debt and equity across all priority sectors, risk sharing using insurance to maximize private sector participation, and exit and/or balance sheet management strategies. During the planning period, FinDev Canada will explore and develop, as appropriate, new products, such as guarantee instruments and A/B loan structures.
- Institutional and portfolio activities, such as the use of syndications or insurance.
- The development of instruments, platforms, and other investment vehicles aimed at mobilizing private capital at-scale, such as Project GAIA – a FinDev Canada developed platform which will mobilize private and philanthropic capital in support of climate mitigation and adaption in EMDEs, including LDCs.

3.2.4 Leveraging Concessional Capital

The availability of concessional finance to better address from the perspective of private capital, real and/or perceived risks of investing in EMDEs beyond FinDev Canada's own risk appetite is critical to mobilizing private capital and facilitating sustained longer-term private investment to contribute to sustainable social progress, economic growth, and climate action. Why? By deploying de-risking blended concessional finance together with technical assistance or advisory support, a DFI has the potential to bring private capital to new markets, as well as to ignite groundbreaking investments that will crowd-in private capital on commercial terms.

As noted, this approach acknowledges the risk-return dynamic that informs private sector lending and investment decisions, and alongside DFI capital/appetite creates a blended solution to makes investments in emerging and developing markets are more practical option for private markets.

Currently, FinDev Canada has access to a defined pool of concessional capital in the form of the *2X Canada: Inclusive Economic Recovery* facility (2X Canada).

18 World Bank Independent Evaluation Group, "The World Bank Group's Approach to the Mobilization of Private Capital for Development" (2021).

Established in 2021 in partnership with the Government of Canada, 2X Canada is CAD 76 million concessional finance facility funded by GAC with the goal of enhancing the socio-economic well-being of underserved, vulnerable populations – particularly women – primarily in Latin America, the Caribbean and Sub-Saharan Africa. By mobilizing additional public and private investment, this facility expands the reach of Canada's development finance capabilities and contributes to a gender-smart economic recovery. The facility also includes a technical assistance envelope.

Looking beyond 2X Canada, which is nearing full deployment, the corporation is engaging with GAC on the future of blended financing. Through this engagement, FinDev Canada is exploring how concessional capital could be leveraged to work alongside GAC to deploy in support of Canada's international development priorities.

FinDev Canada sees opportunities for concessional financing managed by the corporation in several areas, including access for new targeted areas which might go beyond traditional DFI risk appetite, and to activate and/or accelerate greater participation of private sector investment in more traditional blended financing solutions, including where there is a higher risk-level but potential pathway to commerciality. Further, FinDev Canada sees opportunities to leverage blended finance platforms as a means to mobilize the private sector at scale.

3.3 Driving Impact

3.3.1 The Development Impact Framework

As noted in chapter one, the corporation employs a dual mandate to achieve both development impact and financial sustainability. The corporation's approach to development is guided by its Development Impact Framework (DIF) which defines its strategic development impact objectives and describes how the corporation measures, manages, and discloses progress. The DIF prioritizes three impact areas: market development; women's economic empowerment; and climate action.

Figure 9. Impact Priorities

Market Development (MD)

- Expand local ownership and leadership
- Strengthen local SMEs and value chains
- Increase employment and local economy value-add (taxes and salaries)

KPI EXAMPLES

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

Women's Economic Empowerment (WEE)

- Support women's business ownership, leadership and decent employment
- Improve equal access and control over basic services (water, energy) and economic tools (financial services, digital connectivity)

KPI EXAMPLES

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

Climate Action (CA)

- Reduce global greenhouse gas emissions
- Support businesses that contribute to the transition to a low-carbon economy
- Scale climate adaptation solutions

KPI EXAMPLES

- Net GHG emissions generated, avoided and sequestered (tCO2e)
- Renewable energy produced (MWh)
- Sustainable managed land (ha)
- Number of people gaining access to climate adaptation products or services (#)

In the 2023-2027 Corporate Plan, FinDev Canada noted how the DIF would be revised in 2023 given the learnings of the past five years and the corporation's *Growth with Purpose* strategy going forward. The original DIF was launched in 2018, when FinDev Canada started operations and had one investment asset in its portfolio. At the time, the decision was made to employ a narrower approach on the premise that FinDev Canada would be better positioned and additional if it focused on tackling market gaps and a distinctive impact goal. Simply put, the framework and tool were fit for purpose at the time.

Five years later, it is time to update the framework and tools. The corporation now has a sizable portfolio both in terms of dollars and number of obligors. Further, with time FinDev Canada has the benefit of insights from its activities and those of its peers, partners, and clients. Lastly, the ambition reflected in the corporation's long-term strategy must be supported and enabled by the right impact foundations.

As a result of this review, FinDev Canada has evolved and refined the DIF to better calibrate with its long-term strategy and its transition from being a start-up towards a growth-oriented corporation. These include:

