



WHERE OPPORTUNITY MEETS BEST PRACTICE
CORPORATE SOCIAL RESPONSIBILITY REPORT 2013

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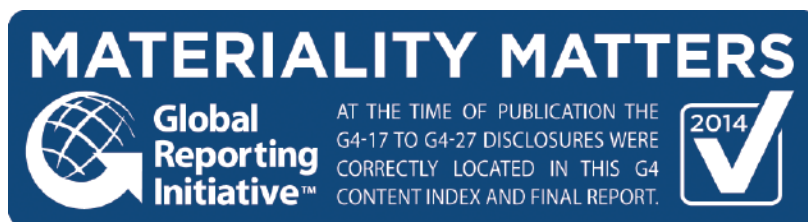
We are pleased to present Export Development Canada's (EDC) 9th Corporate Social Responsibility (CSR) report. Corporate Social Responsibility is an overarching principle for EDC and continues to guide our business in support of Canadian exporters and investors.

➔ Read more about our framework, strategy and definition of CSR at <http://www.edc.ca/EN/About-Us/Corporate-Social-Responsibility/Pages/default.aspx>

This report focuses on those issues most material to our business: supporting the Canadian economy, upholding environmental standards and maintaining strong ethics, and reflects our efforts to link CSR to our business strategies and activities. We are also further integrating our CSR reporting with that of our Annual Report (<http://www19.edc.ca/publications/2014/2013ar/en/7.shtml>). Areas that link directly with our business strategy are indicated by the symbol:



This report is prepared using the recently released Global Reporting Initiative (GRI) G4 guidelines. The GRI Index can be found at <http://www.edc.ca/EN/About-Us/Corporate-Social-Responsibility/Documents/gri-index.pdf>.



Corporate Profile

➔ GRI Indicator G4-EC4

EDC is Canada's export credit agency. Our mandate is to support and develop, directly or indirectly, Canada's export trade and Canadian capacity to engage in that trade, as well respond to international business opportunities. Our knowledge and partnerships are used by more than 7,100 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.

➔ Read more about our solutions at <http://www.edc.ca/EN/Our-Solutions/Pages/default.aspx>

➔ GRI Indicator G4-4

Reporting Scope and Boundary

➔ GRI Indicator G4-18, 19, 28, 29, 30

This report, produced annually, covers EDC's business activities for the calendar year 2013, with some exceptions. The first exception is in relation to our Green Bond, which was issued in January 2014. As work on the bond was entirely completed in 2013, we have chosen to cover it in this report. The second exception is in relation to the measurement of our operational footprint. It pertains only to our headquarters building, where over 90 per cent of EDC's physical operations, as measured in terms of square footage, are concentrated.

Features – Videos and Profiles

This report also uses videos and profiles of our customers to give readers a more practical illustration of our CSR performance. Videos included in this report feature Cowater International Inc., an Ottawa-based management consulting firm specializing in developing and transitional countries, and Montreal-based cleantech firm Sonitec Vortisand. Company profiles include a Category A project, the Sadara Chemical Project in Saudi Arabia, and a corporate financing facility for Vale Inc.

Feedback

We welcome feedback on our performance. Send us your thoughts and observations at csr-rse@edc.ca. You can also post your comments on Facebook¹ or tweet us your comments at @ExportDevCanada.

Management & Materiality


GRI Indicator G4-19, LA12

Management of CSR flows from senior management and across the corporation. Key responsibilities are assumed by a variety of teams and committees or working groups. Our Accountabilities diagram on page 44 reflects this structure.

