



# CSR in the New Reality

Corporate Social Responsibility Report 2012







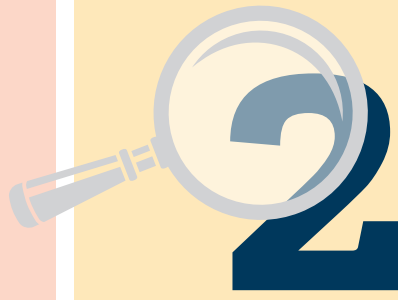
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Delivering value for our customers also involves carrying out business in the socially responsible manner that Canadians expect. For us, Corporate Social Responsibility (CSR) is more than just compliance with policy or regulations — it is the integration of values such as honesty, respect, fairness and integrity into our daily business practices. We believe that good business — adopting and embracing these principles while we facilitate trade for Canadian investors and exporters — is good for business.

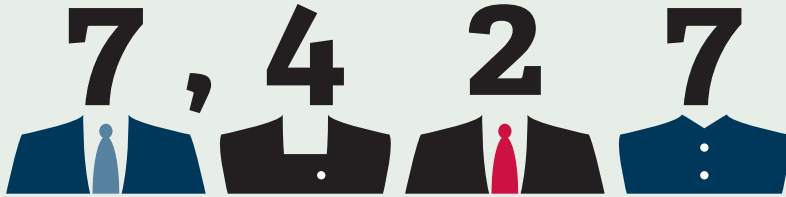


# 2012 CSR HIGHLIGHTS



**28**

TRANSACTIONS  
THAT UNDERWENT  
**ENHANCED**  
ANTI-CORRUPTION  
DUE DILIGENCE

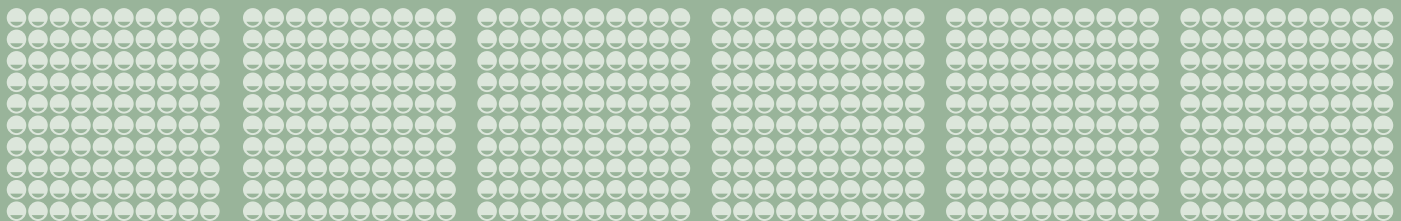


Number of customers served

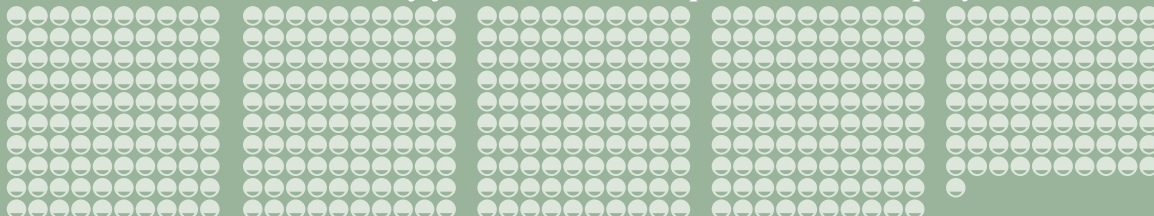
PROJECTS  
ASSESSED  
UNDER THE  
**EQUATOR  
PRINCIPLES:**



Number of Canadian educational institutions represented among scholarship applicants: **64**



Number of full-time active permanent employees: 1,081



## 2012 PERFORMANCE MEASURES

Performance Measures	2012 Results	2012 Plan
<b>Customer-related Measures</b>		
Net Promoter Score	72	70.0-76.0 maintain
<b>Business Measures</b>		
Total Business Facilitated (\$B)	15% decline	3-6% growth
CDIA Transactions	9% growth	3-6% growth
Business in Emerging Markets (\$B)	15% decline	4-8% growth
Partnerships Transactions	9% decline	4-8% growth
VfM to TCO Ratio*	32:68	35:65
<b>Financial Measures</b>		
Productivity Ratio (%)**	21.7	25.5
Net Income (\$M)	1,321	917
<b>Employee Measures</b>		
Employee Engagement	Rank same as high-quality organizations	Rank same as high-quality organizations
Employee Retention (%)	93	≥CB rate of 89.1

Ratings in our performance measures are as follows:

- Target met or exceeded (> 98% of plan)
- Target substantially met (≥ 95% and ≤ 98% of plan)
- Target not met (< 95% of plan)

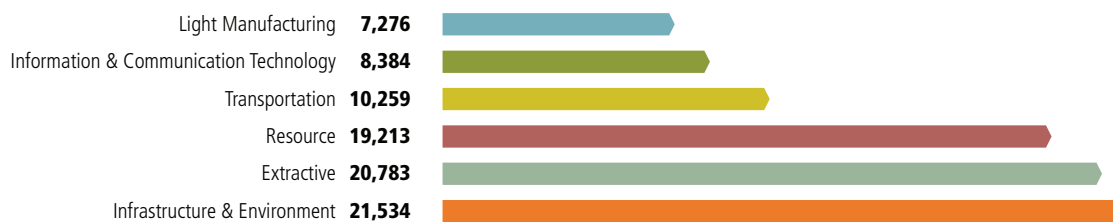
\* Value for Money (VfM) are investments in IT that increase business performance.

Total cost of ownership (TCO) is the cost of maintaining core business infrastructure and technology assets.

\*\* The Productivity Ratio is the ratio of administrative expenses to net revenue. In 2012, our productivity ratio of 21.7 per cent was more favourable than plan due to increased loan revenue and reduced non-pension related administrative expenses.

## 2012 PERFORMANCE HIGHLIGHTS BY SECTOR AND MARKET

## BUSINESS FACILITATED BY INDUSTRY SECTOR (\$ IN MILLIONS)



## BUSINESS FACILITATED BY GEOGRAPHIC MARKET (\$ IN MILLIONS)



## IN THIS REPORT

This is our ninth CSR Report and covers the calendar year 2012. We are increasingly integrating our business strategy and our CSR focus. Areas where our CSR activities are in direct support of our business priorities are indicated with this symbol: →◆←

This report also links to CSR-related information housed on our website. In addition, we continue to integrate our CSR Report with our Corporate Annual Report, through links that illustrate the interplay between financial and non-financial issues and their impact on organizational performance.

### How This Report was Developed

This report details the impacts of many of the CSR initiatives undertaken in the past year. We use the Global Reporting Index (GRI) to frame the content, along with feedback from stakeholders indicating an interest for more information, transparency and clarity. We have also streamlined our Performance Measures, selecting measures in more relevant areas where we strive for high performance. In our CSR Scorecard, we provide forward-looking commitments in those key areas.

Your feedback is welcome: Ms. Signi Schneider, Vice-President Corporate Social Responsibility [csr-rse@edc.ca](mailto:csr-rse@edc.ca)

### WHY ASSURANCE?

An independent reviewer was used to assure four data points in our report. These data points reflect four of the five key areas of our CSR framework. The assurance exercise provides credibility and observations on how to adjust our CSR management practices for improved performance. Assurance was provided by PricewaterhouseCoopers. Their report can be found in Appendix A.

### GLOBAL REPORTING INITIATIVE INDEX

The content of this report is driven by the requirements of the GRI. The GRI provides a structure for CSR reporting and makes reports comparable across companies. We use the Financial Sector Supplement to help make the reporting more relevant for our industry. This report provides information on 90 GRI indicators, which are indicated within the report by this symbol:

#### GRI INDICATOR

Our GRI Index can be found in Appendix C.

## CORPORATE PROFILE



Export Development Canada (EDC) is Canada's export credit agency. Our mandate is to grow and develop Canadian trade, and the capacity of Canadian companies to participate in and respond to international business opportunities. Our knowledge and partnerships are used by more than 7,400 Canadian companies and their global customers in 190 markets worldwide each year. A Crown corporation accountable to Parliament through the Minister of International Trade, we are financially self-sustaining and a recognized leader in financial reporting and economic analysis.

### Our Services

**Accounts Receivable Insurance:** Protects against a foreign buyer's failure to pay; helps Canadian companies enter and expand into new markets; offers more flexible payment terms; helps to increase access to working capital.

**Foreign Buyer Financing:** Direct financing to foreign customers in the form of a loan or guarantee to another financial institution or lines of credit; offers flexible financing options for foreign buyers of Canadian goods and services wherein we assume risk of non-payment.

**Export Guarantee Program:** Loan guarantees to banks to finance export contracts helping Canadian companies to obtain needed capital from their bank, freeing up credit and meeting up-front costs of export contracts. Guarantees can cover work-in-progress and inventory, equipment purchases, Research & Development Tax Credits and foreign domiciled inventory.

**Bonding Services:** Guarantees to banks enabling them to issue guarantees to the customers and suppliers of Canadian exporters. In this manner, we share the risk with the exporter's surety company, help to protect exporters from wrongful calls on bonds, and obtain bonds without tying up cash.

**Political Risk Insurance:** Coverage for various political risks, protecting investments from certain political events thus increasing access to cash from financial institutions and helping to attract additional project capital.

**Equity Support:** Investments in small and mid-sized companies that want to grow their business by going global and "next generation" through support for exporters, either directly or through investment funds.

**Read more** about our products and services.



# EDC AROUND THE WORLD

EDC has 16 international representations, with nearly 40 staff working on the ground to ease the way for Canadian exporters and investors. EDC also has 17 offices across Canada to connect more easily with Canadian exporters at home.

## CANADIAN REGIONAL OFFICES

Vancouver, British Columbia  
Calgary, Alberta  
Edmonton, Alberta  
Regina, Saskatchewan  
Winnipeg, Manitoba  
Windsor, Ontario

London, Ontario  
Mississauga, Ontario  
Toronto, Ontario  
Ottawa, Ontario  
Ville Saint-Laurent, Québec  
Montreal, Québec

Drummondville, Québec  
Québec City, Québec  
Moncton, New Brunswick  
Halifax, Nova Scotia  
St. John's, Newfoundland and Labrador

### Monterrey | Mexico

- Important manufacturing hub
- Highest per capita income in Mexico
- Many Canadian autoparts affiliates

### Mexico City | Mexico

- Customer business (Mexico): \$3 B
- Key sectors: extractive, transportation, infrastructure

### Panama City | Panama

- Covers 35 countries in Central America & Caribbean
- Customer business for region: \$1.5 B

### Lima | Peru

- Covers Andean countries
- Customer business for region: \$1.5 B
- Peru & Colombia in top 3 South American markets

### Santiago | Chile

- Canada is largest foreign investor in Chile
- Key sectors: mining, infrastructure, resources
- Customer business: \$703 M

### São Paulo | Brazil

- Key business hub of Brazil
- Customer business (Brazil): \$2.8 B

### Rio De Janeiro | Brazil

- Infrastructure boom leading to 2016 Olympics
- Many Canadian engineering affiliates



**Düsseldorf | Germany**

- Covers 27 European markets
- Connections to European firms with global supply chains
- EU is Canada's 2nd largest trade partner

**Istanbul | Turkey**

- Covers Caucasus & East Mediterranean
- Customer business for region: \$2 B
- Turkey in 20 largest economies

**Moscow | Russia**

- Covers Russia and CIS
- Customer business for region: \$948 M
- Key sectors: Extractive, machinery, resources

**Abu Dhabi | UAE**

- Covers Middle East & North Africa
- Customer business for region: \$1.7 B
- Key sectors: extractive, infrastructure, aerospace

**Mumbai | India**

- Key business hub of India
- Infrastructure investment vital to sustain growth

**New Delhi | India**

- India is 3rd largest economy by purchasing power parity
- Customer business for India: \$2 B

**Singapore**

- Major gateway to SE Asia, China and India
- Customer business (SE Asia): \$2.6 B

**Beijing | People's Republic of China**

- China is top growth market (7.5%, 2012)
- Customer business (China): \$7.6 B

**Shanghai | People's Republic of China**

- Commercial hub of China
- Key sectors: automotive, cleantech, extractive

## Our Commitment to CSR

Corporate Social Responsibility is an overarching principle of EDC and continues to guide how we conduct our support for export trade. **Read more** about our framework, strategy and definition of CSR.

## CSR @ EDC IN NUMBERS (AS AT DECEMBER 31, 2011)

★ – indicator was assured by an Independent Reviewer

ECONOMIC IMPACT	2012	2011	2010
Total business in emerging markets (\$ billions)	26.5	31.2	24.7
Total Foreign Direct Investment Abroad facilitated (\$ billions)	6.58	5.9	4.7
Total business facilitated (\$ billions)	87.5	102.8	84.6
Number of customers served	7,427	7,787	8,236
Offices across Canada	17	17	17
Foreign representations outside Canada	16	16	16

ETHICS	2012	2011	2010
Employees completing online ethics refresher training (%)	100	100	n/a
Employees completing sign-off on Code of Conduct (%)	100	100	100
Number of transactions that underwent enhanced anti-corruption due diligence ★	28	53	n/a
Number of complaints received by Compliance Officer	2	0	2

ENVIRONMENTAL AND SOCIAL REVIEW	2012	2011	2010
Projects assessed under Equator Principles ★	6	9	8
Projects assessed under other guidelines	4	3	7
Human rights assessments for Category A and B projects	3	4	5

ENVIRONMENTAL BUSINESS FACILITATED	2012	2011	2010
Number of companies	212	203	223
Businesses served (\$ millions)	447	561	436
Equity investments (\$ millions)	95	77	102
Investee companies	62	56	53

ENVIRONMENTAL FOOTPRINT	2012	2011	2010
Office paper used (kg/FTE)	34.5	n/a	17.7
Energy used (HQ - kwh/FTE)	9,764	13,364	10,590
Waste generated (HQ - tonnes) ★	139	n/a	n/a
Employee travel (tonnes CO <sub>2</sub> equivalents)	1,571.51	1,903.58	2,088.70

TRANSPARENCY	2012	2011	2010
Number of formal Access to Information requests received (all types)	25	30	50
Number of internal audits (all types)	23	26	26
Number of CSR-related public enquiries	94	77	99
Number of financing transactions publicly disclosed	849	878	760

COMMUNITY INVESTMENT	2012	2011	2010
Donations in domestic community causes (\$)	30,000	30,000	30,000
Number of charities supported	27	28	26
Number of employees participating in activities for charities supported ★	76	n/a	n/a
United Way contributions (\$)	281,000	309,542	294,000
Number of scholarships awarded	30	30	30
Number of Canadian educational institutions represented among scholarship applicants	64	52	56

EMPLOYEE ENGAGEMENT	2012	2011	2010
Number of full-time active permanent employees	1,081	1,056	1,375
Women (%)	51.42	52.38	50.32
Visible minorities (%)	11.95	11.68	11.24
Persons with disabilities (%)	3.36	3.41	3.17
Aboriginal people (%)	0.44	0.54	0.73



# MESSAGES FROM MANAGEMENT

## MESSAGE FROM THE PRESIDENT AND CEO



### Positioning EDC for New Global Realities

**The post-crisis world remains wrought with uncertainty,** despite signs of economic and financial healing. The key characteristics of this new normal are financial volatility, sub-par economic growth, a two-speed world – with emerging markets in the higher gear – and persistent fiscal and financial stresses.

In other words, a difficult environment for EDC and our customers. But one thing was clear for EDC: we needed to position ourselves to cope with this new reality, so that we could continue to serve the shifting needs of Canadian exporters. This meant putting more emphasis on our financial sustainability, strengthening our risk management architecture, helping companies seek new trade opportunities, and making significant technology investments. Accordingly, we made some big moves in 2012 to build our capacity to serve more Canadian companies for years to come.

First, we moved a number of our business experts into

our technology group. This had two major benefits: this group is now better placed to make effective investments that will anticipate the future needs of our customers, especially smaller companies; and transaction teams are able to focus exclusively on execution and customer service, elevating productivity and service standards.

Second, we strengthened our risk management framework, which is highly regarded but has historically been focused mainly on financial risk. The group's mandate, elevated to the executive level, was broadened to capture the full range of enterprise risks that must be managed in today's world, including operational and compliance risks. We are also developing an enhanced governance structure that touches both management and our Board of Directors.

Third, we made financial sustainability a cornerstone of EDC's corporate plan and its execution. Central to this operating philosophy is a new long-term commitment to a productivity ratio (administrative expenses to revenues) of 25 per cent – low by most financial institution standards. This framework commits EDC to spending only 25 per cent of every dollar earned on overhead costs. And, since our revenues capture a good sense of the value we are delivering to exporters – that is, what they pay us for our services – all Canadians are getting good value from our mandate.

These three organizational moves have better positioned us to help Canadian companies take on the biggest game-changer of the new normal – that a rising share of international business opportunities will be in emerging markets, and often will demand that companies establish a local presence in those markets.

That is why EDC tracks very closely two key performance indicators, namely, Canadian business we facilitate in emerging markets, and Canadian investments we help companies establish in them. During 2012, about one-third of our business was in emerging markets, a good sign that Canadian companies are diversifying their business to grow. We also increasingly helped companies finance and protect their investments abroad, as they seek to build a global footprint, creating new jobs here in Canada.

EDC's results demonstrate that our 16 representations abroad and two-pronged strategy – to facilitate Canadian trade, and to help create new trade opportunities – are paying off for Canada. In 2012, we redoubled our efforts to bring financing to promising foreign buyers with whom we can match new Canadian suppliers. In these trade creation activities, we work closely with the Canadian Trade Commissioner Service's experienced international network, each of us bringing complementary strengths to the table.

Another good example of trade creation in action is our work in Canada's cleantech sector, which we had identified as a new export opportunity in 2011. In 2012, we created a virtual team, developed credit stretch parameters and signed 10 deals that will help commercialize some risky but ingenious clean technologies developed in Canada. We also set up a full partnership with Sustainable Development Technology Canada to help feed our transaction pipeline.