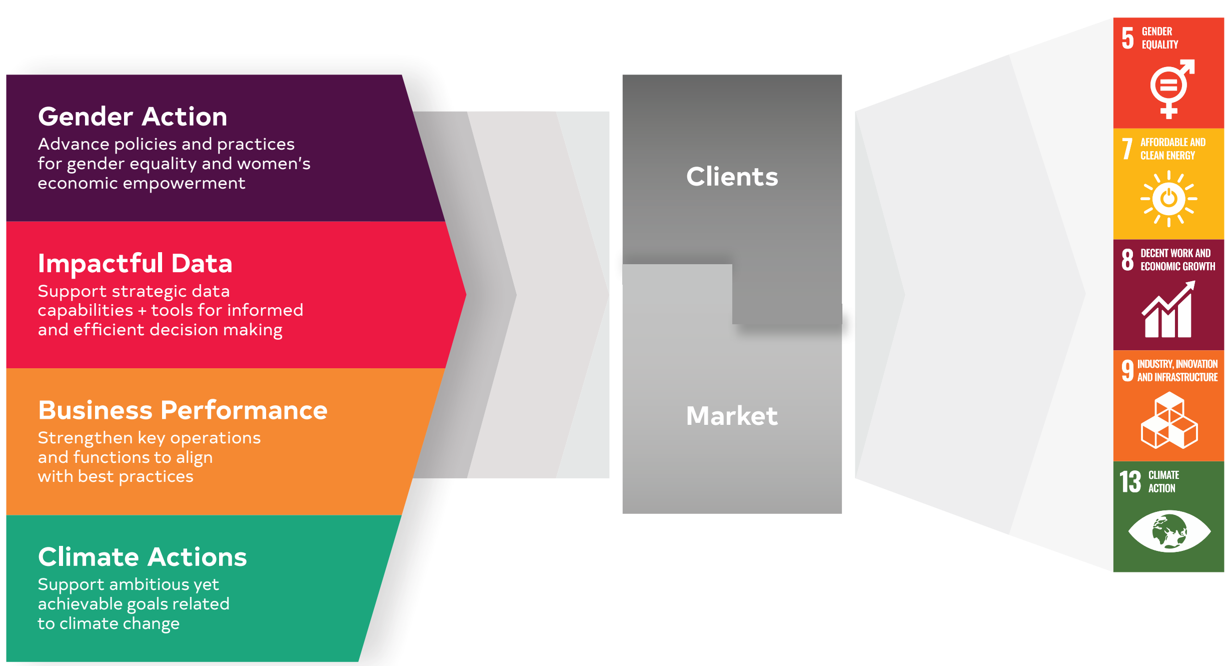
- valuing the three impact goals equally;
- aligning with the fuller SDG agenda (previously the goals were closely linked to 5 SDGs); and
- broadening emphasis beyond SMEs to now include larger corporates, sustainable infrastructure and initiatives which drives efficient, effective, and sustainable access to services.

The refreshed DIF tracks well against the corporation's plans for growth. FinDev Canada will begin operating under and reporting against this updated DIF in 2024, including in future Corporate Plans.

3.3.2 Technical Assistance

FinDev Canada offers Technical Assistance to support its clients and other market players to build capabilities, deepen their development outcomes and scale sustainably. TA is a valuable tool to complement financing and investment activities and foster more holistic relationships with clients and relevant market players. The TA Facility was launched in 2020 with funding from GAC and in 2023 concluded its initial three-year pilot. There has been high demand for TA since the Facility's launch, and as such, the Facility has committed almost all available funds towards eligible projects.

Figure 10 Technical Assistance



Through the deployment of TA, FinDev Canada has been able to:

- move the needle on gender action with a range of financial institutions from commercial banks to cooperatives;
- enable agribusinesses and agri-funds to deepen their reach to smallholder farmers and strengthen climate-smart practices;
- influence impact-related activities engaging with project sponsors at the right stages, as we are learning from initial TA projects with infrastructure clients; and
- strengthen the impact investment ecosystem and reinforce our leadership, by participating in a range of industry initiatives.

The TA Facility has a diverse portfolio of 27 projects, with CAD 3.3 million in commitments to date. In parallel with the deployment of the remaining capital under the facility, FinDev Canada is also monitoring active projects and overseeing the TA envelope that sits under the 2X Canada Facility. Overall, FinDev Canada has been able to extend TA to approximately 40 percent of its clients based on identified gaps during due diligence.

3.4 Enabling Operations

3.4.1 Building a Risk Aware Culture

Having the appropriate risk management architecture in place – calibrated to FinDev Canada's role as a DFI – is a critical cornerstone of the corporation's growth strategy. In 2023, FinDev Canada revised and evolved its Enterprise Risk Management Framework (ERMF). This Board-approved Framework includes the corporation's frameworks for financial, operational, and strategic risk management, which are described below:

- **ERMF:** the over-arching framework for all FinDev Canada's risk management activities.
- **Risk Appetite Framework (RAF):** defines the overall boundaries within which the corporation operates in line with sound risks management practices.
- **Financial Risk Management Framework (FRMF):** expresses FinDev Canada's transactional risk appetite and broader financial management in accordance with established prudential limits. The FRMF also includes the Capital Management Policy, which governs the corporation's approach to capital adequacy.
- **Strategic Risk Management Framework (SRMF):** expresses FinDev Canada's risk appetite for risks to strategic objectives arising from ineffective business strategies, improper implementation of business strategies, or a lack of responsiveness to changes in the business environment.
- **Operational Risk Management Framework (ORMF):** expresses FinDev Canada's risk appetite for risk of direct or indirect loss due to failure attributable to FinDev Canada's employees, processes, systems, or external events.

The ERMF helps ensure that a risk aware culture is embedded in all activities, and that the consideration of all forms of risk – including those directly and indirectly attributable to the external environment, strategy, operations, and overall business – inform decision-making. All identified risks benefit from clear definitions, identified tolerances and mitigants.

The work done in 2023 represents an important maturation of the corporation's suite of risk policies, reflecting the ongoing development and enhancement to the corporation's internal infrastructure and ensuring that FinDev Canada benefits from a strong risk management foundation. Given their importance, these policies and frameworks are reviewed on an annual basis to ensure they reflect best practices and the broader operating environment.

3.4.2 People & Culture

People are FinDev Canada's core asset, and as such need to be managed and supported as a strategic investment that will drive performance across all elements of operations today and into the future. Like any investment, the corporation must have a plan to engage and deploy it.

FinDev Canada's People & Culture (P&C) function was developed with the mandate to engage, grow, and retain the right number of people with the right capabilities in the right locations, to successfully implement the corporate strategy, all enabled by a healthy and engaging culture.

Over the preceding years, FinDev Canada has been gradually in-sourcing more P&C aspects from EDC as it has grown and matured. While there are still areas on which the corporation can and will continue to rely on EDC (e.g., payroll and benefits administration, corporate security), those areas which more directly touch on team members are being brought in-house. These include talent acquisition, career management, learning, and culture. Where opportunities exist to collaborate with EDC and realize synergies, these will be pursued.

In 2024, FinDev Canada will begin implementing a new P&C plan which will articulate and enable the corporation's core objectives in relation to its employees. The plan will be designed to ensure that it adds value to and enables FinDev Canada's strategy. As such, the P&C plan will not exist as an adjacency to the business; but rather will be driven by and connected to it. Underpinning the plan will be four key principles: alignment, effectiveness, simplicity, and flexibility.

