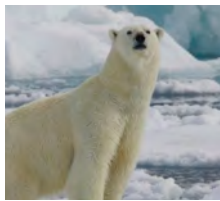
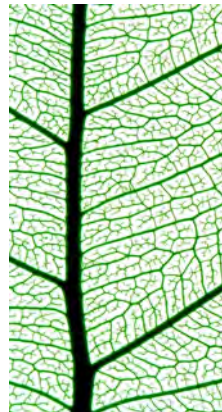


BALANCING OPPORTUNITIES AND IMPACTS




CORPORATE SOCIAL
RESPONSIBILITY
REPORT 2010



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EDC is committed to the principles and practices of Corporate Social Responsibility (CSR). Our policies, procedures and due diligence requirements ensure that all projects and transactions in which we participate are financially sound as well as environmentally and socially responsible, and recognize that all three are inter-related.

OVERVIEW

■ Corporate profile

Export Development Canada (EDC) is a Crown corporation established to support and develop Canada's export trade and Canadian capacity to engage in that trade. It is financially self-sustaining, generating sufficient income to protect its assets, manage its exposure to credit and market risks and maintain sufficient capital to meet future demand. EDC provides credit insurance, financing, equity, contract insurance, bonding and political risk insurance, and other risk management services. Read more & watch the video¹.

EDC reports to Parliament through the Minister for International Trade and is governed specifically by the *Export Development Act* and the *Financial Administration Act*, and more generally by Acts such as the *Corruption of Foreign Public Officials Act*, *Public Servants Disclosure Protection Act* and the *Access to Information Act*. As Canada's export credit agency, EDC supports Canadian business on terms that are consistent with Canada's international trade obligations, including those under the Organisation for Economic Cooperation and Development (OECD) and the World Trade Organization (WTO). Read more².

EDC is committed to the principles and practices of Corporate Social Responsibility (CSR). Our policies, procedures and due diligence requirements ensure that all projects and transactions in which we participate are financially sound as well as environmentally and socially responsible, and recognizes that all three are inter-related.

■ In this report

This report is EDC's seventh annual CSR report and is a vehicle to provide accountability to our stakeholders on the economic, environmental and social aspects—the triple bottom line—of EDC's operations, as well as the overall governance of its CSR practices. The Corporation has made every effort to clearly identify how CSR links to its business strategy. Released in Summer 2011, the report covers all of EDC's business operations, except where indicated, in the calendar year 2010.

This is EDC's first time at using integrated reporting; the corporate EDC Annual Report integrates significant higher-level information on CSR activities while this stand-alone CSR Annual Report drills much deeper. This report is available online only; the production of a hard-copy summary report has been discontinued in order to reduce our operational footprint. Reader feedback is encouraged. Comments can be sent to Yolanda Banks, Senior Corporate Social Responsibility Advisor, by email, csr-rse@edc.ca.

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Guidelines G3.0, including the GRI's Financial Services Sector Supplement. This is a B+ level report (GRI-checked).

¹ <http://www.edc.ca/EN/About-Us/Pages/default.aspx>

² <http://www.edc.ca/EN/About-Us/Management-and-Governance/Pages/default.aspx>

2010 CSR Scorecard

Each year EDC compiles a CSR Scorecard which outlines its achievements for the year as well as work to be done moving forward.

Completion ratings (status) as developed according to an internal scoring exercise with staff drawn from across EDC:

☑ - completed ● – partially completed ○ - ongoing

KEY INITIATIVES	OPPORTUNITIES & IMPACTS	STATUS	MOVING FORWARD
Environmental and social risk management framework	Released revised Environmental Policy, Environmental and Social Risk Management Framework Review Directive and Disclosure Policy which now comprise a framework for managing environmental and social risks. Impact: The Framework more clearly sets out EDC's review processes. It offers a single standard for reviewing environmental and social impacts and outlines an approach to addressing climate change.	☑	Help EDC's clients understand and assess the carbon and climate risks and opportunities associated with their businesses. Evaluate climate change risks at a project level to ensure project design incorporates technically and financially feasible and cost-effective options for mitigation and adaptation to climate change.
Stakeholder relations	Delivered CSR workshop for the mining sector entitled: <i>Who are you and what have you done with my banker?</i> Impact: Offered mining companies insight into CSR requirements for projects and the benefits that can result.	○	Build EDC's customers' capacity to use CSR as a competitive advantage in international business. Convene best practices roundtable on mining sector operating in Colombia. Stakeholder engagement continues to require effort and attention.
Human rights	Participated in the work of Dr. John Ruggie, UN Special Representative on Business and Human Rights. Impact: Gained improved understanding of the role export credit agencies can play in human rights due diligence.	●	Continue to develop approaches to human rights due diligence based on guidance from Dr. Ruggie's 2011 report.
Community investment	EDC expanded its Beyond Exports partnership with CARE Canada to Africa, placing EDC volunteers in Zambia. Impact: Helped improve business coaching practices in CARE enterprise development programs.	☑	Identify an opportunity to deploy EDC volunteers in Asia.
CSR governance	Board of Directors increased its engagement on CSR issues. Impact: Broadened the board's discussion of non-credit risks.	○	Meet the board's increased appetite for more CSR engagement.
CSR reporting	Initiated EDC's first fully online CSR Report. Impact: Increased accessibility of CSR Report.	●	Integrate EDC's CSR and Annual Reports while sustaining Global Reporting Initiative and external assurance standards. Improved reporting and transparency is an ongoing objective.

INDEPENDENT REVIEWER'S REPORT

To the Board of Directors and Management of Export Development Canada ("EDC")

We have reviewed selected quantitative performance indicators presented in EDC's Corporate Social Responsibility Report (the "Report") for the year ended December 31, 2010. We did not review all information included in the Report. EDC management is responsible for collection and presentation of the indicators and information set out in the Report. Our responsibility is to review the selected quantitative performance indicators and assess whether anything comes to our attention that suggests that it has not been prepared in accordance with the relevant criteria. A review does not constitute an audit and consequently we do not express an audit opinion on the selected quantitative performance indicators.

▣ Scope

We reviewed the following 2010 quantitative performance indicators set out in the Report:

Code of Conduct Compliance Statements

- › Number of significant investments that have undergone human rights screening
- › Percentage of Category A projects publicly disclosed on EDC's website 30 days prior to transaction closing compared to total Category A projects eligible for disclosure
- › Business Travel (flight and vehicle)

The selected quantitative performance indicators were chosen by EDC primarily on the basis of perceived external stakeholder interest. We did not review the narrative sections of the Report, except where they incorporated the selected quantitative performance indicators.

Responsibilities

EDC management is responsible for collection and presentation of the Subject Matter set out in the Report. Our responsibility is to express a conclusion, based on our assurance procedures, as to whether anything has come to our attention to suggest that the Subject Matter is not presented fairly in accordance with the relevant criteria.

▣ Methodology

We conducted our review in accordance with the International Standard on Assurance Engagements (ISAE) 3000 developed by the International Federation of Accountants. As such, we planned and performed our work in order to provide limited assurance with respect to the selected quantitative performance indicators that we reviewed. Our review criteria were based on the Global Reporting Initiative Sustainability Reporting Guidelines, relevant regulations, EDC management definitions as set out in the Report and accepted industry standards. Our procedures included obtaining and evaluating evidence related to the selected quantitative performance indicators.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the selected quantitative performance indicators listed above are not, in all material respects, reported in accordance with the relevant criteria.

PricewaterhouseCoopers LLP Toronto, Ontario, Canada

EVOLUTION OF CSR

AT EDC

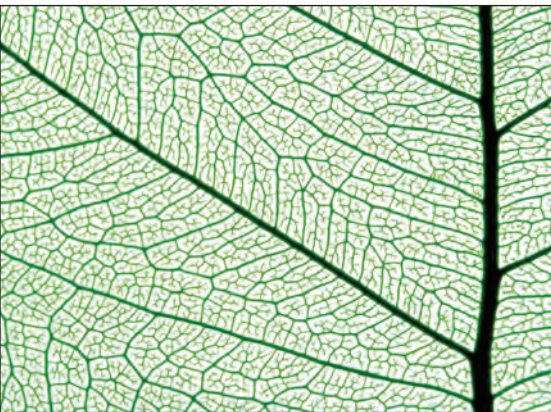


Pre 1999

- › Conflict of Interest Policy
- › Code of Conduct
- › Code of Business Ethics

1999

- › Environmental Review Framework



1999-2000

- › OECD Action Statement on Bribery
- › Education and Youth Employment (EYE) Strategy signs first agreements
- › Launch of CSR Strategy

2001

- › Launch of Compliance Program
- › Office of the Auditor General of Canada (OAG) Environmental Audit
- › First Disclosure Policy
- › Creation of CSR Advisory Council
- › Appointment of Chief Environmental Advisor
- › Environmental Review Directive (ERD)
- › EnviroExports Initiative





2002

- › OECD Common Approaches
- › Anti-Corruption Program
- › Human Rights MOU signed with DFAIT



2003-2004

- › Office of the Auditor General of Canada (OAG) Special Examination of CSR
- › Release of 1st CSR Report
- › 1st Chief Environmental Advisor's Report
- › Revisions to OECD Common Approaches
- › Community Donations Policy established
- › CSR Framework established



2005

- › Revisions to Disclosure Policy
- › 2nd Chief Environmental Advisor's Report
- › CSR Course Launched
- › First Environmental Policy
- › 2nd CSR Report



2006

- › Revisions to Charitable Donations Policy
- › Scholarship Program expanded
- › Market-and sector-specific multi-stakeholder consultations
- › Integration of environment and sustainability into EYE Investment Goals
- › 3rd CSR Report

2007

- › Introduced Disclosure of Wrongdoings Policy
- › Established baseline indicators for measurement of operational footprint
- › Online Code of Conduct training
- › Adoption of Equator Principles
- › 4th CSR Report



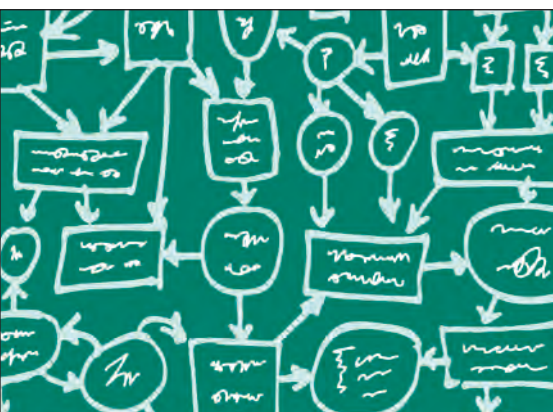
2008

- › CSR Strategic Review
- › Creation of Chief CSR Advisor role and team
- › Statement on Human Rights
- › Adopted LEED gold standard for new headquarters building
- › Expanded Disclosure practices
- › Environmental Finance Chair at University of Waterloo
- › EDC CARE Partnership
- › Developed Employee Value Proposition
- › 5th CSR Report



2009

- › EDC's CSR strategic priorities set: climate change, human rights, transparency
- › OAG Special Examination of CSR, and of environmental and social review practices
- › EDC/IFC Environmental and Social Assessment Standards client workshop introduced
- › Membership of CSR Advisory Council expanded
- › Introduced Ethics Experts Best Practices workshop
- › EDC's reputation risk assessment practices and processes benchmarked
- › 6th CSR Annual Report/assured/GRI rated/published only online
- › Biannual employee opinion survey conducted



2010

- › Introduced Environmental and Social Risk Management Framework comprising:
 - › Environmental and Social Risk Management Policy,
 - › Environmental and Social Review Directive and
 - › revised Disclosure Policy
- › Benchmarking for CSR Strategic Review
- › Strategic Review of all Community Investment initiatives
- › Updated Stakeholder Mapping for improved identification of issues and concerns



MESSAGE FROM THE
SENIOR VICE-PRESIDENT,
LEGAL SERVICES AND SECRETARY



BALANCING OPPORTUNITIES AND IMPACTS

As the global economy emerged from the recession in 2010, the economic environment was still challenging for Canadian exporters and investors. Signs of recovery appeared however, with exports climbing by 12 per cent from 2009, and EDC was gratified to have played a significant role in Canada's trade performance by adding capacity to the market.

But delivering value for Canada goes beyond providing our financial and risk management products and services to Canadian exporters and investors; it also means meeting the expectations of our stakeholders by carrying out our business in a socially responsible manner. This is particularly relevant today, as we help bring more Canadian businesses into emerging markets where CSR issues can be more complex.

■ Human rights

The issue of human rights spawned a great deal of debate in 2010, largely a result of deliberations on Bill C-300, *An Act Respecting Corporate Accountability for the Activities of Mining, Oil or Gas Corporations in Developing Countries*. Although the Bill ultimately did not receive sufficient support to become law, it certainly pushed the issue to the forefront for Parliamentarians and all Canadians, and EDC benefitted from the discussion. First and foremost, we learned that

our stakeholders want more details on how we review and assess the potential impacts of projects we support, including human rights.

In 2010 we revised our environmental framework, and renamed it the Environmental and Social Risk Management Framework, in order to better reflect the importance of social issues in environmental reviews of the business we support. We've also taken steps to be more transparent; the new Framework now provides for the disclosure of more information on projects with a high potential for environmental and social impacts (Category A) including the rationale for our support and the relevant environmental and social issues we reviewed.

As the international community continues its dialogue on this topic, EDC will continue to evolve its own human rights assessment standards to incorporate emerging best practices and work with our customers to build their capacity to implement projects in a practical, balanced and socially responsible way.

