



Governance Report

In 2022, FinDev Canada continued its efforts over the past year to implement and strengthen its governance practices, policy framework and processes across all areas of activity of the organization.

The current state of FinDev Canada's policies and processes is well advanced considering the organization's stage of maturity and its size.

Code of Conduct

FinDev Canada is committed to the highest standards of ethical business conduct and to carrying out its mandate in a socially responsible manner consistent with its corporate values. It is FinDev Canada's policy that each of its directors and employees conduct FinDev Canada's business and manage the relationship with FinDev Canada's customers, shareholder, and other stakeholders, with honesty, integrity, fairness, and transparency that will withstand the highest degree of public scrutiny, weighing responsibilities to all stakeholders.

Our [Code of Conduct](#) serves as the foundation for how we do business and helps define our culture and reputation for ethical excellence. Our ethics and integrity permeate every interaction we have —with customers, each other, our shareholder, and society— and our Code helps us navigate the complexities of our business.

Policies and Guidelines

In addition to its Code of Conduct, FinDev Canada has developed a series of policies and guidelines to ensure its operations are compliant with industry standards and its mandate is carried out in a socially responsible manner consistent with its corporate values.

Some of these policies include:

Transparency & Disclosure Policy

FinDev Canada is committed to transparency about its operations, strategies and policies. At the same time, FinDev Canada recognizes the requirements of a responsible financial institution to protect the commercially sensitive and confidential business and financial information of its clients. FinDev Canada is guided by a Disclosure Policy that governs the disclosure of information. This policy will be updated in early 2023 following Board approval, and will be published in mid-2023 with the anticipated implementation of the Independent Accountability Mechanism (IAM).

Environmental and Social Policy

In addition to development impacts, FinDev Canada aims to fully understand the human rights and environmental, social and governance (E&S) risks presented by the businesses it supports. FinDev Canada's E&S Assessment Policy outlines the approach taken to mitigate negative human rights and environmental and social risks and potentially improve these conditions in those businesses.

Procurement Policy

Our procurement policy outlines how we engage suppliers to help us deliver on our short-term and long-term goals.

Expression of Principles Regarding Taxes and Uses of Offshore Financial Centres

This Expression of Principles states FinDev Canada's position on questions of taxation arising in its business activities for the benefit of stakeholders, partners and clients alike.

Independent Accountability Mechanism Policy and Procedures

Once approved, the IAM is intended as an independent function, governed outside of FinDev Canada's financing operations and Management, with the Chief IAM Officer reporting directly to the Board of Directors.

Following the appointment of the Chief IAM Officer, an IAM Policy and Procedures were drafted based on extensive stakeholder consultations. The IAM program is expected to officially launch in 2023 at which time the final IAM Policy and Procedures will be made publicly available.

Corporate Governance

Board composition

- In 2022, the Board maintained a complement of ten directors (maximum is eleven), five of whom are women, which meets the gender parity expectation established in the Board Charter. Five directors are also members of the EDC Board of Directors, and five directors are independent directors.
- In 2022, one independent director resigned from the Board, and one was subsequently appointed following a selection process which targeted specific skills and experiences.