Investing in People

In the 2023-2027 Corporate Plan, the corporation identified core areas where additional human capacity was required to support the operation's programs and associated development impacts. To that end, capacity was added prudently during the year. By the end of 2023, all workforce requests outlined for 2023 are expected to be on-boarded or contracted by early 2024 except for a small number of leadership positions that are both critical to support growth but are proving more difficult to fill. To address this challenge, the corporation has engaged a head-hunting firm with experience in supporting leadership recruitment in the DFI and MDB space and expects outstanding leadership positions to be filled in 2024.

While recruitment is an important tool in **building capability,** the corporation also recognizes the value of training and development as a means to develop the skills and abilities necessary for professional growth and to further enhance their contribution towards the goals of the corporation. Investing in people at all levels of the organization is critical.

As a young and growing corporation, FinDev Canada seeks in the first instance to maximize synergies with EDC and its impressive catalogue of on-line trainings across many subject-matters from soft skills development to technical areas. As part of the People Plan design in 2024, the corporation will curate applicable EDC training offerings, as well as complement that with tailored offerings. Furthermore, given the identified need for strong leadership, in 2023 FinDev Canada introduced dedicated training for all new and existing leaders, the aim of which is to articulate, promote and enable the culture and behaviours needed in a high-performing organization. This will continue in 2024 and over the planning period.

As FinDev Canada evolves its people strategy in support of the business, **location and the need to expand its footprint outside of Canada** has become increasingly important in the corporation's planning. The development of regional presence has the benefit of putting FinDev Canada closer to the markets it serves and the partners with whom it works. The benefits of such proximity include relationship development, business origination, and portfolio management.

In the 2023-2027 Corporate Plan, FinDev Canada had indicated that it would start consideration of regional representation outside of Canada later in the planning period. Over the past year the corporation has reflected further on this plan, considering the growth and distribution of its portfolio and the insights gained from its initial engagements in respect of the Indo-Pacific expansion.

Based on these reflections, the corporation is planning on accelerating work regarding the establishment of its international presence. At the current time, the intent is to engage with GAC in 2023-2024 on plans for expansion in two regions: Sub-Saharan Africa and the Indo-Pacific. In respect of the latter, FinDev Canada's plans to open an office in the region was highlighted by the Prime Minister in his recent trip to the ASEAN Leaders' Summit. The corporation will be working with GAC to advance this work. In addition, engagement with EDC and the potential for collaboration will be included as part of the planning. In both cases, the ability to build relationships, originate opportunities, and manage the portfolio in-market are seen as critical success factors and would put FinDev Canada on a footing that more closely resembles that of its peer DFIs.

The timing of this expanded footprint will be informed by discussions with GAC; however, it is FinDev Canada's intent to have this presence realized earlier in the planning period. The business volume assumptions presented in this Plan for the outer years reflect this intent. Further, the start-up costs and preliminary hiring implications are reflected in the planned administrative expenses.

Investing in Culture

In addition to ensuring that the corporation benefits from the right complement, with the right capabilities in the right locations, fostering a culture which is focused on excellence across all aspects of our business is critical. As a young organization that is growing quickly, articulating, and enabling the right culture is a priority. This work takes on many forms.

First, the development of culture formed a core aspect of FinDev Canada's return to office policy. The decision was taken to build a policy which, while still offering hybrid flexibility, ensures that FinDev Canada's people spend more time together in the office (i.e., three days per week). This approach, which will be fully launched in the fourth quarter of 2023, is intended to support cross-corporate learning, enhance engagement and efficiency among transaction supporting employees, and more effectively transition in new employees at all levels.

Second, as noted earlier, FinDev Canada is focused on developing its leadership cadre. To better support leadership, dedicated training is being provided to all new and existing leaders, the aim of which is to articulate, promote and enable the culture and behaviours needed in a high-performing organization.

3.4.3 Enhancing Digital Capabilities

To stay relevant in today's technology-driven global marketplace and effectively manage operational risk, FinDev Canada must continue investing in its digital growth strategy. The corporation remains committed to providing digital solutions that meet its business needs across the following areas: business solutions, data management, information security, and end-user support and systems.

In 2023, several digital projects were initiated to support FinDev Canada's quickly growing portfolio, with a focus on:

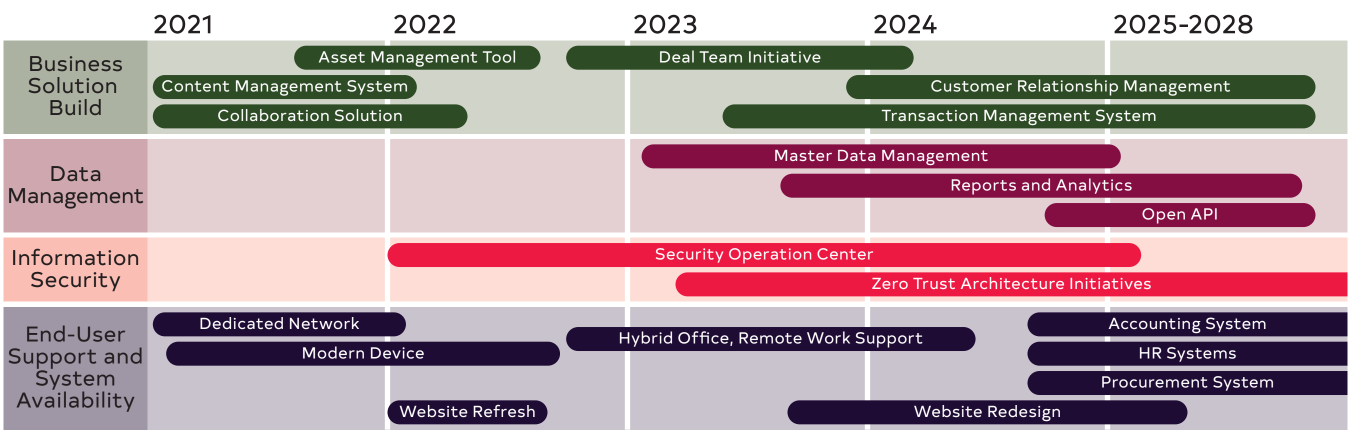
- The development of a transaction management system;
- Implementing a master data management initiative; and
- Ensuring effective digital capabilities to support the return to office strategy.

