

DEVELOPMENT FINANCE INSTITUTE CANADA (DFIC) INC. / INSTITUT DE FINANCEMENT DU DÉVELOPPEMENT CANADA (IFDC) INC.

(FinDev Canada)

Board Charter

1 Purpose and Guiding Principles

The Board of directors of FinDev Canada (the **Board**) is responsible for overseeing the management, business, activities and other affairs of FinDev Canada. The mandate of FinDev Canada 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. FinDev Canada is a wholly-owned subsidiary of Export Development Canada (**EDC**, a Crown corporation as defined in the *Financial Administration Act (FAA)*, and a "Tier 1 Subsidiary" as defined in EDC's Subsidiary Governance Framework (the **Framework**). Thus, FinDev Canada must comply with the FAA and associated regulations, the *Export Development Act (Canada)* and associated regulations, the *Canada Business Corporations Act*, the integrated Corporate Plan, which includes the FinDev Canada Corporate Plan (as such term is defined below), and any other applicable legislation, policies or standards, as amended from time to time. It is also subject to EDC's oversight, as further provided herein and in the Framework.

In its stewardship and oversight role, the Board helps to strengthen management and accountability. The Chief Executive Officer (CEO) is responsible for the management of FinDev Canada and the execution of its corporate plan.

In furtherance of its mandate, the Board shall be guided by the following principles:

- (a) effectiveness and operational excellence;
- (b) proactive and engaged oversight;
- (c) independent and objective discussions and decisions;

Independence is characterized by the capacity of Board members to exercise, collectively and individually, an objective and impartial judgment, and to make decisions without influence from third parties or FinDev Canada Management (**Management**).

- (d) integrity and ethical conduct;

The Board shall take all reasonable measures to ensure that the rules of conduct and ethics are maintained by ensuring that it complies with *the Board of Directors' Code of Conduct*, and by promoting integrity and ethical conduct.

- (e) avoidance of apparent and real conflict of interests.

The Board shall take all reasonable measures to avoid all apparent and real conflicts of interest by ensuring that it complies with *the Board of Directors' Conflict of Interest and Insider Trading Guideline*.

From time to time and as appropriate, the Board may delegate certain tasks to Board committees, if any. However, such delegation shall not relieve the Board of its overall responsibilities, and each committee, if any, shall report on its activities to the Board.

2 Composition

The Board shall consist of such number of directors as may be determined by resolution of the Board from time to time, subject to the minimum and maximum number set forth in the Framework for a Tier 1 Subsidiary (between three (3) and eleven (11), with a target of nine (9) directors). The Board shall ensure gender parity among directors. In accordance with the CBCA, all such directors shall be elected annually by the Board of directors of EDC (the **EDC Board**) on the recommendation of the EDC Board's Nominating and Corporate Governance Committee (the **EDC NCGC**). The majority of Board members shall also be EDC Board members. However, the Board shall always be composed of at least one third of directors (rounded down to the lower whole number) who are not, and have never been, EDC Board members or officers or employees of EDC or FinDev Canada (the **Independent Directors**).

The directors shall have the skills, experience and training to contribute to the effective oversight of the operations of FinDev Canada. EDC NCGC shall develop, review and as necessary update and submit for review and approval by the EDC Board prior to the identification of potential candidates, a Board of Directors' profile which will describe the attributes, skills and experience that should be possessed by members of the Board. EDC NCGC will also make recommendations to the EDC Board regarding future needs for training, the hiring of advisors, and/or recommendations for the profile of incoming new directors based upon the gaps identified in the Board competency assessment and any other relevant considerations including diversity.

The Chair of the Board (the **Chair**) shall be the President and Chief Executive Officer of EDC and shall be appointed by the EDC Board.

3 Compensation

Subject to applicable legislation, the EDC Board determines, on the recommendation of the EDC NCGC, the remuneration to be paid to members of the Board for their services as directors. Board members are entitled to additional remuneration when undertaking special services on behalf of FinDev Canada beyond the services ordinarily required of a Board member.

Members of the Board are also entitled to be reimbursed for travelling and other out-of-pocket expenses properly incurred by them in attending Subsidiary Board and committee meetings, and in the performance of other duties as directors of the Subsidiary, in accordance with the Travel and Hospitality Policy of the Board.

4 Meetings

On the direction of the Chair, the Board shall set a schedule of meetings as the Board shall deem necessary based on its operational and governance needs and to fulfil its responsibilities. The quorum at any meeting of the Board shall consist of three (3) directors in office, at least one (1) of whom shall be an Independent Director, and at least two (2) of whom shall also be directors of the EDC Board.

After appropriate consultations, the Chair shall establish the agenda for each Board meeting. Board members shall be free to suggest items for inclusion on the agenda or to raise subjects that are not on the agenda for that meeting.

Board meetings are ordinarily held at such times and places as the Board may determine. Further particulars of the procedure for calling meetings of the Board are described in FinDev Canada's by-law.

