

Canada Enterprise Emergency Funding Corporation

A wholly-owned subsidiary of Canada Development Investment Corporation, a federal Crown corporation.

2025–2029 CORPORATE PLAN SUMMARY

and

2025 CAPITAL BUDGET SUMMARY

September 2024

CEEFC CORPORATE PLAN
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1.0 EXECUTIVE SUMMARY AND CORPORATE PROFILE

Canada Enterprise Emergency Funding Corporation (CEEFC), a wholly-owned subsidiary of Canada Development Investment Corporation (CDEV), was incorporated in May of 2020 to implement the Large Employer Emergency Financing Facility (LEEFF) mandated by the Government of Canada (“the Government”).

CEEFC’s primary activities since its incorporation in 2020 have been the negotiation and issuance of loans to applicants and the administration of those loans once issued. LEEFF loans are made based on prescribed terms documented in term sheets authorized by the Minister of Finance. In 2025, CEEFC expects its primary focus to be loan administration as it no longer processes new LEEFF applications.

In 2021, CEEFC’s mandate expanded to include LEEFF loans to airlines for reimbursement of cancelled flights (voucher loans) and LEEFF loans to large airlines under a specialized term sheet.

In July 2022, the Minister directed CEEFC to no longer accept or process new LEEFF loan applications.

CEEFC has made seven LEEFF liquidity loans, four voucher loans, and one “large airline” loan, with total commitments of \$7.6 billion. A total of \$3.1 billion has been drawn on these loans. \$0.8 billion in loans have been repaid, and \$4.5 billion in loan commitments have been cancelled or expired. CEEFC currently holds \$2.4 billion in loans outstanding and Air Canada shares valued at \$0.4 billion.

The financial projections provided in this plan assume no further loan agreements are signed and existing loans are repaid by 2028, with assumptions for loan losses depending on the characteristics of the loan and averaging 33% of the principal loan balance for the portfolio. The assumptions on size, timing and financial results in this document are only for planning purposes.

2.0 MANDATE AND BUSINESS OVERVIEW

2.1 Mandate

CEEFC is a federal non-agent Crown corporation, incorporated in May 2020 and wholly owned by its parent, CDEV. CEEFC is responsible for administering LEEFF. The objectives of LEEFF are to help protect Canadian jobs, help Canadian businesses weather the economic downturn brought on by the COVID-19 pandemic, and avoid bankruptcies of otherwise viable firms where possible. Pursuant to a directive issued to CEEFC on May 10, 2020 (order in council P.C. 2020-307, or “the Directive”), LEEFF loans are made in accordance with terms and conditions approved by the Minister of Finance.

The focus of the CEEFC board and management team has been to evaluate loan applications in accordance with the LEEFF terms and conditions approved by the Minister and to administer loans issued. Those terms can be periodically amended or supplemented by the Minister. Initial terms of LEEFF loans were provided by the Minister to CEEFC in May 2020. In April 2021, the Minister authorized two new sets of LEEFF terms applicable to borrowers that are air carriers. In February 2022, the Minister authorized amendments to CEEFC’s loan agreements with mid-sized air carriers to mitigate the effects of the Omicron COVID-19 wave at that time.

In July 2022, the Minister directed that CEEFC accept no new applications after July 29, 2022. This decision was publicly announced on July 29. The focus of the CEEFC board and management is now to administer approved and issued loans.

The approval of loans under the May 2020 term sheet was based on an assessment of the eligibility and the cash needs of the applicant. If an applicant was able to meet the eligibility requirements and the prescribed terms, the applicant qualified for a LEEFF loan, provided that the loan formed part of projections indicating a return to financial stability.

2.2 Business Overview

Historically, CEEFC has been responsible for receiving LEEFF applications, assessing the requests against the eligibility criteria and terms approved by the Minister of Finance, negotiating and entering into transactions in accordance with such terms, and funding these transactions. After loans are funded, CEEFC is responsible for the administration of those loans (and the management of any related equity instruments obtained).

CEEFC has executed a funding agreement with His Majesty in Right of Canada as represented by the Minister of Finance that outlines how CEEFC is capitalized. CEEFC is funded through the issuance of preferred shares to the Government

2.3 Loan Application and Approval Process

Applications to LEEFF opened on May 20, 2020. The basic elements of the process for approving a potential loan under the May 2020 term sheet were as follows:

1. CEEFC conducts an initial review of applications and refers qualifying applications to the Ministers of Finance and Innovation, Science, and Industry.
2. If determined to be acceptable by the Ministers, CEEFC conducts due diligence and enters into negotiations with the borrower. When an agreement is reached, the agreement is signed and the loan is funded and administered by CEEFC.

The May 2020 term sheet governs all LEEFF loans other than certain airline-related LEEFF loans described below. Canadian corporations were eligible under the term sheet if they satisfied specified eligibility criteria, including having over \$300 million in revenue and requiring at least \$60 million in loans. To compensate taxpayers, in addition to interest CEEFC has received warrants from public companies and fees from private companies.

In April 2021, the Minister of Finance directed that two new supplemental term sheets – one for large air carriers and the other for voucher reimbursements – be considered approved LEEFF terms for the purpose of the Directive.

