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## BOARD PROFILE

### BUSINESS DEVELOPMENT BANK OF CANADA

#### **Mandate of BDC**

The Business Development Bank of Canada (BDC) is devoted to supporting Canadian entrepreneurs, in line with its aspiration to empower a nation of dreamers and doers to build a better tomorrow for all. BDC's purpose is to create prosperity for Canada by providing the guidance and financial support entrepreneurs need to achieve their ambitions. It helps create and grow strong Canadian small and medium-sized enterprises (SMEs) by providing financing, capital, and advisory services. BDC's strategic objectives are to increase the reach and relevance of its support to entrepreneurs, spur the growth of SMEs and the competitiveness of Canada's economy, empower SMEs to respond to the big challenges of our time and deliver a world-class client and employee experience.

Since 1944 under various corporate forms, BDC has been Canada's development bank.

- BDC's purpose is to support Canadian entrepreneurship and it must do so in a financially sustainable manner. BDC is a sophisticated financial institution that has \$47.8 billion committed to small and medium-sized businesses and since 1997 has declared and paid approximately \$1.8 billion in dividends to the Government of Canada. It currently serves, directly and indirectly, over 95,000 entrepreneurs, at all stages of their development, through BDC Financing, BDC Capital and BDC Advisory over 110 business centres in all regions of Canada and extends its reach further through partnerships;
- BDC Financing supports entrepreneurs from start-up to expansion through all economic cycles with varied debt financing offerings including direct and indirect lending, and leveraging partnerships;
- BDC Capital provides venture capital investment to entrepreneurs, nascent Canadian technology and innovative businesses to help them build into competitive, globally-focused, growth-oriented companies as well as, mezzanine financing and equity;
- BDC Advisory offers entrepreneurs quality consulting, advisory, educational and connection services to support their growth and competitiveness.

The Board of Directors is responsible for the stewardship of the BDC, accountable to the Shareholder and reports to Parliament through the Minister of Small Business.

#### **Diversity**

BDC strongly believes in diversity, equity, inclusion, and accessibility (DEIA), promoting DEIA at all levels of its workforce and making it a business imperative by offering products, services and advice tailored to meet the wide range and differing experience and backgrounds of all entrepreneurs.

Further details about the organization and its activities can be found on its [website](#).

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## **BDC's Challenges, Goals and Initiatives**

BDC's public policy mandate is to serve entrepreneurs in a way that is financially sustainable (specifically, it must earn a long-term return on equity at least equal to the Government of Canada's average long-term cost of capital). Its services and activities must also complement those of private sector financial institutions.

As BDC's mandate is to support entrepreneurs' projects, it must master the identification and management of risk.

BDC provides entrepreneurs with timely, customized services in segments of the market that are at times underserved, including:

- specific regions of the country;
- start-ups and smaller, working capital loans;
- higher risk enterprises with intangible assets;
- technology focused companies to support the adoption by our clients of innovation and Information and Communications Technologies;
- exporters and their companies' specialized needs for international expansion;
- companies wishing to participate in global value chains;
- entrepreneurs who need venture capital to commercialize their research and technological innovations in the marketplace;
- originators of equipment leases/loans;
- high growth companies in need of capital and advisory services.

BDC provides online financing services to make it easier to do business with BDC and to deploy working capital more quickly.

## **BDC's Board of Directors - Roles and Responsibilities**

The Board of Directors is responsible for providing direction and guidance to senior management with respect to the business and activities of BDC. As the steward of the corporation, the Board ensures a tone of integrity, ethics, and commitment to BDC's values. This includes supporting entrepreneurship and respecting the highest standards of conduct, corporate governance, and risk management as well as:

- approving BDC's strategic direction, Risk Appetite Framework and Corporate Plan;
- approving the governance framework and policies;
- taking reasonable measures to ensure BDC is identifying and managing its major and emerging risks and monitoring risk limits, risk profile, risk culture and the progress of action plans;
- taking reasonable measures to ensure the integrity of the financial statements, provisions, projections, and audit results;
- overseeing BDC's capital funding, adequacy and allocation across lines of business;
- reviewing the effectiveness of BDC's internal controls, management information systems and information security;
- managing the President and CEO and the Chief Audit Executive and their performances;
- approving performance targets for BDC and monitoring progress;

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- establishing compensation policies that support talent attraction and retention and that appropriately incentivize employees from a risk-based perspective;
  - approving the senior executives' compensation;
  - reviewing and approving senior management's succession plan;
  - overseeing communications and public disclosure;
  - overseeing BDC's pension plans and establishing its funding policies and practices.

The Board of Directors discharges its responsibility of overseeing BDC by holding management accountable for BDC's performance, the achievement of its strategic objectives and its long-term financial sustainability.

BDC's Board of Directors has established a committee structure to help the Board perform its duties: the Governance and Nominating Committee, the Board Risk Committee, the Board Investment Committee, the Audit and Conduct Review Committee, the Human Resources Committee and any special committee that may be created from time to time. The Charters for these committees are available on BDC's website.