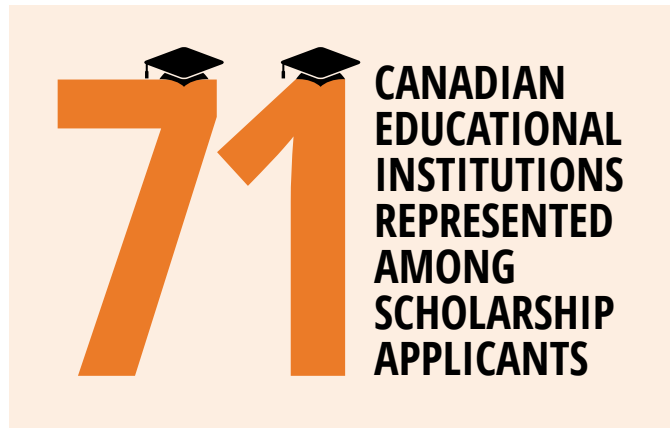
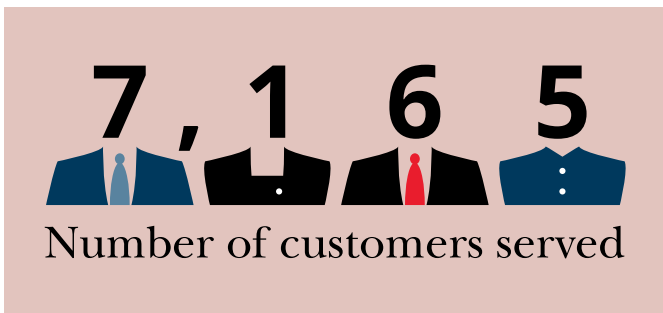
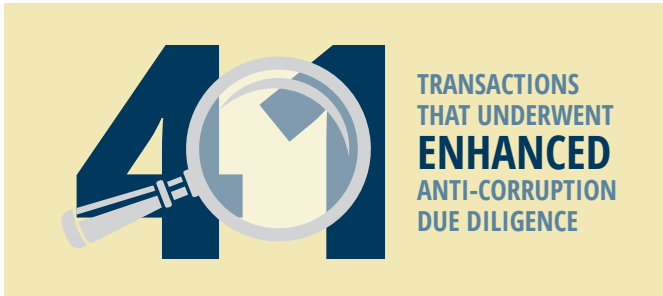
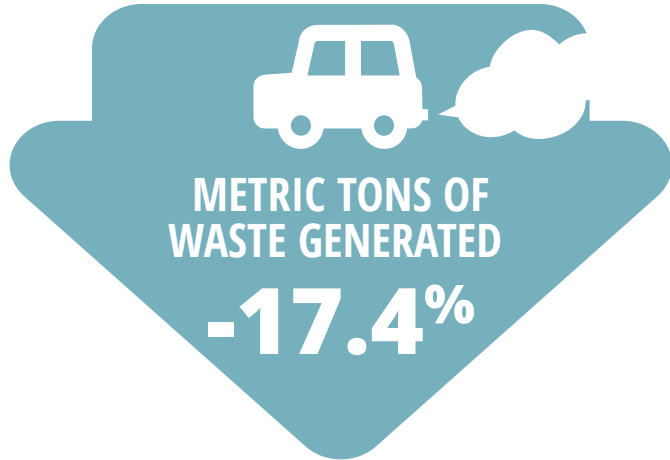
A materiality review is an exercise undertaken internally each year to identify key stakeholders and their areas of concern. While our stakeholders have not changed, we have taken a new approach to mapping their key issues. Our updated materiality matrix can be viewed on page 42.

GRI Indicator G4-25

Assurance

To test the integrity of the data provided in this report, we have selected four indicators from key areas of our performance that are material to our stakeholders: environmental performance, human rights, transparency and anti-corruption. The Assurance Statement has been provided by an independent reviewer, Ernst & Young and can be found on page 45. Facts and figures for which Ernst & Young LLP has provided assurance have been indicated by the following symbol: .

¹ - <http://www.facebook.com/ExportDevCanada>



WHERE OPPORTUNITY MEETS BEST PRACTICE

Message from the Vice-President, CSR

At EDC, our job is to help Canadian exporters succeed in international business. Last year, EDC helped more than 7,100 companies conduct about \$95 billion in export trade.

In doing so, however, we often find ourselves working in markets and sectors that can pose potential challenges from a CSR perspective, such as corruption and negative environmental and social impacts.

As a Crown corporation that represents the Government of Canada, we have a clear obligation to make sure the business we support is performed responsibly. It is what the public expects—and it is what we expect of ourselves and our customers.

As a result of this obligation, CSR touches all aspects of our business: from ensuring the transactions we support meet our environmental, social and anti-corruption requirements, to working with Canadian exporters to strengthen their corporate governance so that they can anticipate and respond to CSR risks as they arise.

That is where opportunity meets best practices. We help Canadian exporters find the financing and insurance solutions they need to compete in the global marketplace—to capitalize on opportunities—while ensuring they follow international standards for responsible business.