As of July 29, 2022, by direction of the Minister of Finance, CEEFC no longer accepts new LEEFF applications. As there are no outstanding active applications, CEEFC does not expect to process or approve any further LEEFF applications unless further direction to that effect is received from the Minister.

2.4 Loan Administration

With the closing of LEEFF to new applications, CEEFC expects that its primary business activities will relate to the administration of existing loans – both ordinary course loan management and dealing with defaults and special situations presented by borrowers, if any.

2.5 Equity Holdings

CEEFC holds 21,570,942 common shares in Air Canada which were acquired for \$500 million as part of Air Canada's LEEFF loan arrangement. CEEFC does not regard itself as a long-term holder of Air Canada equity and intends to divest the shares when appropriate.

CEEFC also holds Air Transat warrants which were obtained as part of Air Transat's LEEFF loan. These may be exercised at maturity or at an earlier date, divested at an appropriate time, or called by Air Transat.

3.0 CORPORATE GOVERNANCE AND OPERATING ENVIRONMENT

CEEFC's board of directors consists of two directors of CDEV, the Executive Vice President and Chief Business Officer of CDEV, three independent directors of CEEFC, and the President and CEO of CEEFC. In January 2021, Mr. Zoltan Ambrus, a Vice President of CDEV, was appointed by the CEEFC board to serve as President and CEO. In May of 2024 Mr. Zoltan Ambrus resigned as the President and CEO of CEEFC and Mr. Bruno Lemay was appointed as the President and CEO of CEEFC.

CEEFC shares staff, office space, and administrative resources with its parent, CDEV. A services agreement was agreed between CDEV and CEEFC outlining the services that CDEV shall provide to CEEFC to help it implement LEEFF.

A Memorandum of Understanding was developed between CDEV and CEEFC outlining the responsibilities of each party to help ensure that CEEFC is able to provide the appropriate level of governance and reporting to allow CDEV to meet its obligations as a parent Crown corporation.

An Organization Chart is provided in Appendix A-1.

3.1 Cash Management and Dividend Policy

As loans are repaid, CEEFC may accumulate surplus cash. CEEFC intends to retain sufficient funds to meet its expected obligations, with an additional cushion to allow for further funding of existing LEEFF borrowers if needed (e.g., in a restructuring). Funds above this amount will be returned to the government through the redemption of preferred shares. When CEEFC holds excess funds allowing the return of capital of \$100 million or more, redemptions will be made once per year. In March 2024 CEEFC redeemed 330,000 preferred shares for \$330 million. CEEFC does not expect to declare or pay any dividend during the plan period.

3.2 COVID-19 Measures

CEEFC was established to implement LEEFF in response to COVID-19, and therefore its strategic direction is necessarily impacted by the pandemic. The Omicron wave of late 2021 and early 2022 adversely affected CEEFC's loans to airlines and resulted in the amendments to those loans authorized by the Minister in February 2022.

If outbreaks or the threat of outbreaks of viruses or other contagions or infectious diseases, were to cause greater than anticipated economic hardship on LEEFF borrowers, the financial results of CEEFC would likely be impacted significantly through related loan losses and potentially through higher loan volumes if LEEFF were re-opened to new applications.

CEEFC's operations were originally developed on a primarily remote office environment basis due to COVID-19, but Toronto-based staff have returned to the office on a 3-day-per-week basis since April 2022.

4.0 CORPORATE PERFORMANCE

Assessment of 2024 Results to date

CEEFC's actual performance in 2024 as compared to the objectives outlined in the 2024-2028 Corporate Plan is as follows:

2024 Objectives	2024 Results
Evaluate and fund where appropriate loan advance requests from borrowers.	No loan advance requests were received by borrowers in 2024.
Consider requests for consents or amendments from LEEFF borrowers and execute where appropriate.	CEEFC received numerous requests for consents and amendments in 2024. All requests were given due consideration and where appropriate, consents and amendments were given. In several instances CEEFC negotiated additional rights in exchange for consents.
Monitor loans and deal with borrower defaults if any occur.	CEEFC continuously monitors its loans under its loan monitoring process. To date, no loans have defaulted, and CEEFC monitors for events that may increase the risk of default.

Contain costs at a reasonable level given level of activity of the corporation.	CEEFC has enacted cost-containment measures for 2024, bringing in-house certain loan monitoring work that was previously performed by external consultants. Excluding provision for credit loss, costs in 2024 are above 2023 and below the 2024 plan, The YoY increase has been driven primarily by advisor activity.
Prepare detailed analysis on restructuring scenarios for high-risk borrowers.	In 2023, CEEFC developed and adopted a restructuring strategy laying out principles, roles and processes for CEEFC in the event a LEEFF borrower were to enter a restructuring.
Evaluate the status of loans on a regular basis.	In 2024, CEEFC followed its framework to assess the status of the loans in its portfolio.
Enforce compliance with legal and policy requirements of LEEFF loans where appropriate.	All LEEFF loans have been compliant in 2024. No enforcement actions were needed.
Exercise rights associated with equity instruments as appropriate.	CEEFC voted its Air Canada shares at the 2024 shareholder meeting.
Bring CEEFC staff to appropriate size.	In May 2024 the President and CEO of CEEFC resigned and a new President and CEO was appointed.
Manage surplus cash within short-term investment policy.	Cash balances were kept in accordance with CEEFC's cash management policy and invested in accordance with CEEFC's short-term investment policy.
Consider opportunities for divestiture or monetization of particular CEEFC assets where appropriate.	CEEFC considered the potential divestiture of its equity stake in Air Canada. CEEFC is prepared for a sale of that stake at the appropriate time.