Indeed, EDC has adopted a partnership-preferred philosophy in everything we do. Given that we are meant to complement the private market, not displace it, we think partnership is the best way of ensuring that commercial players can grow a trade finance business in the space where EDC operates. For that reason, we actively encourage our people to seek ways to share risks with other players, in both the private and public sectors. In 2012 we set up agreements with more partners, such as the International Finance Corporation and African Export-Import Bank, to create new trade opportunities for Canadians. And we worked more closely with BDC, referring more small business clients to each other.

The other philosophy that embraces everything we do is our commitment to corporate social responsibility. Applying adequate due diligence on corruption and bribery, environmental and social impacts, and human rights is becoming more demanding as the world becomes more complex. Such preoccupations led us to strengthen our own Code of Conduct and due diligence processes for international transactions in 2012.

In these circumstances, 2012 was a positive year for EDC and its customers, but we recognize the new normal has been particularly stressful for small businesses. Many still rely on sales to the U.S., and the strong Canadian dollar is forcing them to stretch to innovate and increase productivity.

The number of small exporting companies has been declining in this environment, yet they still represent more than 80 per cent of our customers.

While EDC's small business offering is already strong, we have begun to review everything we do to ensure it is as effective and accessible as possible, in both insurance and lending. We have also launched a major technology investment program that will make our trade finance tools more self-serve in nature, through the web, to increase their availability to small companies. We are introducing small business performance metrics to track our progress more closely on this front.

I'm proud to say that despite all these challenges and increased complexity, EDC continues to make a real difference to Canada's exporting community – and that is ultimately thanks to our people.

Our Board of Directors, 12 talented men and women from the private sector, is highly engaged in these challenges and provided superb advice along the way. In particular, I want to thank our outgoing Chair, Jim Dinning. I can say without hesitation that in his leadership of the Board, wide-ranging knowledge, and commitment to EDC, he has been one of the best Chairs a corporation could desire.

I also owe a special thanks to EDC's executive team. Our new management structure meant that each had to stretch and adapt in 2012, and they did so seamlessly and enthusiastically. As usual, they were fully supported by our 1,250 employees, who each year find ways to adapt to new conditions and innovate in our offerings. Through their resilience, persistence and pure hard work, they help Canadian exporters get the job done.



**STEPHEN POLOZ** PRESIDENT AND CEO



Visit [edc.ca/csrreport](http://edc.ca/csrreport) to watch the video:  
Message from the President and CEO



### CSR in the New Reality

**As an export credit agency (ECA), our mandate is to generate benefits to Canada through trade. No doubt, the international trade environment today has become more integrated and complex than ever.**

Whether a Canadian company develops a product here at home but manufactures the components in another country, or perhaps invests abroad with local partners and uses this as a platform to develop a local supply chain — there are a lot of moving parts today.

So, how does this changing reality affect corporate social responsibility (CSR) reviews for ECAs? For one thing, it means that applying adequate due diligence on corruption and bribery allegations, potential impacts on the environment and society, and possible human rights risks, has become equally complex. Particularly, we're seeing a greater awareness of the consequences of corruption in the developing world today, and a greater number of allegations, while at the same time emerging markets are embracing CSR more than ever.

Most organizations – ourselves included – link their CSR policies to compliance — compliance with the requirements of the OECD *Common Approaches* or the Equator Principles, for example. But many organizations are now recognizing that a 'compliance-based approach' is often not adequate. The context has changed too much.

We recognized that early on. Our CSR approach has always been a combination of “Can we?” (Does this meet the compliance test?), and “Should we?” (Is this the right thing to do?) In fact, EDC has evolved beyond compliance in many areas of CSR, to a more principles-based philosophy. Because today there are no simple recipes for CSR; every situation is different. Since policies generally do not have explicit guidance for every situation, we also need to develop our own principles.

I'll give you an example. India's billion-plus people make up one of the biggest markets in the world and one with huge opportunities for Canadian expertise in several sectors. This year, we signed our first large infrastructure deal in India when we participated in the syndicated financing of an aluminum smelter in Madhya Pradesh.

This was quite an achievement; meeting the IFC Performance Standards in emerging markets such as India can be challenging, and it was a long road getting there. But by working with a project sponsor who was willing to embrace our principles, we were able to ensure the project satisfied international standards. Given the massive opportunities that a country such as India has to offer, we hope to participate with similar partners in many more of these transactions, for the benefit of Canada.

Ultimately, we can only be truly accountable for our own behaviour. When we're satisfied with our principles, we look for the same in the people with whom we shake hands — partners who apply the same CSR principles.

We have definitely seen the benefits of evolving our CSR perspective. And I believe we need to continue to move in this direction, to grow Canadian trade in a responsible manner, and meet the challenges ahead.

A handwritten signature in black ink, reading 'Signi', followed by a long horizontal flourish.

**SIGNI SCHNEIDER** VICE-PRESIDENT, CSR



Visit [edc.ca/csreport](http://edc.ca/csreport) to watch the video:  
Message from the Vice-President, CSR



# MANAGEMENT & MATERIALITY

## CSR MANAGEMENT

### How We Are Organized

EDC's President and CEO is ultimately responsible for CSR at EDC. For more on how we are organized with regard to CSR see the following page.

### CSR Advisory Council

Our Advisory Council on CSR, which reports to the President and CEO, is a sounding board for our executive management team and provides advice and guidance on evolving best-in-class practices in CSR-related policies and procedures. The Council met in May and October 2012 to discuss how best to leverage EDC's membership on the Equator Principles Steering Committee, the progress of our partnership with CARE Canada, and to assess emerging challenges such as the sustainable development of natural resources in Canada's North.

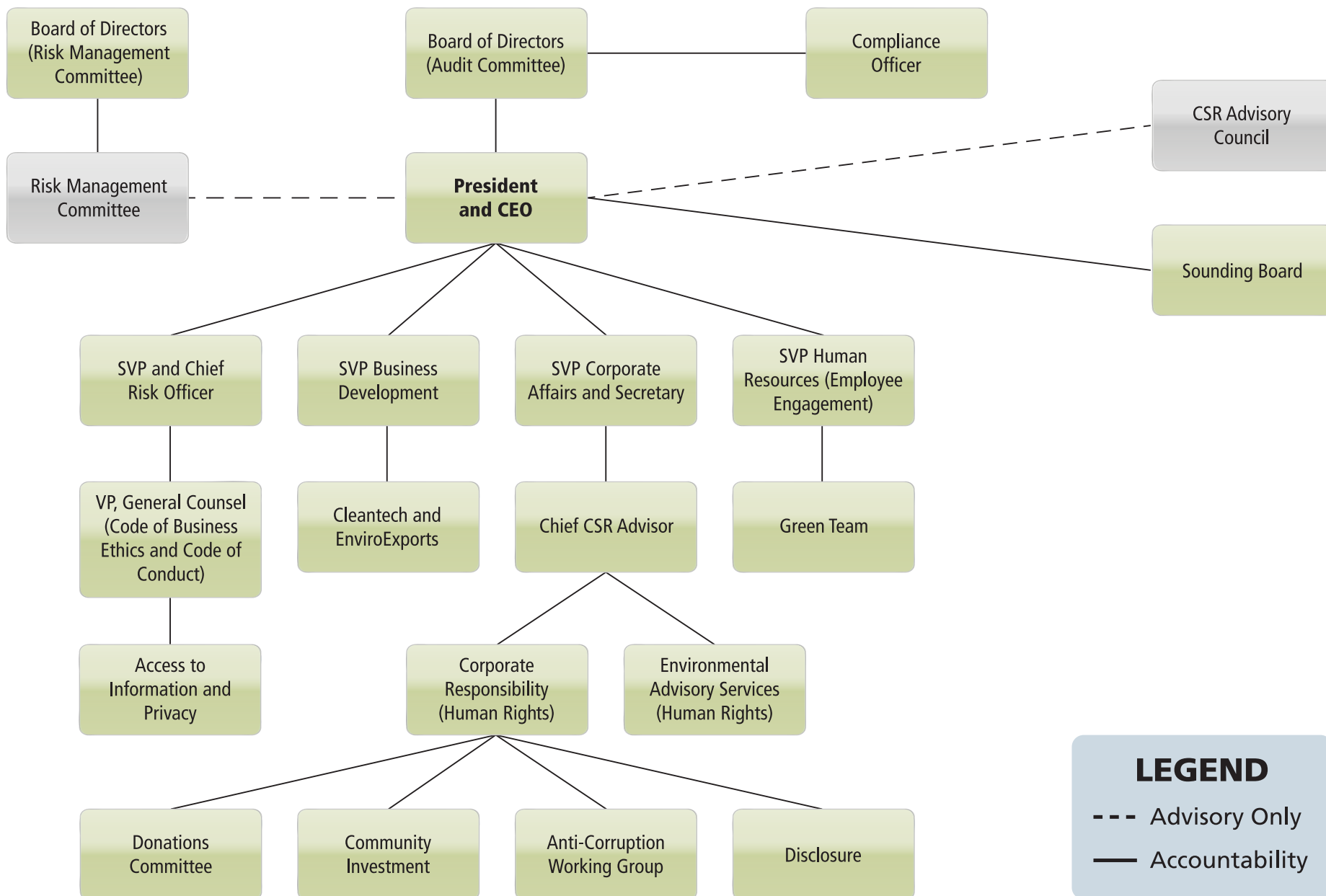
**Read more** on the Council, its membership and Proceedings of meetings.

An interview with Maureen O'Neil, Chair of the CSR Advisory Council by EDC's Vice-President CSR, Signi Schneider provides insight into the Council's role and impact.



Visit [edc.ca/csrreport](http://edc.ca/csrreport) to watch the video:  
Interview with Maureen O'Neil,  
Chair of the CSR Advisory Council

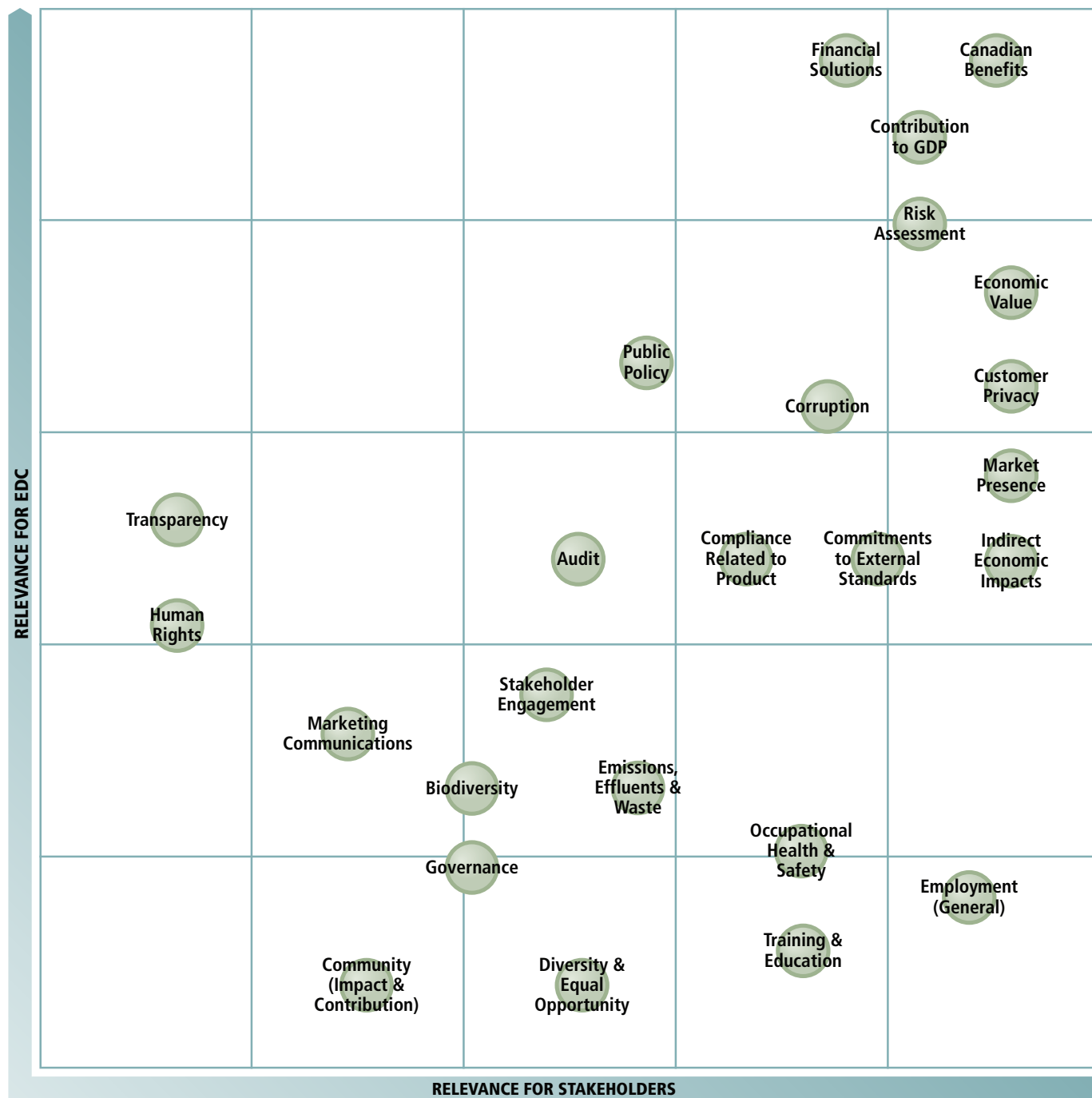
# CSR ACCOUNTABILITIES - 2012



## MATERIALITY MATRIX

## GRI INDICATOR – EC 4.15

The following diagram and table map out our material issues as determined by what we heard from stakeholders throughout the year.





## Stakeholders' Key Issues

Stakeholder	Low Relevance	Medium Relevance	High Relevance
<b>Customer</b>	<ul style="list-style-type: none"> <li>• Employment – General</li> <li>• Marketing Communications</li> <li>• Occupational Health &amp; Safety</li> <li>• Labour/Management Relations</li> <li>• Human Rights &amp; Security Practices</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder Engagement</li> <li>• Biodiversity</li> <li>• Corruption</li> <li>• Risk Assessment</li> </ul>	<ul style="list-style-type: none"> <li>• Commitment to External Standards</li> <li>• Market Presence</li> <li>• Financial Solutions</li> <li>• Customer Privacy</li> <li>• Public Policy</li> <li>• Indirect Economic Impact</li> </ul>
<b>Employee</b>	<ul style="list-style-type: none"> <li>• Governance</li> <li>• Stakeholder Engagement</li> <li>• Indirect Economic Impacts</li> <li>• Community</li> <li>• Compliance with Social Laws</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with Environmental Laws</li> <li>• Market Presence</li> <li>• Public Policy</li> <li>• Occupational Health &amp; Safety</li> <li>• Training &amp; Education</li> </ul>	<ul style="list-style-type: none"> <li>• Economic Value</li> <li>• Financial Solutions</li> <li>• Anti-Corruption</li> <li>• Risk Assessment</li> <li>• Customer Privacy</li> </ul>
<b>Government</b>	<ul style="list-style-type: none"> <li>• Labour/Management Relations</li> <li>• Occupational Health &amp; Safety</li> <li>• Customer Privacy</li> <li>• Training &amp; Education</li> <li>• Compliance Related to Products</li> </ul>	<ul style="list-style-type: none"> <li>• Commitment to External Standards</li> <li>• Energy</li> <li>• Environmental Compliance</li> <li>• Anti-Corruption</li> <li>• Marketing Communications</li> </ul>	<ul style="list-style-type: none"> <li>• Governance</li> <li>• Financial Solutions</li> <li>• Audit</li> <li>• Indirect Economic Impact</li> <li>• Public Policy</li> <li>• Economic Value</li> </ul>
<b>Financial Partners</b>	<ul style="list-style-type: none"> <li>• Indirect Economic Impact</li> <li>• Environment</li> <li>• Compliance Related to Products</li> <li>• Trade Education</li> <li>• Stakeholder Engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Commitment to External Standards</li> <li>• Risk Assessment</li> <li>• Audit</li> <li>• Market Presence</li> <li>• Diversity</li> <li>• Investment Practices/ Indigenous Rights</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Solutions</li> <li>• Economic Value</li> <li>• Customer/Bank Privacy</li> <li>• Anti-Corruption</li> <li>• Public Policy</li> </ul>
<b>NGOs and Media</b>	<ul style="list-style-type: none"> <li>• Water/Energy</li> <li>• Biodiversity</li> <li>• Emissions &amp; Effluents</li> <li>• Products &amp; Services</li> </ul>	<ul style="list-style-type: none"> <li>• Public Policy</li> <li>• Governance</li> <li>• Commitment to External Standards</li> <li>• Risk Assessment</li> <li>• Community</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder Engagement</li> <li>• Audit (Environmental &amp; Social)</li> <li>• Indirect Economic Impact</li> <li>• Compliance with Environmental and Social Requirements</li> <li>• Customer Privacy</li> <li>• Corruption</li> <li>• Social &amp; Human Rights</li> </ul>

# CSR SCORECARD

## 2012 Highlights in Brief

Last year we undertook a CSR survey, *Taking the Pulse of our Customers*, of more than 270 exporters to assess what Canadian exporters know about CSR, their level of commitment, and to identify areas where EDC can help. Key learnings from the 270 respondents indicated that there is a relatively high level of commitment to CSR, but low awareness of laws related to corruption and bribery.

We also signed our first large-scale infrastructure deal in India - a major achievement. To ensure the project met international standards, we underwent a rigorous due diligence process including a site visit to the project. Key to the success of this transaction was working with a project sponsor with the capacity and willingness to undertake the additional work required to meet international standards and who agreed to ongoing monitoring. A profile of this project can be found on page 30.

Corruption in business remained a key issue for EDC and its customers in 2012. Throughout the year, we undertook an exercise to further clarify our own understanding of these risks and sharpen the procedures that help us manage them, and made efforts to raise awareness and educate our customers on the risk of corruption in international trade.

Our Board of Directors also convened a special discussion on CSR issues in 2012 and decided to designate a Director with particular responsibility for CSR.

Finally, while still refining our overall CSR strategy for 2013, we continued to improve our internal processes to assess non-project CSR risks and improve efficiency for CSR reviews of business that we are considering to finance or insure.