### **Board of Directors - Requirements**

The Board balances the need for a fresh perspective with the broad experience needed to oversee a complex, high-risk mandate organization. To assist management in meeting its strategic and innovative objectives and to operate effectively, the Board of Directors requires members who, collectively, have the expertise and competencies necessary to oversee the long-term goals and risks of the organization, to identify opportunities and to reflect the nature and scope of BDC's business. BDC Board members should possess:

### **Core Attributes and Competencies**

#### **Informed Judgment**

- i. The relevant experience and a history of strong performance that ensure the ability to provide wise, thoughtful counsel, to analyze, ask relevant questions at the strategic level, consider the different stakeholders' perspectives, and understand business and global issues while addressing underlying concerns. Exhibit sound judgement and thoughtfully balance trade-offs.

#### **Integrity and Accountability**

- ii. The highest ethical standards and integrity, uphold BDC's values, be willing to act on and remain accountable for the success of the Board and Board decisions, and meet the accountabilities outlined in the BDC Act, BDC's by-laws and the Charters of the Board committees and see oneself as serving the interests of all Canadians.

#### **Impact and Influence**

- iii. An awareness of the impact that organizational issues, policies, and decisions have on the success of BDC, public interest and stakeholder concerns. The capacity to be sensitive to the differing needs and objectives of multiple stakeholders, and to be prepared to act to influence or convince others in order to achieve a specific outcome or effect.

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### **Trust and Commitment**

- iv. Respect and openness for the views of others, encouragement of open discussions, and commitment to excellence in BDC's role in improving the competitiveness of Canadian businesses and promoting BDC's values. Board members should also engage fully and make a meaningful contribution at all meetings as well as demonstrate dedication and a commitment to learning and improvement.

### **Courage**

- v. The ability to appropriately challenge the status quo, make tough decisions and champion change. Board members should also be inquisitive and ready to engage in constructive challenge with respect to the issues facing the Board and BDC.

### **Strategic Orientation**

- vi. The capacity to discuss pros and cons of future strategies to support entrepreneurs and to assess their alignment with BDC's objectives. Board members should also focus on the right performance outcomes.

### **Cultural Fit**

- vii. A commitment to collaboration, collegiality, teamwork and sharing experiences. Board members should also possess the ability to develop and maintain effective working relationships with other board members and BDC's partners and stakeholders. They should have strong emotional intelligence and consider the input of others and provide thoughtful advice.

### **Specific Skills, Knowledge, and Experience**

In addition to the core attributes and competencies discussed above, BDC as a large Crown Corporation (Group 6) and sophisticated financial institution requires Board members who, individually or collectively, bring specific skills, knowledge, and experience. These may include:

#### **i. Innovation and Technological Literacy**

The ability to understand the innovations and technology that BDC and its clients can be expected to encounter as part of the challenge of Fintech, digital transformation, adoption of new technologies, advanced analytics, artificial intelligence, information security, social media issues, and Canada's move towards a digital economy.

#### **ii. Experience with Digital Data**

Extensive experience at a senior level with managing digital data in a large corporation, ideally as Chief Information Officer, including using digital data to support business objectives, meet the needs of customers and improve supply chain models.

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- iii. Experience in Banking**

Extensive experience as a banking professional at a senior level of a major Canadian financial institution. Knowledge of rules and regulations applicable to Canadian financial institutions.
  - iv. Experience in a Venture Capital Firm**

Extensive experience as an investment professional at a senior level at a major Venture Capital firm with sector focus such as Industrial and Innovation Technology, Life Sciences and/or Energy/Cleantech, involvement in determining the strategy, policies, and broad principles for the Venture Capital activities as well as in identifying investment opportunities and analyzing, completing and managing investments in venture capital, private equity, and/or mezzanine financing.
  - v. Experience in Financing**

Extensive experience as a financing professional at a senior level at a major Canadian financial institution including experience such as managing mezzanine financing and credit adjudication.
  - vi. Experience in Risk Management**

Extensive experience in a broad, cross functional role in Risk Management in a major Canadian financial institution, ideally as a Chief Risk Officer, or a specialized management company at a senior level, identifying, managing, and mitigating risks pertaining to BDC's clients and operations, and determining principles, standards and guidelines for managing risks. Demonstrated ability to anticipate, assess and address business risks, particularly as they relate to complex financial transactions, IT Risk, and corporate social responsibility.
  - vii. Large Enterprise CEO**

CEO with experience in the management of a large, sophisticated, commercial corporation, whether publicly or privately held, in Canada and versed in strategic leadership and governance best practices.
  - viii. SME Ownership/Leadership**

Owner of or holding the senior management position in an SME, or a serial entrepreneur. The SME should show a pattern of successful growth, nationally or ideally internationally. The individual should be capable of thinking broadly on SME issues and have experience such as scaling a firm, acquisitions, or international expansion in sectors such as industrial and innovation technology, Life Sciences and/or Energy/Cleantech.
  - ix. Financial Expertise/Accounting**