We will continue to follow the work of Dr. John Ruggie, the UN Special Representative of the Secretary General, on Human Rights and Transnational Corporations and Other Business Enterprises, and look forward to the release of his report in June.



DELIVERING VALUE MEANS MEETING THE EXPECTATIONS OF OUR STAKEHOLDERS BY CARRYING OUT OUR BUSINESS IN A SOCIALLY RESPONSIBLE MANNER.

EDC UNDERSTANDS THAT CSR IS A JOURNEY

MESSAGES

■ Climate change

In 2010, we also took the first step towards developing a climate change strategy. Our new Framework now requires sponsors of Category A projects to provide greenhouse gas emissions data in their environmental impact assessments. Moving forward, we plan to engage more with our clients on this issue, in order to better understand and assess carbon and climate risks and opportunities associated with their business. We're also taking additional steps to reduce our own carbon footprint, one of the reasons why this report has not been printed.

I would like to thank our CSR Advisory Council for their invaluable input into EDC's CSR issues throughout the year. They continue to guide us in our efforts and serve as a sounding board for our executives. Our Board of Directors was also more directly engaged in CSR issues this past year, as board topics incorporated a more holistic view of how CSR issues are intertwined with all of our business. We certainly welcome their continued involvement and input on these issues.

EDC understands that CSR is a journey. We will continue to examine our practices and processes, and engage with our customers, peers, critics and the public, and look for

areas to evolve. We hope to meet their expectations, as well as the high standards we set for ourselves, and will continue to balance opportunities and impacts in a transparent and responsible manner.

Jim McArdle, Senior Vice-President, Legal Services and Secretary

MESSAGE FROM THE PRESIDENT

DOING BUSINESS WHERE BUSINESS GETS DONE

For Canadian companies 2010 was a year of transition. Developed markets began a long, slow crawl to recovery from the steep downturn of the previous year, but the challenges facing the global economy are far from over, as the U.S. and Europe continue to struggle to get back on stable footing.

Despite this environment, EDC facilitated \$84.6 billion in exports, investments and domestic support. Many Canadian companies took slow growth in their usual markets as an opportunity to broaden their trade horizons. Emerging markets largely managed to sidestep the recession, and are now forecast to lead the recovery, and Canadian companies are working hard to connect with the opportunities they bring.

EDC's business volume in emerging markets increased by more than 32 per cent in 2010, with China, Brazil and India leading the way. This is encouraging, in part because Canadian companies needed to diversify their export markets, but also because the types of transactions we saw this year indicate a longer-term interest in these markets.

Canadian companies have expanded their reach in response to hard times close to home, but the real dividends will play out during better times. And EDC will be there to help manage the risks, doing business where business gets done.

■ Expanding our presence

This year, EDC opened three new international representations in Panama City, Dusseldorf and Istanbul.

With these new offices, we now have 16 international representations, with nearly 40 staff working on the ground to build relationships with local business leaders and government officials, ease the challenges of dealing with foreign financial institutions, and provide insight into opportunities for Canadian exporters and investors. Similarly, EDC has established 17 regional offices across Canada to connect more easily with exporters across the country.

■ Partnership preferred

EDC works with a wide range of private-sector and public-sector partners, including banks, insurance companies, sureties, Business Development Bank of Canada (BDC), brokers and other export credit agencies. This enhances our ability to serve our customers, whether directly or through a financial intermediary. In 2010 our partnership volumes grew 65 per cent higher than expected, demonstrating that our success relies increasingly on working in partnership with other financial institutions. Of our 928 financing transactions last year, 732, or nearly 80 per cent, were done in partnership with financial institutions.



WE WILL BE THE MOST KNOWLEDGEABLE, THE MOST CONNECTED AND THE MOST COMMITTED PARTNER IN TRADE FOR CANADA.

EDC'S BUSINESS VOLUME IN EMERGING MARKETS INCREASED BY MORE THAN 32%

But EDC recognizes that what our customers need from us goes beyond our traditional financing and risk management products. To respond to customer questions with expert advice, we've established the Trade Advisory Services virtual team, comprised of experts from all EDC areas, including economics, financing, insurance, communications, environmental and political and human rights risks advisory groups.

■ **Staying environmentally and socially responsible**

EDC takes environmental and social concerns into account when doing business. This year, we updated our Environmental and Social Risk Management Framework to ensure we continue to keep pace with industry best practices, including making amendments to our Environmental and Social Risk Management Policy, Environmental and Social Review Directive and Disclosure Policy. The revised policies balance our customers' request for clarity and our stakeholders' desire for transparency with EDC's commitment to ensure the projects we support are managed in an environmentally and socially responsible way. We also continued our work as part of a four-year community investment partnership with CARE Canada, helping develop small businesses in emerging markets where CARE has a presence.

■ **Serving customers better**

In 2010, EDC continued implementing Lean business practices, building on the tremendous results of past years. EDC was able to reduce its cycle times to 30 days from 90 days in three service areas. We accelerated our loan turnaround and customer response times by up to 80 per cent, meaning we are able to give customers underwriting decisions quickly and predictably. Now we're in the process of applying Lean to receivables insurance, the last major product in our rollout.

■ **New leadership, new vision**

Finally, I would like to acknowledge the career of Eric Siegel, who retired as President and CEO at the end of 2010. Mr. Siegel's career at EDC spanned more than 30 years, and his leadership and expertise allowed him to guide the company to some of its greatest successes in the face of the most challenging economic circumstances in recent memory.

Shortly before Mr. Siegel's departure, EDC's executive announced a new corporate vision: we will be the most knowledgeable, the most connected and the most committed partner in trade for Canada. My goal as President is to live the EDC vision—to become more knowledgeable about the demands our customers face, more connected with their needs, and more committed than ever to making sure they have the tools they need to do business where business gets done.

Stephen Poloz, President and CEO

CSR GOVERNANCE



In 2010, EDC's Board of Directors significantly broadened its engagement with CSR issues. In addition to regular reviews of transactions that had environmental and social considerations, the Board held a strategy session during which it reviewed how several CSR issues, such as human rights, environment and global security, might affect EDC's business. During five of the Board's meetings it dealt with topics such as the Code of Conduct, amendments to EDC's policies that resulted in approval of revisions to EDC's Environmental and Social Risk Management Framework and a review of non-credit, CSR-related risk scenarios.

▣ Climate Change, Human Rights and Transparency

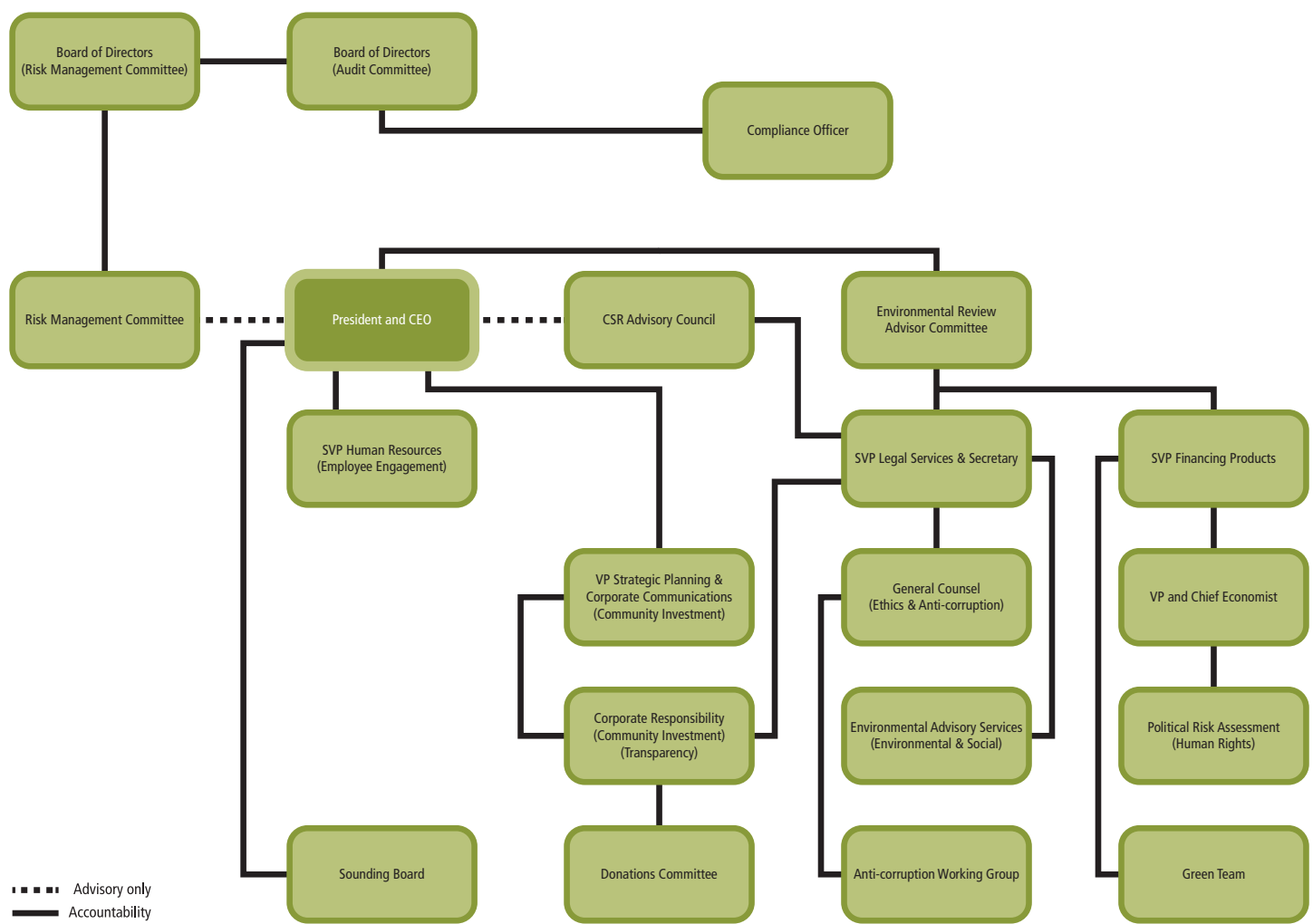
In 2009 EDC's Executive Committee identified three strategic priorities which have guided the Corporation's CSR focus over the past two years: climate change, human rights and transparency. Separate sections of this report describe EDC's progress with these priorities. In 2010 the Corporation undertook a strategic review of its CSR framework to ensure it remained on the right track. In 2011, EDC's Executive Committee will provide renewed guidance on strategic priorities and areas that require a shift in focus or emphasis.

CSR Advisory Council

EDC's CSR Advisory Council continues to serve as a trusted sounding board and source of expert counsel on CSR issues. The Council held semi-annual meetings on May 13 and 14 and on November 18, 2010, met with EDC executives and provided advice on a range of topics, including EDC's human rights assessment process, its community investment strategy, the CSR strategic review and priorities and implications arising from Bill C-300. Council member biographies and summary of meetings¹.

ACCOUNTABILITIES

To ensure accountability and progress, CSR practices, policies and initiatives are managed at EDC through a series of committees. The overall coordinating function falls to EDC's Corporate Responsibility team, along with various topic-specific teams—some voluntary, and others mandated to undertake specific initiatives. EDC's President is the ultimate authority and is accountable for the Corporation's CSR performance, with the Senior Vice-President of Legal Services and Secretary serving as executive sponsor.



¹ <http://www.edc.ca/EN/About-Us/Corporate-Social-Responsibility/Pages/default.aspx>

ETHICS

EDC conducts its business with honesty, integrity and fairness, and expects the same from its customers. EDC's *Code of Business Ethics*¹ spells out our commitment to legal and ethical conduct with respect to issues such as conflicts of interest, bribery and corruption, confidentiality, environment and human rights. EDC expects a similar commitment from the companies with which it does business.

▣ Code of Conduct

The *Code of Conduct*¹, which sets forth policies and procedures governing standards of behavior related to, among other things, confidentiality, insider trading and conflict of interest, applies to all employees, senior management and board members. EDC assures adherence to the *Code of Conduct* through a yearly *Code* compliance sign-off and refresher program. In 2010, EDC conducted a benchmarking exercise to ensure the *Code* remains current, complete and that it reflects present day issues.

▣ Ethics Week

Each year EDC dedicates one week to refocusing employees on the importance of ethics in EDC's operations. In 2010 Ethics Week served as a launch for the annual *Code of Conduct* refresher exercise, which reminds them of their responsibilities under the *Code*. EDC also conducted several information sessions, one of which featured two guest speakers, Dr. Christopher Waddell, Director of Carleton University's School of Journalism and Communication, and Lisa V. Terry, Counsel, Office of the General Counsel, US Exim Bank, speaking on "*Ethical Challenges in Business: What is our Moral Compass?*" All of the above combined ensures that ethics is kept top of mind at the Corporation.

▣ OECD review of our anti-corruption measures

In 2010 EDC, along with colleagues from the Canadian government, participated in the OECD peer review on international anti-corruption commitments. EDC participated in two panel discussions: *Prevention and Detection of Bribery* and *Public Advantages* with the Phase 3 Examiners, representatives from the OECD, the United States and Austria. The report on Canada's peer review was tabled for approval to the OECD Working Group on Bribery in International Business Transactions and published in March 2011.

▣ Bill C-300

Bill C-300, *An Act Respecting Corporate Accountability for the Activities of Mining, Oil or Gas Corporations in Developing Countries*, was a private member's bill initially introduced in the Canadian House of Commons in 2009. The bill, which proposed to promote responsible environmental practices and international human rights standards on the part of Canadian mining, oil and gas corporations operating in developing countries, did not receive sufficient support to become law, but generated a healthy debate on an issue that concerns many Canadians. EDC participated in the parliamentary review of the bill. Moving forward, more dialogue on these issues is anticipated.