## CSR Accomplishments

KEY AREAS	2012 ACTIVITIES	KEY 2013 PLANS
Environmental and Social Risk Management → ◆ ←	<p>Worked toward greater commonality and consistency among ECAs and financial institutions in how they address environmental and social impacts, specifically through the Equator Principles (EP) update process (EPIII) and EDC's membership on the EP Steering Committee</p> <p>Applied the 2012 International Finance Corporation (IFC) Performance Standards to all new Environment Review Directive (ERD) transactions beginning in June 2012</p> <p><i>IMPACT: As a financial institution EDC remains at the forefront of environmental and social risk management practices. We continue to influence and advocate for advancement amongst other ECAs and EP Financial Institutions (EPFI), balanced with ensuring a level playing field.</i></p>	<p>Refine our methodology and integrate human rights into a common CSR risk rating methodology for non-project transactions, including increasing internal human rights due diligence training</p> <p>Working with EP banks on finalizing EPIII and working on implementation aspects</p>
Environmental Technologies → ◆ ←	<p>Made assistance to Canada's cleantech sector a business priority. Engaged more than 60 leading cleantech companies with a view to deploying financial solutions to help them take advantage of rising global demand for cleantech products and services</p> <p>10 transactions were completed with companies that were faced with a strategic business opportunity that had the potential to propel their international sales growth</p> <p><i>IMPACT: Enabled 10 companies to capitalize on strategic opportunities with the potential to help their export sales grow significantly.</i></p>	See Annual Report
Climate Change	<p>Developed internal procedures to align with the requirements of IFC Policy on Environment and Social Sustainability, and IFC Performance Standard 3</p> <p>Enhanced disclosure of greenhouse gas (GHG) emissions on large infrastructure projects by ensuring the data was part of Environmental and Social Impact Assessment (ESIA) submitted by borrowers for large (Category A) projects</p> <p><i>IMPACT: Improved tracking of GHGs in large infrastructure projects.</i></p>	Maintain performance

Human Rights	<p>Developed internal efficiencies to introduce a more integrated and streamlined process for human rights assessments</p> <p>Provided leadership in discussion on integrating human rights assessments</p> <p><b>IMPACT:</b> <i>Adopted more effective approach for early identification of potential human rights risks and impacts.</i></p>	<p>Refine EDC's human rights (HR) assessment methodology, integrating HR into a single, common CSR risk rating methodology for non-project transactions. This will also entail increasing internal HR due diligence benchstrength requiring training and capacity development</p> <p>Contribute to technical HR-related work of OECD Export Credit Agencies and of the Equator Principles Financial Institutions</p>
Transparency and Disclosure	<p>Continued to develop practice of publishing Project Review Summaries within 90 days of signing a Category A project</p> <p><b>IMPACT:</b> <i>Improved transparency on the environmental and social performance of these high-impact projects, but timely publication of these Summaries still requires monitoring.</i></p>	<p>Continued to improve articulation to stakeholders of EDC's process for reviewing requests for corporate loans that are not project-specific</p>
Business Ethics	<p>100% of active employees completed their Statement confirming compliance with the Code of Conduct and completed the annual refresher exercise and online training on new Code provisions, including the Values and Ethics code for the Public Service</p> <p><b>IMPACT:</b> <i>Support for EDC employees who are working in an increasingly more complex environment where ethics are the foundation to a solid reputation.</i></p>	<p>Maintain performance</p>
Combatting Corruption	<p>Increased efforts to raise awareness with customers of the risks of bribery and corruption</p> <p><b>IMPACT:</b> <i>EDC customers and their advisors are better able to manage their risks in this area.</i></p>	<p>Review our anti-corruption program experience</p>
Community Investment 	<p>Extended EDC-CARE Canada partnership for a 5th year</p> <p><b>IMPACT:</b> <i>Greater employee engagement, improved individual resilience and development of employee soft skills such as adaptability; improved knowledge and understanding of key markets, such as India.</i></p>	<p>Review options for future partnering internationally</p>
Operational Footprint	<p>Developed a methodology to collect data on the building's footprint</p> <p><b>IMPACT:</b> <i>Platform established to help measure and manage environmental impacts.</i></p>	<p>Establish the first full year baseline for our head office energy measurement</p> <p>Measure and manage the building's waste stream</p>
Strategic Management of CSR at EDC 	<p>Implemented more efficient and consistent processes for analyzing transactions for CSR risks</p> <p>Aligned CSR management along customer account lines to establish and enhance relationships with key EDC customers</p> <p>Supported the corporate strategy on India and the aerospace sector by ensuring international CSR standards were met</p> <p>Re-aligned the CSR objectives-setting process to correspond with and complement the corporate planning cycle</p> <p><b>IMPACT:</b> <i>More coherent and effective management of CSR at EDC; greater coherence between EDC's business objectives and CSR.</i></p>	<p>Implement process improvements identified in 2013 that will continue to improve our internal processes to assess non-project CSR risk and improve our performance</p> <p>Improve predictability for EDC customers in our CSR review about what business we can finance or insure and what we will not. This will mean further clarifying our values and related risk thresholds</p>



We conduct our business with honesty, integrity and fairness, and expect the same from our customers. Our *Code of Business Ethics* spells out our commitment to legal and ethical conduct on issues such as conflicts of interest, bribery and corruption, confidentiality, the environment, and human rights. The *Code of Conduct* takes the principles we have established for ourselves and brings them to the level of the individual.



In 2012, EDC's Board of Directors approved updates to our *Code of Business Ethics* and employee *Code of Conduct*. All of the changes were designed to contribute to a clearer understanding of our public commitment to stand by our values and principles of ethical conduct at all times, and to ensure that employees are fully aware of their responsibilities in supporting and living that commitment.

The Code of Business Ethics describes the high-level commitments for the corporation, while the *Code of Conduct* sets out the responsibilities of employees that enable EDC to meet its commitments. Some of the amendments to the *Code of Conduct* enhanced existing rules, or established new rules or guidelines in areas where employees or leaders previously made determinations in their discretion. Other specific changes expanded the provisions regarding acceptance or approval of gifts and hospitality, adding monetary thresholds as well as new recording and reporting requirements, while confirming that the main considerations are to avoid conflicts of interest, both actual and potential.

The Board also formally confirmed the *Values and Ethics Code for the Public Sector*, which became applicable to all employees in 2012, as integral to our *Code of Conduct*. The *Public Sector Code* outlines the values and expected behaviours that guide public servants in all activities related to their professional duties. These values are Respect for Democracy, Respect for People, Integrity, Stewardship and Excellence.

Each year, all employees confirm their understanding and compliance with the *Code of Conduct*, and now also with the *Public Sector Code*. This confirmation generally takes place during an annual Ethics Week, which includes refreshers and training on Code provisions and their application. Board members also receive an annual refresher, and all confirm their understanding and compliance with those parts of the *Code of Conduct* that apply to them, as well as with Board-specific procedures governing conflicts of interest and insider trading.

## 2012 Performance Measures

<b>Objective One:</b>	Increase awareness of the <i>Code of Conduct</i>
<b>Activity:</b>	Administer online training tool to refresh employee awareness of the <i>Code of Conduct</i> and inform them of changes to the Code anticipated to be implemented during 2012
<b>Measure/Target:</b>	100% participation
<b>Result:</b>	By November 7, 2012, 100% of active employees completed their Statement confirming compliance with the <i>Code of Conduct</i> . During the annual refresher exercise that took place during Ethics Week in October, online training was provided on new Code provisions, including the <i>Public Sector Code</i> . In addition to the education component of the refresher, a "lunch and learn" session provided another opportunity for employees to learn more about the changes to the <i>Code of Conduct</i> with a focus on the related recording tools and processes.
<b>Objective Two:</b>	Inform/create awareness of the new <i>Values and Ethics Code for the Public Sector</i> applicable to all employees of EDC
<b>Activity:</b>	Administer above online training tool to also inform employees of the <i>Value and Ethics Code for the Public Sector</i> and its application (to come into force during 2012)
<b>Measure/Target:</b>	100% participation
<b>Result:</b>	See result above

## ANTI-CORRUPTION

## GRI INDICATOR – 4.17

Bribery and corruption in international business continues to challenge companies looking to develop business opportunities whether in Canada or abroad. To this end, we continued to raise awareness of bribery and corruption and the *Corruption of Foreign Public Officials Act* among our customers. In 2012, we developed a number of online tools for customers, including an online quiz and a customer booklet entitled *Financial Crime in International Trade: A Guide for Canadian Exporters and Importers*, which contains a section devoted to combating corruption and bribery. We also convened a workshop at the Prospectors and Developers Association of Canada (PDAC) Annual Convention for the global mining sector on combating corruption, and produced an anti-corruption webcast for a broader Canadian business audience interested in exporting or investing abroad.

Our Vice-President, CSR presented at several sessions across Canada to raise awareness with customers and other stakeholders on the risks of bribery in international business. These included sessions with law firms aimed at improving governance and management in the petroleum sector and Transparency International's *Day of Dialogue*.

## Due Diligence

In addition to raising awareness of corruption with customers, we review all transactions for CSR risks, including signs of potential bribery. General legal or regulatory compliance and/or CSR-related reviews were completed on 377 transactions in 2012. Furthermore, where allegations, charges or corruption track record issues exist, either directly or indirectly related to the transaction, we perform additional due diligence; this was conducted for 28 transactions in 2012. We also made efforts to provide more value-added support to customers on risk prevention measures and mitigation, particularly with regard to corruption and bribery.

## 2012 Performance Measures

<b>Objective:</b>	Raise customer awareness of risk of bribery in international business transactions
<b>Activity:</b>	Undertake customer-focused events to raise awareness of the risks of corruption
<b>Measure/Target:</b>	Undertake a minimum of three customer events in different sectors to raise awareness
<b>Result:</b>	Convened a workshop at the Prospectors and Developers Association of Canada (PDAC) Annual Convention, <i>What Lies Beneath: Understanding the risks of bribery and corruption in the mining sector</i> , conducted an anti-corruption webcast, and developed a customer booklet <i>Financial Crime in International Trade: A Guide for Canadian Exporters and Importers</i> , which includes a section on combating corruption and bribery

## PROFILE: INTELCAN TECHNOSYSTEMS →◆←

Intelcan is a mid-sized company based in Ottawa that specializes in the installation of airport navigation systems, work that brings the company to some of the most challenging markets in the world. In this video, President and CEO Georges Ata and Executive Vice-President Zvi Glanz discuss the ethical challenges of working in these markets.



Visit [edc.ca/csreport](http://edc.ca/csreport) to watch the video: Overcoming ethical challenges in the aerospace sector

## COMPLIANCE OFFICER

The Compliance Officer role was created to ensure accountability and compliance on issues related to CSR, specifically transparency and the public disclosure of information, environmental reviews, human rights practices and business ethics. **Read more** about our Compliance Program.

In 2012, two external complaints were received under the Compliance Officer Program. One complaint was accepted for review and an investigation was completed. At the conclusion of the investigation, the Compliance Officer communicated her opinion to the complainant. The second complaint, received in December, is in the preliminary assessment stage and has been carried over into 2013. The Compliance Officer also manages internal disclosures of potential wrongdoings. Under our Disclosure of Wrongdoings Policy, employees may 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 Secretariat on any activities relating to disclosures made under the *Federal Public Servants Disclosure Protection Act*. The Chief Human Resources Officer prepares an annual report for the President of the Treasury Board to table in Parliament. The report provides information on activities related to the disclosures made in public sector organizations that are subject to the *Act*, including EDC.

# TRANSPARENCY AND DISCLOSURE



Our Disclosure Policy governs the release of transaction-specific information. More information on this policy and these practices can be found **here**.

Our practice is to maximize the amount of publicly available non-transactional information that might be of interest to stakeholders. In this regard, we fielded 94 enquiries from a wide variety of stakeholders in 2012.

In general, stakeholder enquiries focused on transparency around our due diligence process, particularly with regard to human rights and our environmental and social risk review process for support for loans intended as general corporate financing on non-projects. In fact, the review of corporations seeking financing for general corporate purposes are subject to an Environmental Risk Review and we will aim to publicly articulate more broadly the details of that review process.

## Stakeholder Question

**STAKEHOLDER QUESTION:** *What standards do you use for the human rights assessment? Are they international human rights obligations? Those set out in the Guiding Principles on Business and Human Rights? The IFC Performance Standards?*

**EDC RESPONSE:** To assess social impacts, we are guided by a number of international agreements, including the International Finance Corporation (IFC) Performance Standards, the OECD Guidelines for Multinational Enterprises, the Equator Principles, and the Guiding Principles on Business and Human Rights (the GPs). The GPs provide guidance to private sector enterprises on what is expected of them regarding respect for human rights. It should be noted that the GPs are not a standard, but guidance.

All projects which are classified as Category A & B (excluding high-income OECD countries) are reviewed against the IFC Performance Standards. The IFC has also recently amended its Performance Standards, acknowledging the responsibility of the private sector to respect human rights. An overview of the amendments can be found **here**. In addition, when undertaking a project risk review, we review the host country's overall human rights conditions and document areas where a country's existing human rights situation may overlap with the project's social impacts.

## STAKEHOLDER ENGAGEMENT

In 2012, we undertook a major initiative to hear from our customers on CSR. We polled approximately 1,000 exporters and received more than 270 responses. The responses were revealing in a number of areas. Briefly, we learned that most of our customers, regardless of size, consider CSR as a medium or high priority. Few of them had strategies to implement CSR, and respondents indicated that they generally began their CSR journey from the perspective of sound corporate ethics. Results also showed a low level of awareness of Canada's anti-bribery legislation. That said, nearly half of respondents have declined to participate or withdrawn from an otherwise attractive business opportunity because of CSR concerns. We will use these findings as guideposts to assist our customers in the area of CSR.

We used a platform of 25 events to reach a wide cross section of our stakeholder groups, speaking on CSR-related best practices and standards. Major themes addressed included: sustainable development; environmental standards; implementing CSR; ethics; anti-bribery and anti-corruption. **Read more** about these events.



### Industry Stakeholder Panel

Our Industry Stakeholder Panel brings together 18 national business and industry associations with shared interests in Canadian trade and investment. During annual meetings members identify common priorities, competitive issues and market developments, examine questions of major significance to Canada's exporters and draw attention to areas where Canada is falling behind. We use the panel as a tool to understand the concerns of our customers.

The theme of the Panel's discussion in 2012 was that the "new normal" of the global economy requires a shift in thinking, including a look further into the future and support of emerging industries such as renewable energy. **Read more** about our Industry Stakeholder Panel.

## ACCESS TO INFORMATION & PRIVACY

As a Crown corporation, we are subject to both the *Access to Information Act* (ATIA) and the *Privacy Act* (PA). Our Access to Information and Privacy (ATIP) Team is responsible for receiving and responding to all formal requests submitted to EDC under these Acts. The ATIP Team also leads the implementation of sound, efficient practices and training and awareness initiatives to ensure we continue to meet our statutory obligations under both the ATIA and the PA.

In 2012, we received 25 formal requests under the ATIA from a variety of sources including the media, members of the public, academia and business entities. Topics of interest included financial transactions, corporate expenses and corporate policies and procedures. We also received six requests under the PA from individuals seeking access to their personal information. All formal requests received under the PA were completed within statutory timeframes or extended timeframes where applicable. All but one formal request received under the ATIA were also completed within statutory or extended timeframes. The one late request ATIA was responded to four days after the statutory deadline.

Requesters who believe they have been denied rights under the ATIA or the PA may complain to the Federal Information Commissioner or Privacy Commissioner. The Commissioners conduct an independent review of the decisions we make when responding to a request. We received no complaints in relation to our responses to ATIA or PA requests in 2012. One complaint we received under the ATIA in 2011 has not yet been assigned to an investigator by the Information Commissioner.



## TRANSACTIONS DISCLOSED

The table below provides a summary of financing transactions disclosed on edc.ca in 2012.

Transactions by Region	2012	2011	2010
Country/Region	Number of Disclosed Transactions		
Canada	110	177	237
U.S.	392	283	135
Latin America (including Mexico and the Caribbean)	117	142	86
Asia	78	37	26
Europe (including Turkey, Russia and the Commonwealth of Independent States)	81	72	55
Africa and the Middle East	32	29	36
Various Countries	32	125	177
Australia and New Zealand	7	13	8
<b>Total Number of Transactions</b>	<b>849</b>	<b>878</b>	<b>760</b>

Transactions by Product	2012	2011	2010
Type of Product	Number of Disclosed Transactions		
Equity	16	10	6
Financing	182	222	188
Guarantee	648	645	565
PRI	3	1	1
<b>Total Number of Transactions</b>	<b>849</b>	<b>878</b>	<b>760</b>

Transactions by Dollar Value	2012	2011	2010
Dollar Value	Number of Disclosed Transactions		
> 1 billion	0	0	1
500 million – 1 billion	3	2	2
250 – 500 Million	10	7	7
100 – 250 million	20	26	25
50 – 100 million	33	33	26
25 – 50 million	43	53	37
15 – 25 million	25	36	23
5 – 15 million	45	36	39
1 – 5 million	204	225	195
< 1 million	466	460	405
<b>Total Number of Transactions</b>	<b>849</b>	<b>878</b>	<b>760</b>

## 2012 Performance Measures

<b>Objective:</b>	Maintain public awareness of support for projects with environmental and social implications
<b>Activity:</b>	Assure publication of Project Review Summaries for Category A projects
<b>Measure/Target:</b>	Publication of Project Review Summaries for all Category A projects within 90 days of signing the transaction
<b>Result:</b>	Of four Category A projects signed in 2012, a project Review Summary was prepared for one transaction. The other three transactions were signed in the final weeks of 2012 and will be published on edc.ca in 2013.

# ECONOMIC IMPACT



## Contributing to Canada's Economic Performance

It's been four years since the recession began. While we are seeing definite signs of healing, there is still a great deal of uncertainty in the global economy. This uncertainty, which has carried on far longer than normal, is being fed by persistent fiscal and financial stresses, geopolitical turmoil, and unforeseeable interruptions to economic growth.

In this context, Canadian exports came under pressure in 2012, with exports growing a modest 2 per cent. Economic growth remained sluggish in key export markets, including the US, EU and Japan. A moderation in economic activity throughout much of the emerging world also contributed to slower growth in Canadian exports, contributing to a drop in demand for our services. At the same time, private sector capacity returned to the market in 2012, further trimming the need for our services, but a positive development for the Canadian credit market. EDC's facilitation of Canadian direct investment abroad (CDIA) grew in 2012, as overseas investments by Canadian companies advanced by a solid 9 per cent on the year.