Furthermore, the corporation took a significant step in building out its security infrastructure, with the implementation of zero-trust solutions and cyber-security awareness training for all employees.

In 2024 and beyond, FinDev Canada will continue to carry out its return to office strategy, touching all office locations: Montreal, Ottawa, Toronto. This strategy, coupled with the planned growth in headcount, will drive elements of the planned digital expenditures. In addition, the team will be assessing the implications and opportunities that present themselves as part of EDC's modernization of its own systems and the shift to more cloud-based solutions. This work will focus on applications currently shared with EDC, namely human resources management, finance, accounting, and procurement.

Overall, the corporation is advancing against its broader digital roadmap (presented below), supported by an internal governance committee which regularly reviews progress on key initiatives.

Figure 11: Our Digital Roadmap



Further information about the planned investments in the corporation's digital capabilities is provided in the Financial Plan. The Corporation may accelerate this plan depending on progress each year.

3.5 Measuring Performance

As outlined in chapter one, FinDev Canada tracks its performance across several indicators. Taken collectively, these measures provide visibility on cross-corporate business performance, as well as performance in key areas – least developed countries, gender equality, climate finance and private capital mobilization. Recognizing the priority placed on financial sustainability, the scorecard also tracks financial performance from both an income and an expense perspective. The corporate scorecard for 2024 is depicted below:

Measure	2022 Performance	2023 Forecasted Performance	2024 Plan
Total Business Volume (Signed commitments)	CAD 207M	CAD 415M	CAD 720M
Climate Finance (Transactions approved)	CAD 39M	CAD 225	CAD 345
2X Challenge (Transactions approved)	CAD 187M	CAD 225	CAD 345
Private Capital Mobilization (Signed commitments)	CAD 28	CAD 65	CAD 130M
Least Developed Countries (% of portfolio)	22%	15%	10-15%
Net Financing and Investment Income	CAD 19M	CAD 27M	CAD 59M
Administrative Expenses	CAD 17 M	CAD 28M	CAD 37M

4.0 Financial Overview

In the preceding Chapters, FinDev Canada has presented the core elements of its strategy and priorities for 2024 and into the planning period as it relates to its business growth, impact priorities and the areas necessary to enable its operations. The *Growth with Purpose* strategy will see the corporation significantly increase its annual signings and overall portfolio over the next five years through both growth in its established regions – Latin America and the Caribbean, and Sub-Saharan Africa – and through its expansion into the Indo-Pacific region. This business growth is complemented by the continued maturation of its impact framework, and ultimately enabled by strategic investments in core areas including people and digital capabilities. All of FinDev Canada's activities are guided and supported by its suite of risk management policies and processes.

The Financial Overview presents the key business assumptions that flow from this strategy and the broader financial implications of FinDev Canada's operations. As a still young organization, the corporation is making targeted investments in areas related to people and digital capabilities to ensure that its growth is effectively enabled and managed, consistent with the Government of Canada's expectations for expense management.

4.1 Summary

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

- FinDev Canada is funded by capital injections from its parent company, Export Development Canada (EDC). An initial injection of $100 million occurred in 2018, followed by injections of $100 million in 2019 and 2020. In Budget 2021, the Government of Canada committed a further $300 million for FinDev Canada, with an additional $750 million committed as part of Canada's Indo-Pacific Strategy and included in Budget 2023, bringing total share capital to $1,350 million at the end of 2025. This capital will not only help the corporation build on its success in Latin America and the Caribbean, and Sub-Saharan Africa, it will also enable FinDev Canada to expand into the Indo-Pacific region in support of Canada's broader strategy.
- FinDev Canada is projecting a net loss of $8 million in 2023, a decrease of $8 million when compared with the 2023-2027 Corporate Plan forecast of a break-even net income. The decrease is mainly due to the delay in receiving the capital injection expected from EDC which resulted in increased borrowing costs, lowering net income. Looking forward over the planning horizon, following a period of positive net income, the corporation is forecasting net losses in the outer years due to the effects of a rapidly growing portfolio and the related provision charges, in addition to anticipated future borrowings and the related interest expenses.
- Budget 2023, released on March 28, 2023 outlined expectations for Crown Corporations to achieve expense savings. Consequently, FinDev Canada has reflected $6.9 million in total cost savings from 2024 through 2027 when compared to the previous Plan.
- Loans receivable are projected to be $721 million in 2023 and are expected to grow to $3,691 million over the Plan period.
- Investments are projected to be $243 million in 2023 and are expected to grow to $1,118 million by the end of the Plan period.
- To support its continuing growth, FinDev Canada intends to borrow from EDC during the Corporate Plan period. FinDev Canada is expected to have outstanding borrowings of $408 million by the end of 2023 and $411 million by the end of 2024. Outstanding borrowings at the end of 2028 will total $3,379 million.

It is currently anticipated that 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.

4.2 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, 2023.

Any changes to the business strategy or to the underlying assumptions may materially affect the projections over the planning period.

Business Facilitated

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

Table 1: Projected Level of Business Facilitated

(in millions of Canadian dollars)	2022 Actual	2023 Plan	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Business Volume								
Lending	160	450	290	585	765	1,035	1,280	1,620
Investments	47	130	125	135	170	210	240	255
	207	580	415	720	935	1,245	1,520	1,875

Download accessible versions of all financial tables here.

2023 Forecast

The 2023 lending and investments business facilitated is projected to be $415 million, lower than the $580 million forecast in the 2023 Corporate Plan. While the corporation expects investment volume to be largely in line with Plan, loan volume is expected to be lower due to a lower than forecast number of lending transactions in 2023. The reduction is partially attributable to the delay in the Corporate Plan approval which has had the downstream effect of slowing the origination of transactions in the Indo-Pacific region.

2024 to 2028

FinDev Canada is projecting business facilitated in the lending and investments programs to continue to grow in 2024 and 2025, with respective business volumes of $720 million and $935 million. Thereafter, ongoing annual increases are anticipated. This growth is consistent with the corporation's long-term strategy and reflect the expansion into the Indo-Pacific region, increased transaction sizes and the benefits realization of planned increases in human capacity in both Canada and through the establishment of a regional presence outside of Canada, as noted in Chapter 3.

