
BOARD PROFILE

BUSINESS DEVELOPMENT BANK OF CANADA (BDC or the Bank)

Mandate of BDC

The Business Development Bank of Canada (BDC) is devoted to supporting Canadian entrepreneurs, in line with its aspiration to be a leader in making Canadian entrepreneurs the most competitive in the world. 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, investment and advisory services. Its key goals are to have a greater impact on more entrepreneurs, be easy to do business with, be a great place to work and be profitable so it can do more.

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 \$35 billion committed and since 1997 has declared and paid approximately \$618.5 million in dividends to the Government of Canada. It currently serves, directly and indirectly, over 60,000 entrepreneurs, at all stages of their development, through BDC Financing, BDC Capital and BDC Advisory at 123 business centers 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 and Export Promotion.

Diversity

BDC strongly believes in diversity and promotes inclusiveness at all levels of the Bank's workforce as a business imperative, and by offering products and services tailored to meet the needs of all entrepreneurs, including women, youth, immigrants, Indigenous Canadians, new Canadians and Northern and rural entrepreneurs.

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

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:

- approves BDC's strategic direction, Risk Appetite Framework and Corporate Plan;
- approves the governance framework and policies;
- ensures BDC is identifying and managing its major and emerging risks and monitors risk limits, risk profile, risk culture and the progress of action plans;
- ensures the integrity of the financial statements, provisions, projections, and audit results;
- Oversees the Bank's capital funding, adequacy and allocation across lines of business;
- reviews the effectiveness of BDC's internal controls, management information systems and information security;
- manages the President and CEO and the Chief Audit Executive and their performance;
- approves performance targets for BDC and monitors progress;
- establishes compensation policies that support talent attraction and retention and appropriately incentivize employees from a risk-based perspective;

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- approves the senior executives' compensation;
 - reviews and approves senior management's succession plan;
 - oversees communications and public disclosure;
 - oversees BDC's pension plans and establishes its funding policies and practices.

The Board of Directors discharges its responsibility to oversee BDC by holding management accountable for the Bank'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/Nominating Committee, the Board Risk Committee, the Board Investment Committee, the Audit & Conduct 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 innovation objectives and to operate effectively, the Board of Directors requires members who collectively have the expertise and competencies necessary to meet the long-term goals and risks of the organization, opportunities and that reflect the nature and scope of the Bank's business. BDC Board members should possess:

Core Attributes and Competencies

Informed Judgment

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. Exhibits sound judgement and thoughtfully balances trade-offs.

Integrity and Accountability

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

Impact and Influence

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.

Trust and Commitment

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. Engages fully and makes a meaningful

contribution at all meetings. Demonstrates dedication and a commitment to learning and improvement.

Courage

The ability to appropriately challenge the status quo, make tough decisions and champion change. Is inquisitive and ready to engage in constructive challenge with respect to the issues facing the Board and the Bank.

Strategic Orientation

The capacity to discuss pros and cons of future strategies to support entrepreneurs and assess their alignment with BDC's objectives. Focuses on the right performance outcomes.

Cultural Fit

A commitment to collaboration, collegiality, team work and sharing experiences. Ability to develop and maintain effective working relationships with other board members and the BDC's partners and stakeholders. Strong emotional intelligence considers the input of others and provides 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:

Knowledge of BDC

Knowledge of the mandate and activities of BDC as well as the legislative framework within which it operates and an ability to promote BDC's mandate and values;

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 and social media issues, and Canada's move towards a digital economy.

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, involved in determining the strategy, policies and broad principles for the Venture Capital activities as well as identifying investment opportunities and analyzing, completing and managing investments in venture capital, private equity, and/or mezzanine financing.

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;

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.

SME Ownership/Leadership

Owner of or holding the senior management position in a 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.

Financial Expertise/Accounting

Accounting professional designation, considered 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.

Financial Literacy

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.

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.

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 the local requirements when doing business abroad.

Environmental, Social, Governance Responsibility

Experience managing environmental, Social, Governance (ESG) for a large corporation with multiple stakeholders and sophisticated ESG expectations.

Compliance Programs

Familiarity with the design, deployment and oversight of compliance programs, ideally in the financial services sector.

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.

Knowledge of Government

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

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;

Experience with the Law

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.

Knowledge of Pension Matters

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

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 and permanent residents ordinarily resident in Canada.

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 fulfillment of its mandate. The work of the Board is divided into five permanent committees: Audit & Conduct, 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 conference call. A strategic planning session is also held. There are years where more Board meetings are held depending on the activities of the Bank.

Most Board members serve on two committees. Committees generally meet the day before the Board meeting; the Board Risk Committee and the Board Investment Committee meetings are more frequent and are held some weeks, always by conference call. Each set of regular Board and committee meetings requires a minimum commitment of 3 days including preparation and travel time. Directors are expected to attend all Board meetings and Committees meetings of which they are a member in person, although exceptionally participation by 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 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 FAA. 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 the Conflict of Interest Act as well as the same basic principles as the Employee Code of Conduct, Ethics and Values. Every year, directors affirm that they have complied with the Board Code. 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.