Governing for resilience

Trade diversification, risk, and the board's role in an uncertain world

By Vivian Abdelmessih
Chair of the Board, Export Development Canada

About EDC

Export Development Canada (EDC) is a financial Crown corporation dedicated to helping Canadian businesses make an impact at home and abroad. EDC has the financial products and knowledge Canadian companies need to confidently enter new markets, reduce financial risk and grow their business as they go from local to global. Together, EDC and Canadian companies are building a more prosperous, stronger and sustainable economy for all Canadians.

The myriad geopolitical events over the last year have fundamentally and irrevocably changed the system of international trade.

For Canada, this upheaval and the uncertainty it has created, has reverberated through our economy. It has clarified the need for greater resilience, and the Canadian government has been clear about one of the keys to building that resilience: **diversifying our export markets.**

As Chair of Export Development Canada (EDC), this urgent national imperative has direct implications for the organization I help govern. One of the key responsibilities for EDC's Board in this moment, is to steward this ambitious international growth agenda while navigating a more challenging risk environment.

Why trade diversification has become a national priority

Countries with more diversified export markets experience greater economic stability, due to lower volatility in export revenues and improved ability to withstand external shocks.

They also tend to be more innovative and competitive, because their companies go up against the very best the world has to offer.

Currently, 75 per cent of Canadian exports are destined for the U.S., and there are several reasons for that dynamic: proximity, market size, highly integrated supply chains, supportive infrastructure, long shared history and favourable trade policy.

For these same reasons, the U.S. will *remain* our most important trade partner. It is a relationship that we must continue to nurture and grow.

But the uncertainty Canada has experienced over the last year has exposed the consequences of over-concentration when trade disputes arise. Tariffs have effectively uncovered our economic vulnerabilities.

That is why diversification is a major government priority. It is also a priority that EDC is uniquely placed to support.

And while diversification presents a major opportunity for Canada, it should also be considered as a risk proposition.

Entering new markets means new regulatory regimes, political dynamics, counterparties, and operating environments. These must be governed appropriately.

Since EDC's inception more than 80 years ago, it has established a vast international footprint with 26 representations around the world. Most are co-located with the Trade Commissioner Service, enabling us to work closely with our Team Canada trade partners.

Having this presence on the ground is essential for building local knowledge and connections, which go a long way towards facilitating market entry for Canadian companies.

For boards and key decision makers, the discipline is not in avoiding these choices, but to understand and manage them.

There is a tendency in uncertain environments to default to caution. But inaction carries its own costs, like lost competitiveness, missed opportunities, and diminished global presence.

In this way, there is risk in not taking risk.

Tuning governance to the modern risk environment

In facing this challenge, EDC's Board must reconcile the need to deliver at speed for Canada, with the reality that we're operating in a fundamentally different risk environment than even a decade ago.

Risks are now more interconnected, more opaque, and faster moving.

In this context, traditional governance rhythms, quarterly board cycles, static risk registers, and once-a-year strategy reviews are increasingly strained.

The external environment does not pause between board meetings, and neither can our risk oversight.