¹ <http://www.edc.ca/EN/About-Us/Corporate-Social-Responsibility/Documents/code-business-ethics.pdf>

TRANSPARENCY



The Disclosure Policy has long included a commitment by EDC to make publicly available its intent to support Category A projects (projects with a high potential for adverse environmental and social impacts) at least 30 days prior to making a financial commitment to do so. This is intended to enhance transparency of support for high-impact projects. 100% of all Category A projects met this 30 day disclosure requirement in 2010.

In 2010 the Corporation moved the yardsticks forward with a policy change in response to its stakeholders' request for more information about supported Category A projects. The revised policy now requires:

- › that estimated greenhouse gas data be included in the environmental documentation submitted to EDC and made public via the website of the sponsor; and
- › the publishing of Project Review Summaries outlining EDC's assessment of environmental and social impacts of projects.

Both changes apply to Category A projects reviewed after November 1, 2010.

TRANSPARENCY

EDC has made a firm commitment to increasing transparency about its business. Through its Disclosure Policy¹, EDC discloses the following information²:

■ 2010 Disclosed Transactions

TRANSACTIONS BY REGION

Country/Region	Number of Transactions
Canada	237
USA	135
Latin America (including Mexico and the Caribbean)	86
Asia	26
Europe (including Turkey, Russia & the Commonwealth of Independent States)	55
Africa & Middle East (including Turkey)	36
Various Countries	177
Australia and New Zealand	8
Total number of transactions for 2010	760

TRANSACTIONS BY PRODUCT

Type of Product	Number of Transactions
Equity	6
Financing	188
Guarantee	565
PRI	1
Total number of transactions for 2010	760

TRANSACTIONS BY DOLLAR VALUE

Dollar Value	Number of Transactions
> 1 billion	1
500 million - 1 billion	2
250-500 million	7
100-250 million	25
50-100 million	26
25-50 million	37
15-25 million	23
5-15 million	39
1-5 million	195
< 1 million	405
Total number of transactions for 2010	760

Also see 2010 aggregate business volume by industry subsector³

¹ <http://www.edc.ca/EN/About-Us/Disclosure/Documents/disclosure-policy.pdf>

² <http://www.edc.ca/EN/About-Us/Disclosure/Reporting-on-Transactions/Pages/default.aspx>

³ <http://www.edc.ca/EN/About-Us/Disclosure/Reporting-on-Transactions/Pages/default.aspx>

COMPLIANCE

■ Access to information

EDC receives requests for information both informally and through the *Access to Information Act* (ATIA). The Corporation's Access to Information and Privacy Office is responsible for responding to these requests. In 2010 EDC received 50 Access to Information requests from a variety of sources including the media, members of the public and business entities. Topics of interest included financial loans and temporary help contracts. EDC fulfilled all information requests fully and on time.

■ Compliance Officer

EDC's Compliance Officer operates independently from EDC management and receives external complaints regarding EDC's compliance with its CSR policies. The Compliance Officer reports to the Audit Committee of the Board of Directors. In 2010, two external complaints were received under the program. Both were considered to be outside the Compliance Officer's mandate.

The Compliance Officer also manages internal disclosures of potential wrongdoings. Under EDC's Disclosure of Wrongdoings Policy, employees have a duty to report potential wrongdoings in good faith, without fear of reprisal. Each year, a report is submitted to the Office of the Chief Human Resources Officer within the Treasury Board of Canada on any activities relating to disclosures made under the Federal Public Servants Disclosure Protection Act.

STAKEHOLDER ENGAGEMENT

Engaging with stakeholders on a regular basis is key to EDC's success. These stakeholders include customers, partners, employees, non-governmental organizations (NGOs), suppliers, the media, the public and our shareholder, the Government of Canada.

■ How we identify material issues

EDC identifies material issues based on concerns and issues that:

- › are brought to our attention by the Government of Canada that reflect the Government's own priorities;
- › impact our customers;
- › impact our employees; and
- › reflect concerns expressed by a wide range of external stakeholders on existing and new issues.

■ Process by which we identify material issues

EDC maintains channels of communication to ensure we hear from the stakeholder groups. We achieve this through:

- › an ongoing dialogue with the Government of Canada;
- › our own internal CSR benchmarking and strategic review of CSR issues; and
- › tracking trends in concerns expressed through ongoing stakeholder enquiries and feedback.

As illustrated in the enquiry below, stakeholders monitor EDC's disclosure practices, particularly the disclosure of information related to the extractive sector.

EXTRACT FROM AN ENQUIRY FROM HALIFAX INITIATIVE:

There are relatively few extractive projects currently listed on the Signed Category A and B Projects tables. We believe that EDC has supported more Category A and B extractive projects than those currently found on the list. ... Can you please explain why these projects are not included in either of these tables? Finally, it appears that two Category A projects ... were not listed on the EDC website for 30 days prior to approval. Is this accurate? If so, was justification provided for providing less than 30 days' notice and if so, where can this be found?

EXTRACT FROM OUR RESPONSE:

Your observation is correct (that we have supported relatively few extractive projects); the number of projects (i.e. major physical developments or expansions) that EDC supports does vary widely from year to year, but as recorded by the signed Category A & B project lists, and contrary to the belief of some, we support relatively few projects in the extractive sector.

Thank you for drawing this to our attention. The dates currently on our website for these two transactions are incorrect. Both projects were disclosed for a minimum of 30 days. Please note, as well, that our Category A disclosure data is reviewed annually by an external firm, PricewaterhouseCoopers, and we have consistently met the 30 ex ante (disclosure before signing) requirement for Category A projects in non-G7 countries, as required by our Disclosure Policy.

2010 STAKEHOLDER ENGAGEMENT ISSUES

Stakeholder Group	Issue	EDC Response
Customers	Customers expect EDC to provide reliable, timely, relevant service focused on their evolving needs regardless of their location, segment or sector.	EDC worked to deliver greater value to its customers by streamlining service delivery processes. The guiding principle behind this initiative is the "Lean Process Methodology," initially introduced in 2007. EDC also relies on the principles of continuous improvement and increased efficiency by empowering employees at all levels to make decisions and work collaboratively to solve problems. EDC regularly conducts customer surveys to gauge customer satisfaction with our products and services. Net Promoter Scores (NPS) measures EDC's reputation and the likelihood that its customers would recommend the Corporation to business colleagues. EDC met its NPS target for 2010.
Government, including Members of Parliament and Senators	Parliamentarians continued to engage with EDC on the implications of Bill C-300 and expressed sustained interest in EDC's support for climate change-related projects.	EDC engaged extensively with Parliamentarians and other parts of Government to explain that EDC carefully monitors that its customers conduct their business in a socially responsible manner. EDC also continued to work with the UN's Dr. Ruggie to further address human rights issues. EDC is a member of two inter-governmental committees related to climate change initiatives for business; DFAIT's Cleantech Advisory Board and Cleantech International Readiness Committee. EDC also sits on DFAIT's Infrastructure Advisory Board, which includes Green Building and is part of the Infrastructure International Readiness Committee.
Non-Governmental Organizations (NGOs)	NGO stakeholders continue to express interest in greater transparency.	EDC's revisions to its Disclosure Policy require the production of Project Review Summaries for Category A projects. These will provide more detail and consequently serve to increase transparency on EDC analysis of projects with the potential for significant environmental and social impacts.
EDC Employees	Maintaining an engaged and committed workforce is critical as EDC prepares to move to a new head office building.	EDC employees tested sample workstations for the new building. Their input was incorporated into the RFP criteria to include flexible workspaces and advanced technology. EDC also continued to focus on effective and innovative change management strategies.
Suppliers	Suppliers continue to seek recognition for their sustainability features and advantages in competing for goods and services to EDC.	EDC's Green team has addressed paper and printing procurement requirements; new LEED head office building's sustainability standards have increased EDC's imperative for the purchase of sustainable goods and services.
Media	Canadian media expect greater transparency from EDC in responding to enquiries and requests for information related to project work.	EDC's Environment and Social Risk Management Policy and Disclosure Policy were updated to include the addition of project summaries and GHG data from customers about projects funded by EDC.

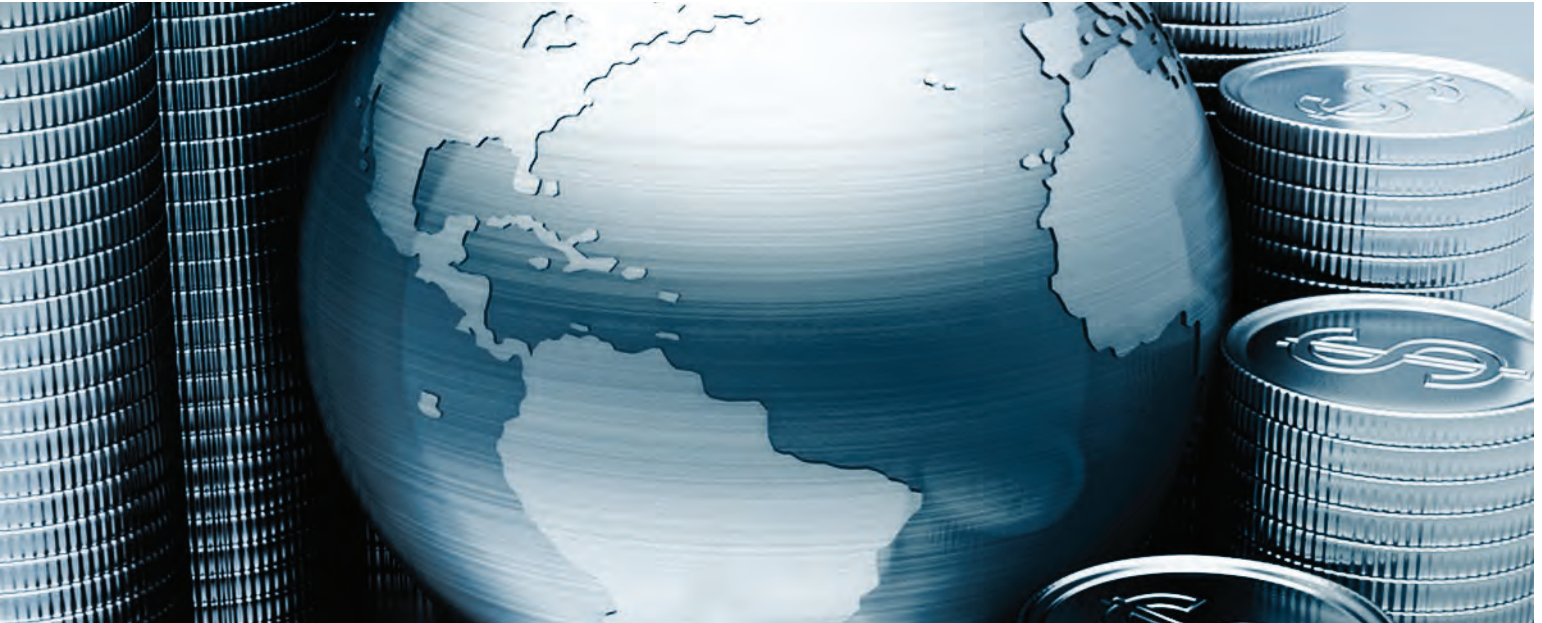
PRINCIPAL OUTREACH INITIATIVES FOR 2010

Event	Topic	Audience
Globe 2010, Vancouver	Sustainability and Natural Resources Sector: How to Acquire and Maintain your Social Licence to Operate ¹	Extractive sector
Prospectors and Developers Association of Canada (PDAC) 2010 Annual Convention, Toronto	Workshop: Who are you and what have you done with my banker?	Mining companies and consultants
IFC-EDC stakeholder meeting, Ottawa	IFC Stakeholder Engagement Session: IFC Performance Standards on Social and Environmental Sustainability	EDC customers, financial institutions and civil society
EthicsCentre Luncheon, Toronto	Ethics in the Financial Sector: At Home and Abroad ²	Financial and legal sector

¹ <http://www.edc.ca/EN/about-us/news-room/speeches/Pages/how-to-acquire-and-maintain-social-licence-to-operate.aspx>

² <http://www.edc.ca/EN/about-us/news-room/speeches/Pages/ethics-in-the-financial-sector.aspx>

ECONOMIC PERFORMANCE



As the global economy emerged from the recession in 2010, the economic environment remained uncertain. Total Canadian exports increased by 12 per cent in 2010, still well below pre-recession levels. In this environment, EDC added capacity in an effort to strengthen Canada's trade performance: it served 8,236 customers for a total business volume of \$84.6 billion, including a record volume in emerging markets at \$24.7 billion. Read more¹.

■ 2010 Performance Highlights

Please see the 2010 Annual Report for Performance Highlights².