When it comes to these international practices and standards, we believe that EDC needs to be part of the conversation. Last year, we worked extensively with our Export Credit Agency counterparts and with other Equator Principles financial institutions to share best practices and create greater alignment regarding environmental and social standards. By discussing and sharing best practices, we can ensure that we keep pace with the changing CSR review landscape, but for some services we provide, the ‘standards’ are not always clear. For example, insurance for receivables does not have similar benchmarking OECD (the Organisation for Economic Co-operation and Development) or Equator Principles standards as project finance loans. The same is true for general corporate loans, typically used for capital and operating expenditures or to repay debt.

That is why we undertook an initiative last year to help us clarify our own values and risk thresholds relating to our insurance and other financing programs. Internally, this initiative gave us more discipline for when we evaluate the potential CSR risks of transactions for these types of financial products.

It also makes it much easier and predictable for our customers—because they know what to expect when they come to us. These are all part of our ongoing refinements to bring greater value to our customers.

All in all, it was a busy year. And while we are proud of our achievements over the past year, we also recognize there is always more work to do. As you learn more about our CSR activities in 2013, I invite you to look at our scorecard and send us your feedback at csr-rse@edc.ca.



 GRI Indicator G4-31

Signi Schneider,
Vice-President, CSR




Visit <http://www.edc.ca/csreport> to watch the video:
Message from the Vice-President, CSR

ECONOMIC IMPACTS

At EDC, being socially responsible is about finding opportunities to help Canadian exporters grow in a way that does not compromise the values of Canadians. By promoting our CSR standards in markets around the world and investing in high-growth sectors like Clean Technology (cleantech), we are helping to position Canadian exporters and investors at the forefront of the global marketplace while ensuring that our CSR standards will be met.

Canada's export performance has continued its slow but steady growth over the past year, with exports increasing by 3.2 per cent in 2013 and a further 5 per cent projected for 2014. As our country's economic picture brightens, more and more exporters are choosing to self-insure and return to the private sector for their financing and surety solutions. This has enabled EDC to focus on areas where we are needed most, such as helping small and medium enterprises (SMEs), supporting Canadian direct investment abroad (CDIA), and creating opportunities for Canadian exporters to break into emerging markets and integrate into global supply chains.

For more information on EDC's 2013 business performance, please see our Annual Report at <http://www19.edc.ca/publications/2014/2013ar/en/6-1.shtml>. 

Cowater

Cowater International is a management consulting firm that specializes in infrastructure and capacity-building projects in developing economies. It serves as an example of how we help Canadian exporters succeed internationally without compromising our CSR standards.

Working with Cowater's bank, we were able to help them free up the working capital they needed to grow and diversify. Not only was Cowater able to meet their customers' needs without overextending themselves, but they were also able to direct resources toward the acquisition of another firm.

In the last decade, Cowater's revenues have tripled. They are the Canadian leader in management consulting for developing economies and are positioned for continued growth.



Visit <http://www.edc.ca/csreport> to watch the video: Yesterday a dream. Today a global business success.



India

Our India Infrastructure initiative is a key component of our business strategy. Its objective is to enable Canadian companies to take advantage of the opportunities created by India's infrastructure development by financing projects and providing corporate loans to major Indian borrowers with procurement needs that can be sourced from Canadian suppliers.

Given the CSR challenges in India, accomplishing meaningful business without compromising our standards means we must take special care in choosing our partners. With this in mind, we are focused on building strong relationships with our Indian customers and partners who share our values to help Canadian companies capitalize on a wealth of infrastructure opportunities in the market.

In 2013, we continued our in-depth due diligence of the CSR risks of doing business in India with a follow-up visit to the market. This included a series of meetings with select commercial financing partners who are fellow Equator Principles financial institutions and share similar CSR principles with EDC. We also met with several Indian companies to learn more about their CSR programs and discuss ways in which they can be strengthened in order to meet our environmental, social and compliance requirements.

We also worked closely with local CSR consultants and like-minded financial partners on the ground in India to explore solutions to help mitigate environmental, social and ethical challenges. By bringing together key CSR players and prospective Indian customers, we can do more to create opportunities for Canadian companies in India while meeting our requirements for social responsible business practices.



	2012	2013	2014 (target)
Transactions	10	33	45
Companies Served	10	19	23

The Canadian Clean Technology sector (cleantech) is rapidly growing and focused on creating technologies that reduce negative environmental impacts and allow for a more efficient use of the earth’s resources. Canada has an active cleantech sector with established and emerging capabilities in sub-sectors such as water and waste water management, power generation, and waste-to-energy technology. Many promising companies in this sector are considered to be higher-risk given their commercialization stage and sometimes challenging financial conditions.