The financial projections for 2024, which were prepared in Q3 2023, forecast that CEEFC would not fund any loans by the end of 2023, and CEEFC did not fund any

loans. Current estimates are that CEEFC's portfolio will consist of \$1.9 billion in loans and \$0.4 billion in equity at the end of 2024 (The equity is valued at the share price on June 30, 2024).

5.0 CEEFC - OBJECTIVES AND STRATEGIES FOR THE PERIOD 2025 TO 2029

CEEFC's overarching objective is to manage LEEFF. With the closing of LEEFF to new applications, CEEFC no longer has any objectives relating to new applications and loans. CEEFC does not expect to process any new loans or loan applications in 2025.

Since 2024, CEEFC's primary function has been managing existing loans and other assets. CEEFC seeks to ensure the prudent and responsible monitoring and administration of its loans in keeping with its stated approach (see 2.4 above). Objectives include:

- Consider requests for consents or amendments from LEEFF borrowers and execute where appropriate;
- Monitor loans and deal with borrower defaults if any occur;
- Contain costs at a reasonable level given level of activity of the corporation;
- Prepare the company to handle restructuring needs of borrowers should that become necessary;
- Address restructuring and refinancing requests and needs of borrowers as appropriate;
- Evaluate the status of loans on a regular basis;
- Enforce compliance with legal and policy requirements of LEEFF loans where appropriate;
- Manage equity instruments, including divestiture where appropriate;
- Return excess capital to the Government of Canada through the redemption of preferred shares;
- Exercise rights associated with equity instruments as appropriate;
- Satisfy climate reporting requirements in accordance with adopted TCFD framework; and
- Manage surplus cash within short-term investment policy

Risks and risk mitigation summary

CEEFC has developed a risk assessment and reporting framework used for managing risks and board reporting. In the context of this framework, CEEFC identified one primary risk that warrants the greatest attention given its impact on the company. Other risks continue to be evaluated and mitigated.

The primary and dominant risk faced by CEEFC is Portfolio Credit Risk, which is the risk to CEEFC of significant portfolio losses resulting from weak borrower credit profiles, general credit deterioration and CEEFC's unsecured collateral position.

CEEFC continuously monitors its portfolio and engages regularly with borrowers. CEEFC has undertaken planning and preparation for dealing with defaults and restructuring scenarios. Advisors are in place and high-level action plans have been reviewed with the CEEFC board.

6.0 FINANCIAL SECTION

6.1 Financial Overview for 2024

As at June 30 2024, CEEFC holds \$2.4 billion in loans outstanding, and has no undrawn loan commitments. In 2024, \$12 million in loan principal was repaid by June 2024, in addition to the \$338 million repaid in 2023. Since inception of LEEFF, \$4.5 billion in loan commitments have been cancelled or expired and \$0.8 billion have been repaid.

Of the loans outstanding, \$672 million are regular LEEFF loans (secured and unsecured) issued under the May 2020 Term Sheet, as amended. \$1.7 billion are voucher reimbursement loans with 7-year terms maturing in 2028.

For CEEFC's operations in 2024, forecast operating costs are estimated at \$567 million. Forecast interest and fee revenues are estimated at \$98 million. Cumulative loans issued in 2024 by December 31, 2024 are estimated to be nil.

Revenue booked under Public Sector Accounting Standards (PSAS) will vary from billed interest and fees due to effective interest rate method (EIRM) accounting which factors in all loan fees and interest through the life of the loan and recognizes all revenue over the life of the loan. In the attached schedules, the expected cash interest and fees are calculated using the EIRM and the expected loan losses are recognized at the expected time of impairment and write-off.

See Appendix A-2 for the pro forma financial projections (December year-end):

- Schedule 1 - Statements of Financial Position
- Schedule 2 - Statements of Cash Flows
- Schedule 3 - Statements of Operations
- Schedule 4 - Statement of Remeasurement Gains and Losses

Key assumptions for the above schedules are outlined below in Section 6.3.

6.2 Financial and other reporting

In 2021, CEEFC's parent CDEV undertook an analysis to determine if CDEV controlled CEEFC under IFRS 10 criteria for accounting purposes and concluded that it does not. CEEFC then determined that it will prepare its financial statements under PSAS.

Since 2022, in accordance with Public Sector Accounting Standard PS3450, CEEFC fair values financial instruments. The resulting gain or loss is recognized in the Statement of Remeasurements Gains and Losses for each period in CEEFC's financial statements.

6.3 Commentary, Highlights and Key Assumptions in Financial Projections

The financial projections attached are based on an assumption that no further LEEFF loans will be issued, such that the financials are driven by the existing loan portfolio.