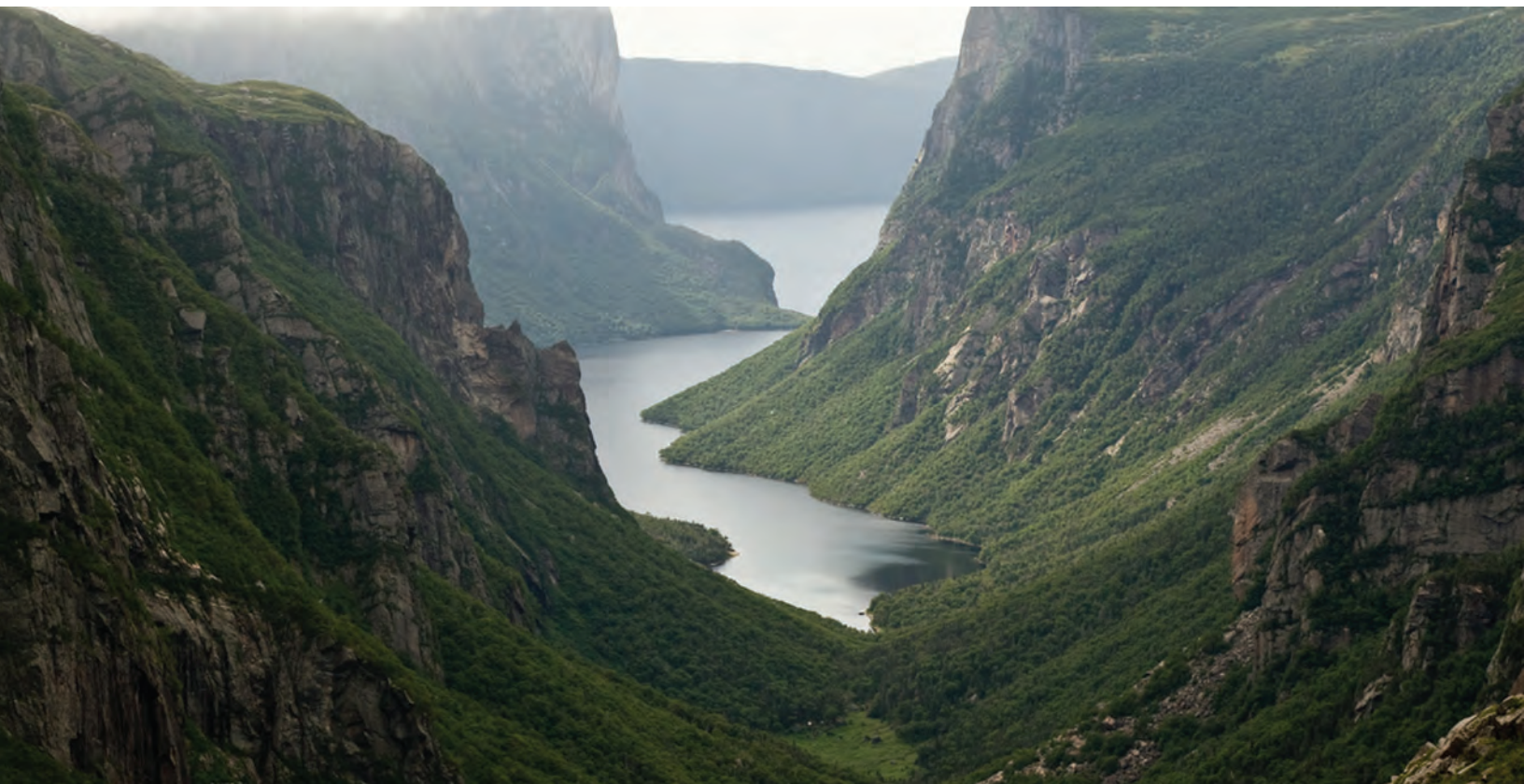
■ Case study: Brazilian giant Vale invests in Canada

In recent years emerging markets have produced new corporate giants that are driving the global economic recovery. EDC customer and Brazilian conglomerate Vale S.A. is a prime example of a foreign corporation that has evolved from a mining ore operation in Brazil, then known as Companhia Minera Vale do Rio Dolce, to become a major force in Canada and in global business. Today, it is the second-largest metals and mining company in the world by market capitalization, with a presence in 38 countries on five continents. Given Vale's strong international growth, robust investment plans and increasing purchases from Canadian suppliers, in 2010 EDC undertook one of its largest and most unique loans to date to a foreign corporation. Read more³.



¹ <http://www19.edc.ca/publications/2011/2010ar/english/7-2.shtml>
² <http://www19.edc.ca/publications/2011/2010ar/english/3-2.shtml>
³ <http://www19.edc.ca/publications/2011/2010ar/english/5-1.shtml>

ENVIRONMENTAL PERFORMANCE



EDC understands that there are environmental and social risks involved in the business it supports. As such, it is critical that EDC has strong procedures to identify and reduce potential negative impacts of these risks. The Corporation's key achievement in this regard in 2010 was finalizing revisions to policies that guide its approach to reviewing and assessing the environmental as well as the social risks of its business.

Revised Environmental and Social Risk Management Framework

In 2009, EDC began a review of its Environmental Policy, Environmental Review Directive (ERD) and Disclosure Policy, which together comprise its framework for environmental assessment of the business it supports and appropriate disclosure of information about that business. After an extended effort to seek comments from a wide variety of stakeholders, a revised framework was released in November 2010, which clarifies and provides more transparency around EDC’s review processes, and ensures they are in line with international environmental and social risk management best practices.

The Framework guides and applies to all of EDC’s business and is underpinned by international agreements and standards, including the OECD Common Approaches on Environment¹, the IFC’s Performance Standards on Social and Environmental Sustainability² and the Equator Principles³.

Highlights include:

- › renaming the Environmental Policy and ERD as the Environmental and Social Risk Management Policy and Environmental and Social Review Directive respectively to reflect EDC’s ongoing commitment to incorporating social risk into environmental assessments; the International Finance Corporation (IFC) Performance Standards define these social risks as: labour and working conditions, community health, safety and security, land acquisition and involuntary resettlement, indigenous peoples, and cultural heritage. EDC has addressed human rights more broadly within its Statement on Human Rights
- › making the IFC Performance Standards EDC’s dominant reference standard for environmental and social project performance in developing countries
- › establishing a climate change strategy to better understand and assess the carbon and climate risks and opportunities associated with EDC’s customers’ business; and
- › providing more information on Category A projects (those likely to have significant adverse environmental effects) through project review summaries containing information on project categorization, the rationale for EDC’s support and any relevant environmental and social issues reviewed.

Environmental and Social Risk Management Framework



The environmental and social risk management framework comprises three components:

- The Environmental and Social Risk Management Policy,
- The Environmental and Social Review Directive (ERD); and
- the Disclosure Policy

The first two components work hand in hand. The Policy establishes the principles that EDC follows when assessing the environmental risks of a transaction and the review directive establishes the process that EDC follows.

The third component, the disclosure policy, establishes the guidelines EDC follows when providing information to the public. The policy does a fine balancing act between sharing information that enhances EDC’s public accountability, while protecting the commercially confidential information entrusted to EDC by our clients.

1 [http://www.oecd.org/officialdocuments/displaydocumentpdf/?cote=TAD/ECG\(2007\)9&doclanguage=en](http://www.oecd.org/officialdocuments/displaydocumentpdf/?cote=TAD/ECG(2007)9&doclanguage=en)
 2 <http://www.ifc.org/ifcext/sustainability.nsf/Content/PerformanceStandards>
 3 http://www.equator-principles.com/resources/equator_principles.pdf

HOW DOES EDC REVIEW TRANSACTIONS FOR ENVIRONMENTAL AND SOCIAL RISKS?

The process that is followed from the time a transaction first comes to a desk at EDC to the time a decision is made to support—or not support—a transaction or project can be complex. EDC has teams of environmental, technical and social risk specialists dedicated to reviewing our business. Common questions include:

▣ How does EDC categorize projects?

A project is defined as a physical development that is or will be greenfield, or a major extension or transformation-conversion thereof; generally industrial, commercial or infrastructure-related in nature. EDC categorizes each project on the basis of its potential adverse environmental effects, which will then determine the nature and extent of the review. EDC's categorizations fall into one of the following three categories:

- › **Category A:** EDC considers that the project is likely to have significant adverse environmental effects that are sensitive, diverse, or unprecedented.
- › **Category B:** EDC considers that the project's potential environmental effects are less adverse than the potential environmental effects of Category A projects.
- › **Category C:** EDC considers that the project is likely to have minimal or no adverse environmental effects.

See full definitions¹.

▣ Which standards does EDC use and how does it implement them?

Stakeholders often ask about the differences between the various environmental review frameworks that EDC applies and implements: EDC's own Environmental and Social Review Directive (ERD)², the OECD Common Approaches³ and the Equator Principles⁴. The policy revisions served to outline and clarify the common elements of these review processes, and are reflected in EDC's revised Environmental and Social Risk Management Policy⁵ as illustrated below.

¹ <http://www.edc.ca/EN/About-Us/Disclosure/Reporting-on-Transactions/Pages/default.aspx>

² <http://www.edc.ca/EN/about-us/corporate-social-responsibility/environment/Documents/environment-social-review-directive.pdf>

³ [http://www.oecd.org/officialdocuments/displaydocumentpdf/?cote=tad/ecg\(2007\)9&doclanguage=en](http://www.oecd.org/officialdocuments/displaydocumentpdf/?cote=tad/ecg(2007)9&doclanguage=en)

⁴ http://www.equator-principles.com/resources/equator_principles.pdf

⁵ <http://www.edc.ca/EN/About-Us/Corporate-Social-Responsibility/Environment/Documents/enviro-policy.pdf>

DIAGRAM: KEY ENVIRONMENTAL REVIEW PROCESSES

	SCOPE	THRESHOLD
Reviews of other business	Officer Screenings Transaction types: <ul style="list-style-type: none"> • Financing • PRI • Equity • Contract Insurance and Bonding (CIB) 	Where: <ul style="list-style-type: none"> • EDC support is < 5 M USD
	Exporter Declaration Transaction types: <ul style="list-style-type: none"> • Accounts Receivable Insurance (ARI) transactions • CIB transactions 	<ul style="list-style-type: none"> • All ARI transactions • All CIB transactions
	Environmental Risk Reviews Transaction types: <ul style="list-style-type: none"> • Financing • PRI • Equity • Contract Insurance Bonding 	Where: <ul style="list-style-type: none"> • EDC support is ≥ 5 M USD
Project-related reviews	OECD Common Approaches Support to exports of capital goods and services (project and non-project related transactions)	Where: <ul style="list-style-type: none"> • EDC support is ≥ 2 years and • > 10 M SDR or project located in a sensitive area
	Equator Principles Support to Projects: <ul style="list-style-type: none"> • Project Finance only 	Where: <ul style="list-style-type: none"> • project capital cost is ≥ 10 M USD*
	ERD Support to Projects: <ul style="list-style-type: none"> • Financing (including Project Finance) • PRI • Equity 	Where: <ul style="list-style-type: none"> • EDC support is ≥ 2 years and • > 10 M SDR or project located in a sensitive area

* For Equator Principles Project Finance transactions where the project has a capital cost of greater than USD10 million but to which the ERD does not apply, EDC nevertheless will review the project in accordance with the provisions of the ERD.

As part of EDC's transaction review and approval process, rigorous reviews against the IFC performance standards are conducted by a team of seven environmental and social specialists. In some cases where EDC is a member of a group of lenders arranging financing, EDC is requested to fill the role of Environmental and Social Agent due to our capabilities in this area. As a trusted financial partner, EDC fulfills this role when its commercial bank partners do not have the required capabilities to do so. This capacity for environmental and social assessment has positioned EDC as a leader among financial institutions and enhances the value of our project financing for Canadian companies.

▣ What does it mean to be a signatory to the Equator Principles?

The Equator Principles (EPs) are a voluntary set of standards for determining, assessing and managing social and environmental risk in project financing in emerging markets and are considered the financial industry 'gold standard' for sustainable project finance. The EPs include a requirement for independent review of Environmental and Social Impact Assessments and monitoring after financing is provided. By signing on to the Equator Principles (EPs), EDC has agreed to use the IFC Performance Standards on Social and Environmental Sustainability to benchmark projects, to ensure the projects comply with international standards.

▣ Does EDC ever turn down a deal?

EDC is often asked if it ever turns down deals for reasons related to their environmental and social impacts. The answer is yes. EDC has declined participation in mining, oil and gas and power projects in every region of the globe. Typically, EDC declines support as early in the process as possible when there are high risks or other indicators that a project will not meet acceptable standards for environmental and social performance. It's important to understand that EDC's environmental and social impact review requirements are well known and well established. Those companies unlikely to meet the Corporation's rigorous requirements generally do not approach it. Furthermore, EDC's rigorous pre-screening process enables it to detect any red flags before a transaction is more fully considered. In these cases further discussions do not proceed, unless EDC determines that it's possible to work with the customer to mitigate the negative project impacts.

2010 ENVIRONMENTAL REVIEWS: CATEGORY A, B AND C

Category	Total Signed*	Total Reviewed under EP/Project Finance	Industry sector	Region
A	10	7	Extractive (6) Infrastructure (4)	North America (2) Caribbean (2) Middle East (3) Eurasia (2) South Pacific (1)
B	4	1	Extractive (2) Infrastructure (3)	North America (2) South America (1) Eurasia (1)
C	1	0	ICT (1)	Africa (1)
Total	15	8		

*Refer to diagram for ERD scope and thresholds.

