

Corporate governance

As a commercial and financial Crown corporation, EDC is governed by a board of directors whose representatives are primarily 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.

EDC's board is composed of seasoned professionals in the fields of business, finance, banking, insurance, human resources, technology, investment, policy and risk management. Members possess deep knowledge and understanding of various sectors including finance, banking, insurance, mining, energy, manufacturing, technology, marketing and retail. Their collective experience is leveraged to help inform EDC's business direction.

Board stewardship

The board plays the important role, along with the Executive Management team, of ensuring that the corporation's strategic direction and Corporate Plan are aligned with the Government of Canada's trade priorities. Board members also act as a link between EDC and the shareholder, the Government of Canada. In this regard, the board is informed by guidance from the Minister of International Trade, Export Promotion, Small Business and Economic Development through the annual Statement of Priorities and Accountabilities (SPA). The SPA complements the ongoing dialogue between EDC and its shareholder. The 2022–2026 Corporate Plan was approved by the board in the fall of 2021.

Public policy objective and legislated mandate

EDC's mandate, powers and objectives are established by statute of the Parliament of Canada through the *Export Development Act*.

Accountability and operations

With the exception of the President and CEO, the board is independent of EDC's management. The two entities have an effective working relationship, with the board regularly reviewing the allocation of responsibilities. The EDC bylaw regulates board proceedings and establishes matters for which the board has reserved authority. The Board Charter elaborates on the board's stewardship roles and responsibilities and provides additional detail on board proceedings.

At each board and committee meeting, time is reserved for directors to meet in camera with the CEO and separately without the CEO. The Audit Committee meets in camera in three sessions: with representatives of the Office of the Auditor General of Canada; with EDC's Senior Vice-President and Chief Internal Auditor; and as the full Audit Committee without the CEO. The Risk Management

Committee holds regular in-camera sessions with the Chief Risk Officer, as well as with the Vice-President and Chief Compliance & Ethics Officer. Additionally, directors receive agendas and materials for, and are welcome to attend, any committees of which they are not members, with the exception of the Nominating and Corporate Governance Committee, where membership and participation are reserved for the Chair and Vice-Chair of the board and the chairs of the board committees.

2021 focus areas

The board's long-standing work to provide guidance and oversight related to EDC's strategy, risks and opportunities created a strong foundation for the Executive Management team and the board to build on in 2021, as the corporation responded to the challenges of the ongoing pandemic and began to implement its long-term corporate strategy.

Environmental, social and governance (ESG) and culture of ethical conduct

The board provides oversight of the corporation's overall ESG orientation, and contributes to the ongoing evolution of its ESG Strategy. In 2021, it strengthened its own ESG governance through a review of standing committee mandates and the Board Charter, and the formal articulation of the already-delegated aspects of ESG oversight to each board committee. Overall ESG Strategy development remains at the board level. The board also strengthened its collective ESG competency through ongoing director development and certifications.

ESG was a standing item on the meeting agendas of the board and the Business Development & Performance Committee (BDPC). All other committees applied an ESG lens in fulfilling their mandates. The board received regular ESG updates from the Chief Corporate Sustainability Officer, in addition to hearing from the shareholder and civil society representatives. ESG topics discussed by the board and its committees included:

- ESG performance reporting and roadmap
- External perspectives on ESG
- ESG as an enabler of EDC's new strategy
- EDC's alignment with the Government of Canada's direction on ESG matters
- Human rights
- Board governance of ESG
- EDC's Environmental and Social Risk Management Policy Framework, which includes its Climate Change Policy and its Human Rights Policy
- Reports on the implementation of EDC's Environmental and Social Review Directive

- ESG assessments of, and updates on, key transactions and existing customers, including concerns that might be raised by civil society organizations
- EDC's climate stress testing and portfolio management
- EDC's progress against its carbon intensity target under the Climate Change Policy
- EDC's cleantech performance
- Development of EDC's ESG key performance indicators and dashboard reporting
- Stakeholder engagement

Board Chair Martine Irman continued to serve as the board representative in meetings of EDC's ESG Advisory Council, a group of distinguished experts who advise and guide EDC on its ESG practices.

More broadly, the board promotes an ethical business culture and is sensitive to conflict-of-interest concerns. The board approves EDC's Employee Code of Conduct, which incorporates the Values and Ethics Code for the Public Sector, and receives regular reports on employee training and sign-off to confirm adherence with EDC's Code of Conduct. Board members are also expected to carry out their roles in accordance with EDC's Board Code of Conduct, which the board reviews and approves on an annual basis. Training of all board members on the Board Code is an annual obligation, and all board members participated in this training in 2021.