The exports, CDIA and domestic business facilitated by EDC in 2012 are estimated to have sustained \$57.2 billion in Canadian GDP, a drop of 14 per cent from the previous year. The contribution to the Canadian economy in 2012 remained significant, representing 4 per cent of Canada's total GDP. In other words, for every \$1 in income earned in Canada during 2012, 4.0 cents is attributable to our trade and investment facilitation. The employment associated with the business we facilitated in 2012 is estimated at 573,773 full-time equivalent jobs, about 3.3 per cent of national employment.

For more information on our economic impact, please see our 2012 **Annual Report**.

## ECONOMIC PERFORMANCE HIGHLIGHTS

### GRI INDICATOR – EC 1

Canadian exports continued to recover throughout 2012, but remained below the pre-recession peak seen in 2008. Overall it was a challenging year for EDC and many of our customers, but it was not without its successes.

- ▶ **Adapting to the New Reality**
  - ▶ **Clean Technologies**
  - ▶ **India Infrastructure**
  - ▶ **Aerospace Sector**
  - ▶ **Serving Canada's Small Businesses**
- ▶ **Performance Against our Objectives**



Visit [edc.ca/csrreport](http://edc.ca/csrreport) to watch the video:  
AV&R Vision et Robotiques



Visit [edc.ca/csrreport](http://edc.ca/csrreport) to watch the video:  
Survival Systems

# ENVIRONMENT AND SOCIAL ASSESSMENT — TRANSACTIONAL ENVIRONMENT



## ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT

### GRI INDICATOR – EN 26, FS 4

Our Environmental and Social Risk Management Framework guides all of our business and is further underpinned by various international agreements and standards. Information regarding our management of environmental and social risks, our key policy documents and our review processes can be found [here](#).

Environmental reviews of less-complex transactions are the responsibility of our financing managers and underwriters. Effective management of such reviews requires that all employees understand their roles and responsibilities. As such, in 2012 we implemented a detailed online training module for underwriters and financing managers on our corporate environmental, social and disclosure policies. This module was completed by more than 320 employees.

## INTERNATIONAL STANDARDS

### Equator Principles

2012 was our first full year as a member of the Equator Principles (EP) Association Steering Committee. The EPs are currently undergoing substantial revisions and we played an active role in 2012 in several of the EP Working Groups, helping to define the scope of the Principles (to what types of business deals to which they should apply), the approach to addressing human rights following the release of the Ruggie Principles, also known as the Guiding Principles on Business and Human Rights, and how financial institutions can improve their reporting and transparency.



We also assisted in harmonizing practices between the export credit agency (ECA) and EP Association communities in the application of the EPs. As a member of the EP Steering Committee, we co-led the consultation with industry clients as part of the 2012 update process to the EPs.

### OECD Common Approaches

In 2012, EDC and other ECAs that form the Export Credits Group at the OECD concluded an update to the “Common Approaches”, an agreement among member ECAs to ensure consistency of expectations and application with respect to environmental and social review practices. Key changes are noted in Human Rights Reviews on page 35.



## IFC Performance Standards

EDC, like most lenders in the ECA and EP Association communities, uses the International Finance Corporation (IFC) Performance Standards as the standard for benchmarking project transactions. Moreover, the Performance Standards form part of the Government of Canada's CSR strategy, *Building the Canadian Advantage: A Corporate Social Responsibility (CSR) Strategy for the Canadian International Extractive Sector*.

These international standards are the basis for our environmental and social reviews of large infrastructure projects. For example, the IFC updated its Sustainability Framework, as well as its Performance Standards and Guidance Notes in 2012. We began applying the Performance Standards to all new project transactions that require an environmental and social review. With a heightened focus on resource and energy efficiency, the revisions also provided new thresholds for requiring enhanced consideration and verification of greenhouse gas (GHG) data from clients and now require that Free and Prior Informed Consent be obtained in certain circumstances affecting Indigenous Peoples.

## PROJECT REVIEWS

Project Name	Project Description	Sector	Region	Subject to Equator Principles**	Independent Review Performed	International Standards Applied
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### CATEGORY A PROJECTS

Australia Pacific LNG Project	Construction and development of a foreign borderfield liquefied natural gas facility	Oil & Gas	Asia- Pacific (Australia)	Yes	Yes	Host Country Standards*
Ichthys Gas Field Development Project	Construction and development of an offshore gas field, pipeline and onshore processing facility	Oil & Gas	Asia- Pacific (Australia)	Yes	Yes	Host Country Standards*
Etileno XXI	Development of an integrated ethane and polyethylene petrochemical complex	Oil & Gas	Americas (Mexico)	Yes	Yes	IFC Performance Standards
Mahan Aluminum Smelter	Development of a greenfield aluminum smelter and a coal-fired power plant.	Mining & Metals	Asia-Pacific (India)	No	Yes	IFC Performance Standards

### CATEGORY B PROJECTS

Fenix Power Project	Construction and operation of a natural gas-fired combined cycle power plant	Power	Americas (Peru)	Yes	Yes	IFC Performance Standards
Dahej-Vijaipur Pipeline Upgrade	Natural gas pipeline looping and compressor upgrade project	Oil & Gas	Asia-Pacific (India)	No	No	IFC Performance Standards
Berneck S.A. Sawmill Expansion Project	New Medium-Density Fibreboard and Medium-Density Particleboard and lumber plant	Forestry	Americas (Brazil)	No	No	IFC Performance Standards
Gibraltar Mine Development Project # 3 (GDP3)	Expansion of Gibraltar copper/gold mine	Mining & Metals	Americas (Canada)	No	No	Host Country Standards*
San Luis de la Paz Power Generation Facility	Development and construction of a natural gas-fired combined cycle power plant	Power	Americas (Mexico)	Yes	Yes	IFC Performance Standards
Altamira Compressor Station	Development and construction of a compressor station to facilitate the transmission of natural gas (concurrent with the San Luis de la Paz generation facility)	Power	Americas (Mexico)	Yes	Yes	IFC Performance Standards

\* Comparable to or higher than international standards

\*\*Equator Principles applies to Project Finance deals with capital costs greater than 10 million USD. Transactions outside the Equator Principles are reviewed under EDC's ERD.



Meeting the IFC Performance Standards in emerging markets such as India can be challenging, as host-country standards are not always sufficient. However, in 2012 we were able to participate in a large scale infrastructure project in India when we provided USD100 million as part of a syndicated financing package for an aluminum smelter in Madhya Pradesh.

The Mahan Aluminium Project involves an integrated greenfield smelter with a production capacity of 3.59 million tonnes per year, a coal-fired captive power plant, as well as ancillary infrastructure such as transmission lines, a water pipeline, railway siding construction camp and a resettlement village. The project was classified as Category A as it had the potential to have significant adverse environmental and social effects that are sensitive, diverse or unprecedented, under our Environmental and Social Review Directive. Mahan was the first such Category A project reviewed by EDC in India.

As part of our environmental and social review, we examined a project environmental impact assessment, which was benchmarked against relevant international environmental and social standards, and reviewed for appropriate mitigation measures against the project's potential environmental and social effects. We also assessed the project's stakeholder engagement activities and conducted a site visit to the project.

We also reviewed key environmental and social issues associated with the project and related mitigation measures such as air quality, greenhouse gases, labour and working conditions and community impact. We concluded that appropriate mitigation measures were in place to address these issues.

We collaborated with the project sponsor and an environmental consultant hired by the lenders to develop an Environmental and Social Action Plan (ESAP) to supplement existing documentation. The ESAP provided time-bound commitments for the project sponsor for, among other things, the updating of the project Environmental and Social Management Plan. After the review, we concluded that the project was designed to meet internationally recognized good practices, guidelines or standards. EDC will monitor the project on an ongoing basis to ensure it meets commitments specified in the ESAP and in the Environmental and Social Impact Assessment (ESIA) that formed the basis for EDC's review.



## PROFILE: CATEGORY B PROJECT, BERNECK



In 2012, EDC provided financing to Brazil's Berneck S.A. for the purchase of sawmilling equipment from a Canadian manufacturer. The equipment will be used to build a new sawmill with the capacity to produce 300,000 cubic meters of sawn green lumber a year in Curitibanos, Santa Catarina, Brazil. The project involved clearing the site, building a new administration building, board manufacturing and product storage facility, the installation of a medium-density fiberboard processing line, the construction of 9.6 megawatt stream-turbine-based cogeneration power plant and a wastewater treatment plant.

We categorized the project as a Category B for environmental and social review purposes, because the potential environmental and social effects are less adverse than those of Category A projects. The project was not subject to review under the Equator Principles as our participation did not pertain to project financing. As part of our due diligence, we reviewed various documentation including licenses and permits, the

company's Environmental, Health & Safety management systems, and third-party environmental audits. Furthermore, while Brazil's regulatory regime does not require a full environmental and social impact assessment for a project such as this, we undertook a site visit to gain a better understanding of the project context, the environmental and social management structure of the company, and their overall environmental management system. This included meetings with the project's environmental and social managers, other company mills, as well as potential fibre (source feed) suppliers, and gave us a better appreciation of site conditions and potential for environmental and social effects.

Some of the key environmental and social impacts we considered and assessed included air quality and forest plantation. We reviewed the air quality for potential air emissions from the combustion of biomass in boilers, and volatile organic compounds from the drying process and forest plantation to ensure sustainable practices. In both cases, we concluded that appropriate mitigation measures were in place. For example, we worked with the project sponsor to establish a plan to formally receive Forest Stewardship Council (FSC) certifications for its operations. The local community was publicly notified about the project, and the company has a community relations officer to address any public concerns.





## CORPORATE FINANCING

Corporate loans differ from limited-recourse (i.e. “project finance”) loans, as corporate loans are made to an established corporate entity and are typically used for a variety of purposes such as repayment of existing debt, or capital and operating expenditures. From an environmental and social review perspective, corporate loans are generally not subject to the requirements of our Environmental and Social Review Directive or the OECD *Common Approaches*, as there is no underlying project being supported. That said, we do assess the environmental and social risks of corporate financing loans.

Reviews for corporate loans take into account several factors such as the industry sector being supported, the countries in which the borrower operates, the borrower’s environmental and social track record (including compliance with applicable regulations) and the borrower’s corporate capacity to manage the environmental and social risks of its operations. Read our Profiles for examples of our corporate loan review.

### PROFILE: CORPORATE FACILITY REVIEW, PACIFIC RUBIALES ENERGY

Headquartered in Canada, Pacific Rubiales Energy (PRE) engages in the exploration, development and production of oil and natural gas in Colombia, Peru, Guatemala, Brazil, Papua New Guinea and Guyana. In 2012, the company approached EDC for a corporate loan.

We have facilitated other small Canadian companies in the oil & gas sector in Latin America in the past and used our knowledge of issues in Latin America to focus on key CSR aspects of the transaction, such as environmental, labour, human rights concerns and potential reputational issues. We were able to leverage some of our external contacts in the Embassy community to gain a better understanding of issues on the ground.

Our preliminary research into the company indicated a past history of labour issues and protests in the area of the company’s operations in Colombia, which was also discussed by the company in its Corporate Sustainability Reports. Since the incident of 2011, the company added a direct stakeholder engagement model through roundtable discussions. the company has taken measures to improve the quality around its operations and to strengthen sustainability in its supply chain. We engaged in an extensive dialogue with the company over its perspective on the labour issues, which included collaboration between EDC’s CSR Group and internal country risk experts. Looking forward to 2013, one of PRE’s notable CSR goals is to formally adopt the Voluntary Principles on Security and Human Rights.

We reached a favourable conclusion on the CSR front for this customer. Since our review the company was listed on various sustainability indexes including the Jantzi Sustainability Index and STOXX ESG Leaders Index. Pacific Rubiales Energy is recognized as being among over 300 companies with the best sustainability practices in the world.



### PROFILE: CORPORATE FACILITY REVIEW, ARAUCO

Last year, EDC participated in a syndicated facility to offer USD 300 million in corporate financing to Chilean forestry company Celulosa Arauco y Constitucion S.A. (Arauco). Proceeds from the loan were to be used to refinance debt required for Arauco's acquisition of Flakeboard, a Canadian wood panel manufacturing company, and for general corporate financing.

As the financing did not relate to a project, we conducted a review of environmental and social risks related to the company, according to our environmental review procedures. Arauco had few notable environmental or social track record issues such as spills and leaks, not uncommon to the sector and operations of this size. In each incident, Arauco publicly reported its efforts to respond and remediate, reported incidents to relevant authorities and appropriate communities and monitored for any potential residual impacts.

Arauco has a strong environmental management system and of its 43 forestry and production sites, more than half are certified to ISO 14001 standards and 75 per cent of managed forests are FSC certified. Flakeboard mills are certified to Eco-Certified Composite Sustainability Standards and the company produces FSC-certified products.

While EDC considers the forestry and logging sector to be of high environmental risk, Arauco's environmental and social practices demonstrated that the company has measures in place to appropriately manage the risks of its operations.



## CLIMATE CHANGE

Climate change has emerged as one of the leading global environmental and social issues. Recognizing this, institutions such as the IFC have put a renewed emphasis on climate change and greenhouse gas (GHG) accounting in their updated policies and procedures.

Similarly, in 2012 we developed a new internal procedure to address our commitments to climate change, as identified in our Environmental and Social Risk Management Policy. We designed the procedure to align with the requirements of the IFC Policy on Environment and Social Sustainability and IFC Performance Standard 3. This procedure contains specific review requirements for Category A and Category B projects which include:

- ▶ ensuring the environmental and social documentation provided by the client provides an estimate of the project's aggregate carbon dioxide (CO<sub>2</sub>) -equivalent GHG emissions, including direct emissions from the facilities within the physical project boundary, as well as indirect emissions associated with the off-site production of energy used by the project;
- ▶ ensuring that quantification of GHG emissions has been conducted in accordance with internationally recognized methodologies and good practice, such as the Intergovernmental Panel on Climate Change (IPCC) or other methodologies deemed to be appropriate; and
- ▶ for projects that are expected to or currently produce more than 25,000 tonnes of CO<sub>2</sub>-equivalent annually, we will confirm that the project environmental and social assessment or supporting documentation has considered alternatives and implement technically and financially feasible and cost-effective options to reduce project-related GHG emissions during the design and operation of the project.

In 2012, our team of environmental advisors received an intensive one-day training session from a leading GHG accounting firm to increase their knowledge and capacity to apply GHG accounting and methodologies.

### 2012 Performance Measures

<b>Objective:</b>	Sustain greater transparency around disclosure of GHG data for Category A projects
<b>Activity:</b>	Ensure public availability of Environmental and Social Impact Assessments (ESIAs) for Category A projects in non-G7 countries where estimated greenhouse gas emissions (GHG) for first year of operations exceed 100,000 metric tonnes, consistent with the IFC Performance Standards
<b>Measure/Target:</b>	Disclosure of data on estimated GHGs provided through ESIAs for 100% of Category A projects in non-G7 countries signed in 2012 consistent with IFC Performance Standards
<b>Result:</b>	Enhanced disclosure of greenhouse gas (GHG) emissions on large infrastructure projects by ensuring the data was part of ESIA submitted by borrowers for large (Category A) projects

## HUMAN RIGHTS

## GRI INDICATOR – HR 1

Information regarding our commitment to human rights can be found [here](#).

## Assessment Process Improvements

Last year, we continued to evolve and refine our approach to human rights due diligence and developed an increasingly structured approach to assessing human rights impacts. Prior to this exercise, we applied multiple approaches for human rights assessments, depending on the product and sector. In 2012 we assessed the subsequent inconsistencies and inefficiencies and will revise our process in 2013.

The review confirmed that we are taking into account the relevant human risks in relation to our transactions. As such, we are able to share our expertise and methodology with our peers, as one way of promoting a level playing field with respect to due diligence. We continue to develop our in-house capacity on human rights, which has enabled us to contribute in a meaningful way to policy discussions among Equator Principles Financial Institutions and OECD export credit agencies (ECAs).

## Human Rights Reviews

As per our Statement on Human Rights, we screen the business we facilitate for potential impacts on human rights. In 2012, the following human rights reviews were carried out:

**Project-related:** All but one Category A and B projects in non-OECD countries were subject to a Human Rights Assessment. This included one Category A project and two Category B projects. These figures reflect the non-OECD projects financed in 2012 where human rights impacts can be of greater concern.

**Non-project-related:** These transactions are preliminarily screened by EDC's financing managers and underwriters using CSR criteria to identify circumstances where human rights risks may be elevated. This process offers us the opportunity to determine the depth of the Human Rights Assessment required for transactions based on the nature of the EDC product (e.g. accounts receivables insurance, political risk insurance, financing, contract insurance & bonding or an equity investment) and the country of risk. The table below provides examples of our country categorizations for human rights risk.

Sample Country Categories

3	2	1	0
<ul style="list-style-type: none"> <li>▶ Chad</li> <li>▶ Equatorial Guinea</li> <li>▶ Ethiopia</li> <li>▶ Guinea</li> <li>▶ Republic of the Congo</li> <li>▶ Sri Lanka</li> <li>▶ Sudan</li> </ul>	<ul style="list-style-type: none"> <li>▶ Cambodia</li> <li>▶ Cameroon</li> <li>▶ Kyrgyzstan</li> <li>▶ Lesotho</li> <li>▶ Nigeria</li> </ul>	<ul style="list-style-type: none"> <li>▶ Algeria</li> <li>▶ Bolivia</li> <li>▶ Gabon</li> <li>▶ Gambia</li> <li>▶ Haiti</li> <li>▶ Nepal</li> </ul>	<ul style="list-style-type: none"> <li>▶ Chile</li> <li>▶ Latvia</li> <li>▶ Malawi</li> <li>▶ Mozambique</li> <li>▶ Namibia</li> <li>▶ Panama</li> <li>▶ Slovakia</li> </ul>
Accepted international indicators — How many of the following indicators does the country meet? <ul style="list-style-type: none"> <li>▶ <b>Freedom House <i>Freedom of the Press</i></b> score between 60 and 100;</li> <li>▶ <b>Political Terror Scale</b> ratings of 3, 4 or 5 for both components;</li> <li>▶ <b>World Bank <i>Rule of Law</i></b> score of less than 1.0.</li> </ul>			

*This table reflects sample country categorizations only and is subject to change.*



## International Developments

Human rights in the international context continued to evolve throughout 2012. Revisions to international standards continued to raise the bar of human rights due diligence in 2012. For example, the revised IFC Performance Standards were introduced and EDC, as well as many other OECD ECAs and Equator Principles Financial Institutions, began applying them to projects. The 2012 revisions recognized human rights as a cross-cutting issue that can be effectively addressed throughout the broad economic, social and cultural areas of the Performance Standards for private sector business. In addition, when undertaking a project risk review, we review the host country's overall human rights conditions and document areas where a country's existing human rights situation may overlap with the project's social impacts.

