

## Message from the Chair



This past year has been one of transformation for the world and CDIC. Our focused initiatives implemented during this time have been critical to how we face the challenges ahead. We find ourselves amid a pandemic that has required an unprecedented response from business, individuals and government, including CDIC. This is an environment that will challenge the resiliency of the financial system. Clearly there are stresses being placed on members of society and their financial well-being. As always, CDIC sees it as vitally important to be there to help Canadians and ensure we are ready to step in quickly and responsibly to contribute to financial stability. The work we have done over the past year has positioned CDIC well to respond.

The continuum started with the arrival of CEO Peter Routledge some four months before the beginning of the year, the appointment of a Chief Risk Officer and the recognition of the need to transform its existing Enterprise Risk Management (ERM) structure for the organization. That was step one.

The second step in the continuum was reorganizing the Board committee structure, including new charters to place a focus on risk. To this end, we established a new Risk Committee and then, working with the Chief Risk Officer, the Board approved the ERM Framework and CDIC's first risk appetite statement in December 2019. This statement acknowledges that CDIC operates in an environment where there are a number of risks that could impact its ability to meet its mandate and vision. CDIC recognizes that risk avoidance is not realistic or practical, that we cannot control, prevent or prepare for all risks, nor can we afford to do so at any cost. This statement provides a lens through which the Board can take a governance perspective in its stewardship of CDIC, including overseeing and providing guidance on CDIC's strategy and weighing its inherent risks. It also provides the guide rails within which the organization delivers on its mandate.

The Board also took steps to enhance transparency and improve its effectiveness, notably through an initiative to improve its decision making and meeting effectiveness, and through an improved two-way flow of information with Leadership. Its goals include a greater focus on the Board and its committees' specific governance objectives; an emphasis on strategy and strategic issues; and ensuring a productive relationship with Leadership, in which both groups support, challenge and provide constructive feedback. This supports our oversight and stewardship functions.

The third step in the continuum was critical—the work that was undertaken on workplace culture and the redefinition of our promises and commitments. The Board encouraged and endorsed this initiative and had already commenced performance self-assessments at its meetings to update its own culture model at the Board level. This step led to the restructuring of CDIC, on the direction of the Board of Directors, to allow us to address our main risks and the level of tolerance we have with them in the most efficient and effective manner.

These three steps have positioned CDIC well for the tumultuous year before us. They will allow the Board to focus on big issues, including strategy. As a Board, we are fortunate to enjoy open access to CDIC Leadership, and our members have engaged with staff on several fronts during the year. The fact that CDIC staff have responded to us as Directors has been very gratifying and this helps the Board with a better understanding of the business. I am thankful for it.

I would also like to note some significant events that took place over the past year.

The results of a Special Examination by the Office of the Auditor General of Canada (OAG) show that CDIC has sound practices and systems in place to oversee the management of the Corporation. The **report** affirms that CDIC has good practices for corporate governance, strategic planning, risk management and managing its operations. There were no significant deficiencies noted and CDIC has responded with action plans to three OAG recommendations for improvement.

Several membership changes to our Board occurred during the year. I would like to thank Lucie Tedesco, former Commissioner of the Financial Consumer Agency of Canada, for her service. During her tenure, Commissioner Tedesco made an outstanding contribution to CDIC, its Board of Directors and the Canadian public, by providing invaluable insight on the perspectives of Canadian financial consumers and the importance of financial literacy to awareness of CDIC deposit insurance. I welcome her successor Judith Robertson to this *ex officio* membership to the Board.

Likewise, I wish to thank Bank of Canada Governor Stephen Poloz for his years of service. During his tenure, Governor Poloz provided invaluable advice, insights, strategic thinking and innovation to the Board, responding to crisis events, including the unprecedented COVID-19 pandemic and its effects on financial services, and contributing to CDIC's object to promote the stability of the financial system in Canada. And I welcome his successor Tiff Macklem to our ranks.

Lastly, I would like to commend CDIC's staff for demonstrating flexibility and agility in making the shift to working from home during this COVID-19 pandemic. It is difficult to balance the needs of our families and health with our work lives, but I am confident the CDIC team will continue to deliver the high quality of service that Canadians enjoy from the Corporation.



Robert O. Sanderson