Category A Projects Signed in 2010	Equator Principles Review (Yes/No)
Route 1 Gateway Project (Canada)	No
Pueblo Viejo (2) (Dominican Republic)	Yes
PP11 Power Plant (Saudi Arabia)	Yes
Jubail Refinery Petrochemical Project (Saudi Arabia)	Yes
NGIC Coal Export Terminal Expansion (Australia)	Yes
El Boleo (Mexico)	Yes
RTB Smelter Modernization Project (Serbia)	No
Bratsk Pulp Mill Rebuild Project (Russia)	No
Ma'aden Aluminium Smelter Project (Saudi Arabia)	Yes

Category B Projects Signed in 2010	Equator Principles Review (Yes/No)
Prirazlomnoye Associated Gas Processing Project (Russia)	No
Neptune Bulk Terminals Expansion (Canada)	No
Nuevo Pemex Cogeneration Project (Mexico)	Yes
Oxide Project (Chile)	No

Category C Projects Signed in 2010	Equator Principles Review (Yes/No)
Tigo Rwanda Network Expansion (Rwanda)	No

▣ Project Review Profile: El Boleo Mine, Mexico

Vancouver-based Baja Mining owns a majority share of and operates Minera y Metalurgica del Boleo (MMB), a copper, cobalt, manganese and zinc mine, located on the east coast of the Baja Peninsula in Mexico. Most of the ore will come from underground operations using mechanical extraction technology, and it's estimated the mine can support 25 years of operation.

The project is located within the boundary of the El Vizcaíno Biosphere Reserve, which was established to protect unique ecosystems, habitats and species of the Baja Peninsula. The MMB concessions, as well as the town of Santa Rosalia, are within the buffer area of the reserve in a designated zone where, based on historical activities, mining continues to be permitted, in line with the reserve's management plan.

EDC was asked to provide up to \$250 US million in financing support, primarily for equipment purchases from a Canadian company. Prior to a decision to support the project, EDC reviewed the project's Environmental and Social Impact Assessments according to its Environmental and Social Review Directive for Category A projects and its commitments under the Equator Principles and the OECD Common Approaches.

EDC's review took many factors into consideration: it benchmarked the project against relevant international standards including the IFC Performance Standards, it ensured that the project was designed to meet host country regulatory requirements, and it ensured that public consultation was undertaken. With the assistance of an independent consultant as required under the Equator Principles, EDC also assessed if the proposed mitigation measures were considered appropriate to address potential adverse environmental and social effects such as:

- **Water Quality:** The project incorporated measures to minimize the impact on water quality. It eliminated the use of fresh water sources in the milling process by using reverse osmosis plants to convert seawater to potable water for processing. The company also installed water reclamation systems to recycle water back into the process stream. Impacts were further mitigated because the tailings facility was designed to produce no discharge, eliminating the need for ongoing effluent water treatment.
- **Biodiversity:** Extensive baseline studies were done to evaluate the impact on habitats, including local cacti populations and marine systems. The project incorporated mitigation measures based primarily on avoidance and/or relocation of rare species. The relocation program began well before construction, and monitoring programs were established to assess the viability of the relocation areas.
- **Air quality:** While there is a potential impact to air quality during construction, and from emissions from the process plant, power generating facilities and dust and diesel engines, modeling predicted that all emissions will be below IFC guidelines.
- **Socioeconomic and Land Acquisition issues:** It was necessary to acquire land along the boundary of the concession areas and within the proposed tailings management areas. MMB undertook public consultation and a land acquisition process that was consistent with Mexican law and IFC Performance Standards, and developed a plan to manage the land acquisition process and ongoing community consultation.

During the review process, EDC also participated in a site visit to the mine, including a tour of the exploration mine, tailings areas, wharf location, construction camp and carbonate quarry and cultural sites. Although the mine site was non-operational at the time, the Community Relations office was active and EDC met with MMB community liaison officers to discuss the status of the company's communications program.

EDC was satisfied that the project was designed to meet internationally recognized best practices, guidelines or standards, and that any potentially adverse environmental effects, given the mitigation measures in place, were not significant. As such, we determined that we could support this project. EDC's Environmental Advisory Services team will undertake ongoing project monitoring, including site visits throughout the project construction phase.



EDC's environmental and social review of Baja Mining's MMB mine in the Baja Peninsula in Mexico took many factors into consideration, including water quality, biodiversity, air quality and socioeconomic and land acquisition issues.

CLIMATE CHANGE

A key feature of the new Framework is to introduce a formal policy approach on climate change, supported by research on the interrelationship between climate risks and financial practices and the balance between cost and technical feasibility. Moving forward EDC is committed to:

- › engaging with its clients to understand and assess the carbon and climate risks and opportunities associated with their business;
- › evaluating climate change risks at a project level to ensure they incorporate technically and financially feasible and cost-effective options for mitigation and adaptation to climate change; and
- › expecting proponents of Category A and B projects to provide estimates of greenhouse gas emissions, consistent with IFC Performance Standards and using established methodologies such as the Greenhouse Gas Protocol.

▣ Customer survey on climate change

In 2010 EDC undertook a customer survey, “Climate Change: How Society’s Environmental Concerns Are Affecting Canadian Businesses.” Results of this survey contributed to EDC’s understanding of how Canadian businesses are managing the policies, expectations, challenges and opportunities surrounding environmental issues that affect businesses engaged in trade. Respondents generally viewed climate change as an opportunity for market expansion and increased sales. They also indicated that the issue is not an immediate priority, citing challenges of perceived increased government regulation and compliance with emissions targets.

▣ Support for environmental exporters

Through its EnviroExports program, EDC also supports Canadian companies that specialize in environmental products and services, including air pollution controls, waste-to-energy conversion, renewable energy products and water treatment projects. In 2010, this support totaled nearly \$436 million for 223 companies. One of these companies is Calgary-based DIRTT (Doing It Right This Time). Read more¹.

▣ Equity support

EDC also supports environmentally oriented domestic and international private equity funds. In 2010 it invested \$1 million in an \$8 million syndicated investment facility for Enbala, a clean power technology company quickly gaining global attention for helping to cut greenhouse gas emissions and reduce operating costs—a growing niche area for Canadian expertise. EDC also invested up to \$10 million US in equity commitments to XPV Water Fund, a Canadian venture capital fund focused on the water sector—an area of significant growth potential for Canada.

In 2010, EDC’s infrastructure team accompanied 10 Canadian water treatment and conversion companies on a trade mission to the Gulf Cooperation Council (GCC) to highlight Canadian expertise and capabilities in this arena. Throughout the year EDC also undertook a number of studies to better understand the sector. Research topics included environmental footprint, carbon monetization opportunities, clean technologies and climate change.

▣ 2010 Support for environmental exporters

	2010	2009	2008	2007
Number of Companies	223	200	215	135
EDC business volume (\$ millions)	435.5	439	468	379
Equity investments (\$ millions)	101.5	75	61	23
Investee companies	53	53	39	17

¹ <http://www19.edc.ca/publications/2011/2010ar/english/6.shtml>

OPERATIONAL FOOTPRINT

To be environmentally sustainable, EDC considers the impact its operations have on the environment. It has been following developments in the field over the years and has taken steps to address its own operational footprint, which it has been reporting publicly since 2008. Data includes electricity, natural gas and paper usage, water consumption and business travel. The results indicate that EDC's efforts to reduce, reuse and recycle have had some impact. The Corporation has converted the data to greenhouse gas equivalents using the Greenhouse Gas Protocol¹ (World Resources Institute).

2010 OPERATIONAL FOOTPRINT DATA

	Unit	2008	2009	2010	% change per FTE (2009-2010)
Electricity Consumption*	kWh	12,955,600	14,018,225	14,053,089	
	kWh / FTE**	10,878	11,251	10,590	
	tonnes CO ₂	2,386.10	2,581.90	2,588.3	-6%
Natural Gas Consumption	m3	387,520	407,101	301,354	
	m3 / FTE	325	327	227	
	tonnes CO ₂	730.5	767.4	569.4	-31%
Business Travel (flight and vehicle)	km (flight)	15,270,500	15,279,800	16,500,200	
	km (vehicle)	532,460	613,970	571,740	
	Total km	15,802,960	15,893,770	17,071,940	
	tonnes CO ₂	1,933.60	1,987.84	2,124.93	7.4%
Paper Consumption	tonnes	42.5	43.6	23.6	
	kg / FTE	35.7	35.0	17.7	
	tonnes CO ₂	99	101.6	49.8	-49%
Paper Recycled	tonnes	27	25	81.6	
	kg / FTE	23	20	61.5	+208%
Mixed Paper Recycled	tonnes	n/a	183	147.8	
	kg / FTE	n/a	147	111.0	-24%
Building Water Consumption***	L	23,852,000	23,956,200	24,296,804	
	L / FTE	20,027	19,226	18,310	-5%
Carbon Footprint	tonnes CO ₂	5,149	5,396	5,296	
	tonnes CO ₂ / FTE	4.32	4.33	3.99	-8%

*SOURCE: EDC's Real Estate and Facilities team

**FTE is full time equivalent

***Due to a metre reading malfunction outside EDC's control, water consumption data is not available for 2005 and 2006

Assumptions:

Electricity Consumption, Natural Gas Consumption, and Building Water Consumption: pro-rated based on leased EDC office space

Business Travel (flight and vehicle): includes air travel purchased / tracked through Ottawa travel department, and mileage associated with EDC's car allowance program.

Paper Consumption: includes plain paper usage in the serveries and Printshop

Paper Recycling: includes confidential shredding bins and bulk shredding

Mixed Paper Recycled: includes common mixed paper, cardboard recycling centres, individual mixed paper recycling bins (Calculation based on 2010 Waste Audit)

¹ <http://www.wri.org/project/ghg-protocol>

CARBON DIOXIDE (CO₂) CONVERSION INFORMATION

Footprint Component	Inventory (Scope 1, 2 or 3)	CO ₂ Factor	Source
Electricity consumption	Scope 3	All (Ontario Power grid uses coal, oil, natural gas, hydro and nuclear)	CO ₂ estimates were made using the Environmental Defense Fund paper Calculator ¹
Natural gas consumption	Scope 2	Commercial, gaseous fossil, natural gas	World Resources Institute (2009). GHG Protocol for stationary combustions, v 4.0
Paper consumption	Scope 2	Cascade Rolland HiTech 50 uncoated paper with 50% recycled content	World Resources Institute (2008). GHG Protocol for stationary combustions, v 4.0
Business travel (flight)	Scope 3	Total CO ₂ emissions resulting from short and long haul flights	GHG Protocol
Business travel (rail)	Scope 3	Train (national rail)	World Resources Institute (2008): Mobile combustion GHG Emissions Calculation Tool v 2.0 (revised May 2009)
Business travel (vehicle)	Scope 3	Total CO ₂ emissions resulting from personal or company vehicles	GHG Protocol

World Resources Institute: *The Greenhouse Gas protocol: A Corporate Accounting and Reporting Standard (revised edition)*;

Scope 1 Inventory: a reporting organization's direct GHG emissions

Scope 2 Inventory: a reporting organization's emissions associated with the generation of electricity, heating/cooling or steam purchased for own consumption

Scope 3 Inventory: a reporting organization's indirect emissions other than those covered by Scope 2

▣ Offsetting Travel

In 2010 EDC purchased carbon credits from Vancouver-based Offsetters to offset 2008 and 2009 business travel, and will be purchasing carbon credits to offset travel for 2010. As Canada's first and leading carbon management provider, Offsetters helps individuals and companies understand, reduce and offset their climate impact.

- › Offsetters: Sunselect Produce Limited (Aldergrove)²
- › Offsetters: Delta View Habilitation Centre³
- › Offsetters: Fredericton Landfill Gas Capture and Flare⁴

▣ LEED Head Office Building

In 2011, EDC will reduce operational costs by consolidating all Ottawa-based employees in one building, which will be Leadership in Energy and Environmental Design (LEED) gold-standard certified. The building features environmentally friendly technology and was designed to improve productivity and efficiency with videoconferencing facilities and wireless tools that will support tele-work and flexible work arrangements. This move will also provide an opportunity to improve our position with respect to operational footprint strategy, create a new baseline and change employee behaviour.

EDC's Green Team, a voluntary group of employees from throughout the Corporation, supports and promotes efforts to reduce EDC's operational environmental footprint, specifically in the areas of paper usage, energy and water consumption, and business travel. The Green Team also serves as a sounding board to promote and integrate "green" initiatives into EDC's practices.

¹ <http://www.papercalculator.org/>

² <http://www.offsetters.ca/offset-projects/by-country/sunselect-produce-limited-aldergrove>

³ <http://www.offsetters.ca/offset-projects/by-country/delta-view-habilitation-centre>

⁴ <http://www.offsetters.ca/offset-projects/by-country/landfill-gas-capture-and-flare>

SOCIAL PERFORMANCE



Above and beyond the social impacts addressed in EDC's Environmental and Social Risk Management Framework, EDC also recognizes that transactions and projects it supports may have potentially significant impacts on the human rights of individuals. This is particularly relevant for transactions and projects in industries such as mining and oil and natural gas, or in regions without well-established government or judicial institutions. We take these potential impacts into consideration before deciding to support a transaction or project.

HUMAN RIGHTS ASSESSMENT

In 2008, EDC issued a formal statement on its position on human rights¹ in 2008. Since that time, we have been developing an increasingly structured approach to assessing potential human rights impacts through a human rights impacts assessment tool for our business development and underwriting personnel. The tool employs a range of recognized and accepted international indicators, including the World Bank’s Country Governance Indicators, Freedom House’s Freedom of the Press ratings and human rights violations data from the Political Terror Scale by Gibney, Cornett, and Wood, among others. The diagram below illustrates how the methodology assists in country categorization according to human rights risk. This presents a clear and objective way for EDC to make an early determination of the depth of human rights assessment required for projects and transactions, based on the nature of the project and the country where it will occur.