Reasonable assumptions have been made regarding loan losses, but these are difficult to estimate due to the unpredictable nature of economic conditions, market dynamics, and individual company actions. The estimate for loan losses is indicative of a portfolio of loans made to borrowers in financial distress that were unable to obtain financing in commercial markets. The actual financial performance of the loan portfolio will vary significantly based on the financial performance of the borrowers and general economic and financial market performance.

Since inception, CEEFC granted loans to seven borrowers: Seven LEEFF liquidity loans, four voucher loans, and one "large airline" loan, with total commitments made of \$7.6 billion. A total of \$3.1 billion has been drawn on these loans, including \$0.8 billion that has been repaid. In addition to the loans, CEEFC purchased \$500 million shares of Air Canada and was issued warrants in Air Canada (cancelled in January 2022) and Air Transat.

Partial repayments totalling \$12 million were made on two LEEFF loans in 2024 (as at June 2024).

All voucher loan facilities are now closed, and no further funds may be drawn. At June 30, 2024, Air Canada owes \$1.27 billion on its facility, Transat owes \$353 million, Sunwing owes \$100 million and Porter owes \$10 million.

At June 30, 2024 CEEFC does not have any undrawn commitments.

Based on an analysis of CEEFC's existing portfolio of borrowers, the expected combined credit loss of the principal loan balance of the portfolio at maturity is 33%, but actual credit losses could be materially different. We note that currently no loans are in default and no

loan losses have been incurred. The accounting framework only recognizes loan losses on an incurred basis when defaults or events of similar effect occur.

6.4 Capital Budget

CEEFC is not a capital-intensive business. Currently it has no plans for major capital investments or commitments.

Chief Financial Officer attestation

In my capacity as Vice President Finance of CEEFF, accountable to the Board of Directors of CEEFC through the Chief Executive Officer, I have reviewed the corporate plan and budgets and the supporting information that I considered necessary, as of the date indicated below. Based on this due diligence review, I make the following conclusions:

1. The nature and extent of the financial and related information is reasonably described, and assumptions having a significant bearing on the associated financial requirements have been identified and are supported with the following observations:
 - Assumptions around the loan portfolio size and composition are subject to significant variation due to refinancing requests from borrowers, their credit situations, and the expected timing of loan repayments.
 - Assumptions around operating costs are highly dependent on the size of the loan program and the composition of loans and the need for advisory services.
2. Significant risks having a bearing on the financial requirements, the sensitivity of the financial requirements to changes in key assumptions, and the related risk-mitigation strategies have been disclosed, with the following observations: Significant risk remains with respect to the size of potential loan losses and write-offs as well as the collection of interest and fee revenue from some borrowers and repayments. The financial projections attached indicate that there is sufficient cash flow generated by CEEFC during the plan period to redeem some of the preferred shares issued to the government. No income from the financial instruments is forecast due to the speculative nature of future equity values of publicly traded shares.
3. Financial resource requirements have been disclosed and are consistent with the stated assumptions, and options to contain costs have been considered, with the following observations: *This plan was prepared using best available internal estimates based on assumptions which are subject to risk as noted in point 1 and 2 above and point 4 below.*
4. Funding has been identified and is sufficient to address the financial requirements for the expected duration of the corporate plan, with the following observations, including observations with regard to future funding sources from the government: *That the Funding Agreement remains in effect.*

5. The corporate plan and budget(s) are compliant with relevant financial management legislation and policies, and the proper financial management authorities are in place (or are being sought as described in the corporate plan).
6. Key financial controls are in place to support the implementation of proposed activities and ongoing operation of CEEFC, with the following observations: if loan volumes materially exceed planned volumes, CEEFC may need to implement a loan management system and hire significantly more staff to manage and enact suitable financial controls.

In my opinion, the corporate plan and budgets have substantial uncertainty, financial and/or other risk issues, as noted above.