Accounting professional designation, considered to be a financial expert, with experience in the audit of large, complex corporations, ideally of a financial institution and the oversight of large, complex IT projects and management information systems.
  - x. Financial Literacy**

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- The ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by BDC's financial statements.
- xi. Knowledge of Human Resources**

Extensive experience at a senior level in managing the Human Resources function of a large corporation, ideally as a Chief Human Resources Officer, including determining Human Resources strategies in order to reach corporate objectives, attracting and retaining talent, talent management and setting principles and policies for succession planning and compensation.
  - xii. Knowledge of International Business**

Experience and extensive knowledge of international business either through consulting or having been involved in a large business that distributes, manufactures, or builds internationally. Should also have knowledge of any local requirements when doing business abroad.
  - xiii. Corporate Governance**

Knowledge of the structure of processes, practices, and policies by which a corporation is directed and controlled. Knowledge of the rules and regulations applicable to a crown corporation. Holder of corporate governance certification or designation.
  - xiv. Environmental, Social, Governance Responsibility**

Experience managing Environmental, Social, Governance (ESG) for a large corporation with multiple stakeholders and sophisticated ESG expectations.
  - xv. Compliance Programs**

Familiarity with the design, deployment, and oversight of compliance programs, ideally in the financial services sector.
  - xvi. Experience in a Large Management Consulting Firm**

Partner level in a large national, or ideally international, consulting firm with experience at a strategic level with clients.
  - xvii. Knowledge of Government**

Extensive experience with the processes for formulating and implementing public policy objectives and of the organizational structure and mechanics of the Canadian government (whether federal or provincial), its rules, guidelines, and practices.
  - xviii. Knowledge of the Canadian Business Sector**

Sound knowledge of the Canadian business sector, the key leaders, emerging trends and competitive forces, and the challenges and opportunities for SMEs.
  - xix. Experience with the Law**

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Extensive experience as a practicing partner in a large law firm with a practice that deals with financial institutions, with significant financing, venture capital, transactional and corporate experience.

**xx. Knowledge of Pension Matters**

Experience with managing or overseeing a pension fund and being familiar with asset allocation, choice of managers, etc.

**xxi. Board Experience**

Board experience preferably in a large, sophisticated for-profit organization and, at a minimum, in a medium sized for-profit organization. Experience implementing current corporate governance principles and best practices in a culture of accountability and transparency. Knowledge of the roles and responsibilities of the chairperson, the board of directors and the president and CEO of an organization.

**Representation**

In addition to representation in terms of commercial sector and experience (as outlined in the preceding sections), the membership of BDC's Board should represent familiarity with the geographical regions of Canada and maintain gender, age, and cultural representation to ensure that the Board represents the diversity of Canada's population and its business communities. As stipulated in the *Business Development Bank of Canada Act*, all directors must be Canadian citizens or permanent residents, who ordinarily reside in Canada and who otherwise fulfill the requirements of the Act.

**Working Conditions**

Appointment to BDC's Board of Directors involves a significant commitment of time, as well as a sharing of expertise to further BDC's objectives and work towards the fulfillment of its mandate. The work of the Board is divided into five standing committees: Audit and Conduct Review, Board Risk, Board Investment, Governance and Nominating and Human Resources\*. New members of the Board, as part of their orientation, attend detailed briefings on many of BDC's specialized activities.

There are a minimum of 8 meetings of the Board held each year; these meetings are held in Montreal, in other cities across Canada as well as by videoconference. A strategic planning session is also held at least once a year. There are years when more Board meetings are held if required for BDC's activities.

Most Board members serve on two committees. Committees generally meet the day before the Board meeting; however, the Board Risk Committee and the Board Investment Committee meet more frequently, sometimes on a weekly basis, but always by videoconference for these meetings. Each set of regular Board and committee meetings requires a minimum commitment of 3 days including preparation and travel time. When meetings are held in person, Directors are expected to attend all Board meetings and Committees meetings of which they are a member in person, although participation by videoconference or telephone is possible.

Directors' remuneration is set by Order in Council supplemented by government guidelines. The Chairperson of the Board is paid an annual fee of \$12,400 and a per diem of \$485, while other Directors are paid an annual fee of \$6,200 and a per diem of \$485. Directors receive an additional annual fee of \$1,500 when they hold office as chairperson





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of a committee. Non-chair members of the Board Risk Committee and the Board Investment Committee receive an additional annual fee of \$1,500 as prescribed by the Financial Administration Act. BDC's President and CEO does not receive additional remuneration for acting as a director.

Membership on BDC's Board also involves commitment to legal and ethical conduct, including adherence to a Board Code of Conduct that incorporates provisions from the Conflict of Interest Act as well as the same basic principles as the Employee Code of Ethics. Every year, Directors affirm that they have complied with the Board Code of Ethics and Conduct. Directors disclose possible conflicts of interest, if any, through a declaration of conflict of interest.

\* For a detailed description of the Committees, please refer to BDC's website at: [www.bdc.ca](http://www.bdc.ca).