SAMPLE COUNTRY CATEGORIES

3	2	1	0
<ul style="list-style-type: none"> › Afghanistan › Iraq › Chad › Equatorial Guinea 	<ul style="list-style-type: none"> › Bangladesh › China › Pakistan › Sri Lanka › Cuba › Cameroon › Saudi Arabia 	<ul style="list-style-type: none"> › East Timor › Indonesia › Jamaica › Kenya › Zambia 	<ul style="list-style-type: none"> › Hong Kong › South Korea › Estonia › Chile › Botswana › Malawi
<p>Accepted international indicators - How many of the following indicators does the country meet?</p> <ul style="list-style-type: none"> › Freedom House <i>Freedom of the Press</i>² score between 60 and 100; › Political Terror Scale³ ratings of 3, 4 or 5 for both components; › World Bank <i>Rule of Law</i>⁴ score of less than 1.0. 			

EDC recognizes that international standards for human rights assessment continue to evolve and there is, as yet, no single recognized methodology for assessment of human rights risks in international operations. To advance the development of a widely recognized practice, EDC supports and has participated in the work of Harvard Professor Dr. John Ruggie, Special Representative of the United Nations Secretary General on the Issue of Human Rights and Transnational Corporations and Other Business Enterprises.

In 2010 EDC undertook 39 human rights assessments for transactions, ranging from small export financing transactions to large project finance transactions. Of the twelve Category A and B projects reviewed, human rights assessments were conducted on five Category A and one Category B projects.

¹ <http://www.edc.ca/EN/About-Us/Corporate-Social-Responsibility/Documents/human-rights-statement.pdf>

² <http://www.freedomhouse.org/template.cfm?page=1>

³ <http://www.politicalterroryscale.org/>

⁴ <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/EXTLAWJUSTINST/0,,contentMDK:20934363~menuPK:1989584~pagePK:210058~piPK:210062~theSitePK:1974062,00.html>

EMPLOYEE ENGAGEMENT

The knowledge and expertise of EDC's people are at the centre of everything the Corporation does, across Canada and around the world. Its human resources strategy demonstrates a commitment to ensuring that customers continue to be served by an engaged and committed workforce. In 2009, EDC developed an Employment Value Proposition, which identified job impact, development opportunities, respect, corporate social responsibility and co-worker quality as the attributes most valued by its employees. EDC continued to foster these qualities throughout 2010 as a key part of our strategy to attract and retain talented, motivated people and be a trusted partner for our customers.

EDC has also started to create a high-performing culture at both team and organizational levels that puts the customer at the center of everything we do and holds our employees to higher standards of accountability and performance. This new culture fosters a greater level of trust and collaboration, emphasizes continuous learning and development, and introduces more flexible work arrangements. Together these measures are resulting in a more engaged employee base. EDC's employee retention rate in 2010 was 92.6 per cent.

DIVERSITY

The experiences and cultures that EDC's employees bring to the Corporation help advance its global efforts and bring value to its customers by enhancing the relationships with markets of interest to Canadian companies. In 2010, diversity groups were represented as follows:

- › Female: 50.32%
- › Visible Minority: 11.24%
- › Persons with Disabilities: 3.17%
- › Aboriginal people: 0.73%

■ Newcomers Work Experience Program: Helping New Canadians

Jeffrey Burrell, Thuy Le, Shahin Khondaker, and Ha Nguyen are all recent immigrants to Canada who have been recruited and placed for eight-month internships at EDC through NWEP, as part of EDC’s commitment to a strong corporate culture that embraces ethnic and professional diversity by helping new Canadians gain professional work experience in their field.

“One of the great advantages of the newcomers program is that it provides recent immigrants like myself with real work experience in this country. It’s great to work and learn in such an open and inclusive environment at EDC where my leader, mentor and colleagues are very approachable, helpful and friendly,” says Nguyen, who came to Canada from Vietnam five years ago and is working with EDC’s International Business Development Group. “The challenge is to apply our existing training and experience in a Canadian context.”

Mr. Burrell, who came to Canada from Jamaica two years ago and is working in the HR Service Centre team, echoes those sentiments. “It’s a wonderful opportunity for me to get valuable work experience. It’s also great to work with an organization like EDC, which is committed to employee growth and development.”

To help with any adjustments and challenges, each newcomer has been paired with a mentor and a buddy, who is either a teammate or volunteer within EDC.

“The mentor and buddy system is great because it provides us with support, friendship and the opportunity to learn about Canadian culture,” says Ms. Le, who came to Canada from Vietnam four years ago and is working on EDC’s Web Channel team. Ms. Le’s mentor, Darcie Birdsell, says the opportunity to work with her has opened the team’s eyes about the experiences of recent immigrants to Canada.

“Her skills as a technical developer have enhanced our project, and her involvement has brought us closer together as a team,” says Birdsell, Senior Business Analyst. “At first we thought we were providing the lion’s share of benefit to our NWEP recruits, but we have quickly realized that they give just as much to us with their skills, enthusiasm, perspectives and unique experiences.”



EDC RECOGNIZED AS ONE THE BEST EMPLOYERS FOR NEW CANADIANS



**Best Employers
for New Canadians**

2010



SUPPORTED BY
ALLIES

EDC was recognized as one of the Best Employers for New Canadians by Mediacorp Canada. Now entering its fourth year, the award recognizes employers from across Canada that are doing the most to assist new Canadians in making the transition to a new workplace and a new life in Canada. www.canadastop100.com/immigrants/



EDC was also recognized as one of the National Capital Region’s Top 25 Employers in 2010 for its efforts to encourage development and learning. Organized by the editors of Canada’s Top 100 Employers, the award recognizes Ottawa-area employers that lead their industries in offering exceptional places to work. www.canadastop100.com/ottawa/

TRAINING

One way to ensure an engaged work force is to help employees develop and maintain their skills and knowledge. In addition to a robust learning and development program, in 2010 EDC continued to focus on increasing bilingualism levels by offering language training to ensure employees can respond to business and customer needs. Given the importance of understanding cultural differences, cross-cultural awareness training is also being provided. Additional diversity training is being developed for leaders to help them better understand and address barriers to diversity and inclusion in the workplace.

COMMUNITY INVESTMENT

EDC invests in the communities where it operates, and it continues to deepen this engagement through active partnerships. In 2010 the Corporation underwent a strategic review of its community investment programs in order to consolidate and realign these activities with EDC's overall strategic priorities.

Below is a summary of EDC's community 2010 investments:

Initiative	Description
Employee Charitable Donations Policy	EDC provides financial donations – averaging \$1,000 - to charitable organizations where EDC employees demonstrate ongoing involvement. In 2010, 26 charities received support from EDC.
EDC-CARE Partnership "Beyond Exports"	Through a four-year partnership, each year EDC assigns up to four EDC staff to CARE enterprise projects, in Ottawa or abroad, and provides a donation of \$170,000 allocated to CARE micro-financing projects in the developing world.
Community Service Leave Program	Permanent employees may receive up to two days of company-paid time to dedicate to an eligible charity of their choice. In 2010, 28 employees participated in the program.
Emergency Response to International Disasters	In cases of an international disaster, EDC may decide to match employees' donations to specific charities. For instance, in 2010 after the Haiti earthquake, EDC matched the \$46,882 employee donations which were then matched by the Government of Canada.
United Way	EDC supports employees fund-raising annually for the United Way Charitable Donations Campaign. In 2010, employees from head office raised \$294,000. The participation rate was 70 per cent. EDC further strengthens the value of its contributions to the United Way by annually seconding a staff member to the campaign for a four-month period and supporting the annual participation of up to 60 employee volunteers at the "Community Action Day".
Youth Education Program	The Youth Education Program includes selected Business School partnerships, 30 international business scholarships, development of case studies and youth programming partnerships.
EDC Chair in Environmental Finance	EDC is funding a four-year research chair in environmental finance at the University of Waterloo.

2010 HIGHLIGHTS

■ Youth Education: Scholarship program

EDC's International Business Scholarship Program is a key component of its Youth Education Program because the Corporation believes it is critical that Canada's future business leaders have an opportunity to learn about the importance of international trade to our economy and our future prosperity. Each year EDC offers 25 scholarships to Canadian university students in the field of international business, finance or economics. Five other scholarships are awarded to outstanding business students who combine these fields with a focus on sustainable management or environmental studies. In 2010, 328 eligible scholarship students applied, representing 56 Canadian universities.

■ University of Waterloo Research Chair

In February 2010, EDC and the University of Waterloo announced the appointment of Dr. Olaf Weber as the first EDC Chair in Environmental Finance at the School of Environment, Enterprise and Development (SEED). Dr. Weber conducts research and teaches in the field of environmental and sustainable finance, putting a strong emphasis on the interaction between business and sustainable development.

This position, the first of its kind in North America, was created to identify financial products and practices that will help companies engage in socially responsible investing and integrate social and environmental performance measures into their business activities. At \$150,000 a year for four years, this funding is part of EDC's longstanding effort to promote a trade culture in Canada in partnership with Canada's universities.

■ Supporting our local community

In 2010 EDC won the Government of Canada Workplace Charitable Campaign's Chair's Cup, the top prize among 107 government departments and agencies exemplifying campaign excellence in the National Capital Region. EDC's final total reached approximately \$294,000.

EDC-CARE Partnership

EDC AND CARE CANADA BEYOND EXPORTS PARTNERSHIP EXPANDS TO ZAMBIA

In 2009, in an effort to increase engagement with local communities in emerging markets where Canadian companies are doing more business, EDC and CARE Canada set up a joint global community investment initiative, *Beyond Exports*. For each year of this four-year program, EDC invests \$170,000 and assigns staff to various CARE enterprise development projects around the world. In 2010, EDC extended the program to a new region, when TS Buchanan and Kate Parker spent four months working at CARE's country office in Zambia.

While Zambia is one of the most politically stable countries in southern Africa, chronic poverty affects 60 per cent of the population and is a major development challenge. Subsistence farming dominates the rural economy but Zambia's remote communities face serious challenges from drought, disease, isolation and lack of awareness of new products and technologies. Commercializing this agriculture is an important element in Zambia's strategy to increase economic growth and alleviate poverty. Read more¹.

Two more volunteers left for Zambia in March 2011 to continue the work on small business development. Also, late in 2010 EDC's Abbey Sturrock spent four months working as a small business development adviser in the Ancash region of Peru, while Derek Baas and Alyssa Beltempo joined CARE Canada's Canadian head office team to contribute to the organization's risk management and research and analysis efforts.



¹ <http://www.exportwise.ca>

APPENDICES

2010 KEY PERFORMANCE MEASURES

These indicators are organized to reflect performance in fulfillment of our key CSR strategic priorities for 2010: Climate Change, Human Rights and Transparency.

CLIMATE CHANGE MANAGEMENT

Objective	Measure/Activity Undertaken	Target	Result
Provide greater transparency on climate change information related to EDC's project portfolio	Ensure public availability of Environmental Impact Assessments (EIAs) for Category A projects noting cases where estimated GHG emissions for first year of operations exceed 100,000 megatons (MT)	100% of all Category A projects with estimated GHGs exceeding 100,000 MT provide data through EIA on these emissions	To be implemented in 2011
Support for environmental technologies	Monitor support for companies identified in the alternative fuels, renewable energy and environment supply chains and transactions identified as environmental exports	Reporting indicator on number of Canadian exporters supported	223 environmental exporters were supported in 2010 representing an increase of more than 10% over 2009

CORPORATE ENVIRONMENTAL MEASURES

Objective	Measure/Activity Undertaken	Target	Result
Continuous improvement of environmental review practices	Review and revise Environmental Policy and update Environmental Review Directive (ERD)	Submit final drafts for Board approval	Revisions to these key policies were approved by EDC's Board of Directors in September 2010 and became effective November 1, 2010. The policies taken together, along with the Disclosure Policy, form EDC's new Environmental and Social Risk Management Framework.
Raise employee awareness of EDC's corporate environmental commitments	Voluntary completion of awareness tool related to the principles of the corporate environmental commitment and processes	75% - all employees 90% - targeted employee groups with direct responsibility for transactions are subject to environmental reviews	To be implemented in 2011
Measure and manage EDC's operational footprint	Develop strategy to reduce paper use Enhance employee awareness and engagement in environmental initiatives	Set reduction targets for paper use Increased participation rates in environmental initiatives	Paper consumption was reduced from 35 kg per FTE (2009) to 17.7 kg per FTE (2010). The Green Team used more online promotion on EDC's intranet in 2010 than in 2009. As measured by employee visits to promotional material across 16 initiatives throughout the year, participation rates indicate an average of more than 350 page views per initiative.

HUMAN RIGHTS

Objective	Measure/Activity Undertaken	Target	Result
Strengthen Human Rights assessment process	Training for target EDC employees on process for Human Rights assessment	75% participation by target groups	This training was deferred to allow time to integrate it into a larger CSR training plan.

TRANSPARENCY

Objective	Measure/Activity Undertaken	Target	Result
Maintain public awareness of support for projects with environmental implications	Improve internal processes related to disclosure of the duration of pre-notification periods for Category A projects	Minimal requirement for corrections to disclosure data	Processes for managing pre-notification of Category A projects on the EDC website improved significantly as measured by the reduced number of requests for revisions received throughout the year.

Other Measures

Although not strategic priorities, other aspects of EDC's business form important parts of the CSR framework, where performance and results are measured.