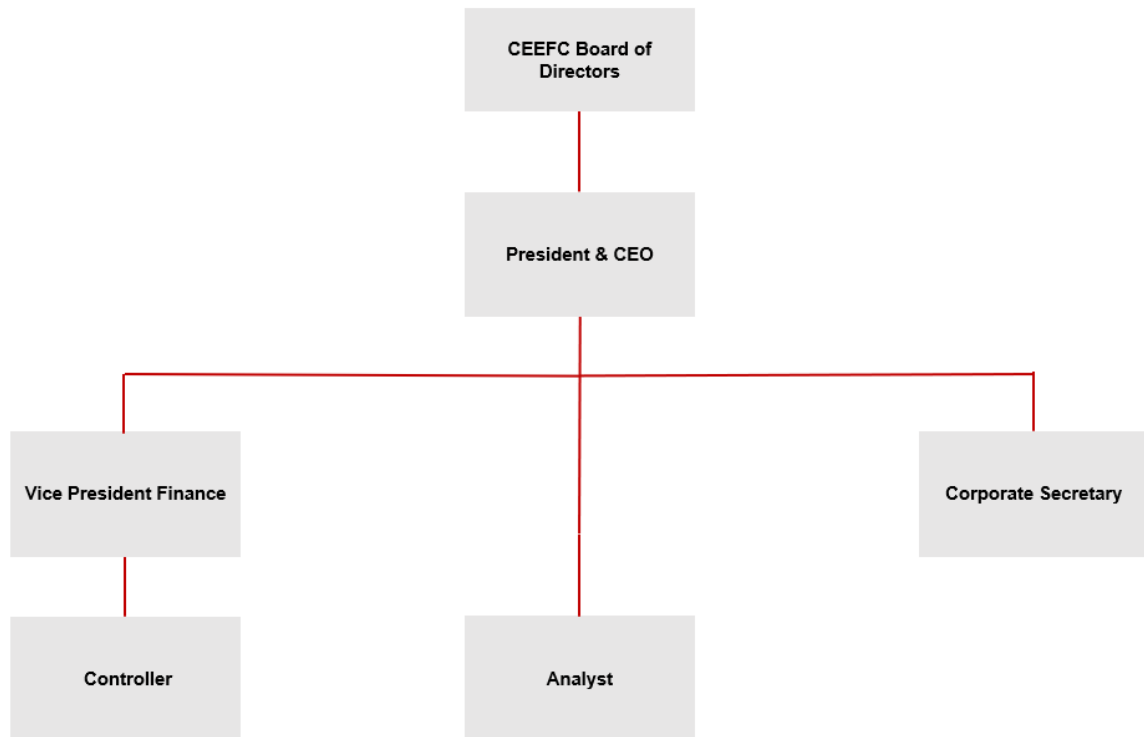


Carlos Gallardo

Vice President - Finance
Canada Enterprise Emergency Funding Corporation

October 17, 2024

Appendix A-1 – Organization Chart and Board of Directors



All CEEFC employees, with the exception of the President and CEO are CDEV employees seconded to CEEFC. For the Vice President Finance and the General Counsel & Corporate Secretary, CEEFC tasks constitute a minority of their responsibilities. The President and CEO has overall responsibility for execution of the strategic direction of the company set by the board of directors, the administration of LEEFF, as well as day-to-day responsibility for loan management and monitoring. The CEO is supported in this by an Analyst and an external accounting/consulting firm engaged for this purpose.

Directors	Current / Past Experience	Date of Appointment
Sandra Rosch	• Chair of CEEFC • EVP and Director, Labrador Iron Ore Royalty Corporation • Former President of Stonecrest Capital Inc. • CDEV Director	May 12, 2020
Jennifer Reynolds	• President & CEO of Women Corporate Directors Foundation • CDEV Director	May 12, 2020
Jim McArdle	• Former Senior Executive at Export Development Canada	May 18, 2020
Nathalie Bernier	• Former CFO and SVP Strategy for PSP Investments • Former Regional Managing Partner of KPMG - Quebec	June 25, 2020
Bruno Lemay	• President and CEO of CEEFC	May 22, 2024
Barry Pollock	• Former Global Head of Corporate Banking at BMO	March 11, 2021
Al Hamdani	• Executive Vice -President and Chief Business Officer of CDEV	March 19, 2024

The CEEFC Board currently has one committee, the Audit Committee, chaired by Ms. Bernier. The other members of the Audit Committee are Ms. Rosch and Mr. Pollock.

Appendix A-2 – CEEFC Pro-Forma Financial Statements 2023 - 2029

CANADA ENTERPRISE EMERGENCY FUNDING CORPORATION

Proforma Statement of Financial Position

Years ended December 31, 2023 to 2029

Cdn\$ '000

Schedule 1

PSAS

	2023 Actual	2024 Plan	2024 Forecast	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan
Financial Assets								
Current assets:								
Cash and short term investments	517,501	259,934	238,385	254,418	228,494	239,299	245,806	240,022
Total current assets	517,501	259,934	238,385	254,418	228,494	239,299	245,806	240,022
Other assets:								
Loans receivable	2,385,418	2,365,469	1,868,538	1,888,134	1,471,283	1,471,283	-	-
Equities	403,161	492,249	386,120	386,120	386,120	386,120	386,120	386,120
Warrants	21,939	32,030	10,733	10,733	10,734	10,734	10,734	10,734
Interest and Other receivables	3,409	-	-	-	-	-	-	-
Total other assets	2,813,927	2,889,748	2,265,391	2,284,987	1,868,137	1,868,137	396,854	396,854
Total Assets	3,331,428	3,149,682	2,503,776	2,539,405	2,096,631	2,107,436	642,660	636,876
Financial Liabilities								
Current liabilities:								
Accounts payable and accrued liabilities	763	-	-	-	-	-	-	-
Total current liabilities	763	-	-	-	-	-	-	-
Net Financial Assets and Accumulated Surplus	3,330,665	3,149,682	2,503,776	2,539,405	2,096,631	2,107,436	642,660	636,876
Accumulated surplus is comprised of								
Accumulated operation surplus	3,434,895	3,154,733	2,636,251	2,671,880	2,229,106	2,239,911	775,135	769,351
Accumulated remeasurement loss	(104,230)	(5,051)	(132,475)	(132,475)	(132,475)	(132,475)	(132,475)	(132,475)
	3,330,665	3,149,682	2,503,776	2,539,405	2,096,631	2,107,436	642,660	636,876