Meetings may be held in person, by telephone or similar communications facility, or by any individual member or members participating by telephone or by such communication facilities.

Directors may reserve sufficient time for discussion without members of management present at each Board meeting.

5 Duties and Responsibilities

The stewardship and oversight responsibilities of the Board shall generally be carried out under the following categories:

(a) Governance

The Board shall be responsible for creating a governance and accountability structure that fosters robust corporate governance. It shall take all reasonable measures to implement the Framework within the operations of FinDev Canada.

In addition, the Board shall provide opportunities to meet with the Board-appointed officers and members of Management respectively, to discuss any matter they may want to discuss on an In Camera basis.

(b) Strategy and Corporate Plan

The Board shall require that all situations of a strategic nature or events that are not in the normal course of business, such as decisions that have a material impact on FinDev Canada's business operations or capital, be brought to its attention by Management.

The Board leads FinDev Canada in the achievement of its long-term goals by overseeing the FinDev Canada's strategic planning process. The Board provides Management with input, guidance, validation and a critical evaluation of FinDev Canada's strategic plans and initiatives.

In the exercise of its strategic role, the Board shall, in compliance with the Framework, approve the long-term business objectives and plans, including the corporate plan for FinDev Canada prepared by Management (the **FinDev Canada Corporate Plan**).

The annual approval process for the FinDev Canada Corporate Plan shall take place in the following sequence: (1) Management shall present an outline of the FinDev Canada Corporate Plan to the Board; (2) the Board shall approve the final FinDev Canada Corporate Plan; (3) the EDC Board shall approve the integrated corporate plan of EDC (the **EDC Corporate Plan**), including the FinDev Canada Corporate Plan; and (4) EDC shall submit the EDC Corporate Plan, including the FinDev Canada Corporate Plan, to the appropriate minister, pursuant to applicable legislation.

Once approved, the Board oversees the strategic initiatives of FinDev Canada and provides ongoing oversight in the implementation, monitoring, and measurement of the success of those plans and initiatives. The Board shall take reasonable steps to: (i) ensure that FinDev Canada does not carry on any business or activity in a manner that is not consistent with the FinDev Canada Corporate Plan (which is part of the EDC Corporate Plan) or the objectives and purposes for which FinDev Canada was created; and (ii) report to EDC's Vice President, Legal Services and General Counsel in a timely way any deviation from the FinDev Canada Corporate Plan.

(c) Performance

The Board shall monitor the performance of FinDev Canada against its business objectives, strategy and plans, including the FinDev Canada Corporate Plan. The Board shall engage with Management on a

regular basis to provide support in the measurement, monitoring and evaluation of the success and effectiveness of the approved strategic direction.

(d) Management Processes

The Board shall monitor the oversight of management processes of FinDev Canada by receiving and approving the reports provided in section 5(g).

Management shall take reasonable steps to ensure that FinDev Canada is in conformity with the terms of the Master Service Level Agreement between FinDev Canada and EDC (**MSLA**), as approved by the Board, and any individual Service Level Agreements between FinDev Canada and EDC, entered into pursuant to the terms of the MSLA.

(e) Risk Management

The Board shall approve the appropriate risk management and risk appetite policies and procedures to effectively manage potential risks, such as credit, market, legal, compliance, operational, reputational or liquidity risks. Such policies and procedures shall be consistent with the overarching principles of EDC's Enterprise Risk Management Framework as tailored to ensure effective delivery of FinDev Canada's mandate.

The Board shall take reasonable steps to ensure that an adequate structure is put in place in connection with:

- (i) the implementation of risk management and risk appetite policies and procedures; and
- (ii) FinDev Canada's conformity with the Framework and applicable legislative, regulatory, or other requirements.

(f) Budget and Financial Statements

The Board shall annually approve the operating and capital budgets of FinDev Canada to be included in the operating and capital budgets of EDC.

The Board shall also review and approve the annual financial statements of FinDev Canada and any other financial accounts, record and reports required by any statute or by the by-laws of FinDev Canada.

(g) Reporting Obligations

Subsequent to each Board meeting, the CEO will prepare and submit a summary report of the meeting to the EDC Board.

As required by FinDev Canada's Financial Risk Management Framework (**FRMF**), on a quarterly basis, the FinDev Canada Risk Management Team will prepare a Risk Management Report and a Financial Risk Limits Compliance Certificate (**Certificate**) that will be submitted to the FinDev Canada Board of Directors by the Director of Risk Management of FinDev Canada and the CEO of FinDev Canada.

The annual review by FinDev Canada of its Enterprise Risk Management Framework (**ERMF**), policies and charters is guided by (i) a three lines of defense model adopted by FinDev Canada, (ii) the controls offered by Management and the executive-level committees of FinDev Canada, and (iii) the ultimate oversight offered by the FinDev Canada Board of Directors..

The Chief Compliance and Ethics Officer (CC&EO) shall ensure that a status update on FinDev Canada's Compliance Program is provided to the EDC Board of Directors on an annual basis. . As required, the CEO will present reports related to FinDev Canada human resources, audit, and risk management to the relevant Committee of the EDC Board.