The OECD *Common Approaches* were also revised in 2012. At a high level, the *Common Approaches* now explicitly recognize the OECD Guidelines for Multi-National Enterprises, the "Guiding Principles on Business and Human Rights: Implementing the Protect, Respect and Remedy Framework" and the International Labour Organization's *Declaration on Fundamental Principles and Rights at Work*. Among other technical issues, OECD Practitioners were mandated to include "further consideration to the issue of project-related human rights impacts to improve common practices, develop guidance and promote a level playing field." Examples of the types of activities Practitioners are undertaking in developing a body of experience include: identifying, sharing experience and arranging training on relevant HR-related international standards, tools and methodologies; and sharing experience on HR transaction due diligence at the country and sector level. EDC is actively contributing to this work.

In 2013, we will work to refine our methodology and integrate human rights into a common CSR risk rating methodology for non-project transactions. This will mean increasing internal human rights due diligence training and overall benchstrength. We will also continue to contribute to the technical human rights-related work of OECD Practitioners and Equator Principles Financial Institutions.

## 2012 Performance Measures

<b>Objective:</b>	Strengthen human rights assessment process
<b>Activity:</b>	Refine system for non-project human rights assessment in EDC transactions
<b>Measure/Target:</b>	System and processes improved and deployed for non-project transactions
<b>Result:</b>	Developed an increasingly structured approach to assessing human rights impacts

We provide financial and insurance solutions for Canadian companies that export a wide range of environmental products and services, which we call environmental exports. In 2012, we facilitated nearly \$447 million for 212 companies.

## 2012 Financial Services for Environmental Exporters

	2012	2011	2010
Number of companies	212	203	223
Business supported (\$ millions)	447	561	436
Equity investments (\$ millions)	95	77	102
Investee companies	62	56	53

## Clean Technologies

Within these environmental exports is a sub-sector commonly referred to as cleantech. For many reasons, we made Canada's cleantech sector a strategic priority in 2012. **Read more.**

For our first year with cleantech as a strategic priority, we engaged with more than 60 of Canada's leading cleantech companies in sub-sectors such as water management, low-energy lighting and wind power, with a view to deploying our financial solutions where financial market gaps existed, and where we were able to help cleantech firms at a pivotal stage in their development. Many of these firms are beginning to commercialize their technology. By year end, we had signed 10 such transactions with firms that needed a partner to capitalize on strategic opportunities with the potential to help their export sales grow significantly.

## What is cleantech?

The term refers to products, services and processes that improve operational performance at lower costs, while reducing ecological impact and promoting the responsible use of natural resources.

## Sustainable Development Technology Canada Partnership

Ultimately, our long-term vision for the cleantech sector is to help more, smaller companies grow into larger ones. However, for many small Canadian companies in the cleantech space, moving past the development phase of their innovative technology can be challenging; primarily because of gaps in the availability of lending and insurance products. To that effect, in 2012, we signed a collaborative agreement with Sustainable Development Technology Canada (SDTC) whereby we will consider providing financial solutions to SDTC portfolio companies that are ready for commercialization. In turn, SDTC will share its assessment of technology and performance risks. We will also look for opportunities within our network of foreign buyers and top global corporations for SDTC companies.



Visit [edc.ca/csrreport](http://edc.ca/csrreport) to watch the video: Moving forward with Cleantech

## Biroem

Headquartered in Guelph, Ontario, with offices in Victor, New York and Beijing, China, Biroem began as a derivative company from the University of Waterloo and has since grown as an industry leader in air pollution control. Watch the video to learn more about this innovative company.



Visit [edc.ca/csrreport](http://edc.ca/csrreport) to watch the video: Biroem

## 2012 Performance Measures

<b>Objective:</b>	Provide targeted support for cleantech firms
<b>Activity:</b>	Develop clear gating criteria and processes to facilitate the execution of financing and insurance transactions for cleantech firms
<b>Measure/Target:</b>	Implementation of process improvements
<b>Result:</b>	Identified and engaged more than 60 Canadian cleantech firms, developed and deployed processes and criteria

# OPERATIONAL FOOTPRINT



## GRI INDICATOR – EN 26

In January 2012, our head office in Ottawa was granted LEED for Core and Shell Gold certification by the Canadian Green Building Council. Many measures were undertaken during the design and construction phases to ensure the efficiency of the building's mechanical systems, the use of sustainable materials and the maximal diversion of waste from landfill. By using high-efficiency mechanical systems and lighting, the building was able to achieve 56 per cent reduction against the Model National Energy Code. Both local and recycled construction materials were used and measures were taken so that 75 per cent of construction waste was diverted away from landfill. Indoor environmental quality was assured through the widespread use of low-VOC paints, coatings, carpets and a high-performance ventilation system.

We are expecting to receive LEED Gold certification for Commercial Interiors in 2013.

### Our Footprint

While the move to our new head office presents many opportunities for reducing our footprint, it did require that we establish a new baseline, in order to measure our operational footprint. For example, at the end of 2012, separate metering devices were installed in the Data Centre allowing power usage to be tracked for that area. By separating the amount of power consumed, we can accurately compare generic office space power consumption with other institutions. Therefore, 2012 remained a transitional year, and in 2013 we will establish the first full-year baseline for our head office energy measurement.

Our Green Team, a cross-corporate, volunteer employee advocacy group that provides a forum to develop new ideas, undertook several new initiatives in 2012 to help employees understand the required attention to the 3Rs (Reduce-Reuse-Recycle) in order to help achieve LEED Gold certification for our building operations. Measures were introduced such as organic re-cycling for select items and the creation of internal champions to promote an environmentally conscious workplace.

In 2013 we will measure and manage the building's waste stream.

Operational Footprint Data	Unit	2011 151 O'Connor: Former location	2011 150 Slater: New location	2012
Electricity Consumption	kWh	11,263,460	5,009,829	10,555,235
	kWh/FTE*	9,441	4,199	9.764
	tonnes CO <sub>2</sub>	2,033.96	904.68	1765.13
Natural Gas Consumption	m <sup>3</sup>	368,839	38,229	350,533
	m <sup>3</sup> /FTE	309.169639	32.04442582	324.27
	tonnes CO <sub>2</sub>	696.933	72.235	662.342
Business Travel	km (flight)	15,696,000		13,609,000
	km (vehicle)	534,603		131,000
	Total km	16,230,603		13,740,000
	tonnes CO <sub>2</sub>	1,903.58		1,571.51
Paper Consumption	tonnes			37.3
	kg/FTE			34.5
	tonnes CO <sub>2</sub>			104.5
Paper Recycled	tonnes			54.9
	kg/FTE			50.8
Mixed Paper Recycled	tonnes			53.7
	kg/FTE			49.7
Building Water Consumption	L	25,118,951	20,088,000	19,920,500
	L/LTE	21,055	16,838	18,428
Waste Generated (HQ)**	tonnes	n/a	n/a	139
Carbon Footprint	tonnes CO <sub>2</sub>	4,634	977	4,103
	tonnes CO <sub>2</sub> /FTE	4.43	0.92	3.80

\* FTE is full time equivalent

\*\* This figure includes waste generated from two commercial facilities located within the Headquarters building.

Assumptions used for measurable footprint components:

- ▶ **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 and individual mixed paper recycling bins. This calculation is based on the 2010 Waste Audit.
- ▶ **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.



## Carbon Dioxide (CO<sub>2</sub>) Conversion Information

Footprint Component	Inventory (Scope 1, 2 or 3)	CO <sub>2</sub> Factor	Source
Electricity Consumption	Scope 2	All (Ontario Power grid uses coal, oil, natural gas, hydro and nuclear)	World Resources Institute GHG Protocol from purchased electricity, v.4.3 (revised August 2011)
Natural Gas Consumption	Scope 1	Commercial, gaseous fossil, natural gas	World Resources Institute GHG Protocol from stationary combustion, v 4.0 (revised October 2010)
Paper Consumption	Scope 3	Cascade Rolland HiTech 50 uncoated paper with 50% recycled content	CO <sub>2</sub> estimates were made using the Environmental Defense Fund Paper Calculator
Business Travel (flight)	Scope 3	Total CO <sub>2</sub> emissions resulting from short and long haul flights	World Resources Institute (2008): GHG emissions from transport or mobile sources, GHG Emission Calculation Tool, v 2.3 (revised October 2011)
Business Travel (Vehicle)	Scope 3	Total CO <sub>2</sub> emissions resulting from personal or company vehicles	World Resources Institute (2008): GHG emissions from transport or mobile sources, GHG Emission Calculation Tool, v 2.3 (revised October 2011) 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*

## 2012 Performance Measures

<b>Objective:</b>	Measure and manage EDC's operational footprint
<b>Activity:</b>	Implement the methodology and data collection in the new building
<b>Measure/Target:</b>	Establish a new operational footprint baseline
<b>Result:</b>	Methodology developed and deployed

## SOCIAL IMPACT



We invest in and encourage employees to be active in the communities where they live and work through initiatives that are either related to our international trade mandate or that provide opportunities for furthering employee community involvement.

### SCHOLARSHIPS

Through our **Youth Education Program**, we help build the capacity of the next generation of business leaders by awarding scholarships to Canadian students with a demonstrated interest in international business. As students benefit from advanced international business training, Canadian firms also take advantage of their skills. For more on who these students are and what they're doing now, keep **reading here**.

More than \$1 million has been invested in more than 300 scholarships since the program started in 2000. To assess the impact of our investment, we conducted a tracking study of our International Business Scholarship recipients dating back to 2000, to learn to what extent scholarship recipients have built a career related to international business. The study gave us a sense of the many avenues our awardees use to pursue international trade, from direct involvement, to running their own business, to public sector influence, all of which help to create more trade for Canada.

2012 was the first year we opened the competition to community college applicants. We awarded 30 scholarships of \$4,000 each to Canadian international business students representing 21 different universities, one college and five provinces. Over half of the recipients were female and two-thirds are bilingual in Canada's both official languages. Of the total scholarships awarded, five were to students in programs that combine business with environmental or sustainability studies.

### 2012 Performance Measures

<b>Objective:</b>	Increase the representation and access of eligible Canadian students to the EDC scholarships
<b>Activity:</b>	Increase in EDC's scholarships eligible applicants and number and breadth of universities and colleges represented across Canada
<b>Measure/Target:</b>	350 eligible scholarship applicants representing 75% of 85 targeted Canadian universities and colleges
<b>Result:</b>	360 eligible scholarship applicants; 75% of the targeted Canadian universities and colleges, a 23% increase from the previous year

## UNIVERSITY PARTNERSHIPS

### EDC Environmental Finance Chair, University of Waterloo

To encourage environmental leadership by Canadian firms, we endow a Chair in Environmental Finance at the University of Waterloo's **School of Environment, Enterprise and Development**. Since 2010, the Chair has made significant progress in research, mobilizing additional resources, educating and transferring knowledge, as well as supervising undergraduate and graduate students through specialized teaching and research. In 2012, the Chair organized a workshop to bring together scholars whose work focuses on the relation between the financial sector and sustainable development with practitioners from the financial industry. The purpose was to discuss the financial sector's impact on sustainable development and explore future research directions, and help close the gap between the academic and practitioner worlds. This partnership was extended until September 2014.

### Schulich School of Business, York University

Our partnership with the **Schulich School of Business** at York University is aimed at creating a National Curriculum in Integrative Trade for undergraduate business students and help address educational gaps in the business educational sector in Canada. In 2012, we undertook a study to gain insight into the factors that influence Canadian firms' successful engagement in international business activities. The data will be used to help inform Schulich's National Curriculum. As part of this partnership, Schulich has also launched a new undergraduate Certificate Program in Managing International Trade and Foreign Investment. This partnership is in place until 2015.

### CARE PARTNERSHIP

Outside Canada, we have engaged in a partnership with CARE Canada to assist small business development projects around the world through a joint global community investment initiative: *Beyond Exports*. In each year of this four-year program, we assign staff to various CARE enterprise development projects around the world.

In 2012 we extended the partnership for a fifth year. Four EDC staff were selected for assignments to work with CARE offices in India, Peru and Zambia for assignments of 16 weeks each. To date, 15 EDC volunteers have participated in this program. Looking forward, we will re-evaluate the partnership to determine how to move beyond 2013.



*"CARE is constantly looking for new, innovative ways to carry out its mandate — that of reducing poverty and social injustice. In this context, our partnership with EDC has made a great contribution. Our operations, both in Canada and in selected overseas offices have benefited from a level of expertise and much-needed skills that would otherwise not be readily available. More importantly, the work of EDC corporate volunteers on specific CARE programs overseas has greatly benefitted poor farmers and micro-entrepreneurs."*

**Richard Patterson**, Programme Director, Care Canada

In 2012, EDC's Ladislau Papara travelled to Chidambaram, India to begin a four-month placement with CARE India. [Read more.](#)

### 2012 Performance Measures

<b>Objective:</b>	Review the EDC-CARE Canada partnership
<b>Activity:</b>	Undertake evaluation of past performance
<b>Measure/Target:</b>	EDC-CARE Canada partnership evaluated for renewal potential
<b>Result:</b>	The evaluation was initiated and will be completed in 2013

## VOLUNTEER INITIATIVES

Through our Charitable Donations Policy we provide financial donations to charitable organizations where our employees demonstrate ongoing involvement.

In 2012, 76 employees participated as volunteers in community activities for the benefit of charities supported under this program, which represents 7 per cent of EDC's headcount. Donations for \$30,000 were granted on behalf of employees to the following 27 Canadian charities:

### 2012 Charitable Donations

- ▶ Autism Community Training Society (ACT)
- ▶ Canadian Cancer Society
- ▶ Canadian Canoe Foundation
- ▶ Canadian Catholic Organization for Development and Peace
- ▶ Canadian Diabetes Association
- ▶ Canadian Liver Foundation
- ▶ Centre Artisanal pour la Déficience-Intellectuelle de l'Outaouais (C.A.D.O.)
- ▶ Charity of Hope To Assist Needy Children Everywhere
- ▶ Children's Aid Foundation of Ottawa
- ▶ Community Foundation of Mississauga
- ▶ Daybreak Non-Profit Shelter (Eumenical) Corporation
- ▶ Heart Institute Foundation, University of Ottawa
- ▶ Juvenile Diabetes Research Foundation Canada
- ▶ Lanark County Interval House
- ▶ L'Arche-Ottawa
- ▶ L'Oeuvre du Petit Prince
- ▶ MS Society of Canada
- ▶ Ottawa Humane Society
- ▶ People, Words & Change
- ▶ Ryan's Well Foundation
- ▶ Starlight Children's Foundation
- ▶ The Catholic Centre for Immigrants
- ▶ The Ottawa Hospital Foundation
- ▶ The Ottawa Mission Foundation
- ▶ The Princess Margaret Hospital Foundation
- ▶ The Sens Foundation - Plane Pull Challenge
- ▶ Sears Canada Charitable Foundation

Eligible employees may request up to two days' paid Community Service Leave per year for their volunteer activities. In 2012, 27 employees were able to take advantage of this benefit, for a total of 259 volunteering hours.

### 2012 Performance Measures

<b>Objective:</b>	Increase employee knowledge and awareness of volunteering opportunities
<b>Activity:</b>	Consolidate the offer of volunteer programs in a single place for employees to have easy access
<b>Measure/Target:</b>	Increase the number of charitable donations applications received from employees compared to 28 received during 2011
<b>Result:</b>	30 applications were received of which 29 were supported, representing a 7% increase for 2012 over the previous year



## EMPLOYEE ENGAGEMENT

### GRI INDICATOR – LA 13

Like many industrialized countries, Canada is facing a tightened labour market where skilled workers will be in short supply. This makes the ability to attract and retain highly skilled knowledge workers more important than ever.

With this in mind, in 2012, we completed a comprehensive examination considering the future of work, our evolving business environment as well as workforce and legislative trends, in order to ensure we can continue to provide the best possible service to Canadian exporters and investors. We then began the design of a sustainable workforce planning program to ensure that we continue to have the right people with the right skills in the right place at the right time.

**Read more.**



EMPLOYEE SEGMENTATION*	2012	2011
Aboriginals (%)	0.44	0.54
Women (%)	51.42	52.38
Persons with disabilities (%)	3.36	3.41
Visible minorities (%)	11.95	11.68

*\*percentages include all permanent employees (active, paid leave, leave)*

# APPENDICES

- › APPENDIX A | PRICEWATERHOUSECOOPERS ASSURANCE REPORT
- › APPENDIX B | GRI APPLICATION LEVEL CHECK STATEMENT
- › APPENDIX C | GRI INDEX
- › APPENDIX D | CSR MILESTONES
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## **Independent Limited Assurance Report to the Board of Directors and Management of Export Development Canada on the selected information presented in the Company's 2011 Corporate Social Responsibility Report**

We have been engaged by the Management of Export Development Canada (the "Company" or "EDC") to perform an independent limited assurance engagement in respect of the selected information presented in the 2012 Corporate Social Responsibility Report as hosted on the Company's website<sup>1</sup> for the year ended 31 December 2012 ("the selected information"). The selected information has been identified in the attached table labelled Attachment A. This engagement was conducted by a multidisciplinary team including individuals with environmental, social, economic and assurance experience. We were not engaged to report on comparative figures for the prior year ended 31 December 2011.

### **Responsibilities of Management**

Management is responsible for the preparation and presentation of the selected information, incorporated in the 2012 Corporate Social Responsibility Report, in accordance with the reporting criteria. This responsibility includes:

- designing, implementing and maintaining internal controls over information relevant to the preparation of a Corporate Social Responsibility Report that is free from material misstatements, whether due to fraud or error;
- developing the Reporting Policies and Criteria;
- preparing the selected information in accordance with the Reporting Policies and Criteria; and
- the content of the Corporate Social Responsibility Report.