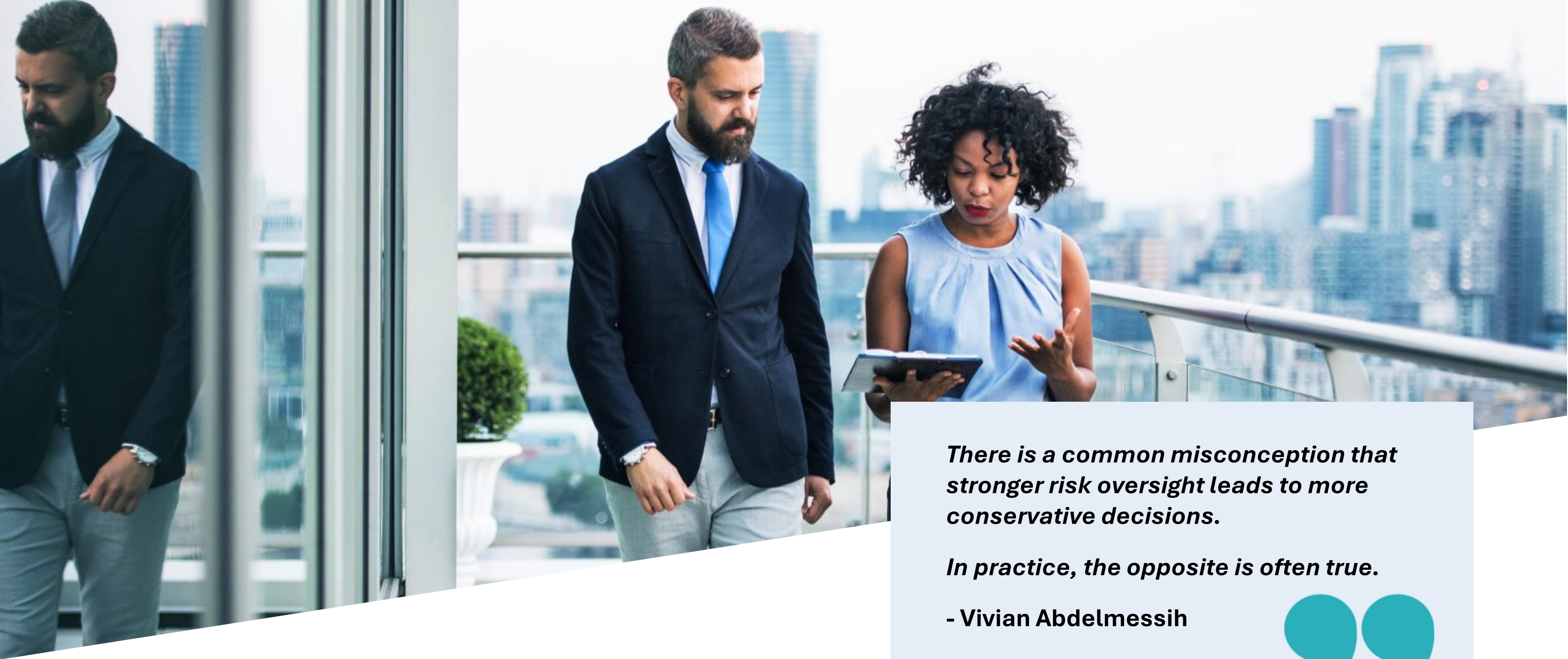
That has required a shift in how EDC's Board and management engage.

For example, strategy and risk appetite are continuously reviewed. Committee chairs maintain ongoing dialogue with executives. And the Board retains the ability to convene outside regular cycles when emerging risks demand it.

This is not about *more* reporting. It is about more agile governance in this rapidly evolving environment, and being able to identify, synthesize, and escalate risks at the right moment.

It is also about ensuring boards have the right culture, capabilities, skills and training to collectively ask good questions and make informed decisions. With these elements in place, directors feel accountable and equipped to discuss risks. In turn, it can translate risk oversight from a compliance function into a strategic and competitive advantage.

When it comes to director development, EDC's Board is focused on intentional onboarding, continuous learning, and skills-based appointments. This helps to ensure that our directors remain future-ready in a complex risk and trade environment. A strong culture of trust brings that capability to life, enabling early escalation, constructive challenge, and clear accountability.



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Beyond audit: what enterprise risk oversight really means

For many boards, *risk oversight* might be limited to the function of the Audit Committee.

These play an essential role, but their focus is inherently rear-facing, reviewing financial statements, controls, and compliance. They tell us whether the organization did what it said it would do.

Enterprise risk oversight asks a different question: What could materially affect performance tomorrow?

Formal risk committees are most common in financial institutions where risks such as credit and liquidity are well defined. However, we must increasingly consider strategic, operational, reputational, technological, and geopolitical risks at the board level in all organizations.

The Board Risk Committee provides a dedicated forum for forward-looking discussion, supported by a strong Chief Risk Officer function. This creates a structured and regular connection between the Board and management, extending beyond CEO–Chair interactions.

Formal mechanisms matter, like cross-portfolio risk analysis, rapid-response processes for external shocks, and management-level risk committees aligned with the enterprise risk framework.

Together, these structures allow emerging risks to be identified early and elevated quickly when required.

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In practice, the opposite is often true.

It is about taking risk intentionally, with the confidence that comes from understanding it well enough to price it, monitor it, and own it.

Governing for Canada's next chapter

Trade diversification is not a short-term initiative. It is a long-term national project that will build Canada's economic resilience for decades to come.

For EDC's Board, as well as others across the country, the challenge is to govern in a way that matches the speed and complexity of today's risks.

That means strengthening risk literacy at the board level, embracing more agile governance structures, and recognizing that risk oversight is a strategic enabler and not a constraint.

At EDC, our experience has made it clear that when risk is governed well, the organization can move faster, think bigger, and act with confidence, even amidst global uncertainty.

That is the governance challenge of this unique moment. And it is one that boards must meet head on.