

MANDATE OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

1. Purpose

The President and Chief Executive Officer (“**CEO**”) is responsible for the successful performance of the Bank and is accountable to the Board of Directors, the Chairperson and the Minister of Small Business and Export Promotion (the “**Shareholder**”) for the overall leadership and management of the Bank in achieving its strategic objectives.

2. Appointment and Removal

The CEO is appointed by the Governor in Council to hold office during good behaviour.

3. Objectives and Compensation

The Board of Directors shall annually, upon recommendation from the Human Resources Committee, set the objectives and evaluate the performance of the CEO. The Board shall recommend to the Minister for approval the compensation of the CEO.

4. Responsibilities

The CEO is responsible for fostering a culture of integrity throughout BDC, establishing ethical business practices and setting the tone at the top. The CEO shall demonstrate and adhere to the values of BDC in all activities, including overseeing employee adherence to BDC’s Code of Conduct, Ethics and Values. Working with the Board, he or she is responsible for implementing an effective governance structure to effectively balance risk management and delivery of the mandate.

The CEO shall supervise the day-to-day activities of the Bank, either directly or through Senior Management appointed by the Board. The CEO shall directly supervise the execution of their responsibilities. He or she delegates to Senior Management the matters set out in the Corporate Directives on Delegation of Authority, and may from time to time delegate other matters to Senior Management.

The CEO shall perform the duties required of a chief executive officer under the relevant provisions of the Business Development Bank of Canada Act, Financial Administration Act, and all applicable laws and by-laws as well as any other duties relating to the business and affairs of BDC that are delegated to him or her by the Board of Directors.

The CEO shall also be responsible for:

4.1 Strategic Direction

The CEO shall articulate, and propose to the Board for approval, the Bank’s vision, mission, strategic direction and planning initiatives taking into account amongst other things BDC’s public policy mandate and financial sustainability objectives. At least annually, the CEO shall recommend BDC’s strategic plans, including its priorities, the Corporate Plan, its corporate and financial goals as

well as operating and borrowing plans to the Board for review and approval. He or she shall ensure that resource allocation and business efforts are aligned while maintaining a balanced focus on both the short-term and long-term needs and objectives of BDC. The strategic direction may involve transformational change, for which the President & CEO is responsible to provide leadership, stability and effective change management.

4.2 Management of Risk Appetite Framework

The CEO is responsible for the implementation and operation by management of the Risk Appetite Framework. He or she provides reports to the Board on adherence to the Risk Appetite Framework and material risks associated with BDC's business and operations and discloses and makes recommendations to the Board regarding any material deficiencies identified by the Risk Appetite Framework.

The CEO may delegate authority to officers of BDC with respect to authorization limits for credit and investment transactions, securitization, consulting and business activities as approved from time to time by the Board of Directors in the Delegation of Authority Policy.

4.3 HR Strategies, Management, Succession Planning and Evaluation of Senior Management Performance

The CEO is responsible for recommending to the Board for approval and implementing BDC's strategies and approach to Human Resource management, including employee compensation and benefits, Executive compensation and Senior Management performance. The CEO is responsible for presenting to the Board the succession plan for Senior Management on an annual basis.

4.4 Governance Framework

The CEO is responsible for the development and management of an effective governance framework throughout BDC, including the effective operation of management committees that the CEO deems necessary.

4.5 Financial Management and Internal Controls

The CEO is responsible for ensuring adequate and timely funding for the Bank's operations and the establishment of an internal control framework, including financial, non-financial and business controls and management information systems.

The CEO establishes and maintains appropriate standards for all financial, operations and regulatory reporting. Such standards must include preparing accurate, complete and timely reports in a manner that meets all accounting and audit standards and Treasury Board guidelines.

4.6 Technology

The CEO assesses the Bank's technology tools and systems and keeps abreast of technology in the financial services sector to ensure the Bank has the tools it needs to support its operations and the achievement of its strategy, including oversight of IT projects to ensure the successful delivery of such technology.

4.7 Oversight of Communications and Public Disclosure

The CEO shall be the official public spokesperson for BDC responsible for developing and enhancing effective systems for communicating with BDC's Shareholder, customers, employees and stakeholders, and for developing and maintaining productive and effective Shareholder and public relations.

Together with the Chairperson, the CEO shall ensure that BDC's interests and concerns with respect to its stakeholders are effectively represented up to the highest level of policy decision making within the Federal Government.

4.8 Pension Matters

The CEO is responsible for the management of the pension funds in accordance with Board approved pension policies and standards.

5. **Senior Management Committee**

The CEO has established a Senior Management Committee ("**SMC**") comprised of BDC's Senior Management. The SMC meets to discuss matters relating to the overall strategic management of BDC. The SMC provides a forum for the CEO and Senior Management to communicate, share information and align strategies. Matters covered at SMC meetings include strategic direction and planning, risk management, governance and controls, and disclosures that require Board review and/or approval.

The CEO chairs SMC meetings.

6. **CEO Interaction with the Board of Directors**

The CEO shall submit recommendations to the Board for all matters requiring Board approval under applicable laws and BDC's by-laws as well as material matters which the CEO or the Chairperson deem appropriate to be brought forward for Board consideration or as required by the Board Mandate, the Committee Terms of Reference or BDC's policies.

The CEO works closely with the Chairperson of the Board to facilitate effective Board oversight by fostering relevant and engaged Board discussions that ensure the best advice and counsel are drawn from Board Members during meetings and throughout the year. The CEO collaborates with the Board and Committee Chairpersons to ensure that there is adequate communication between management and the Board such that the Board and its Committees are provided with timely, relevant and concise information required to fulfill their oversight function and respective mandates, including, when requested, access to Senior Management and to external advisors. The CEO shall work with the Audit Committee to ensure proper oversight of the Chief Audit Executive and the Board Risk Committee to ensure proper oversight of the Chief Risk Officer. The CEO shall attend meetings of the Board and its Committees and may attend the *in camera* portion of the meeting upon invitation.

On an ongoing basis, the CEO, along with the Corporate Secretary, shall work with the Chairperson of the Board to:

- Develop workplans, schedules and agendas of meetings of the Board and its Committees and ensure that all items requiring Board and Committee approval or consideration are appropriately tabled;
- Provide opportunities for the Board to assess Senior Management.

7. Currency of this Mandate

This mandate will be reviewed and approved by the Board of Directors on a regular basis.