### **Our responsibility**

Our responsibility is to express a limited assurance conclusion on the selected information based on the limited assurance procedures we have performed and the evidence we have obtained.

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 *Assurance Engagements other than Audits and Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board ("ISAE 3000"). That standard requires that we comply with ethical requirements and plan and perform the engagement to obtain limited assurance about whether the selected information on which we are reporting is free of material misstatement, whether due to fraud or error.

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<sup>1</sup> The maintenance and integrity of EDC's website is the responsibility of Management; the work carried out by PricewaterhouseCoopers does not involve consideration of these matters and, accordingly, PricewaterhouseCoopers accepts no responsibility for any changes that may have occurred to the reported Corporate Social Responsibility information or criteria since they were initially presented on the website.



A limited assurance engagement undertaken in accordance with ISAE 3000 involves assessing the suitability in the circumstances of EDC's use of the Reporting Policies and Criteria as the basis for the preparation of the selected information, assessing the risks of material misstatement of the selected information, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected information.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the assessment of risks of material misstatement and the procedures performed in response to the assessed risks.

The procedures we performed were based on our professional judgment and primarily comprised:

- Making enquiries of relevant EDC management and staff responsible for data collection and reporting;
- Reviewing relevant documents and records on a sample basis;
- Obtaining an understanding of EDC's control environment and processes relevant to the selected information;
- Limited testing, on a selective basis of the measurement, recording and collation of the selected information prepared by EDC;
- Evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying corporate social responsibility accounting records; and
- Evaluating whether EDC's methods for developing estimates are appropriate and have been consistently applied. However, our procedures did not include testing the data on which the estimates are based or separately developing our own estimates against which to evaluate EDC's estimates.

The procedures performed in a limited assurance engagement vary in nature and are less in extent than in a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether the Company's selected information has been prepared, in all material respects, in accordance with the Reporting Policies and Criteria.

### **Inherent limitations of the subject matter**

Non-financial performance information is subject to more inherent limitations than financial information, given the characteristics of the subject matter and the methods used for determining such information. The absence of a significant body of established practice on which to draw allows for the selection of different but acceptable measurement techniques which can result in materially different measurements and can impact comparability. The precision of different measurement techniques may also vary. Furthermore, the nature and methods used to determine such information, as well as the measurement criteria and the precision thereof, may change over time.

We have not carried out any work on data reported for prior reporting periods nor in respect of future projections and targets. We have not conducted any work outside of the agreed scope and therefore restrict our conclusion to the identified selected information.





### **Limited assurance conclusion**

On the basis of the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the selected information for the year ended 31 December 2012, is not prepared, in all material respects, in accordance with the Reporting Policies and Criteria.

### **Restriction on use**

This report, including the conclusion, has been prepared for the Board of Directors and Management of EDC as a body, to assist Management in reporting on the Group's corporate social responsibility performance and activities. We permit the disclosure of this report within the Corporate Social Responsibility Report for the year ended 31 December 2012, to enable Management to demonstrate that they have discharged their governance responsibilities by commissioning an independent assurance report on the selected information contained in the Corporate Social Responsibility Report. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Management as a body and EDC for our work or this report save where terms are expressly agreed and with our prior consent in writing.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP".

PricewaterhouseCoopers LLP  
Toronto, Ontario  
May 3, 2013



**Attachment A:**  
**Export Development Canada 2012 Corporate Social Responsibility Report-**  
**Reviewed Performance Indicators**

All figures as of December 31, 2012 unless otherwise noted. Values rounded where appropriate.

	GRI Ref	Performance Indicator	2012 Value	Notes
1.	SO2	Number of transactions that received enhanced anti-corruption due diligence for the purposes of confirming or improving the capacity of EDC's customer to mitigate risks.	28 transactions	Transactions were reviewed during 2012 and may or may not have been signed in 2012.
2.	N/A	Number of transactions signed by EDC in 2012 where the requirements of the Equator Principles were applied.	6 transactions	Transactions could have been reviewed during or before 2012.  A signed project is a project that was approved for support and the transaction has been closed (but not necessarily funded).
3.	EC1	Number of employees who participated in community activities in benefit of charities supported under EDC's Charitable Donations Policy.	76 employees	This measures the number of "unique" employees without double counting those who participated multiple times in the program.
4.	EN22	Total Kilograms of waste generated at 150 Slater Street (EDC's headquarters).	139,000 Kgs	Number is a sum of waste generated that was sent to the landfill and waste recycled.



## Statement GRI Application Level Check

GRI hereby states that **Export Development Canada** has presented its report "CSR in the New Reality: Corporate Social Responsibility Report 2012" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see [www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf](http://www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf)

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 1 May 2013

A handwritten signature in blue ink, appearing to read "Nelmara Arbex", is written over a faint, large watermark of the GRI logo.

Nelmara Arbex  
Deputy Chief Executive  
Global Reporting Initiative



The "+" has been added to this Application Level because Export Development Canada has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

*The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. [www.globalreporting.org](http://www.globalreporting.org)*

**Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 25 April 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

G3.1 Content Index - Financial Services Sector Supplement - Application Level B+					
Application Level B+			Assured by		PricewaterhouseCoopers
STANDARD DISCLOSURES PART I: Profile Disclosures					
1. Strategy and Analysis					
Profile Disclosure	Description	Reported	Cross-reference/Direct answer	Reason for omission	Explanation
1.1	Statement from the most senior decision-maker of the organization.	Fully	<a href="#">CSR</a> – Messages from Management - President and CEO <a href="#">CSR</a> - Message from Vice-President, CSR		
1.2	Description of key impacts, risks, and opportunities.	Fully	<a href="#">CSR</a> – Economic Impact <a href="#">CP</a> – Executive Summary p. 4, Planning Environment p. 7		
2. Organizational Profile					
Profile Disclosure	Description	Reported	Cross-reference/Direct answer	Reason for omission	Explanation
2.1	Name of the organization.	Fully	<a href="#">CSR</a> – Corporate Profile <a href="#">WWW</a> - (About Us)		
2.2	Primary brands, products, and/or services.	Fully	<a href="#">CSR</a> – Corporate Profile - Our Products and Services <a href="#">CP</a> – EDC's Financing and Insurance Solutions (Annex 1 - pages 76-79)		
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	Fully	<a href="#">CP</a> – Managerial and Organizational Structure and Board and Committee Structure (Annex 1 - pp 74-75) <a href="#">WWW</a> – Contact Us – Our Offices – International Representations <a href="#">CSR</a> Corporate Profile - Map - EDC Around the World		
2.4	Location of organization's headquarters.	Fully	<a href="#">WWW</a> – see Contact Us – Our Offices - Canada		
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Fully	<a href="#">CSR</a> –Map – EDC Around the World <a href="#">WWW</a> – Contact Us – International Representation		
2.6	Nature of ownership and legal form.	Fully	100% owned by the Government of Canada (Crown Corporation) <a href="#">CSR</a> – Corporate Profile		
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Fully	<a href="#">CSR</a> – Corporate Profile/EDC Around the World <a href="#">WWW</a> – See contact us – Our offices - International		
2.8	Scale of the reporting organization.	Fully	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 its Headquarters in Ottawa, Ontario, Canada. Number of employees: 1081 Net Income: \$1.32 billion Supply of Capital: \$10.82 billion  Quantity of products or services provided: insurance and financing. The quantities of each provided in 2012 are noted below: Financing: \$14.6 billion Insurance: \$72.8 B  <a href="#">CP</a> – Statement of Financial Results, p. 48 <a href="#">CSR</a> - Corporate Profile - Our Products and Services		
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Fully	None		
2.10	Awards received in the reporting period.	Fully	<a href="#">CSR</a> - Appendices – Awards		



3. Report Parameters					
Profile Disclosure	Description	Reported	Cross-reference/Direct answer	Reason for omission	Explanation
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Fully	Calendar Year <a href="#">CSR</a>		
3.2	Date of most recent previous report (if any).	Fully	We report annually; previous report covered calendar year 2011 and is available online <a href="#">WWW</a> – 2011 Annual Report <a href="#">CSR</a> – In This Report		
3.3	Reporting cycle (annual, biennial, etc.)	Fully	Annual for both  <a href="#">WWW</a> – 2011 Annual Report <a href="#">CSR</a> – In This Report		
3.4	Contact point for questions regarding the report or its contents.	Fully	Phone numbers and e-mail provided  <a href="#">CSR</a> - In This Report (feedback welcome) WWW - <a href="#">Defining CSR at EDC</a> (feedback welcome) and <a href="#">Contact Us</a>		
3.5	Process for defining report content.	Fully	This report details the impacts of many of the CSR initiatives undertaken in the past year. We use the Global Reporting Index (GRI) to frame the content, along with feedback from stakeholders indicating an interest for more information, transparency and clarity.  <a href="#">CSR</a> – In This report and <a href="#">CSR</a> – CSR at EDC – please see Materiality Matrix		
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Fully	Report covers all EDC's operations, except where indicated <a href="#">CSR</a> - In This report		
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).	Fully	None - Report covers all EDC's operations, except where indicated		
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	Fully	No major changes		
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	Fully	<a href="#">CSR</a> – In This Report – Why Assurance  <a href="#">CSR</a> - Operational Footprint		
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	Fully	No re-statements in the reporting period		
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Fully	None		

3. Report Parameters (Cont'd)					
Profile Disclosure	Description	Reported	Cross-reference/Direct answer	Reason for omission	Explanation
3.12	Table identifying the location of the Standard Disclosures in the report.	Fully	<a href="#">CSR</a> – In This Report - GRI Index		
3.13	Policy and current practice with regard to seeking external assurance for the report.	Fully	<a href="#">CSR</a> – Independent Reviewer's Report		
4. Governance, Commitments, and Engagement					
Profile Disclosure	Description	Reported	Cross-reference/Direct answer	Reason for omission	Explanation
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Fully	The Chair of the Board of Directors is not an executive officer <a href="#">AR</a> – Accountability and Operations <a href="#">WWW</a> – Management and Governance		
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	Fully	Except for the President and CEO, all Board members are independent and non-executive officers. <a href="#">AR</a> – Accountability and Operations <a href="#">WWW</a> - See Management and Governance, Board of Directors		
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Fully	<a href="#">AR</a> – Communication with Stakeholders  <a href="#">CSR</a> – Transparency & Disclosure - Stakeholder Engagement <a href="#">WWW</a> – Annual Public Meeting Webcast		
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	Fully	Board member compensation is not linked to the Corporation's performance  <a href="#">AR</a> – Corporate Governance Practices at EDC – see Senior Management Evaluation and Succession, Director Remuneration		
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Fully	<a href="#">CSR</a> – Ethics & Compliance - Code of Business Ethics and Code of Conduct <a href="#">WWW</a> – Compliance Officer		
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	Fully	<a href="#">AR</a> – see Committee Mandates – Nominating and Corporate Governance Committee <a href="#">WWW</a> – Board of Directors – see Board Education and Evaluation		
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Fully	<a href="#">CSR</a> – Ethics & Compliance - <a href="#">An Enhanced Code</a> ; <a href="#">Ethics and Compliance</a> ; <a href="#">Corporate Financing</a> ; <a href="#">Human Rights</a> – see Assessment Process Improvements <a href="#">WWW</a> - <a href="#">Corporate Information</a> – see About Us (How We Operate), <a href="#">Anti-Corruption Policy Guidelines</a> ; <a href="#">Environmental and Social Risk Management Framework</a> ; <a href="#">Code of Business Ethics</a> ; <a href="#">Disclosure Policy</a>		
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Fully	<a href="#">CSR</a> – Environmental and Social Assessment – Transactional Environment – <a href="#">International Standards</a> ; <a href="#">Corporate Financing</a> ; <a href="#">Environmental and Social Risk Management Policy</a> ; and <a href="#">Human Rights Reviews</a> ;  <a href="#">WWW</a> – <a href="#">Terms of Reference Audit Committee</a>		
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Fully	<a href="#">WWW</a> – <a href="#">Management and Governance</a>		
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	Fully	<a href="#">AR (Risk Management)</a> - Committee Mandates, see Risk Management Committee <a href="#">CSR</a> – Environmental and Social Assessment		
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	Fully	<a href="#">WWW</a> – <a href="#">List of Agreements</a>  <a href="#">CSR</a> – <a href="#">International Standards</a>		

4. Governance, Commitments, and Engagement (Cont'd)					
Profile Disclosure	Description	Reported	Cross-reference/Direct answer	Reason for omission	Explanation
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.	Fully	WWW - <a href="#">List of Agreements</a> – See Memberships		
4.14	List of stakeholder groups engaged by the organization.	Fully	<a href="#">CSR</a> – Appendices - Stakeholder Events and <a href="#">CSR</a> – Transparency & Disclosure -Stakeholder Engagement		
4.15	Basis for identification and selection of stakeholders with whom to engage.	Fully	<a href="#">CSR</a> – Transparency & Disclosure - Stakeholder Engagement <a href="#">CSR</a> – Materiality Matrix		
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Fully	EDC engages with stakeholders on a continual basis. In addition to responding to stakeholder enquiries (see: Access to Information and Privacy and Public Enquiries), several events take place during our calendar year: two meetings with EDC's CSR Advisory Council members; one meeting with our Industry Stakeholder Panel; on a yearly basis, a roundtable at the Prospectors and Developers Association of Canada Convention, touching extractive industry-related topics. The full list of key stakeholder engagements can be found at: <a href="#">CSR</a> – Transparency & Disclosure - Stakeholder Engagement and <a href="#">Access to Information</a>		
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	Fully	<a href="#">CSR</a> – Transparency & Disclosure - Stakeholder Engagement <a href="#">CSR</a> – Ethics & Compliance - Anti-corruption <a href="#">CSR</a> – Transparency & Disclosure - Access to Information & Privacy; Public Enquiries <a href="#">CSR</a> - In This Report <a href="#">CSR</a> - Transparency & Disclosure Key topics and concerns that were raised in 2012 through Stakeholder Engagement focused on transparency around our due diligence process, particularly with regard to human rights and our environmental and social risk review process for loans intended as general corporate financing on non-projects. In fact, the review of corporations seeking financing for general corporate purposes are subject to an Environmental Risk Review. We are responding to these key topics and concerns through this report in the section called “Corporate Financing and Profiles”, which illustrates how we review loans for non-projects. In addition, inquiries received as Access to Information requests reflect areas of stakeholder engagement. Themes included sustainable development; environmental standards; implementing CSR; ethics; anti-bribery and anti-corruption. For more information on these events, see Appendices, <a href="#">2012 Stakeholder Events</a> .		
STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)					
G3.1 FSSS DMAs	Description	Reported	Cross-reference/Direct answer	Further Comments	
DMA PS Aspects	Disclosure on Management Approach PS				
	Product Portfolio	Fully	DC's Board of Directors has approved its Environmental and Social Risk Management Framework. The Framework consists of our Environmental and Social Risk Management Policy, Environmental and Social Review Directive and Disclosure Policy. This Framework is intended to help us understand and mitigate the environmental and social risk involved in the business that we finance or insure. All of these are publicly available on our website. These policies guide decision-making on transactions. No exclusions are associated with this Framework. <a href="#">CSR</a> – <a href="#">Environment and Social Assessment – Corporate Financing &amp; Profiles</a>		
FS1	Policies with specific environmental and social components applied to business lines.	Fully	<a href="#">CSR</a> – Environment and Social Assessment – <a href="#">Corporate Financing &amp; Profiles</a> - <a href="#">Corporate Loans</a> , WWW - <a href="#">Environmental and Social Risk Management Policy</a>		
FS2	Procedures for assessing and screening environmental and social risks in business lines.	Fully	<a href="#">CSR</a> - <a href="#">Environmental and Social Assessments</a> , <a href="#">Human Rights</a> and <a href="#">Project Reviews</a> WWW - <a href="#">Environmental and Social Risk Management Policy</a> WWW – <a href="#">Understanding EDC's Project Review Process</a> WWW – <a href="#">Environmental Review Directive</a> WWW – <a href="#">OECD Recommendations on Common Approaches on the Environment</a>		

STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs)				
G3.1 FSSS DMAs	Description	Reported	Cross-reference/Direct answer	Further Comments
DMA PS	Disclosure on Management Approach PS			
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	Fully	As an example: for the Mahan Project: In 2012 we signed our first large-scale infrastructure deal in India, a major achievement. To ensure the project met international standards, we underwent a rigorous due diligence process including a site visit to the project. Key to the success of this transaction was working with a project sponsor with the capacity and willingness to undertake the additional work required to meet international standards and who agreed to ongoing monitoring. A profile of this project can be found <a href="#">here</a> .  We monitor projects supported by EDC <a href="#">Equator Principles</a> – see Principle 9: Independent Monitoring & Reporting WWW – <a href="#">Understanding EDC's Project Review Process</a> (see Monitoring over the long-term) WWW – <a href="#">OECD Recommendations on Common Approaches on the Environment</a> (see IV. Evaluation, Decision and Monitoring)	
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	Fully	We implemented a detailed online training module for underwriters and financing managers on our corporate environmental, social, and disclosure policies.  <a href="#">CSR</a> – Environmental and Social Risk Assessment - Environmental and Social Risk Management	
	Audits	Fully	<a href="#">CP</a> – Board and Committee Structure – see page 75 AR - <a href="#">Risk Management</a> - see Committee Mandates – Risk Management Committee CSR - <a href="#">Environmental and Social Assessments</a> , <a href="#">Project Reviews</a> , <a href="#">Human Rights</a> WWW – <a href="#">Internal and External Audits</a> and <a href="#">Management and Governance</a> – see Audit Committee of the Board of Directors	
	Active Ownership	Fully	AR <a href="#">Corporate Mandate</a> , AR – <a href="#">Corporate Governance</a> – see Risk Management Committee and CSR and Culture of Ethical Conduct	
DMA EC	Disclosure on Management Approach EC			
Aspects	Economic Performance	Fully	EC 1 - Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. <a href="#">AR</a> – Financial Results Overview CSR – Corporate Profile - <a href="#">EDC in Numbers</a> and <a href="#">Economic Impact</a> CP – <a href="#">Defined pension plan</a> (page 19)  EC 2 Financial implications and other risks and opportunities for the organization's activities due to climate change CSR – Environmental and Social Assessment - <a href="#">Climate Change</a>  EC 3 – Coverage of the organization's defined benefit plan obligations CP – <a href="#">A Focus on People</a> (page 19)  EC 4 – Significant financial assistance received from government  We are a Crown Corporation accountable to Parliament through the Minister of International Trade, we are financially self-sustaining and a recognized leader in financial reporting and economic analysis.  CSR – <a href="#">Corporate Profile</a>	
	Market presence	Fully	EDC has 16 international representations with nearly 40 staff.  CSR - see map – Corporate Profile - <a href="#">EDC Around the World</a> <a href="#">WWW</a> – see Our Offices	
	Indirect economic impacts	Fully	CSR – <a href="#">Economic Impact</a>	



STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs) (Cont'd)				
G3.1 FSSS DMAs	Description	Reported	Cross-reference/Direct answer	Further Comments
DMA EN	Disclosure on Management Approach EN			
Aspects			EN 1 Materials used by weight and volume WWW - <a href="#">Operational Footprint</a>	
	Materials	Fully	EN 2 Percentage of materials used that are recycled input materials CSR – <a href="#">Operational Footprint</a> ; WWW - <a href="#">Operational Footprint</a>	
	Energy	Fully	EN3 - Direct energy consumption by primary energy source EN4 - Indirect energy consumption by primary source EN5 - Energy saved due to conservation and efficiency improvements. EN6 - Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives. EN7 -Initiatives to reduce indirect energy consumption and reductions achieved. WWW - <a href="#">Operational Footprint</a>	
	Water	Fully	EN8 Water consumption by source (the municipality of Ottawa provides the water source); WWW - <a href="#">Operational Footprint</a>	
	Biodiversity	Fully	For projects that EDC supports, impact on biodiversity is reviewed under <a href="#">IFC Performance Standard 6</a> – CSR – Environment and Social Assessment - <a href="#">Project Reviews and Profiles</a>	
	Emissions, effluents and waste	Fully	EN 16 - Total direct and indirect greenhouse gas emissions by weight. WWW - <a href="#">Operational Footprint</a> ; <a href="#">For projects that EDC supports</a> , emissions, effluents and waste are reviewed against <a href="#">IFC</a> Performance Standards #1 and 3	
	Products and services	Fully	EN 26 – Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation <a href="#">For projects that EDC might support</a> , mitigation of environmental impacts (solid waste, water use, air emissions, effluents, noise) are considered as part of the review process CSR – <a href="#">Environmental and Social Assessments</a> – Project Reviews & Profiles – Profile: Mahan; Profile: Berneck	
	Compliance	Fully	EN 28 - Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations WWW – <a href="#">Compliance Officer</a> CSR – Ethics & Compliance - <a href="#">Compliance Officer</a>	
	Transport	Fully	EN 29 - Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.  As part of our legacy systems modernization project, training programs have been shifting towards "anytime, anyplace, any pace" learning. In 2012 we achieved our goal of making available 75 per cent of our courses online, resulting in greater accessibility for employees and reducing time and travel costs for employees who would previously have had to travel to head office. WWW - <a href="#">Operational Footprint</a> ; Transporting members of the workforce reduced by the following amount in 2012: 13% (air travel) and 75% (vehicle travel)	
	Overall	Fully	See previous categories for summary of environmental impacts and mitigations	

STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs) (Cont'd)				
G3.1 FSSS DMAs	Description	Reported	Cross-reference/Direct answer	Further Comments
DMA LA				
Aspects	Employment	Fully	LA2 Total number and rate of employee turnover CSR – Social Impact - Employee Engagement Information on employee age is confidential. AR - Delivering Value to EDC's Customers and Partners – Employee retention: Overall retention for 2012 is 93%; disaggregated turnover tares by age group, gender and region is n/a.	
	Labor/management relations	Fully	LA4 - Percentage of employees covered by collective bargaining agreements.  EDC is not covered by a collective bargaining agreement.	
	Training and education	Fully	LA10 – Average hours of training per year per employee by gender and by employee category  Employee training is delivered through blended learning approaches with increased use of online modules, embedded and informal learning, etc. As a result, it is no longer feasible to track the number of days of training per employee.  Our commitment to strong leadership has been central to creating a positive and productive workplace. Throughout the year, we rolled out a Leadership Talent Review process, assessing 179 leaders and giving us the opportunity to have deeper conversations on the performance and potential of our leaders. We also developed a new leadership curriculum that focused on aligning training programs to our new competency framework. "Foundations of Operational Excellence" was rolled out to 90 per cent of the leadership group in 2012 and, as a result, the group now has a solid foundation on how to lead in a Lean Environment and create high-performing teams.  As part of our legacy systems modernization project, training programs have been shifting towards "anytime, anyplace, any pace" learning. In 2012, we achieved our goal of making available 75 per cent of our courses online, resulting in greater accessibility for employees and reducing time and travel costs for employees who would previously have had to travel to head office. The last Employee Opinion Survey results indicate a score of 69 per cent on training effectiveness, six per cent higher than comparable high-quality organizations.  CSR – Environmental and Social Risk Management  LA 11 - Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.  Implementation of a detailed online training module for underwriters and financing managers on our corporate environmental, social and disclosure policies. This module was completed by more than 320 employees.  CP - A Focus on People – pp 18-19	
	Diversity and equal opportunity	Fully	LA13 - The percentage of employees in minority groups: CSR – Corporate Profile, see: CSR @ EDC in Numbers: Employee Engagement  The percentage of individuals within the organization's governance bodies in the gender category: see Management and Governance – 2 out of 12 members of the Board of Directors and 1 of 9 members of Senior Executives are women. WWW – Management and Governance (see Board Members and Executive Management Team)	

STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs) (Cont'd)				
G3.1 FSSS DMAs	Description	Reported	Cross-reference/Direct answer	Further Comments
DMA HR	Disclosure on Management Approach HR			
Aspects	Investment and procurement practices	Fully	HR1 – Number of significant investment agreements that have undergone human rights screening <a href="#">CSR</a> – Human Rights  HR 3 - Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.  Implementation of a detailed online training module for underwriters and financing managers on our corporate environmental, social and disclosure policies. This module was completed by more than 320 employees.  Employee training is delivered through blended learning approaches with increased use of online modules, embedded and informal learning, etc. As a result, it is no longer feasible to track the number of days of training per employee. <a href="#">CSR</a> – Environmental and Social Assessment – Environmental and Social Risk Management	
	Child labor	Fully	We screen the business we facilitate for potential impacts on human rights, including child labour.  <a href="#">CSR</a> – Environmental and Social Assessment – Human Rights  <a href="#">For projects that EDC supports</a> , Human Rights impacts and principles are reviewed against <a href="#">IFC Performance Standards</a> #1 and 4 which address child labor	
	Prevention of forced and compulsory labor	Fully	HR 7 - Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contributing to the elimination of all forms of forced or compulsory labor.  <a href="#">CSR</a> – Environmental and Social Assessment – Human Rights	
	Indigenous rights	Fully	We screen the business we facilitate for potential impacts on human rights, including indigenous rights.  <a href="#">CSR</a> – Environmental and Social Assessment – Human Rights <a href="#">For projects that EDC supports</a> , Human Rights impacts and principles are reviewed against <a href="#">IFC Performance Standards</a> #7 which addresses indigenous rights	
	Assessment	Fully	Signed and under consideration transactions on EDC's disclosure list of projects:  WWW - <a href="#">Environmental and Social Reporting</a>  In 2012, the following human rights reviews were carried out: <b>Project related:</b> All but one Category A and B projects in non-OECD countries were subject to a Human Rights Assessment. This included one Category A project and two Category B projects. These figures reflect the non-OECD projects financed in 2012 where human rights impacts can be of greater concern. 30% of projects were screened for human rights.  <b>Non-project-related:</b> These transactions are preliminary screened by EDC's financing managers and underwriters using CSR criteria to identify circumstances where human rights risks may be elevated. This process offers us the opportunity to determine the depth of the Human Rights Assessment required for transactions based on the nature of the EDC product (e.g. accounts receivable insurance, political risk insurance, financing, contract insurance & bonding or an equity investment) and the country of risk. The table on the following link provides examples of our country categorizations for human rights risk. Percentage of screening for human rights is not available.	
	Remediation	Fully	HR11 – Number of grievances related to human rights filed, addressed and resolved through formal grievance. IFC Principle 6, addresses remediation of grievances related to projects EDC supports. EDC's <a href="#">Compliance Program</a> provides a channel for remediation of CSR-related complaints.	

STANDARD DISCLOSURES PART II: Disclosures on Management Approach (DMAs) (Cont'd)				
G3.1 FSSS DMAs	Description	Reported	Cross-reference/Direct answer	Further Comments
DMA SO	Disclosure on Management Approach SO			
Aspects	Local communities	Fully	SO1 – Programs and practices that assess and manage the impacts of operations on communities  EDC's Environmental and Social Risk Management Framework includes a review of social impacts of projects  CSR - Environmental and Social Assessment – Environmental and Social Risk Management	
	Corruption	Fully	SO4 – Actions taken in response to incidents of corruption CSR – Ethics & Compliance - Anti-corruption WWW – Business Ethics – Anti-corruption program For outreach on corruption, see	
	Compliance	Fully	EDC's <a href="#">Compliance Program</a> provides a channel for remediation of CSR-related complaints.	
DMA PR	Disclosure on Management Approach PR			
Aspects	Policies for the fair design and sale of financial products and services.	Fully	The <b>Business Development Committee</b> , chaired by a member of the Board of Directors provides direction that strengthens EDC's ability to meet ongoing needs of Canadian exporters and investors. The committee monitors the development of the corporate plan, oversees management activities in analyzing market conditions and developing responses, and monitors corporate performance against business development plans and related frameworks. The committee also reviews sector strategies and new product initiatives, and annually reviews the impact on Canada's economy of business that EDC facilitates.  AR – <a href="#">Business Development Committee</a>	
	Marketing communications	Fully	PR5 - Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.  CP – <a href="#">Net Promoter Score</a> – pp. 38 and 40	
FS15	Customer privacy	Fully	PR8 – Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.  <a href="#">Export Development Act</a> <a href="#">Disclosure Policy</a> <a href="#">Access to Information Act</a>	EDC's <b>Export Development Act, the Disclosure Policy and the Government's Access to Information Act</b> all provide protection for the confidentiality of customer information.
STANDARD DISCLOSURES PART III: Performance Indicators				
Product and Service Impact				
Performance Indicator	Description	Reported	Cross-reference/Direct answer	
Product portfolio				
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	Fully	WWW – <a href="#">Aggregate Data on Business by Region, Sector</a> AR – 2012 Highlights EDC served 7,427 customers, 5,817 SMEs	
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	Fully	CSR – Environment and Social Assessment – <a href="#">EnviroExport and Cleantech</a>	
Audit				
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	Fully	CSR – Environment and Social Assessment – <a href="#">Project Reviews &amp; Profiles</a> (this reflects the minimal number of interactions with clients on environmental and social issues)	



STANDARD DISCLOSURES PART III: Performance Indicators (Cont'd)			
Product and Service Impact			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
Active ownership			
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	Fully	CSR – Environment and Social Assessment – <a href="#">Project Reviews &amp; Profiles</a> (this reflects the minimal number of interactions with clients on environmental and social issues)
FS11	Percentage of assets subject to positive and negative environmental or social screening.	Fully	CSR - Environment and Social Assessment – <a href="#">Project Reviews &amp; Profiles</a> (as a financial institution, specific dollar values of loans are not provided, so a percentage of total assets is not available )
FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting.	Partially	CP – Annex 1, page 75 - <a href="#">Board and Committee Structure</a> AR <a href="#">Corporate Mandate</a> , AR – <a href="#">Corporate Governance</a> – see Risk Management Committee and CSR and Culture of Ethical Conduct
Economic performance			
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Fully	CSR – Economic Impact - <a href="#">Economic Performance Highlights</a> EDC earned revenues of \$1.4 billion and generated a net income of \$1.3 billion EDC's activities helped sustain 573,773 jobs, 3.3% of national employment, helped generate \$52.7 billion of Canada's GDP, contributing more than 4.0 cents for every dollar earned Financial Results for the year ended December 31 (in millions of Canadian dollars) 2012: INCOME Net financing and investment income 1,039 Loan guarantee fees 38 Net insurance premiums and guarantee fees 196 EXPENSES Other income (expenses) (16) Administrative expenses (including salaries and benefits) 314 Provision for (reversal of) credit losses (340) Claims-related expenses (recovery) (38)  Net income \$1,321  EDC is financially self-sustaining and does not receive parliamentary appropriations. The income that we generate is applied directly against Canada's fiscal accounts and it strengthens our capital base. In the first quarter of 2012 we paid a dividend of \$500 million to the Government of Canada.  CSR – <a href="#">Social Impact</a> – Volunteer Initiatives  Donations of \$1,000 each (CASH), totaling \$30,000 for the year(2012) were granted on behalf of employees to the following 27 Canadian charities: L'Arche Ottawa; The Ottawa Mission (2 of \$1,000); Juvenile Diabetes Research Foundation Canada; Organisation Development and Peace; Centre Artisanal pour la Déficience-intellectuelle de l'Outaouais (2 of \$1,000); The Princess Margaret Hospital Foundation;Sears Canada Charitable Foundation; Canadian Canoe Foundation; Daybreak non-profit Shelter Corporation; Children's Aid Foundation of Ottawa; Canadian Liver Foundation; The Community Foundation of Mississauga; Act Autism Community Training Society; Charity of Hope to Assist Needy Children Everywhere; Starlight Children Foundation; Lanark Country Interval House; The Ottawa Hospital Foundation; L'Oeuvre du Petit Prince; Canadian Cancer Society Ontario Division; Canadian Diabetes Association; Sens' Foundation; Ryan's Well Foundation; The Catholic Centre for Immigrants-Ottawa Centre; People, Words & Change; Ottawa Humane Society; University of Ottawa Heart Institute Foundation. \$2,000 was donated to the MS Society A breakdown of these community investments by theme: Children and Youth - 29.6%, General Community Support - 40.7%, Health - 14.8%, Low Income - 7.4%, Newcomers to Canada, 3.7% and Women 3.7% 18 Community Building and 18 Social Services
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	Fully	CSR – Environment and Social Assessment - <a href="#">Climate Change</a> CP – <a href="#">EDC's Business Strategy</a> – The Business Strategy pp 13 and CleanTech – pp 27-28
EC3	Coverage of the organization's defined benefit plan obligations.	Fully	CP <a href="#">Statement of Financial Position</a> see Retirement Benefits p. 50 AR – <a href="#">Retirement Benefit Obligations</a>
EC4	Significant financial assistance received from government.	Fully	We are a Crown Corporation accountable to Parliament through the Minister of International Trade; we are financially self-sustaining and as such do not receive financial assistance from government. CSR – <a href="#">Corporate Profile</a>


STANDARD DISCLOSURES PART III: Performance Indicators (Cont'd)			
Product and Service Impact			
Market presence			
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Fully	EDC has 16 international representations with nearly 40 staff (with 21 Locally Engaged Staff)  CSR – Corporate Profile - see map – <a href="#">EDC Around the World</a> <a href="#">WWW</a> – see Our Offices
Indirect economic impacts			
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.	Fully	CSR – <a href="#">Economic Impact</a> CP – <a href="#">Opportunities for Canadian Companies</a> – pp 10-11
Environmental			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
Materials			
EN1	Materials used by weight or volume.	Fully	CSR – <a href="#">Operational Footprint</a> WWW – <a href="#">Operational Footprint</a>
EN2	Percentage of materials used that are recycled input materials.	Fully	WWW – <a href="#">Operational Footprint</a>
Energy			
EN3	Direct energy consumption by primary energy source.	Fully	EDC has no direct energy consumption as energy is provided by the local public utility
EN4	Indirect energy consumption by primary source.	Fully	Primary source of consumption is from the public utility Hydro Ottawa. A a local level, there are three main sources of generation that supply the Ottawa area: R.H. Saunders (powered by water and located on the St. Lawrence River at Cornwall), Lennox (powered by oil and natural gas and located on Lake Ontario near Napanee) and Darlington (powered by nuclear fuel and located on Lake Ontario near Oshawa. There are of course many other sources of generation that contribute to our supply needs, including several hydro-electric generating stations on the Ottawa River, interconnections with Hydro Quebec and of course the generating stations further to the west (Pickering, etc.). The mix of supply from these sources varies hour-by-hour and day-by-day and when equipment maintenance or power outages occur, one source may replace another.  Total electricity use was 16,273,289 million kWh in 2012 which equates to 58,583 GJ WWW – <a href="#">Operational Footprint</a> Due to moving to new headquarters, a LEED Gold building, electricity consumption fell by 35%
EN5	Energy saved due to conservation and efficiency improvements.	Fully	Due to moving to new headquarters, a LEED Gold building, natural gas consumption fell by 14%  WWW – <a href="#">Operational Footprint</a>
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Fully	CSR – Environmental and Social Assessment - <a href="#">Support for EnviroExport and Cleantech</a>
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Fully	Indirect energy consumption was insignificant. Due to moving to new headquarters, a LEED Gold building, electricity consumption fell by 35% WWW – <a href="#">Operational Footprint</a>
Water			
EN8	Total water withdrawal by source.	Fully	EN8 Water consumption by source (the municipality of Ottawa provides the water source); Due to moving to new headquarters, a LEED Gold building, water consumption fell by 56% WWW - <a href="#">Operational Footprint</a>
Biodiversity			
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Fully	<a href="#">For projects that EDC supports</a> , biodiversity is reviewed against <a href="#">IFC Performance Standards</a> #1 and 3

Environmental			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
Emissions, effluents and waste			
EN16	Total direct and indirect greenhouse gas emissions by weight.	Fully	WWW - <a href="#">Operational Footprint</a> For Projects that EDC supports, impact on biodiversity is reviewed under IFC Performance Standards #1 and 3
EN17	Other relevant indirect greenhouse gas emissions by weight.	Fully	WWW - <a href="#">Operational Footprint</a> For Projects that EDC supports, impact on biodiversity is reviewed under IFC Performance Standards #1 and 3
EN22	Total weight of waste by type and disposal method.	Partially	CSR – <a href="#">CSR @ EDC in Numbers - Environmental Footprint</a> and WWW - <a href="#">Operational Footprint</a>
Products and services			
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Fully	For projects that EDC might support, mitigation of environmental impacts (solid waste, water use, air emissions, effluents, noise) are considered as part of the review process.  CSR – <a href="#">Environmental and Social Assessments</a> – see Mahan Project Review and Berneck Project Review  In January 2012, our head office in Ottawa was granted LEED for Core and Shell Gold certification by the Canadian Green Building Council. Many measures were undertaken during the design and construction phases to ensure the efficiency of the building's mechanical systems, the use of sustainable materials and the maximal diversion of waste from landfill. By using high-efficiency mechanical systems and lighting, the building was able to achieve 56 per cent reduction against the Model National Energy Code. Both local and recycled construction materials were used and measures were taken so that 75 per cent of construction waste was diverted away from landfill. Indoor environmental quality was assured through the widespread use of low-VOC paints, coatings, carpets and a high-performance ventilation system.  CSR – <a href="#">Operational Footprint</a>
Transport			
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	Partially	WWW - <a href="#">Operational Footprint</a> Transporting members of the workforce reduced by the following amount in 2012: 13% (air travel) and 75% (vehicle travel)
Overall			
EN30	Total environmental protection expenditures and investments by type.	Fully	See previous categories for summary of environmental impacts and mitigations
Social: Labor Practices and Decent Work			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
Employment			
LA2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	Partially	Information on employee age is confidential. Overall retention is 93%; disaggregated turnover tares by age group, gender and region is n/a.  <a href="#">CSR</a> – EDC in Numbers – see Employee Engagement - all data refers to full time employees; 92% of employees are at Headquarters Number of employees - Headquarters: 998 employees, International Offices: 11 employees, Regional Canadian Offices: 72 employees
Labor/management relations			
LA4	Percentage of employees covered by collective bargaining agreements.	Fully	EDC is not covered by a collective bargaining agreement.