Risk Profile of Business Volume

The risk profile of FinDev Canada's lending and investment activities are a reflection of the markets in which a DFI operates. The markets are typically higher risk which are largely non-investment grade, but which also present important opportunities to effect international development with and through the private sector. FinDev Canada's strategy envisions continued growth of lending and investment activities, the risk of which is reflected in its planning assumptions. The risk profile of the portfolio undertaken is in accordance with FinDev Canada's Board-approved Risk Appetite Framework and prudential limits. This remains one of the key drivers of both the provision for credit losses and capital demand for credit risk.

Foreign Exchange

The Financial Plan uses a month-to-date average rate as the U.S. dollar foreign exchange rate assumption for the remainder of 2023 and all subsequent years. This methodology removes the volatility associated with yearly exchange rate fluctuations and ensures more easily comparable projections. The rate used in this Plan, as represented by the average rate for June 2023, is U.S. $0.75.

Interest Rates

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

Other Key Assumptions

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. This assumption has been revised since the prior plan and is consistent with EDC's methodology.

5.0 Appendices

Appendix 1: Corporate Governance Structure

Managerial and Organizational Structure

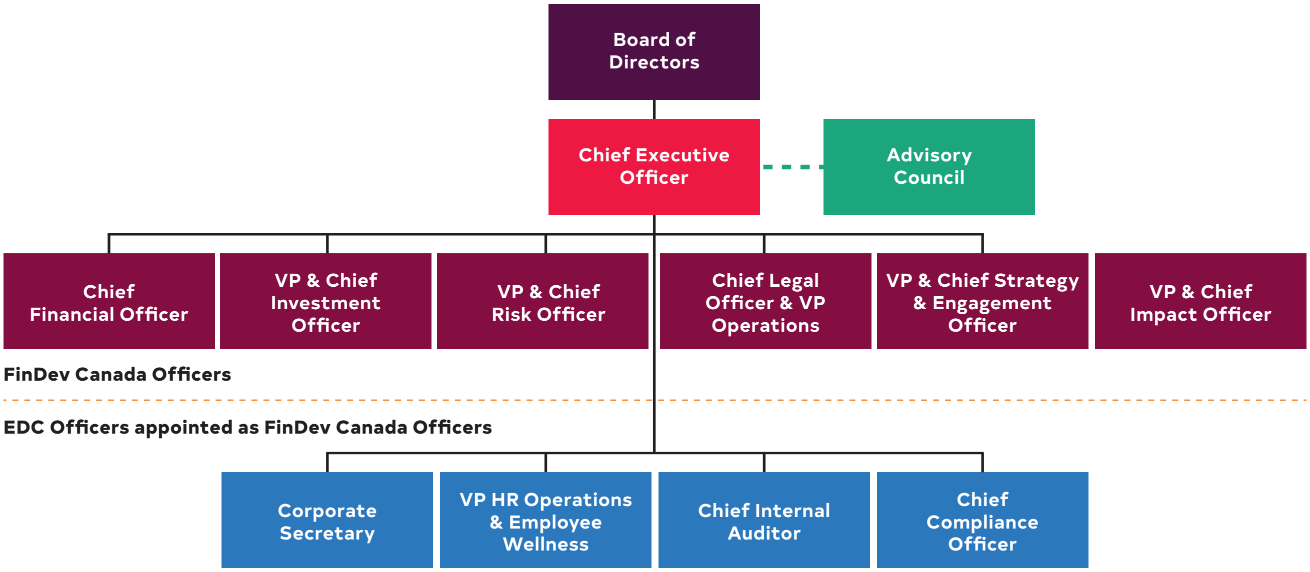
FinDev Canada, through EDC, reports to Parliament through the Minister of Small Business, Export Promotion and International Trade in consultation with the Minister of International Development.

Established under the *Canadian Business Corporations Act* (CBCA), Development Finance Institute Canada (DFIC) Inc. / Institut de financement du développement Canada (IFDC) Inc. – operating as FinDev Canada - is governed by an independent Board of Directors, appointed by EDC's Board of Directors. The Board, chaired by EDC's President and Chief Executive Officer (CEO), is composed of members of the EDC Board of Directors, as well as independent members with expertise and experience regarding the facets of our business and markets. Together, Board members bring expertise in the wide range of domains required to successfully lead the organization. In 2022, one new Director was appointed, adding to the wealth of experience that FinDev Canada can rely on.

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 on the Corporation's general strategic direction, and on specific strategic projects, procedures and policies, complementing 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 Organization Structure



Appendix 2: Chief Financial Officer Attestation

In my capacity as Chief Financial Officer at FinDev Canada, accountable to the Board of Directors of FinDev Canada through the Chief Executive Officer, I have reviewed the financial projections provided in FinDev Canada's 2024-2028 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 2024-2028 was approved by FinDev Canada's Board of Directors on September 27, 2023.

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

Marsha Acott

Marsha Acott
Chief Financial Officer
FinDev Canada

September 27, 2023

Appendix 3: Financial Statements and Budgets

3.1 Financial Statements and Notes

Statement of Comprehensive Income

Table 2: Projected Statement of Comprehensive Income

for the year ended December 31 (in millions of Canadian dollars)	2022 Actual	2023 Plan	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Financing and Investment Revenue								
Loan	20	59	52	70	88	118	157	206
Marketable securities	-	-	1	3	3	1	-	-
Investments	3	-	1	-	-	-	-	-
Total financing and investment revenue	23	59	54	73	91	119	157	206
Interest expense	4	18	25	11	15	34	61	94
Transaction costs	-	1	2	3	2	2	2	3
Net Financing and Investment Income	19	40	27	59	74	83	94	109
Donor Contributions	2	2	2	1	1	1	1	-
Other (Income) Expense	(15)	(4)	3	-	-	-	-	-
Administrative Expenses	17	29	28	37	44	51	56	61
Income (Loss) before Provision	19	17	(2)	23	31	33	39	48
Provision for Credit Losses	15	17	6	15	25	38	52	66
Net Income (Loss)	4	-	(8)	8	6	(5)	(13)	(18)
Other Comprehensive income	-	-	-	-	-	-	-	-
Comprehensive Income (Loss)	4	-	(8)	8	6	(5)	(13)	(18)

Download accessible versions of all financial tables here.