BUSINESS ETHICS

Objective	Measure/Activity Undertaken	Target	Result
Raise Awareness of Code of Conduct	Brief Executive team, Board members on Code standards and compliance	100% participation	100% of the Board members and EDC's Executive team were briefed on the Code standards and expectations for compliance.
	Presentation to targeted teams regarding Code standards and compliance	Reporting indicator only	Due to resource constraints, this activity was not undertaken.
	Annual completion by all employees and Board members of Statement of Compliance, including EDC's policy on internet and e-mail use	100% participation	One hundred percent of employees signed EDC's Code of Conduct Statement of Compliance. To demonstrate their support for, and commitment to the Code, all of EDC's Board members signed the Code of Conduct Statement of Compliance as well. Our Code of Conduct includes EDC's policy on internet and e-mail use.

COMBATING CORRUPTION

Objective	Measure/Activity Undertaken	Target	Result
Raise customer awareness of risk of bribery in international business transactions	Broader dissemination of online anti-corruption tool to EDC customers via industry associations	Publication by at least 8 industry associations via their online vehicle	Due to resource constraints, this was not completed this year. It will be carried forward to 2011.

COMMUNITY INVESTMENT: TRADE EDUCATION

Objective	Measure/Activity Undertaken	Target	Result
Open undergraduate scholarship program to increase accessibility among Canadian students	Annual increase in EDC's scholarships	350 eligible scholarship applicants	328 eligible applicants applied for the EDC international business scholarship. Although the target was not reached, this represents a 6% shortfall yet a 48% increase over 2009.
	Annual increase in the number and breadth of universities represented across Canada	59 universities	56 universities were represented in the outreach related to EDC's undergraduate scholarship program. Although the target was not reached, it represents a 9.8% increase over 2009.
Increase focus on fewer Youth Education priorities and activities and realign program activity to better fit with strategic mandate	Number of completions of International Business case studies	3 case studies	3 case studies completed with University of Victoria (1) and Acadia University (2)
	Optimize use of University of Waterloo Chair in Environmental Finance	Design & deliver financial workshop for EDC partners	Workshop to be conducted in 2011

COMMUNITY INVESTMENT – EMPLOYEE VOLUNTEERISM

Objective	Measure/Activity Undertaken	Target	Result
Support for local and international community investment through employee volunteerism	Percentage of employees receiving support under Charitable Donations Policy	2% of employee base successfully access the program	This target was exceeded with 2.4% of the employee base receiving financial donations for charities where they volunteer.
	EDC employee volunteerism rate	Improve employee awareness of Community Leave provisions and ensure correct recording of the data	Employees accessing this volunteer leave increased from 4 in 2009 to 28 in 2010.
	Placement of EDC employee volunteers in international enterprise development projects in emerging markets through CARE Canada	Minimum 3 EDC employee volunteer placements, one of which assigned in CARE Canada Ottawa operation	4 employees were placed as EDC volunteers with CARE Canada. See report section "EDC and CARE Canada Beyond Exports partnership expands to Zambia"
	Annual charitable contribution to United Way through Employee fundraising Drive	Meet annual target	Target was exceeded raising \$294,000 against an initial target of \$250,000 – a 25% increase over our 2009 total.

EMPLOYEE ENGAGEMENT

Objective	Measure/Activity Undertaken	Target	Result
Retain talent and skilled employees	Employee retention rate	Exceed the employee retention benchmark rate as per Conference Board standard for financial institutions (%)	Our retention rate was 92.6%. This exceeded the Conference Board standard for financial institutions which is 91.8%.
Improve performance through learning	Implement renewed learning and development strategy with focus on effectiveness, efficiency and alignment to business	Strategy initiatives implemented or underway (i.e. Learning Management System)	<p>5 key learning streams identified and under development</p> <p>Learning Management System implementation in progress</p> <p>Development of alternative learning delivery methods underway</p>

2011 KEY PERFORMANCE MEASURES/OBJECTIVES

These indicators are organized to reflect performance in fulfillment of our key CSR strategic priorities for 2011: Climate Change, Human Rights and Transparency.

CLIMATE CHANGE MANAGEMENT

Objective/Commitments	Activity	Measure and Target
Provide greater transparency on climate change information related to EDC's project portfolio	Ensure public availability of Environmental and Social Impact Assessments (ESIAs) for Category A projects in non-G7 countries, noting those cases where estimated greenhouse gas emissions (GHG) for first year of operations exceed 100,000 MT, consistent with IFC Performance Standards	Data on estimated GHGs exceeding 100,000 MT provided through ESIAs for 100% of Category A projects signed in 2011 consistent with IFC Performance Standards
Provide targeted support for environmental technologies	Monitor support for companies identified in the alternative fuels, renewable energy and environment supply chains and transactions identified as environmental exports	No target established: commitment to provide data on number of Canadian exporters supported

ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT

Objective/Commitments	Activity	Measure and Target
Operationalization of EDC's Environmental and Social Risk Management Framework	Completion of Project Review Summaries on all eligible Category A projects	Project Review Summaries completed for 100% of eligible Category A projects
Raise employee awareness of EDC's corporate environmental commitments	Voluntary completion of awareness tool related to the principles of the corporate environmental commitment and processes	75% - all employees 90% - targeted employee groups with direct responsibility for transactions are subject to environmental reviews

OPERATIONAL FOOTPRINT

Objective/Commitments	Activity	Measure and Target
Measure and manage EDC's operational footprint	<p>2011 and 2012 – establish new methodology to measure and report footprint data in the new building</p> <p>2013 – establish new baseline year in the new building based on one full year of operations discuss identification and establishment of reduction objectives</p> <p>2014 – establish appropriate reduction objectives</p>	This is a multi-year approach to this objective; measures and targets will reflect the fulfillment of the activities identified.

HUMAN RIGHTS

Objective/Commitments	Activity	Measure and Target
Strengthen Human Rights assessment process	Training for target EDC employees on process for Human Rights assessment	75% participation by target groups

TRANSPARENCY

Objective/Commitments	Activity	Measure and Target
Maintain public awareness of support for projects with environmental implications	Assure pre-notification of Category A projects for a minimum of 30 days via edc.ca	Disclose number of days of pre-notification for each Category A project - minimum 30 days pre-notification for 100% of eligible Category A projects

▣ Other Measures

Although not strategic priorities, other aspects of EDC's business form important parts of our CSR framework. We measure our performance and results.

BUSINESS ETHICS

Objective/Commitments	Activity	Measure and Target
Raise Awareness of Code of Conduct	Administer online e-tool to refresh employee awareness of the Code of Conduct	100% participation

COMBATING CORRUPTION

Objective/Commitments	Activity	Measure and Target
Raise customer awareness of risk of bribery in international business transactions	Broader dissemination of online anti-corruption tool to EDC customers via industry associations	Publication by at least eight industry associations via their online vehicle

COMMUNITY INVESTMENT: TRADE EDUCATION

Objective/Commitments	Activity	Measure and Target
Open undergraduate scholarship program to increase accessibility among Canadian students	Annual increase in EDC's scholarships Annual increase in the number and breadth of universities represented across Canada	350 eligible scholarship applicants 63 universities
Potential improvements to the CI programming	Update CI goals at EDC and address fundamental questions about why the corporation should invest in the community and how it should do so strategically	Proposal for the executive review completed and a recommendation adopted

COMMUNITY INVESTMENT – EMPLOYEE VOLUNTEERISM

Objective/Commitments	Activity	Measure and Target
Support for local and international community investment through employee volunteerism	Placement of EDC employee volunteers in international enterprise development projects in emerging markets through CARE Canada	Minimum 3 EDC employee volunteer placements, one of which assigned in CARE Canada Ottawa operation

EMPLOYEE ENGAGEMENT

Objective/Commitments	Activity	Measure and Target
Improve performance through learning	Implement renewed learning and development strategy with focus on effectiveness, efficiency and alignment to business	Strategy initiatives implemented or underway

GLOBAL REPORTING INITIATIVE (GRI) INDEX

Content Index	
CSR	2010 CSR Report (where possible, the specific section of the report is indicated)
AR	2010 Annual Report (where possible, the specific section of the report is indicated)
www	EDC website found at www.edc.ca (where possible, the specific section of the website is indicated)
DMA	Disclosure on Management Approach
CP	EDC's 2011-2015 Corporate Plan Summary ¹
CORE	indicators identified in the GRI Guidelines to be of interest to most stakeholders and assumed to be material unless deemed otherwise on the basis of the GRI Reporting Principles
ADD	GRI additional indicators represent emerging practice or address topics that may be material to some organizations, but not generally for a majority

STANDARD DISCLOSURES - PROFILE

NO.	GRI INDICATOR	LOCATION	NOTES
Strategy and Analysis			
1.1	CEO Statement	<ul style="list-style-type: none"> › AR – Message from the President and CEO › CSR - Message from Senior Vice-President (Legal) & Secretary 	The Senior Vice-President (Legal) & Secretary is the senior executive with operational responsibility for EDC's CSR initiatives
1.2	Description of key impacts, risks and opportunities	› AR – Corporate Social Responsibility	
Organizational Profile			
2.1	Name of organization	<ul style="list-style-type: none"> › AR › CSR – Corporate Profile › www 	
2.2	Primary brands, products or services	<ul style="list-style-type: none"> › AR, CSR – Corporate Profile › www – Our Services 	EDC provides trade financing, insurance and risk management services to Canadian exporters and investors in up to 200 markets worldwide.
2.3	Operational structure of the organization	<ul style="list-style-type: none"> › AR › www – Management & Governance – Executive Management Team 	
2.4	Headquarters location	<ul style="list-style-type: none"> › AR – see: EDC Around the World › CSR – Corporate Profile › www – Corporate Fact Sheet 	
2.5	Countries of operation	<ul style="list-style-type: none"> › AR - Corporate Representation › CSR – Corporate Profile › www – Corporate Fact Sheet 	EDC has 16 international representations with nearly 40 staff (EDC Around the World).

¹ http://www.edc.ca/en/about-us/management-and-governance/documents/corpplan_2011-2015.pdf

NO.	GRI INDICATOR	LOCATION	NOTES
2.6	Nature of ownership	<ul style="list-style-type: none"> › AR › CSR – Corporate Profile › www – About EDC – Corporate Information (see Global Reach) 	100% owned by the Government of Canada (Crown corporation)
2.7	Markets served	<ul style="list-style-type: none"> › AR › CSR – Corporate Profile › www – Corporate Information › CP – sidebar, p.19 	
2.8	Scale of the reporting organization	<ul style="list-style-type: none"> › AR › CSR – Corporate Profile 	<p>EDC is a Crown Corporation wholly owned by the Government of Canada that provides trade financing, insurance and risk management services to Canadian exporters and investors in up to 200 markets worldwide. EDC has 16 international representations with nearly 40 staff. EDC also has 17 offices across Canada. EDC has their Headquarters in Ottawa, Ontario, Canada.</p> <ul style="list-style-type: none"> › Number of Employees: 1375 (average strength for 2010 was 1,115) › Net Revenues: \$1.153 billion › Total Capitalization: \$10.4 billion › Quantity of products or services provided: EDC provides financial services to support Canadian exports and investments abroad. Products are provided in two basic categories: insurance and financing. The quantities of each provided in 2010 are noted below: <ul style="list-style-type: none"> › Financing: 13.4 billion › Insurance: 71.2 billion
2.9	Significant changes during the reporting period	› None	
2.10	Awards Received in Reporting Period	› CSR – Social Performance (see: EDC Recognized As One of the Best Employers for New Canadians)	
Report Parameters			
3.1	Reporting period	› CSR Report – In this report	
3.2	Date of most recent previous report	› www	We report annually; previous report covered calendar year 2009 and is available at www.edc.ca
3.3	Reporting cycle	<ul style="list-style-type: none"> › AR › CSR 	<ul style="list-style-type: none"> › Annual › Annual
3.4	Contact point for questions	<ul style="list-style-type: none"> › CSR Report – In this report and see: Contact the CSR Team › www – CSR section and Contact us 	Contact person, phone number and e-mail provided
3.5	Process for defining report content	› CSR Report – In this report; 2010 Stakeholder Engagement Issues	

APPENDICES

NO.	GRI INDICATOR	LOCATION	NOTES
3.6	Boundary of the report	› CSR Report – In this report	Report covers all EDC's operations, except where indicated
3.7	Limitations on report scope	› None	
3.8	Basis for reporting on joint ventures, subsidiaries, et cetera	› No major changes	
3.9	Data measurement techniques	› CSR - Assurance Statement, Operational Footprint	
3.10	Explanation of effect of any re-statements	› None	No re-statements in the reporting period
3.11	Significant changes from previous reporting periods	› None	
3.12	GRI Index	› CSR – GRI Index	This section
3.13	Policy and current practice with regard to seeking external assurance for the report	› CSR – In this report, External assurance statement	
Governance			
4.1	Governance structure	› AR – Corporate Governance Practices › www - See Mandate and Governance	
4.2	Indicate whether Chair of the highest governance body is also an executive officer	› AR › www - See Mandate and Governance	The Chair of the Board of Directors is not an executive officer.
4.3	Independent and/or non-executive board members	› AR › www - See Mandate and Governance	Except for the President and CEO, all Board members are independent and non-executive officers.
4.4	Mechanisms for shareholders and employees to provide recommendations or director to the Board	› AR – Communication with Stakeholders › CSR –Stakeholder Engagement	
4.5	Linkage between compensation for Board members, senior management and executives and the organization's performance	› AR – Corporate Governance at EDC, see: Senior Management Evaluation and Succession; Director Remuneration	Board member compensation is not linked to the Corporation's performance
4.6	Processes for Board to ensure conflicts of interest are avoided	› AR – Corporate Governance Practices at EDC – Accountability and Operations › CSR – Ethics › www – Code of Conduct	
4.7	Process for determining the qualifications and expertise of Board members for guiding the organization's strategy on economic, environmental and social topics	› AR – Board Education and Evaluation	
4.8	Statements of mission, values, codes of conduct and principles relevant to economic, environmental and social topics	› AR › CSR – CSR Statement of Commitment, Environmental Performance › www – About EDC – Corporate Information; also Corporate Social Responsibility – Business Ethics – Code of Business Ethics	

