



Governance Report

Governance plays a critical role in supporting and guiding the corporation. Through its related policies and frameworks, it establishes the foundation which enables FinDev Canada to execute on its mandate in a responsible manner.

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 its Transparency and Disclosure Policy that governs the disclosure of information. This policy was updated and published in 2023 following Board approval.

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. A review of this policy was initiated in 2023 with an update policy being finalized for approval and publication in 2024.

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

Established in 2023, FinDev Canada's Independent Accountability Mechanism (IAM) is in place to address the concerns of individuals or communities who believe actual or potential harm has arisen or may arise from a failure by FinDev Canada to follow its own Policies relating to a transaction. The IAM provides an outlet for individuals or communities to have their voices heard and provides an opportunity for an independent and impartial review of the situation, with the goal of providing redress and remedy to the affected parties.

This mechanism further enhances the transparency and accountability of FinDev Canada-funded projects and operations in addition to strengthening the social and environmental outcomes of such transactions.

Corporate Governance

Board composition

- In 2023, the Board operated with 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. However, in 2023, one EDC-based director resigned from the Board, resulting in a vacancy. The replacement for this position is expected to be named in 2024 following approval by both the Governor-in-Council and the EDC Board.

Board activities

- In addition to its Annual General Meeting, FinDev Canada's Board held eight (8) meetings in 2023, as well as a strategic planning session held jointly with the Advisory Council in June.
- Over the course of those meetings, the Board approved 8 financing and equity type transactions.
- In 2023, the first Audit Committee of the Board was convened and met three (3) times. 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 established its inaugural Board Profile in 2023, in addition to refreshing its skills and competency matrix, and undertook a comprehensive Board assessment, demonstrating robust and mature board governance processes.
- The Board also participated in several learning sessions on topics including portfolio management, expected credit loss, FinDev Canada's digital roadmap, and project GAIA.

Corporate Plan

- With input from both the Board, the corporation prepared its 2024-2028 Corporate Plan, which presents FinDev Canada's strategy and core business assumptions. The plan was initially approved by the FinDev Canada Board, after which it was approved by the EDC Board (as part of the EDC Consolidated Corporate Plan).

Annual Report

- FinDev Canada released in August its online Annual Report 2022, "Growth with purpose", which provides a full account of its activities for the previous year, with a particular focus on its growth strategy to build on its strong platform of success in its existing markets of focus and expand into the Indo-Pacific region.

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

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.

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.