2023 Forecast versus 2023 Corporate Plan

FinDev Canada is forecasting a net loss of $8 million for 2023, a decrease of $8 million from the 2023 Corporate Plan. Items of note regarding this forecast are as follows:

- Net financing and investment income has declined by $13 million primarily due to the delay in receiving the capital injection from its parent company, EDC, which resulted in an increase to interest expense as a result of higher borrowing requirements.
- The provision for credit losses has decreased by $11 million primarily due to updated macroeconomic assumptions as well as lower net loan disbursements than anticipated.
- Other income has decreased by $7 million primarily due to the volatility associated with FinDev Canada's financial instruments carried at fair value through profit or loss, resulting in a reduction in expected gains related to the investments portfolio. Going forward we will no longer include a forecast for fair value gains and losses on financial instruments due to the volatility and difficulty in estimating these amounts, consistent with EDC.
- Administrative expenses are projected to be lower than Plan by $1 million. Consulting fees are expected to decline as a result of lower year to date spending than anticipated, with the lower spending trend continuing over the remainder of the year.

2024 Corporate Plan versus 2023 Forecast

FinDev Canada is forecasting net income of $8 million in 2024. Items of note are as follows:

- Net financing and investment income is expected to increase by $32 million. The increase is the result of earnings from anticipated business volume in 2024 in our lending book as well as a reduction in interest expense as FinDev Canada uses the projected capital injections to pay down debt.
- Due to the anticipated growth in the loan portfolio, the provision for credit losses is expected to increase by $9 million compared to 2023.
- Other expenses are expected to decrease by $3 million due to unrealized losses on investments in 2023. Due to the volatility and difficulty in estimating fair value gains or losses, and in alignment with EDC's approach, a forecast for unrealized gains or losses is not included in the 2024-2028 Corporate Plan.
- Administrative expenses reflect the direction provided by Budget 2023 to achieve savings, as indicated in Section 3.2 Operating Budget, and are expected to increase by $9 million mainly due to:
    - Additional headcount to support the continued growth of the organization, including in support of regional expansion. Costs related to human resources will account for approximately 63 per cent of the total administrative expenses; and
    - An increase in professional services, primarily in IT consulting, as the corporation implements its digital roadmap. Costs related to IT consulting will then account for approximately 8 per cent of the total administrative expenses which reflects the current phase of growth and foundational investments as FinDev Canada is still a relatively new organization.

2025 to 2028

In 2022, FinDev Canada saw revenues start to cover costs. This trend is expected to continue with income before provision for credit losses gradually increasing over the planning period. However, strong growth in the portfolio, will also drive corresponding increases to provision levels resulting in FinDev Canada incurring net losses in the outer years of the Plan. This is a deviation from the results reported in the 2023-2027 Plan as a decision was made to remove forecast realized gains on investments due to the volatility and difficulty in estimating them, as well as to be consistent with EDC's methodology.

Financial results in the outer years also consider the impact of FinDev Canada establishing a presence internationally as presented in Chapter 3.

Statement of Financial Position

Table 3: Projected Statement of Financial Position

as at December 31 *(in millions of Canadian dollars)*	2022 Actual	2023 Plan	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Assets								
Cash	12	7	9	9	9	9	9	9
Marketable securities	16	10	22	20	20	19	19	18
Derivative instruments	-	-	5	5	5	5	5	5
Loans receivable	423	789	721	997	1,459	2,070	2,807	3,691
Allowance for losses on loans	(25)	(35)	(28)	(40)	(61)	(89)	(124)	(165)
Investments	155	250	243	338	477	662	885	1,118
Other assets	4	6	6	6	6	6	6	6
Property, plant and equipment	-	-	-	4	3	3	2	2
Right-of-use asset	1	1	2	3	2	2	1	1
Total Assets	586	1,028	980	1,342	1,920	2,687	3,610	4,685
Liabilities and Equity								
Accounts payable and other credits	4	2	5	5	5	5	5	5
Loans payable	303	438	408	411	580	1,351	2,285	3,379
Owing to Export Development Canada	3	6	3	3	3	3	3	3
Deferred revenue	11	9	10	8	8	7	7	6
Derivative instruments	7	11	-	-	-	-	-	-
Lease liability	1	1	2	3	3	2	1	1
Allowance for losses on loan commitments	1	1	4	6	9	12	15	15
Total Liabilities	330	468	432	436	608	1,380	2,316	3,409
Equity								
Share capital	300	600	600	950	1,350	1,350	1,350	1,350
Deficit	(44)	(40)	(52)	(44)	(38)	(43)	(56)	(74)
Total Equity	256	560	548	906	1,312	1,307	1,294	1,276
Total Liabilities and Equity	586	1,028	980	1,342	1,920	2,687	3,610	4,685

Download accessible versions of all financial tables here.

2023 Forecast versus 2023 Corporate Plan

Loans receivable are expected to be $721 million, which is slightly lower than the Plan of $789 million. The decrease is the result of lower projected signings and foreign exchange translation. Investments are forecasted to end the year at $243 million compared to a Plan of $250 million. The corporation expects to end the year with loans payable of $408 million compared to a Plan of $438 million.

2024 Corporate Plan versus 2023 Forecast

Loans receivable are expected to reach $997 million in 2024 and investments, are expected to reach $338 million mainly due to continued growth in Latin America and the Caribbean, and Sub-Saharan Africa as well as the expansion into the Indo-Pacific region, consistent with the corporation's long-term strategy.

2025 to 2028

FinDev Canada expects growth in both the loans and investments portfolios to continue over the planning period due to the reasons noted above, as well as the benefits realization of increased human capacity and the benefits of a regional presence internationally. By the end of 2028, total assets of $4,685 million are anticipated, approximately five times the forecast 2023 ending position.

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

Additional capital injections are planned in 2023, 2024, and 2025 for a combined increase in share capital of $1,050 million. Of that amount, $300 million is from the Budget 2021 commitment and $750 million from the announcements made in support of Canada's Indo-Pacific strategy and reiterated in Budget 2023. This capital will enable the corporation to build on its success in Latin America and the Caribbean, and Sub-Saharan Africa, and expand into the Indo-Pacific region in support of Canada's broader strategy.