Board activities

- In addition to its Annual General Meeting, FinDev Canada's Board held eight (8) meetings in 2022, as well as a strategic planning session held jointly with the Advisory Council in June.
- Over the course of those meetings, the Board approved 11 financing and equity type transactions, including three follow-on investments.
- The Board approved a resolution respecting the establishment of the Audit Committee, as well as the Committee's Terms of Reference. The Audit Committee will bring greater attention and oversight to financial reporting, internal audit and controls, the Independent Accountability Mechanism ("IAM") and internal disclosure reporting, compliance & ethics reporting, and related corporate policies and regulations. The Board approved the appointment of a Chairperson, and the Committee will begin to fulfill its Board-delegated responsibilities, as defined in the Terms of Reference, beginning in Q2 2023.
- In 2022, the EDC and FinDev Canada Boards approved revisions to the FinDev Canada Board Charter following its biennial review, reflecting changes that have resulted from the evolution of processes and responsibilities since the inaugural version of the Charter was approved in 2019.
- In 2022, the EDC and FinDev Canada Boards also approved the inaugural FinDev Canada Board of Directors' Profile. The Board Profile supports the director nomination process by identifying the skills and experience needed for the FinDev Canada Board of Directors to fulfill its mandate. To support the Board Profile, the FinDev Canada Board completed their first Skills Matrix questionnaire. The Skills Matrix corresponds with the specific skills and knowledge section in the Board Profile by mapping out the specific skills, knowledge and experience of all Board members, as well as diversity considerations related to gender, official languages, and employment equity and inclusion. The assessment of individual skills of the directors will support the identification of potential gaps that may need to be filled through recruitment and/or director development.

Corporate Plan

- With input from both the Board and the Advisory Council, the corporation prepared its 2023–2027 Corporate Plan, which presents FinDev Canada's revised strategy. The plan was initially approved by the FinDev Canada Board on September 29th and thereafter by the EDC Board (as part of the EDC Consolidated Corporate Plan) on October 13th.
- The EDC Consolidated Corporate Plan has been revised to reflect the \$750 million in funding from the Government of Canada which sets FinDev Canada up to play an important part of the government's Indo-Pacific Strategy ("IPS") and the revised plan was approved by each of the FinDev Canada and EDC Boards in December, with government approval expected in the second half of 2023.

Annual Report

- FinDev Canada released in August its online Annual Report 2021, "Supporting a sustainable and inclusive recovery through the private sector", which provides a full account of its activities for the previous year, with a particular focus on its continued effort to generate lasting impact in developing countries struggling to recover from the economic and social consequences of COVID-19.

Internal control procedures: Compliance Risk Management

In accordance with the FinDev Canada Compliance and Ethics Charter approved by the Board of Directors, EDC's Compliance & Ethics ("**C&E**") function supports the build and implementation as well as the oversight of a Compliance Risk Management ("**CRM**") Program for FinDev Canada to allow the organization to identify, assess, communicate, manage, mitigate, and report on risks associated with non-compliance with laws and regulations applicable to the business of FinDev Canada.

FinDev Canada's CRM program provides a robust approach to compliance risk at FinDev Canada and has implemented sound and effective controls to mitigate a large spectrum of risks in view of its relative size, business activities and strategic plan.

FinDev Canada's CRM Program is being developed over time, using a risk-based approach, and will ultimately include the following elements:

- Governance
- Managing regulatory and business changes
- Compliance mapping
- Risks & controls
- Monitoring, testing and issues escalation management
- Compliance training
- Reporting

Risk Management

In 2022, FinDev Canada has continued to build out and update its Enterprise Risk Management Framework ("**ERMF**"). The Framework is built on similar driving principles and architecture as EDC's ERMF, which allows for the seamless assessment and management of risks at both the subsidiary and the consolidated levels. The three guiding principles are as follows:

- (i) Risks are assumed and managed according to FinDev Canada's risk appetite;
- (ii) Appropriate checks and balances are in place, enabling FinDev Canada to operate as per industry best practices; and
- (iii) Information provided to the Board and management is sufficiently complete, accurate and timely to enable risk-informed and sound decision-making.

The ERMF is supported by a Risk Appetite Framework ("**RAF**") as well as Frameworks for the management of financial, strategic and operational risks.

These documents have been developed in close coordination with EDC; they reflect industry best practices and incorporate the recommendations made by the internal audit reports in this domain.

Stakeholder engagement

FinDev Canada is committed to actively engaging with stakeholders. In 2022, FinDev Canada actively engaged the stakeholder community to support the development of its Independent Accountability Mechanism to be launched in 2023. A [summary of the feedback and IAM response](#) was produced to provide visibility over the results of this engagement.