CANADA ENTERPRISE EMERGENCY FUNDING CORPORATION

Schedule 2

Proforma Statement of Cash Flow

PSAS

Years ended December 31, 2023 to 2029

Cdn\$ '000

	2023	2024	2024	2025	2026	2027	2028	2029
	Actual	Plan	Forecast	Plan	Plan	Plan	Plan	Plan
Operating activities:								
Net operating profit/(loss)	138,025	40,536	(798,644)	35,629	(442,774)	10,805	(1,464,776)	(5,784)
Adj. for non-cash items	(35,356)	(54,085)	(58,105)	(25,000)	47,865	-	-	-
Provision for credit loss	-	35,000	562,634	-	154,829	-	113,139	-
Changes in non-cash working capital								
Due from Shareholder and Interest receivable	(1,881)	-	-	-	-	-	-	-
Trade and Other Payables	(203)	-	2,648	-	-	-	-	-
Cash from operating activities	100,585	21,451	(291,467)	10,629	(240,080)	10,805	(1,351,637)	(5,784)
Investing activities:								
Repayment of Loans - received	338,131	28,500	12,351	5,404	214,156	-	1,358,144	-
Cash from investing activities	338,131	28,500	12,351	5,404	214,156	-	1,358,144	-
Cash, beginning of year	78,785	209,983	517,501	238,385	254,418	228,494	239,299	245,806
Change in cash	438,716	49,951	(279,116)	16,033	(25,924)	10,805	6,507	(5,784)
Cash, end of year	517,501	259,934	238,385	254,418	228,494	239,299	245,806	240,022

CANADA ENTERPRISE EMERGENCY FUNDING CORPORATION
Proforma Statement of Operations
Years ended December 31, 2023 to 2029
Cdn\$ '000

Schedule 3
PSAS

	2023 Actual	2024 Plan	2024 Forecast	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan
Revenue								
Interest income	141,113	82,320	98,339	52,413	28,839	22,589	10,147	6,000
Gain from Sale of warrants	-	-	-	-	-	-	-	-
Gain on share sale	-	-	-	-	-	-	-	-
Total revenue	141,113	82,320	98,339	52,413	28,839	22,589	10,147	6,000
Expenses								
Professional fees ¹	1,956	5,000	2,875	15,000	15,000	10,000	10,000	10,000
Management fee	904	904	904	904	904	904	904	904
Salaries and benefits	225	200	228	200	200	200	200	200
Provision for credit loss	-	35,000	562,634	-	154,829	-	113,139	-
Other expenses	3	680	342	680	680	680	680	680
Total operating expenses	3,088	41,784	566,983	16,784	171,613	11,784	124,923	11,784
Surplus/(deficit) before government contribution	138,025	40,536	(468,644)	35,629	(142,774)	10,805	(114,776)	(5,784)
Government contribution ²	-	-	-	-	-	-	-	-
Government repayment ²	-	-	(330,000)	-	(300,000)	-	(1,350,000)	-
Surplus/(deficit) for the year	138,025	40,536	(798,644)	35,629	(442,774)	10,805	(1,464,776)	(5,784)
Accumulated surplus, beginning of period	3,296,870	3,114,197	3,434,895	2,636,251	2,671,880	2,229,106	2,239,911	775,135
Accumulated surplus, end of period	3,434,895	3,154,733	2,636,251	2,671,880	2,229,106	2,239,911	775,135	769,351

¹ Some of the fees have been recovered from borrowers but are shown as an expense in the year incurred. The recovery is recognized over the life of the loan.

² Refer below for the continuity of the Government contribution/repayment

	2023 Actual	2024 Plan	2024 Forecast	2025 Plan	2026 Plan	2027 Plan	2028 Plan	2029 Plan
Preferred Shares								
Opening Preferred Shares	3,090,000	2,790,000	3,090,000	2,760,000	2,760,000	2,460,000	2,460,000	1,110,000
Preferred Shares Issued	-	-	-	-	-	-	-	-
Preferred Shares redeemed	-	-	(330,000)	-	(300,000)	-	(1,350,000)	-
Ending Preferred Shares	3,090,000	2,790,000	2,760,000	2,760,000	2,460,000	2,460,000	1,110,000	1,110,000

CANADA ENTERPRISE EMERGENCY FUNDING CORPORATION
 Proforma Statement of Remeasurement Gains and Losses
 Years ended December 31, 2023 to 2029
 Cdn\$ '000

Schedule 4
PSAS

	2023	2024	2024	2025	2026	2027	2028	2029
	Actual	Plan	Forecast	Plan	Plan	Plan	Plan	Plan
Accumulated remeasurement gains/(losses), beginning of period adjusted	(97,191)	(5,051)	(104,230)	(132,475)	(132,475)	(132,475)	(132,475)	(132,475)
Remeasurement gains arising during the period								
Unrealized gains/(losses) on equity	(15,100)	-	(17,041)	-	-	-	-	-
Unrealized gains/(losses) on warrants	8,061	-	(11,204)	-	-	-	-	-
Amount reclassified to the statement of operations and accumulated surplus								
Realized gains on Warrants	-	-	-	-	-	-	-	-
Cancelled warrants	-	-	-	-	-	-	-	-
Net remeasurement gains/losses, for the period	(7,039)	-	(28,245)	-	-	-	-	-
Accumulated remeasurement losses end of period	(104,230)	(5,051)	(132,475)	(132,475)	(132,475)	(132,475)	(132,475)	(132,475)