Once the additional capital injections are consumed, the sustained rapid growth of the portfolio will be made possible by a material increase of the financial leverage of FinDev Canada. Consequently, the debt-to-equity ratio of the corporation will, in the outer years of the Plan, begin to approach its three to one policy limit. During the planning period, FinDev Canada will consider options for the use of its capital and the optimal level of financial leverage to support its future growth.

Statement of Changes in Equity

Table 4: Projected Statement of Changes in Equity

for the year ended December 31 (in millions of Canadian dollars)	2022 Actual	2023 Plan	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Share Capital								
Balance beginning of year	300	300	300	600	950	1,350	1,350	1,350
Shares issued	-	300	300	350	400	-	-	-
Balance end of year	300	600	600	950	1,350	1,350	1,350	1,350
Deficit								
Balance beginning of year	(48)	(40)	(44)	(52)	(44)	(38)	(43)	(56)
Comprehensive income (loss)	4	-	(8)	8	6	(5)	(13)	(18)
Balance end of year	(44)	(40)	(52)	(44)	(38)	(43)	(56)	(74)
Total Equity End of Year	256	560	548	906	1,312	1,307	1,294	1,276
Return on Equity	3.8%	0.0%	-2.0%	1.1%	0.5%	-0.4%	-1.0%	-1.4%

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In the outyears of the Plan we continue to see negative Return on Equity as this is a function of the rapid growth in the loans portfolio requiring increases to provision levels thereby tempering profitability.

Statement of Cash Flows

Table 5: Projected Statement of Cash Flows

for the year ended December 31 (in millions of Canadian dollars)	2022 Actual	2023 Plan	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Cash Flows used in Operating Activities								
Net income (loss)	4	-	(8)	8	6	(5)	(13)	(18)
Adjustments to determine net cash from (used in) operating activities								
Provision for credit losses	15	17	6	15	25	38	52	66
Depreciation and amortization	-	-	-	1	1	1	2	2
Investments non-cash items	(3)	-	-	-	-	-	-	-
Changes in operating assets and liabilities								
Change in fair value of investments and accrued interest on loans receivable	(r16)	(6)	4	(6)	(8)	(4)	(5)	(5)
Change in derivative instruments	(11)	-	(6)	-	-	-	-	-
Other	-	(8)	(22)	(3)	(1)	(9)	(16)	(27)
Loan disbursements	(169)	(418)	(341)	(406)	(598)	(816)	(1,063)	(1,351)
Loan repayments	33	90	49	137	144	216	338	481
Net cash used in operating activities	(147)	(325)	(318)	(254)	(431)	(579)	(705)	(852)
Cash Flows used in Investing Activities								
Disbursements for investments	(36)	(76)	(86)	(95)	(139)	(185)	(223)	(233)
Receipts from investments	5	-	1	-	-	-	-	-
Purchases of marketable securities	(5)	(300)	(300)	(350)	(400)	-	-	-
Sales/maturities of marketable securities	5	300	300	350	400	-	-	-
Purchases of property, plant, and equipment	-	-	-	(4)	(1)	-	-	-
Net cash used in investing activities	(31)	(76)	(85)	(99)	(140)	(185)	(223)	(233)
Cash Flows from Financing Activities								
Issue of long-term loans payable	166	273	459	117	184	1,000	1,071	1,278
Repayment of long-term loans payable	-	(178)	(353)	(116)	(13)	(237)	(143)	(194)
Increase (decrease) in amount due to EDC	2	4	-	-	-	-	-	-
Issuance of share capital	-	300	300	350	400	-	-	-
Net cash from financing activities	168	399	406	351	571	763	928	1,084
Effect of exchange rate changes on cash and cash equivalents	1	-	-	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(9)	(2)	3	(2)	-	(1)	-	(1)
Cash and cash equivalents								
Beginning of year	37	18	28	31	29	29	28	28
End of year	28	16	31	29	29	28	28	27
Cash and cash equivalents are comprised of:								
Cash	12	7	9	9	9	9	9	9
Cash equivalents included within marketable securities	16	9	22	20	20	19	19	18
	28	16	31	29	29	28	28	27
Operating Cash Flows from Interest								
Cash paid for interest	2	14	12	11	13	27	54	86
Cash received for interest	15	51	34	64	79	105	142	188

Download accessible versions of all financial tables here.

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 as issued by the International Accounting Standard Board (IASB). The earnings of the corporation are not subject to the requirements of the *Income Tax Act*.

Amended and Evolving Standards

The following amendments issued by the IASB have been assessed as being relevant to FinDev Canada. The changes were adopted for the annual report period beginning on January 1, 2022.

Fees in the "10 per cent" Test for Derecognition

In May 2020, the IASB issued an amendment to IFRS 9 – Financial Instruments: Fees in the "10 per cent" test for derecognition clarifying which fees to include when applying the "10 per cent" test in assessing whether to derecognize a financial liability . An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf . The amendment was adopted on January 1, 2022 with no material impact to the financial statements.

Onerous Contracts

In May 2020 the IASB issued an amendment to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous . The amendment was adopted on January 1, 2022 with no changes to the financial statements.

Interest Rate Benchmark Reform — Phase 2

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

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

Capital Management

Capital Adequacy Policy (CAP)

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

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

3.2 Operating Budget and Notes

Administrative Expenses

Table 6: Projected Administrative Expenses

(in millions of Canadian dollars)	2022 Actual	2023 Plan	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Salaries and benefits	10.9	17.0	16.9	23.6	29.8	35.3	39.5	43.1
Professional services	1.6	4.5	3.8	5.7	6.0	6.3	6.9	7.3
Administration costs	1.4	1.5	1.8	1.8	1.8	1.8	1.8	1.8
Systems Costs	0.6	1.1	1.0	1.0	0.9	0.9	1.0	1.1
Travel, hospitality and conferences	0.6	1.3	1.2	1.4	1.7	2.1	2.6	3.1
Marketing and communications	0.5	0.9	0.6	0.6	0.7	0.7	0.8	0.8
Impact projects	0.5	1.2	0.4	0.4	0.2	0.1	0.1	0.1
Other	0.8	1.8	1.9	2.9	3.2	3.6	3.6	3.7
Total administrative expenses	16.9	29.3	27.6	37.4	44.3	50.8	56.3	61.0

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Budget 2023, released on March 28, 2023 outlined expectations for Crown Corporations to achieve expense savings. In order to adhere to the requirements, FinDev Canada has reduced spending in a number of areas including travel from what was included in the 2023-2027 Corporate Plan. Overall, this Plan reflects $6.9 million in total cost savings from 2024 through 2027 when compared to the previous Plan.