NO.	GRI INDICATOR	LOCATION	NOTES
4.9	Procedures for the Board to oversee the organizations identification and management of economic, environmental and social performance, and adherence or compliance with international standards, codes of conduct and principles	› AR – Risk Management; Corporate Governance at EDC: Corporate Social Responsibility and Culture of Ethical Conduct	
4.10	Process for evaluating the Board’s own performance, particularly with respect to economic, environmental and social performance	› AR – Corporate Governance at EDC: Board Education and Evaluation	
Commitments to External Initiatives			
4.11	Explanation of whether and how the precautionary approach is addressed in the organization	› AR (Risk Management) › CSR – Environmental Performance	
4.12	Endorsement of externally developed economic, environmental and social charters, principles or other initiatives	› CSR – Enhancing EDC’s environmental review practices	
4.13	External memberships	› CSR – Key CSR Frameworks, see: Memberships	
Stakeholder Engagement			
4.14	List of stakeholder groups	› CSR – 2010 Stakeholder Engagement Issues	
4.15	Basis for identification and selection of stakeholder groups	› CSR – 2010 Stakeholder Engagement Issues	
4.16	Approaches to stakeholder engagement	› CSR- 2010 Stakeholder Engagement Issues › www – Stakeholder Engagement	
4.17	Stakeholder issues and concerns	› CSR – 2010 Stakeholder Engagement Issues	

STANDARD DISCLOSURES – PERFORMANCE INDICATORS

	NO.	GRI INDICATOR	LOCATION	NOTES
Environmental				
	DMA	Disclosure on Management Approach	› AR › CSR – Environmental Performance › www – Corporate Social Responsibility – Environment and Social Review Practices	In 2010, EDC finalized extensive revisions to its policies and management approach on environmental and social assessment practices and related disclosure of information.
CORE	EN1	Materials used by weight and volume	› CSR – Environmental Performance: operational footprint	
CORE	EN2	Percentage of materials used that are recycled input materials	› CSR – Environmental Performance: operational footprint	100% of our photocopy paper and toner cartridges are recycled input materials

APPENDICES

	NO.	GRI INDICATOR	LOCATION	NOTES
CORE	EN3	Direct energy consumption by primary energy source	› CSR – Environmental Performance: operational footprint	
ADD	EN5	Energy saved due to conservation and efficiency improvements	› CSR - Environmental Performance: operational footprint	In spite of awareness and efficiency measures, energy consumption increased. This is likely attributable to additional overtime hours worked to deliver EDC's expanded mandate
ADD	EN6	Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements	› CSR – Climate Change	
ADD	EN7	Initiatives to reduce indirect energy consumption and reductions achieved	› CSR - Environmental Performance: operational footprint	
CORE	EN8	Total water withdrawal by source	› CSR – Environmental Performance: operational footprint	EDC's headquarters water supply is sourced from the City of Ottawa
CORE	EN22	Total weight of waste by type and disposal method	› CSR – Environmental Performance: operational footprint	

	NO.	GRI INDICATOR	LOCATION	NOTES
Human Rights				
	DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> › CSR – Social Performance: Human Rights Assessment › www – Business Ethics – Human Rights 	
CORE	HR1	Percentage and total number of significant investment agreements that have human rights clauses, or that have undergone human rights screening	<ul style="list-style-type: none"> › CSR – Social Performance: Human Rights Assessment › Environmental Performance (Projects reviewed and signed under the Environmental Review Directive and Equator Principles, 2010) 	EDC undertook 39 human rights assessments for transactions, ranging from small export financing to large project finance transactions. Category A projects represent our significant investments (see list at: 2010 Environmental Reviews: Category A, B and C). Human rights assessment and further due diligence according to EDC's human rights methodology were conducted on five Category A projects.
Labour Practices and Decent Work				
	DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> › AR – Delivering Value Through An Engaged Workforce › CSR – Employee Engagement 	
CORE	LA2	Total number and rate of employee turnover by age group, gender and region	› CSR – Employee Segmentation, 2010 Performance Measures (Organizational Climate – Employee engagement)	Information on employee age is confidential.
CORE	LA4	Percentage of employees covered by collective bargaining agreements	› Not applicable	EDC is not covered by a collective bargaining agreement.
ADD	LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	› CSR – Training	EDC made a significant investment in 2010 in training of all employees in behavioural and collaborative skills and in Lean services technology and process improvements with the objective of increasing productivity and reducing waste.
CORE	LA13	Composition of governance bodies and breakdown of employees	<ul style="list-style-type: none"> › AR – Board of Directors › CSR – CSR Governance - Advisory Council › CSR – Diversity (see: employee segmentation data) 	
Society				
	DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> › AR – Corporate Social Responsibility › CSR – Ethics, Social Performance 	
CORE	SO1	Programs and practices that assess and manage the impacts of operations on communities	<ul style="list-style-type: none"> › CSR – Environmental Performance (Revised Environmental and Social Risk Management Framework); Human Rights › CSR – Enhancing EDC's environmental practices; The impact of EDC's environmental review 	EDC's Environmental and Social Risk Management Framework includes a review of social impacts of projects

APPENDICES

	NO.	GRI INDICATOR	LOCATION	NOTES
CORE	SO4	Actions taken in response to incidents of corruption	<ul style="list-style-type: none"> › CSR – Ethics (OECD Review of our anti- corruption measures) › www – Business Ethics – Anti-corruption Program 	
CORE	SO5	Public policy positions and participation in public policy development and lobbying	› CSR – Ethics - Bill C-300	
Product Responsibility				
	DMA	Disclosure on Management Approach	› www - See Mandate and Governance	
ADD	PR5	Practices related to customer satisfaction	› AR – Measuring our success	
ADD	PR8	Complaints	› CSR – Compliance	
Economic				
	DMA	Disclosure on Management Approach	<ul style="list-style-type: none"> › AR – various sections › CSR – Corporate Profile, Economic Performance 	EDC’s mandate is to promote economic growth in Canada through the support of Canadian exports and investment abroad
CORE	EC1	Direct economic value generated and distributed	<ul style="list-style-type: none"> › AR – 2010 Performance Highlights › CSR – Economic Performance 	EDC helped generate \$63.4 billion of Canada’s GDP (about 5%), representing 627,000 jobs (about 4% of national employment) EDC has 16 international representations with nearly 40 staff (EDC Around the World).
CORE	EC2	Financial implications and other risks and opportunities associated with climate change	› CSR – Climate Change; also 2010 CSR Scorecard	Report addresses issue identification and strategy development
CORE	EC3	Coverage of the organization’s defined benefit plan obligations	› AR – Employee future benefits	
CORE	EC4	Significant financial support received from the government	› Not applicable	
ADD	EC9	Significant indirect economic impacts	<ul style="list-style-type: none"> › AR – 2010 Performance highlights › CSR – Economic Performance 	

DISCLOSURES – FINANCIAL SECTOR SUPPLEMENT

NO.	GRI INDICATOR	LOCATION	NOTES
FS1	Policies with specific environmental and social components applied to business lines	<ul style="list-style-type: none"> › CSR – revised Environmental and Social Risk Management Framework, Social Performance - Human Rights › www – Environmental review practices 	
FS2	Procedures for assessing and screening environmental and social risks in business lines	› CSR – revised Environmental and Social Risk Management Framework, Social Performance - Human Rights	
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions	› CSR – Environmental and Social Risk Management Framework, also What does it mean to be a signatory to the Equator Principles?	
FS5	Interactions with clients regarding environmental and social risks and opportunities	› CSR – Environmental Performance, also Stakeholder Engagement (Customers)	Refer to Case Study on El Boleo Mine, Mexico for an example of EDC-client interface on environmental issues
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector	<ul style="list-style-type: none"> › AR – Supplemental Information - Table 5: Concentration of Exposure by Geographical Market; Table 6: Concentration of Exposure by Industry; 2010 Performance Highlights › CSR – Transactions at a glance for Financing transactions 	EDC served 8,236 customers – 6,628 were small and medium-sized businesses
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose	› CSR – Climate Change – Support for environmental exporters	Refer to Case Study on DIRTT (Doing it Right This Time) for an example of EDC support to environmental exporters
FS10	Percentage and number of companies held in the institutions portfolio with which the reporting organization has interacted on environmental or social issues	› CSR – Environmental Performance	All business is screened for environmental impacts to a greater or lesser degree depending on potential environmental and social impacts

KEY CSR FRAMEWORKS

▣ Legislation

- › Export Development Act (R.S., 1985, c. E-20, as amended)
 - ↳ <http://laws.justice.gc.ca/en/E-20/index.html>
- › Corruption of Foreign Public Officials Act (1998, c.34 as amended)
 - ↳ <http://www.justice.gc.ca/eng/dept-min/pub/cfpoa-lcape/index.html>
- › Public Servants Disclosure Protection Act (2005, c.46 as amended)
 - ↳ <http://laws.justice.gc.ca/en/showtdm/cs/P-31.9/>
- › Federal Accountability Act (2006, c.9 as amended)
 - ↳ <http://laws-lois.justice.gc.ca/eng/acts/F-5.5/>

▣ Agreements

- › Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997 – Government of Canada)
 - ↳ http://www.oecd.org/document/21/0,3343,en_2649_34859_2017813_1_1_1_1,00.html
- › OECD Recommendation on Bribery and Officially Supported Export Credit (adopted 2001, most recently revised 2006)
 - ↳ http://www.oecd.org/document/62/0,3343,en_2649_34177_37858750_1_1_1_1,00.html
- › OECD Guidelines for Multinational Enterprises (2000 – Government of Canada)
 - ↳ http://www.oecd.org/department/0,3355,en_2649_34889_1_1_1_1_1,00.html
- › United Nations Environment Program (UNEP) Statement by Financial Institutions on the Environment & Sustainable Development (1999)
 - ↳ <http://www.unepfi.org/statements/fi/>
- › World Trade Organization Agreement on Subsidies and Countervailing Measures Agreement (1995 – Government of Canada)
 - ↳ http://www.wto.org/english/tratop_e/scm_e/scm_e.htm
- › OECD Revised Council Recommendation on Common Approaches on the Environment and Officially Supported Export Credits (adopted 2001, most recently revised 2007 — the “Common Approaches”)
 - ↳ http://www.oecd.org/department/0,3355,en_2649_34181_1_1_1_1_1,00.html
- › Equator Principles (2007)
 - ↳ http://www.equator-principles.com/resources/equator_principles.pdf
- › Extractive Industries Transparency Initiatives (2007 – Government of Canada)
 - ↳ <http://eitransparency.org/eiti>
- › OECD Principles and Guidelines to Promote Sustainable Lending Practices in the Provision of Official Export Credits to Low Income Countries (2008)
 - ↳ http://www.oecd.org/findDocument/0,3354,en_2649_34179_1_119814_1_1_37431,00.html
- › Voluntary Principles on Security and Human Rights (March 2009)
 - ↳ <http://www.voluntaryprinciples.org/principles/>

▣ Memberships

- › Berne Union
- › OECD Working Party on Export Credits and Credit Guarantees (Government of Canada)
- › Canadian Business Ethics Research Network (2007)
- › Canadian Business for Social Responsibility (2003)
- › EthicsCentre (2003)
- › Conference Board Corporate Ethics Management Council (2003)
- › Conference Board Corporate Community Investment Council (2001)
- › United Nations Environment Program – Financial Institutions Initiative (UNEP-FII) (1999)
- › Multilateral Financial Institutions Working Group on Environment (MFI-WGE)
- › Transparency International (2008)

▣ Internal Guidance

- › Code of Business Ethics (1998)
 - ↳ <http://www.edc.ca/EN/about-us/corporate-social-responsibility/Documents/code-business-ethics.pdf>
- › Code of Conduct (1998)
- › Anti-Corruption Guidelines and Procedures (2000)
 - ↳ <http://www.edc.ca/EN/about-us/corporate-social-responsibility/Documents/anti-corruption-guidelines.pdf>
- › Environmental and Social Risk Management Framework (2010) which includes:
 - › Environmental and Social Risk Management Policy
 - ↳ <http://www.edc.ca/EN/about-us/corporate-social-responsibility/environment/Documents/enviro-policy.pdf>
 - › Environmental and Social Review Directive
 - ↳ <http://www.edc.ca/EN/about-us/corporate-social-responsibility/environment/Documents/environment-social-review-directive.pdf>
 - › Disclosure Policy
 - ↳ <http://www.edc.ca/EN/About-Us/Disclosure/Documents/disclosure-policy.pdf>
- › Disclosure Policy (2010)
 - ↳ <http://www.edc.ca/EN/about-us/corporate-reports/Pages/default.aspx>
- › Statement of Commitment to Corporate Social Responsibility (2003)
 - ↳ <http://www.edc.ca/EN/About-Us/Corporate-Social-Responsibility/Pages/default.aspx>
- › Statement on Human Rights (2008)
 - ↳ <http://www.edc.ca/EN/About-Us/Corporate-Social-Responsibility/Documents/human-rights-statement.pdf>

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