Appendix A-3 – Planned results for 2025

Expected Outcomes	Performance Indicators or Targets
Monitor all loans	Ensure quarterly reporting and regular evaluation of all loans is up to date. Quarterly reporting to be completed within 10 days of receipt of reporting requirements. Management reports to CEEFC's Board on a semi-quarterly basis using a standard template.
Manage requests for consents and amendments on loans	Requests considered on a timely basis and accorded or rejected with results consistent with LEEFF objectives.
Manage loans to minimize losses, and manage defaults and restructurings where required	Indicators are LEEFF borrower survival, preservation of related jobs and avoidance of bankruptcy where possible, as well as maximization of recovery to CEEFC in conjunction with LEEFF objectives. Ensure CEEFC is aware of and prepared to handle any restructuring needs of borrowers or to deal with borrower defaults if any occur.
Cash Management	Manage cash in compliance with CEEFC policy.

Appendix A-4 – Government Priorities and Compliance with legislative and policy requirements

Government Priorities

Transparency and Open Government

With the use of communications tools, CEEFC is well positioned to deliver its mandate in a fully open and transparent manner. CEEFC's website provides details of LEEFF and announcements of new loans. The website also lists loans and loan commitments for any completed loan transactions. Within the prescribed timeframes, CEEFC will include its financial results with CDEV's annual and quarterly reports, corporate plan summaries, executive and director travel and hospitality expenses and *Access to Information Act* inquiries.

Gender-Based Analysis / Diversity and Employment Equity

CEEFC's staff volume (consisting entirely of CDEV employees) is too low for a statistically significant analysis of any of its employment parameters. The current Chair of CEEFC is a woman, as are the majority of its directors. CEEFC's hiring process ensures that all suitable candidates are considered based on merit and without prejudice. LEEFF prohibits loans to companies that discriminate on the basis of sex, gender, sexual orientation, race, ethnicity, religion, culture, region, education, age or mental or physical disability.

Environmental, Social and Governance (ESG)

ESG is integral to CEEFC's role as overseer of LEEFF. CEEFC mandated objectives are grounded in public policy priorities, with a focus on supporting Canadian businesses and jobs. CEEFC is overseen by a highly-qualified, diverse and independent board of directors that adheres to strict standards of governance.

Through LEEFF, CEEFC is supporting the transition to climate-related disclosure in financial reporting. All LEEFF borrowers are required to publish an annual climate-related financial disclosure report, highlighting how corporate governance, strategies, policies and practices will help manage climate-related risks and opportunities, and contribute to achieving Canada's commitments under the Paris Agreement and goal of net zero by 2050. Such reporting must be consistent with the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD).

Since calendar year 2022, CEEFC has been using the TCFD framework for its own climate reporting in coordination with CDEV and its other subsidiaries.

IT Processes and Security

CEEFC shares information technology (IT) resources with its parent CDEV, which manages IT processes and security.

CDEV retains a third-party organization to manage its IT requirements and specifically computer functionality, file server and email system. This organization ensures antivirus, security patching and managed detection and response tools are monitored and updated as required. The corporate network is protected by active and monitored password policies implemented and controlled centrally on all PCs and laptops as well as security protocols for mobile phones.

The file server is housed in a Toronto data center with redundant power back up. The server is backed up every hour by a Business Continuity & Disaster Recovery system that will allow CDEV and CEEFC to restore their entire infrastructure using advanced virtualisation tools in the event of failure and or ransomware attack. The server has an annual back up for posterity. The email system uses Microsoft Office 365 services which include real time back up. CDEV also makes copies of emails for back-up purposes and these are stored in a secure location. The Office 365 Platform is protected by corporate user Multifactor Authentication processes.

Harassment and Violence Prevention

In June 2021, CDEV adopted a Harassment and Violence Prevention Policy, which applies to CEEFC. The policy was revised in December 2022. CEEFC directors, executives and staff underwent workplace harassment and violence prevention training in September and October 2021, and CEEFC personnel underwent training again in December 2022.

Compliance

In addition to complying with the *Financial Administration Act* through its reporting and operating processes, CEEFC will provide CDEV with information for it to report on compliance with all relevant laws. See the CDEV Corporate Plan.

CEEFC and CDEV were issued a directive (P.C. 2020-307) to implement LEEFF. CEEFC remains in compliance with the Directive.

Appendix A-5 – Mandate Letter

May 20, 2020

Ms. Sandra Rosch
Chair
Canada Enterprise Emergency Funding Corporation

Mr. Stephen Swaffield
Chair
Canada Development Investment Corporation

1240 Bay Street, Suite 302
Toronto, ON M5R 2A7

Dear Ms. Rosch and Mr. Swaffield:

The Canadian economy is facing substantial challenges due to the global drop in demand for goods and services caused by the COVID-19 emergency. Companies' ability to access credit has also been constrained due to uncertainty in the financial markets. Without continued access to credit, Canadian businesses may face retrenchment, which could slow prospects for longer-term economic growth.