2023 Forecast

Administrative expenses are expected to be lower than projected in the 2023 Plan primarily due to lower consulting fees.

2024 Corporate Plan

FinDev Canada is targeting administrative expenses of $37.4 million for 2024. Items of significance in the administrative expense projections for 2024 are as follows:

- Salaries and benefits are projected to increase as new employees are hired to support the growth of FinDev Canada's business, consistent with its long-term strategy.
- Professional services are expected to grow in 2024, primarily due to higher IT consulting fees as the corporation builds out its digital infrastructure and executes against the roadmap presented in Chapter 3.
- The 2024 administrative expenses are partially offset by grant revenue of $1.4 million related to the 2X Canada facility.

Table 7: Travel and Hospitality Expenses

(in thousands of Canadian dollars)	2022 Actual	2023 Plan	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Travel	576	1,259	1,083	1,312	1,595	1,974	2,390	2,845
Hospitality	31	36	54	66	80	99	119	142
Conferences	23	45	32	39	48	59	72	85
Total	630	1,340	1,169	1,417	1,723	2,132	2,581	3,072

Download accessible versions of all financial tables here.

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

(in thousands of Canadian dollars)	2022 Actual	2023 Plan	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Total travel, hospitality and conferences expenses	630	1,340	1,169	1,417	1,723	2,132	2,581	3,072
Total administrative expenses	16,950	29,279	27,553	37,421	44,337	50,764	56,286	60,956
Travel and hospitality as a % of total administrative expenses	3.7%	4.6%	4.2%	3.8%	3.9%	4.2%	4.6%	5.0%

Download accessible versions of all financial tables here.

3.3 Capital Budgets and Notes

Capital Expenditures

Table 9: Projected Capital Expenditures

(in millions of Canadian dollars)	2022 Actual	2023 Plan	2023 Fcst	2024 Plan	2025 Plan	2026 Plan	2027 Plan	2028 Plan
Facilities	-	0.3	0.2	4.2	0.6	0.3	0.3	0.3
Information technology	0.1	0.3	0.1	0.1	0.1	0.1	0.1	0.1
Total capital expenditures	0.1	0.6	0.3	4.3	0.7	0.4	0.4	0.4

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

Download accessible versions of all financial tables here.

The increase in the facilities forecast for 2024 is due to the need to relocate offices in Montreal to accommodate the increase in new employees required to support the growth of FinDev Canada's business.

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

Appendix 4: Borrowing Plan

Borrowing Authority

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

Borrowing Strategy

FinDev Canada is currently forecasted to have outstanding borrowings from EDC of $411 million at the end of 2024. This is viewed as the corporation's baseline borrowing requirement. As FinDev Canada is still in a growth phase, the corporation is requesting the ability to have an additional contingency amount approved to support this growth. The corporation is requesting a contingency limit of US $100 million (CAD $133 million) for 2024.

EDC Treasury will leverage its expertise to undertake all borrowing, investing, hedging and foreign exchange activities on behalf of FinDev Canada.

As at June 30, 2023 the balance of the loan payable to EDC was $469 million. The balance is expected to decrease to $408 million at the end of the year, which is within the current approved limit of the borrowing facility. All loans outstanding were made on commercial terms including a market interest rate.

Appendix 5: Compliance With Legislative and Policy Requirements

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

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

Appendix 6: 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, the Corporation updated its *Transparency & Disclosure Policy*[19] which approved by the Board of Directors in 2023, in response to the evolution of the operating environment.

FinDev Canada's provides access to information while maintaining the commercial confidentiality of our customers. The Policy governs how we publicly release information on transactions. We place FinDev Canada in a leading position, by instituting 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 entered into. FinDev Canada also makes the following information publicly available on its website:

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

FinDev Canada engages with stakeholders and civil society through consultations and by participating in events to discuss issues of mutual concern and solicits feedback on our own practices. There is a stakeholder engagement process planned to happen over the coming months as part of the update happening to the *Environmental and Social (E&S) Policy* this year. Similar to the 2019 consultation, FinDev Canada will be soliciting comments from the public and inviting key stakeholders to provide feedback on the existing E&S Policy[20] (published March 2020) and in response to the Public Stakeholder Discussion Paper that is soon to be published. FinDev Canada publicly reports on the E&S Policy Implementation[21] on its website, providing increased detail on its alignment with the commitments in the E&S Policy as well as the aggregate E&S performance of portfolio clients.

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

19 Transparency and Disclosure Policy 2023.pdf (findevcanada.ca)
20 FinDev Canada ES Policy - 02Mar 2020.pdf
21 2022_018_ES_Policy_Implementation_Report_EN_02_14.pdf (findevcanada.ca)

Gender-Based Analysis Plus

Gender equality is at the core of FinDev Canada's priorities. This applies to its activities as a DFI and to its own corporate practices. As is outlined in the Corporate Plan, FinDev Canada will apply a gender lens to all investments. We strive to lead by example in our management practices regarding gender equality, to create a culture of equal opportunity and advancement.

Diversity and Employment Equity

Diversity and inclusion are core aspects of FinDev Canada's practices in support of businesses in developing countries. In collaboration with industry partners, 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. We rely on the support of EDC Human Resources management and benefits from the breadth of experience and recognized leading practices of EDC as an employer. FinDev Canada's Gender Lead sits 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 women employees, FinDev Canada's employee base represents a large degree of gender diversity. As we grow, we will seek to further increase diversity, by hiring professionals that originate from, or have ties to, the countries in which we operate.

Indigenous Issues

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

Development Finance Institute Canada (DFIC) Inc.