Social: Labor Practices and Decent Work			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
Training and education			
LA10	Average hours of training per year per employee by gender, and by employee category.	Partially	<p>Employee training is delivered through blended learning approaches with increased use of online modules, embedded and informal learning, etc. As a result, it is no longer feasible to track the number of days of training per employee.</p> <p>Our commitment to strong leadership has been central to creating a positive and productive workplace. Throughout the year, we rolled out a Leadership Talent Review process, assessing 179 leaders and giving us the opportunity to have deeper conversations on the performance and potential of our leaders. We also developed a new leadership curriculum that focused on aligning training programs to our new competency framework. “Foundations of Operational Excellence” was rolled out to 90 per cent of the leadership group in 2012 and, as a result, the group now has a solid foundation on how to lead in a Lean Environment and create high-performing teams.</p> <p>As part of our legacy systems modernization project, training programs have been shifting towards “anytime, anyplace, any pace” learning. In 2012, we achieved our goal of making available 75 per cent of our courses online, resulting in greater accessibility for employees and reducing time and travel costs for employees who would previously have had to travel to head office. The last Employee Opinion Survey results indicate a score of 69 per cent on training effectiveness, six per cent higher than comparable high-quality organizations.</p> <p>Implementation of a detailed online training module for underwriters and financing managers on our corporate environmental, social and disclosure policies. This module was completed by more than 320 employees.</p>
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Fully	<p>Implementation of a detailed online training module for underwriters and financing managers on our corporate environmental, social and disclosure policies. This module was completed by more than 320 employees</p> <p>CP - <a href="#">A Focus on People</a> – pp 17-18</p> <p>WWW - <a href="#">Working at EDC</a> (Learning and Growth Opportunities)</p>
Diversity and equal opportunity			
LA13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	Fully	<p>AR – <a href="#">Board of Directors</a></p> <p>CSR – Management &amp; Materiality - <a href="#">CSR Governance - Advisory Council</a></p> <p>CSR – Corporate Profile - <a href="#">CSR @ EDC in Numbers – see Employee Engagement</a></p> <p>WWW – <a href="#">Board of Directors and Executive Management Team</a></p>
Social: Human Rights			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
Investment and procurement practices			
HR1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	Fully	<p>CSR – Environment and Social Assessment - <a href="#">Human Rights</a></p> <p>CSR – Environment and Social Assessment – <a href="#">Project Reviews and Profiles</a> (Projects reviewed and signed under the Environmental Review Directive and Equator Principles, 2012)</p> <p>Category A, B and C projects represent our significant investments (see list at: 2012 Project Reviews: Category A, B and C). Human rights assessment and further due diligence according to EDC's human rights methodology were conducted on 3 of 10 projects (30%).</p> <p>CSR – <a href="#">CSR Scorecard – 2012 Highlights in brief</a></p>
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Fully	<p>CSR – <a href="#">Environmental and Social Risk Management</a></p> <p>We implemented a detailed online training module for underwriters and financing managers on our corporate environmental, social, and disclosure policies, which includes Human Rights assessments. This module was completed by more than 320 employees (29% of total workforce).</p>
Child labor			
HR6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	Fully	<p>We screen the business we facilitate for potential impacts on human rights, including child labour.</p> <p><a href="#">CSR</a> – Environment and Social Assessment - Human Rights</p> <p><a href="#">For projects that EDC supports</a>, Human Rights impacts and principles are reviewed against <a href="#">IFC Performance Standards</a> #1 and 4 which address child labor</p>



Social: Human Rights			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
Prevention of forced and compulsory labor			
HR7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	Fully	We screen the business we facilitate for potential impacts on human rights. <a href="#">CSR</a> – Environment and Social Assessment - Human Rights  <a href="#">For projects that EDC supports</a> , Human Rights impacts and principles are reviewed against <a href="#">IFC Performance Standards</a> #1 and 4
Assessment			
HR10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	Fully	In 2012, the following human rights reviews were carried out:  <b>Project-related:</b> All but one Category A and B projects in non-OECD countries were subject to a Human Rights Assessment. This included one Category A project and two Category B projects. These figures reflect the non-OECD projects financed in 2012 where human rights impacts can be of greater concern. 30% of projects were screened for human rights.  <b>Non-project-related:</b> These transactions are preliminarily screened by EDC’s financing managers and underwriters using CSR criteria to identify circumstances where human rights risks may be elevated. This process offers us the opportunity to determine the depth of the Human Rights Assessment required for transactions based on the nature of the EDC product (e.g. accounts receivables insurance, political risk insurance, financing, contract insurance & bonding or an equity investment) and the country of risk. The table at the following link provides examples of our country categorizations for human rights risk. Percentage of screening for human rights is not available.  CSR – Environment and Social Assessment - <a href="#">Human Rights</a>
Performance Indicator	Description	Reported	Cross-reference/Direct answer
Local communities			
SO1 (FSSS)	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Fully	CSR – Environment and Social Assessment - <a href="#">Environmental and Social Risk Management</a> and Project Reviews – for examples, see <a href="#">Mahan Project</a> and <a href="#">Berneck Project</a> CSR – Environment and Social Assessment - Corporate Financing – <a href="#">Pacific Rubiales Energy</a> and <a href="#">Arauco y Constitucion S.A.</a> WWW – <a href="#">Disclosure of Projects</a> – Reporting on Transactions – see D3 - Environmental and Social Reporting
SO1 (G3.1)	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	Fully	CSR – <a href="#">Environmental and Social Risk Management</a> - Project Reviews – for examples, see <a href="#">Mahan Project</a> and <a href="#">Berneck Project</a> CSR – Environment and Social Assessment - Corporate Financing – <a href="#">Pacific Rubiales Energy</a> and <a href="#">Arauco y Constitucion S.A.</a>
FS14	Initiatives to improve access to financial services for disadvantaged people.	Fully	CSR – Social Impact - <a href="#">CARE Partnership</a> WWW - <a href="#">Partnership with CARE Canada</a>
SO9	Operations with significant potential or actual negative impacts on local communities.	Fully	CSR – Environmental and Social Assessment - <a href="#">Project Reviews</a> – for examples, see Mahan Project
SO10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	Fully	CSR – Environment and Social Assessment - <a href="#">Environmental and Social Risk Management</a> and Project Reviews – for examples, see <a href="#">Mahan Project</a> and <a href="#">Berneck Project</a> CSR – Environment and Social Assessment - Corporate Financing – <a href="#">Pacific Rubiales Energy</a> and <a href="#">Arauco y Constitucion S.A.</a>
Corruption			
SO2	Percentage and total number of business units analyzed for risks related to corruption.	Fully	CSR – Ethics & Compliance - <a href="#">Anti-corruption (enhanced due diligence assessments)</a> All business is screened for risk related to corruption. Where indicators are found, enhanced due diligence is undertaken on those transactions. 28 assessments (7.2%) required enhanced due diligence (corruption) out of 389 general CSR reviews conducted.
SO4	Actions taken in response to incidents of corruption.	Fully	All business is screened for risk related to corruption. Where indicators are found, enhanced due diligence is undertaken on those transactions. CSR – Ethics & Compliance - <a href="#">Ethics</a> WWW – <a href="#">Business Ethics – Anti-corruption Program</a>
Public policy			
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	Fully	We are government owned and therefore cannot make political contribution.

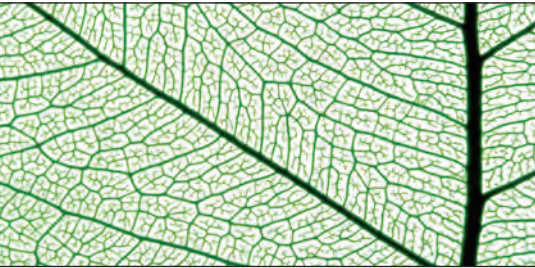
Social: Product Responsibility			
Performance Indicator	Description	Reported	Cross-reference/Direct answer
Product and service labelling			
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Fully	<a href="#">CP</a> – pages 38-40 (Net Promoter Score). This information provides the results of surveys with EDC customers to gauge customer satisfaction.
 FS16	Initiatives to enhance financial literacy by type of beneficiary.	Fully	EDC's Youth Education Program focuses on building capacity with post secondary school students in the area of international trade. WWW – <a href="#">Youth Education Program</a>
Customer privacy			
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Fully	None

# CSR MILESTONES



## PRE-1999

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



## 1999-2000

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



## 2001

- ▶ Launch of Compliance Program and Chief Environmental Advisor created
- ▶ Auditor General of Canada Environmental Audit
- ▶ First Disclosure Policy
- ▶ Creation of CSR Advisory Council
- ▶ Environmental Review Directive



## 2002

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



## 2003-2004

- ▶ CSR Framework established
- ▶ Auditor General of Canada Special Examination
- ▶ Release of 1<sup>st</sup> Annual CSR Report & Chief Environmental Advisor Report
- ▶ Revisions to OECD Common Approaches and review of Phase 2 Anti-Bribery Convention
- ▶ Community Donations Policy established



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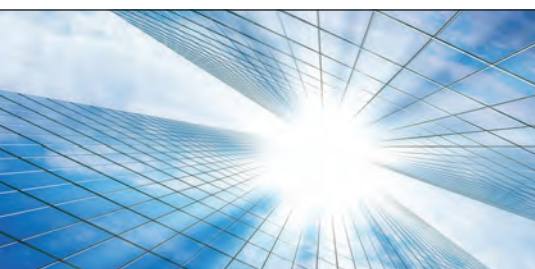
## 2005

- ▶ Revisions to Disclosure Policy
- ▶ 2<sup>nd</sup> Chief Environmental Advisor's Report
- ▶ CSR Course Launched
- ▶ First Environmental Policy



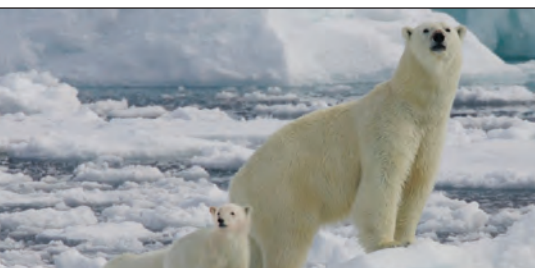
## 2006

- ▶ Revisions to Charitable Donations Policy
- ▶ Scholarship Program expanded
- ▶ Market-and sector-specific multi-stakeholder consultations



## 2007

- ▶ Introduced Disclosure of Wrongdoings Policy
- ▶ Established baseline for operational footprint
- ▶ Online Code of Conduct training
- ▶ Adoption of Equator Principles



## 2008

- ▶ CSR Strategic Review
- ▶ Creation of Chief CSR Advisor role and team
- ▶ Statement on Human Rights & expanded Disclosure practices
- ▶ Environmental Finance Chair at University of Waterloo
- ▶ EDC Care Partnership



## 2009-2010

- ▶ CSR strategic priorities: climate change, human rights, transparency
- ▶ OAG Special Examination of CSR, and of environmental and social review practices
- ▶ Introduced Environmental and Social Risk Management Framework

## 2011

- ▶ Review (Phase 3) of OECD Anti-bribery Convention
- ▶ Elected Member of Equator Principles Steering Committee



## 2012

- ▶ Revised OECD Common Approaches on the Environment
- ▶ Updated Codes of Business Ethics and Conduct, with reference to Values and Ethics Code for the Public Sector.



## Legislation

- [\*Corruption of Foreign Public Officials Act \(1998, c.34 as amended\)\*](#)
- [\*Export Development Act \(R.S., 1985, c. E-20, as amended\)\*](#)
- [\*Federal Accountability Act \(2006, c.9 as amended\)\*](#)
- [\*Public Servants Disclosure Protection Act \(2005, c.46 as amended\)\*](#)

## Agreements

- [Convention on Combating Bribery of Foreign Public Officials in International Business Transactions \(1997 – Government of Canada\) \(PDF\)](#)
- [Equator Principles \(2006\) \(PDF\)](#)
- [Extractive Industries Transparency Initiatives \(2007 – Government of Canada\)](#)
- [OECD Guidelines for Multinational Enterprises \(2000 – Government of Canada\)](#)
- [OECD Principles and Guidelines to Promote Sustainable Lending Practices in the Provision of Official Export Credits to Low Income Countries \(2008\)](#)
- [OECD Recommendation on Bribery and Officially Supported Export Credit \(adopted 2001, most recently revised 2006\)](#)
- [OECD Revised Council Recommendation on Common Approaches on the Environment and Officially Supported Export Credits \(adopted 2001, most recently revised 2007 — the "Common Approaches"\)](#)
- [United Nations Environment Program \(UNEP\) Statement by Financial Institutions on the Environment & Sustainable Development \(1999\)](#)
- [Voluntary Principles on Security and Human Rights \(March 2008\)](#)
- [World Trade Organization Agreement on Subsidies and Countervailing Measures Agreement \(1995 – Government of Canada\)](#)

## Memberships

- Berne Union
- Boston College
- Canadian Business Ethics Research Network
- Canadian Business for Social Responsibility
- Conference Board Corporate Community Investment Council
- Conference Board Corporate Ethics Management Council
- Equator Principles Steering Committee
- EthicsCentre
- Multilateral Financial Institutions Working Group on Environment (MFI-WGE)
- OECD Working Party on Export Credits and Credit Guarantees (Government of Canada)
- Reputation Risk Institute
- Transparency International
- United Nations Environment Program – Financial Institutions Initiative (UNEP-FII)

## Internal To EDC

- [Anti-Corruption Guidelines and Procedures \(PDF\)](#)
- [Code of Business Ethics \(PDF\)](#)
- [Code of Conduct \(1998\) \(PDF\)](#)
- [Disclosure Policy \(PDF\)](#)
- Environmental and Social Risk Management Framework which includes:
  - [Environmental and Social Risk Management Policy \(PDF\)](#)
  - [Environmental and Social Review Directive \(PDF\)](#)
  - [Disclosure Policy \(PDF\)](#)
- [Statement on Human Rights](#)

## APPENDIX F | ACRONYMS

3Rs - Reduce, Reuse, Recycle

ACT - Autism Community Training Society

AR - Annual Report

ATIA - Access to Information Act

ATIP - Access to Information Policy

BDC - Business Development Bank of Canada

CBERN - Canadian Business Ethics Research Network

CBSR - Canadian Business for Social Responsibility

CDIA - Canadian Direct Investment Abroad

CIS - Commonwealth of Independent States

CP - Corporate Plan

CSR - Corporate Social Responsibility

DFAIT - Department of Foreign Affairs and International Trade

DMA - Disclosure on Management Approach (GRI Index)

EC - Economic Performance Indicator (GRI Index)

ECA - Export Credit Agency

EDC - Export Development Canada

EN - Environmental Performance Indicator (GRI Index)

EP - Equator Principles

EP3 - Equator Principles 3

EPFI - Equator Principles Financial Institutions

ERD - Environmental Review Directives

ESAP - Environmental and Social Action Plan

ESIA - Environmental and Social Impact Assessment

EU - European Union

FSC - Forest Stewardship Council

FSSS - Financial Services Sector (GRI Index)

FTE - Full Time Equivalent

GDP - Gross Domestic Product

GHG - Greenhouse Gas

GP - Guiding Principles on Business and Human Rights

GRI - Global Reporting Initiative

HQ - Headquarters

HR - Human Rights Performance Indicator (GRI Index)

IFC - International Finance Corporation

IISD - International Institute for Sustainable Development

IPCC - Intergovernmental Panel on Climate Change

ISO - International Organization for Standardization

kg/FTE - Kilogram/Full Time Equivalent

kWh/FTE - Kilowatt hour/Full Time Equivalent

LA - Labor Practices and Decent Work Performance Indicator (GRI Index)

LEED - Leadership in Energy and Environmental Design

MOU - Memo of Understanding

MS Society - Multiple Sclerosis Society

NGO - Non-Governmental Organization

OECD - Organization for Economic Co-operation and Development

PA - Privacy Act

PDAC - Prospectors and Developers Association of Canada

PR - Product Responsibility Performance Indicator (GRI Index)

PRE - Pacific Rubiales Energy

PRI - Political Risk Insurance

PS - Product and Services Performance Indicator (GRI Index)

SDTC - Sustainable Development Technology Canada

SE Asia - Southeast Asia

SEED - Faculty of Environment's School of Environment, Enterprise and Development (University of Waterloo)

SO - Society Performance Indicator (GRI Index)

STOXX ESG - STOXX Environment, Social, and Governance

SVP - Senior Vice President

UAE - United Arab Emirates

USD - United States Dollar

VOC - Volatile Organic Compound

## APPENDIX G | PHOTO CREDITS



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