On an annual basis, the CEO shall provide the Board a report regarding:

- (i) status of conformity of FinDev Canada with the Framework;
- (ii) situations of non-conformity with the Framework accompanied with a justification, if any;
- (iii) status of conformity of FinDev Canada with the MSLA;
- (iv) material events affecting FinDev Canada that are not in the normal course of business of FinDev Canada;
- (v) attestation that (a) all transactions of FinDev Canada have been within its statutory powers, mandate, and enabling legislation and (b) FinDev Canada has complied with all aspects of its Articles of Incorporation, Charter and by-law, and the CBCA that could have a material effect in the event of non-compliance; and
- (vi) any information deemed material for EDC.

The Board shall review the report and, consistent with the requirement of the Subsidiary Governance Framework, provide it to the EDC NCGC through the Corporate Secretary.

The Board shall take reasonable steps to ensure that EDC is provided at relevant times with information required to enable the EDC Board and its Audit Committee to review the financial performance of FinDev Canada and to oversee FinDev Canada's internal audit function or any special examination plans and reports relating to FinDev Canada, as applicable.

It shall also take reasonable steps to ensure that EDC is provided at relevant times with information to be included in its financial reports or to allow EDC to deliver on its MSLA commitments or on EDC commitments that are inclusive of information relating to Subsidiaries.

(h) Appointment, Compensation and Succession Planning

The Board shall approve the appointment, performance rating and annual cash compensation to be paid to the CEO.

The Board shall appoint the officers of FinDev Canada.

The Board shall approve the incentive measures, weights associated with each measure and the performance levels of the short-term and long-term programs for employees of FinDev Canada.

The Board shall review no less frequently than once every year, and approve, a plan of succession for the CEO.

6 Orientation and Training

EDC NCGC will develop and deliver an orientation program for new directors to be approved by the Board. The Corporate Secretary, in collaboration with Management, will ensure that ongoing training and continuing education appropriate to the needs of directors is offered to all directors.

7 Independent Advisors

The Board may retain independent advisors to provide advice to the Board.

8 Board Assessment

The Board shall conduct, at least once every two years, a governance survey regarding its effectiveness and performance and an assessment of the contribution of each director.

9 Charter Review

The Corporate Secretary reviews this Charter biennially and presents any required changes to the EDC NCGC for recommendation for approval by the EDC Board, followed by approval by the FinDev Canada Board.

10 Roles and Responsibilities of the Chairperson

In addition to the roles and responsibilities of Board members, the Chairperson is responsible for leading the Board and ensuring that it acts in the best interests of FinDev Canada. The Chairperson's primary roles include ensuring that the Board functions properly, that it meets its obligations and responsibilities, and that the Board fulfills its oversight function.

The Chairperson is also responsible for promoting open and continuous communication between EDC, FinDev Canada, as well as other interested parties.

11 Roles and Responsibilities of Individual Directors

As set out in FAA and the CBCA, every director in exercising his/her powers and performing his/her duties shall act honestly and in good faith with a view to the best interests of FinDev Canada and exercise the care, diligence and skills that a reasonably prudent person would exercise in comparable circumstances.

In addition to their legal responsibilities, individual directors shall:

- a. Keep abreast of FinDev Canada's public policy objectives and their impact on the corporation;
- b. Ensure familiarity with the FinDev Canada Compliance and Ethics Charter, Board of Directors' Code of Conduct, and the Board of Directors' Conflict of Interest and Insider Trading Guideline;
- c. Ensure familiarity with the Conflict of Interest Act;
- d. Ensure independence from Management is maintained;
- e. Ensure adequate training and education is sought out;
- f. Ensure they conduct themselves according to the highest ethical standards of integrity and probity;
- g. Promote the highest standards of corporate governance and seek compliance by all employees with the provisions of the FinDev Canada Code of Business Compliance and Ethics Charter and the Codes of Conduct;
- h. Ensure a high level of personal integrity in all dealings with and on behalf of FinDev Canada, including an ongoing responsibility to disclose conflicts of interest;
- i. Keep abreast of significant issues that may affect FinDev Canada, including its sectors of operations, clientele, market, public environment, competitors, etc.;
- j. Strengthen and uphold FinDev Canada's relationship with its key stakeholders and its public image;

- k. Interface with Management through the CEO, the Chairperson of the Board, the officers, and the Corporate Secretary;
- l. Respect the organizational structure of Management;
- m. Establish and maintain an effective working relationship with the CEO, the officers and Management;
- n. Employ sound judgment, integrity and personal commitment to the Board; and
- o. Respect the confidentiality of FinDev Canada's business information and the Board's deliberations.

12 Other

If there are any conflicts or inconsistencies between this Charter and the Framework or FinDev Canada's articles and by-laws, the Framework, the articles or the by-laws shall govern.

Nothing contained in this Charter shall be intended to expand applicable standards of conduct under applicable legislation for the directors of FinDev Canada.