EDC directors file standing declarations of interest and refrain from discussions or voting where a real or potential conflict of interest exists. Board documents are screened to flag companies listed in the standing declarations so that transaction documents are withheld from a director who has declared an interest in a party related to that transaction.

Subsidiary oversight

The board continued to oversee EDC's wholly owned subsidiary, Development Finance Institute Canada (DFIC) Inc./Institut de financement du développement Canada (IFDC) Inc., branded "FinDev Canada". FinDev Canada is guided by a separate board of directors whose membership draws from the EDC board (including EDC's President and CEO, who serves as FinDev Canada's chair), as well as independent directors. Taken together, this board possesses a broad range of skills and experience in development finance and international markets.

Transformation and long-term strategy development

The board played a critical role in directing and overseeing the organization's ongoing transformation, as implementation of EDC's first-ever 10-year corporate strategy progressed. The board received regular updates on EDC's digital modernization efforts and employee pulse survey results, and engaged with management to establish a robust roadmap for promoting the cultural change and behavioural shifts required to achieve a sustainable transformation and accelerate desired outcomes.

Notwithstanding the need to address immense short-term pressures, the board also maintained a long-term strategic view and helped guide the development of EDC's Corporate Plan. Throughout the year, the board worked closely with the Executive Management team to examine the trends affecting Canadian trade and engage in divergent thinking about the challenges facing Canadian exporters now and into the future. This work was invaluable for advancing the evolution of the Corporation's strategy and the development of related reporting tools and processes for ensuring effective oversight of the strategy's execution.

Continued response to the pandemic

The board continued to play a critical role in overseeing and providing guidance related to the organization's response to the COVID-19 pandemic crisis and Canada's economic recovery. As leadership focused on setting EDC's people up for success, the board provided oversight, receiving regular reporting on aspects such as leadership communications, employee opinion survey results, future of work and change management. The board performed an effective challenge function, enabling senior management to make decisions as needed to address the demands on the organization and to support Canadian companies.

Communication with stakeholders

In a year when EDC was again required to support more Canadian businesses than ever before, maintaining high-level oversight of EDC's stakeholder engagement was a board priority. In performing its oversight role, the BDCP received regular stakeholder engagement reports and provided guidance, while monitoring market conditions, the needs of Canadian exporters and investors, the priorities of EDC's shareholder and the expectations of the broader stakeholder community. In response to the Government of Canada's signing of the Statement on International Public Support for the Clean Energy Transition, the board ensured continued engagement with Canadian oil and gas producers, engaged with Mark Carney, UN Special Envoy on Climate Action and Finance, and hosted an energy regulators roundtable.

Enterprise risk management

EDC is always exploring and expanding its reach into new international markets and sectors to support trailblazing Canadian companies. As it does so, the Corporation inevitably encounters a wide variety of risks—financial, operational and strategic—across a diverse economic and political landscape. As such, enterprise risk management (ERM)—

which builds risk management practices into EDC's everyday operations—remains a priority of the board.

Communication with the shareholder

The board continued to monitor and facilitate effective communication between EDC and its shareholder, the Government of Canada. The board welcomed the Minister of Environment and Climate Change in the spring to discuss the government's commitments. The chair also engaged with the Minister of International Trade, Export Promotion, Small Business and Economic Development and senior officials throughout the year on a range of topics related to governance, shareholder priorities and corporate performance.

Senior management evaluation and succession

As part of its responsibilities, the board evaluates the performance of the president, senior vice-presidents and other designated positions on an annual basis. Set by the Human Resources Committee, the president's annual performance objectives are directly related to EDC achieving objectives set out in the Corporate Plan, and are aligned with the annual Statement of Priorities and Accountabilities. The Human Resources Committee reviews the president's performance based on these objectives, and makes recommendations to the board. The board in turn provides the government with recommendations related to the president's performance rating, salary and variable pay. The Human Resources Committee also reviews performance and compensation of senior management and certain other positions on an annual basis, and it reviews talent management plans and business continuity plans.

In addition, the board oversees senior management succession. The succession plan, as developed by management and approved by the Human Resources Committee, is a factor in senior appointments.

Committee mandates and reports

EDC welcomed one new member, Mr. Richard Payette, to its board in 2021. The board continues to be gender balanced, reflecting the organization's commitment to inclusion, diversity and equity (ID&E).

The board is supported by six board committees, and regularly reviews their mandates and terms of reference, which are described below.