In order to promote the stability and maintain the efficiency of Canada's financial system in the wake of the COVID-19 emergency, on May 11, 2020, the Government of Canada announced the Large Employer Emergency Financing Facility (LEEFF) to provide bridge financing to Canada's largest employers, whose needs during the pandemic are not being met through other financing sources, in order to keep their operations going. The LEEFF program will be open to large, non-financial for-profit businesses, as well as certain not-for-profit businesses, such as airports, seeking financing of \$60 million or more, that have substantial operations in Canada and that are not involved in active insolvency proceedings.

I understand that the Canada Development Investment Corporation (CDEV) has established, pursuant to and consistent with Orders in Council P.C. 2020-305 and P.C. 2020-306, a subsidiary, the Canada Enterprise Emergency Funding Corporation (CEEFC), in order to administer LEEFF.

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The specific eligibility criteria for LEEFF are set out in the term sheet that I have approved as required by and pursuant to Order in Council P.C. 2020-307 (the Term Sheet). The Term Sheet is attached to this letter.

As a supplement to Order in Council P.C. 2020-307, and pursuant to direction under *Open and Accountable Government* (2015), which recognizes my role, as the Minister responsible for CDEV, in providing guidance to the Board on the corporation's objectives and in conveying to the Board the Government's expectations concerning the corporation's public policy objectives, I am outlining additional Government expectations for CDEV and CEEFC in relation to the administration and governance of LEEFF. The expectations outlined in this letter supplement any requirements already established by the Governor in Council and the Term Sheet.

Objective

The Government's objective for LEEFF is to help protect Canadian jobs, help Canadian businesses weather the current economic downturn and avoid bankruptcies of otherwise viable firms where possible. The additional liquidity provided by LEEFF will allow Canada's largest businesses and their suppliers to remain active during this difficult time, and position them for a rapid economic recovery. This support will not be used to resolve insolvencies or restructure firms' capital structures.

Operations

It is the Government's expectation that CEEFC will administer LEEFF. Specifically, CEEFC will receive and review applications to LEEFF, perform financial analysis and due diligence, approve funding in accordance with the Term Sheet, and provide funding in accordance with the Term Sheet and agreements reached with Borrowers. Funding for these activities will be provided through a separate funding agreement to be entered into by CEEFC and Her Majesty in Right of Canada.

CEEFC will conduct a preliminary assessment of each application to LEEFF in terms whether that application satisfies LEEFF's eligibility criteria as outlined in the Term Sheet. CEEFC will transmit each application that meets those eligibility criteria to Finance Canada. Shortly thereafter, CEEFC, with the support of its advisors, will provide initial credit market information on and preliminary financial analysis of each such LEEFF applicant to Finance Canada. Finance Canada, working with Innovation, Science and Economic Development Canada, will support the Minister of Finance and the Minister of Innovation, Science and Industry in determining whether each such application to LEEFF is able to be further considered by CEEFC. The Ministers' decision will be communicated to CEEFC by Finance Canada.

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When the Ministers opt for further consideration by CEEFC, CEEFC will evaluate the applications in accordance with the Term Sheet. When CEEFC approves an application, CEEFC will ensure that any program financing is provided to Borrowers in accordance with the Term Sheet and on a timely basis in light of current economic conditions.

I understand that, for select applicants, certain terms in the Term Sheet may need to be adapted to the particular circumstance of the applicant, while still protecting taxpayers' interests and aligning with the objectives of the LEEFF program. In such cases, the Board of CEEFC will advise me if it determines that a request for financing from a company cannot be accommodated within the scope of the corporation's mandate as per this letter of expectation.

CEEFC will adopt a prudent treasury management policy for any unused funds.

CEEFC will also be responsible for monitoring the loans once made and managing and disposing of any assets it acquires through the administration of LEEFF, including warrants or shares, in a commercial manner.

CEEFC will provide, regularly and also upon request, information and reports to Finance Canada on the status of LEEFF, such as applications, loan volumes, sectoral uptakes, risk exposures and compliance. This will be particularly important in relation to ensuring appropriate reporting to Parliament on the use of public funds.

In addition to the foregoing expectations, CEEFC will comply with applicable laws and Government policies.

Supervision

It is the Government's expectation that CDEV will establish a qualified Board of Directors of CEEFC to oversee CEEFC's administration of LEEFF. It is further expected that CDEV will ensure that the CEEFC Board and, through the CEEFC Board, the CEEFC staff are subject to CDEV's policies and procedures for the management of conflicts of interest.

In its role as CEEFC's parent Crown corporation, CDEV should monitor the performance of CEEFC and transparently report plans and results as part of its annual reports to Parliament and fulfill its other oversight obligations pursuant to the *Financial Administration Act*.

Conclusion

The Government has entrusted CEEFC to provide liquidity support to Canada's large employers to preserve economic capacity in response to the COVID-19 emergency. The Boards of both CDEV and CEEFC have my full confidence that you will meet the highest standards of good governance and, in so doing, serve the best interests of Canada.

Yours sincerely,

The Honourable Bill Morneau, P.C., M.P.
Enclosure