The **Audit Committee** ensures the board fulfills its mandate in financial matters, as well as reviewing any investigations by the Chief Internal Auditor, approves the plans for internal and external auditors, and ensures adequate resources. The Audit Committee approves and monitors important capital and administrative expenditures, reviews the implications of new accounting policies, and reviews internal and external audit results. The committee approves quarterly financial statements for public release. All Audit Committee members are financially literate and independent of EDC management.

The committee, chaired by Robert McLeese, held six regular meetings in 2021. Key areas of focus included financial forecasting and developments in the global economy stemming from the pandemic, digital transformation, and ongoing organizational efforts to implement changes in international accounting standards. The Audit Committee provided regular reports to the board and engaged frequently with the Chief Internal Auditor and representatives of the Office of the Auditor General of Canada.

The **Business Development and Performance Committee** engages with management, and acts as an advisory body to the board, to ensure that business performance is aligned with the Corporation's strategic direction. The committee provides strategic policy direction as to how EDC can best continue to meet the evolving needs of Canadian exporters

and investors, oversees the execution of the Corporation's strategy, and monitors performance against approved business strategies, plans and policies.

The committee, chaired by Pierre Matuszewski, held six regular meetings in 2021. Key areas of focus included reporting on business performance metrics, ESG performance reporting, emerging trends across Canadian industry, business transformation, marketing and business line strategies, economic outlooks impacting EDC and its customers, stakeholder engagement, and the Government of Canada's pandemic response and post-pandemic economic recovery plans and related expectations of EDC.

The **Human Resources Committee** supports the board's oversight of human resources strategic planning and approves the management succession plan, employee and executive compensation, and measures and targets for the corporate incentive program. It 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.

The committee, chaired by Karna Gupta, held six regular meetings in 2021. EDC wishes to thank Ms. Heather Culbert for serving as chair of the committee until April 2021. Under Ms. Culbert's stewardship, many human resources milestones were achieved by the organization. Her time and dedication throughout her tenure are truly appreciated.

Key areas of focus in 2021 included the implementation of EDC's ID&E strategy, the health, safety and well-being of EDC and FinDev Canada employees during the pandemic, organizational culture and the future of work direction.

The **Risk Management Committee** supports the board's oversight of the prudent management of EDC's capital structure, including the management of credit, market and other enterprise risks. The committee oversees and recommends updates to the internal policy framework

governing authorization of EDC's business activities, and it oversees the authorizations that EDC requires in order to undertake specific transactions. It reviews and recommends transactions requiring board approval and monitors compliance with the Environmental and Social Review Directive. It also oversees EDC's compliance and ethics programs and receives updates on portfolio management activities.

The committee, chaired by Lindsay Gordon, held six regular meetings in 2021. Key areas of focus included capital management, enterprise-wide stress testing, climate stress testing, organizational cybersecurity, transformation, and EDC's compliance and ethics programs. EDC wishes to thank Ms. Darlene Thibault for her time and dedication in serving as chair of the committee until March 2021.

The **Nominating and Corporate Governance Committee** handles matters relating to EDC's governance regime. It provides input on the ethics program for directors, selection criteria for appointments of the president and the chair, profiles of the desirable skills and experience required of directors, consideration of board candidates, and board orientation and education programs. It oversees the governance of EDC subsidiaries and the assessment of board effectiveness, monitors relations with management, and reviews the membership and mandates of committees.

The committee, chaired by the Board Chair, Martine Irman, held three meetings in 2021. Key areas of focus included overall board governance, governance of ESG matters, renewal of both the EDC and FinDev Canada boards, and the undertaking of the bi-annual governance assessment of the board.

The **Executive Committee** has the authority to exercise certain board powers, and meets only if necessary to deal with urgent matters that arise between board meetings. The committee, chaired by Board Chair, Martine Irman, did not hold any meetings in 2021.

Director remuneration

Compensation paid to directors is set by Order-in-Council. The chair and other independent directors receive an annual retainer for their services and for attending committee and board meetings, plus a fixed per diem for travel time. The following compensation schedule has been in place since 2000, in accordance with Treasury Board Guidelines:

- Chair of the Board: annual retainer of \$12,400; \$485 per diem
- Other directors: annual retainer of \$6,200; \$485 per diem
- Chairs of committees (other than Executive Committee) and Vice-Chair of the Board: base retainer plus \$2,000

Directors are reimbursed for reasonable out-of-pocket expenses while performing their duties, including travel, accommodations and meals. Each board member serves on multiple committees. There were 10 board meetings (six regular and four special) and 27 committee meetings in 2021. All board operations were conducted virtually as a result of the travel restrictions and operational constraints stemming from the pandemic, with the exception of the October and December meetings. These two meetings were conducted using a hybrid approach with some directors attending in person with management, and others participating virtually by video conference.

The total remuneration paid to independent directors including the chair (annual retainers plus per diems) was \$255,133 in 2021, compared to \$252,261 in 2020. The total for business travel, promotion and meeting expenses paid to board members plus meeting expenses for the board and committees was \$128,292 in 2021, compared to \$43,304 in 2020 (both figures are exclusive of the expenses of the president). The total for the president's business travel and hospitality expenses in 2021 was \$22,289, compared to \$23,508 in 2020.

Membership and attendance of EDC Board of Directors Committees in 2021

	Total Compensation (retainer plus per diem payments)	Audit Committee Meeting (3 = quorum)	Business Development & Performance Committee Meeting (3 = quorum)	Human Resources Committee Meeting (3 = quorum)	Nominating & Corporate Governance Committee Meeting (3 = quorum)	Risk Management Committee Meeting (4 = quorum)	Board of Directors Meeting (6 = quorum)
Boivin, Pierre	\$ 18,203.75		6/6			6/6	10/10
Culbert, Heather	\$ 25,356.25	6/6		5/6	3/3		8/10
Gordon, Lindsay	\$ 21,173.75	5/6		5/6	3/3	6/6	10/10
Gupta, Karna	\$ 20,143.15	6/6	6/6	6/6	1/1		9/10
Irman, Martine	\$ 25,131.25			6/6	3/3	5/6	10/10
Lavery, Mairead	n/a			6/6		6/6	10/10
MacWilliam, Karen	\$ 18,446.25	6/6				6/6	10/10
Matuszewski, Pierre	\$ 22,750.00		6/6	6/6	3/3	6/6	10/10
McLeese, Robert	\$ 21,295.00	6/6			3/3	6/6	10/10
Payette, Richard	\$ 17,119.30	5/5	5/5				9/9
Sharma, Manjit	\$ 16,896.25	6/6	6/6				10/10
Stairs, Andrea	\$ 16,991.25		5/6	4/6			8/10
Thibault, Darlene	\$ 2,995.50	1/1				1/1	1/1
Yuers, Kari	\$ 19,416.25	6/6	6/6				10/10
TOTAL	\$245,917.95						
EXINVEST	\$ 9,215.00						
TOTAL	\$255,132.95						

The EXINVEST per diem amount includes amounts paid for both the 2020 and 2021 EXINVEST Annual Meetings as no per diem was paid in 2020.

Board of Directors

Martine Irman

(Chair)

Toronto, Ontario

Pierre Boivin

Sainte-Foy, Quebec

Heather J. Culbert

(Vice-Chair)

Calgary, Alberta

Lindsay Gordon

Vancouver, British Columbia

Karna Gupta

Oakville, Ontario

Karen MacWilliam

Wolfville, Nova Scotia

Pierre Matuszewski

Montreal, Quebec

Robert S. McLeese

Toronto, Ontario

Richard Payette

Montreal, Quebec

Manjit Sharma

Toronto, Ontario

Andrea Stairs Krishnappa

Toronto, Ontario

Darlene Thibault

(term concluded in March 2021)

Laval, Quebec

Kari Yuers

Vancouver, British Columbia

Executive Management team

Mairead Lavery

President and Chief Executive Officer

Carl Burlock

Executive Vice-President and
Chief Business Officer

Marsha Acott

Interim Senior Vice-President and
Chief Financial Officer

Lorraine Audsley

Senior Vice-President and Chief Risk
Officer, Global Risk Management

Stephanie Butt Thibodeau

Senior Vice-President,
People and Culture

Jacques Chamberland

Senior Vice-President and
Chief Transformation Officer

Justine Hendricks

Chief Corporate Sustainability Officer
and Senior Vice-President, Sustainable
Business and Enablement

Ken Kember

Senior Vice-President, Finance and
Chief Financial Officer

Sven List

Senior Vice-President, Trade Connections

Dan Mancuso

Senior Vice-President,
Financing and Investments

Julie Pottier

Senior Vice-President, Small Business,
Commercial Markets and Partnerships

Todd Winterhalt

Senior Vice-President, Communications,
Marketing and Corporate Strategy Officer

Clive Witter

Senior Vice-President, Insurance and
Working Capital Solutions