Our cleantech strategy is focused on identifying promising Canadian companies whose technologies may be in the early commercialization stage and offering our financing and insurance solutions, in partnership with the private sector where possible. By deepening our understanding of the unique challenges faced by cleantech companies, in 2013 we were able to provide support to more companies than ever, and introduce more exporters to foreign buyers. In the last year, many of the companies that we have helped in their early stages returned to EDC for further support as they continue to grow and expand.

This success is due in large part to our strong partnerships with Sustainable Development Technology Canada (SDTC), Écotech Québec and the Department of Foreign Affairs, Trade and Development. Through information sharing, and joint events between our organizations, EDC has been able to better connect with cleantech companies that can benefit most from our financial solutions.

Montreal-based exporter Sonitec Vortisand is a Canadian success story in the cleantech sector. Through EDC’s Accounts Receivable Insurance and bonding support, Sonitec has been able to secure a number of export contracts, including one for an important project in Saudi Arabia.



Visit <http://www.edc.ca/csreport> to watch the video:
A Canadian Success: Sonitec-Vortisand

We also provide financing to a broader set of companies that offer environmental products and services, such as air pollution controls, renewable energy products and water treatment projects. Data for 2013 appears below.

	2013	2012	2011
Number of companies	205	212	203
Business supported (\$ millions)	736	447	561
Equity investments (\$ millions)	114	95	77
Investee companies	83	62	56

Green Bonds

Another way we are promoting the development of companies in cleantech and other environmental-related sectors is through our new Green Bond offering. The first Green Bond was launched on January 23, 2014, a USD 300-million, three-year global offering.

Our Green Bond will support financing for environmental-related business. This includes work done by companies helping to preserve, protect or aid in the remediation of air, water or soil, or mitigate climate change.

With the launch of the Green Bond program, we join a growing number of peers offering similar products, including the multilateral development banks and other export credit agencies.

We believe that Green Bonds provide a great opportunity to meet the demands of investors while contributing to our corporate focus on Canadian exporters in cleantech and other environmentally related industries. In 2014 we will continue to develop and grow this sustainable investment offering into a regular part of our funding program.



ENVIRONMENTAL AND SOCIAL IMPACTS

Every day we support business in markets and sectors that can pose environmental and social risks. That is why it is critical for us to have strong procedures to help our customers not only identify these risks, but also to find ways to avoid them where possible and then to reduce the potential negative impacts on the environment and local communities.

Keeping Pace with International CSR Standards

Our work with fellow Export Credit Agencies (ECAs) and our membership on the Equator Principles Association Steering Committee enable us to participate in the international discussion on how to approach environmental and social risks in international business. As this thinking evolves, we will continue to keep pace with international standards and benchmark our methodologies for assessing these risks accordingly.

Equator Principles

This year marked the 10th anniversary of the Equator Principles (EP), a financial industry benchmark for determining, assessing and managing social and environmental risk in project financing. In conjunction with this milestone, a revised framework for member banks, known as EP III, was launched to promote greater transparency and consistent implementation practices. As a member of the Equator Principles Steering Committee, we played an active role in shaping the revisions, creating greater alignment among member banks and Export Credit Agencies in order to level the playing field for Canadian exporters and project sponsors.



Our work with the EP Association also involved providing advice and guidance through various working groups. One example is our work with other EP financial institutions to create a standard for consultants conducting independent environmental and social reviews for banks, in order to promote greater consistency in how the Equator Principles are applied¹.

UN Global Compact

In 2013, we became a member of the United Nations Global Compact – Canada Network (UNGC). As a government-owned financial institution, we fall into the learning partner category. UNGC membership enables us to share best practices with other members facing similar challenges, and improve our CSR performance according to UNGC principles relating to human rights, labour, environment and anti-corruption².

Sharing Best Practices on Human Rights

We continue to participate in the evolving international dialogue on human rights. As part of this dialogue, in 2013 we met with representatives from other Export Credit Agencies to share best practices for environmental and social reviews, and discussed how other multilateral development banks are applying the framework of the *UN Guiding Principles on Business and Human Rights* to assess human rights risks in the transactions they support.

In addition, we presented our own practices on human rights at several conferences such as the International Association of Impact Assessment and the International Finance Corporation's Community of Learning for Financial Institutions.

1 - http://www.equator-principles.com/resources/ep_guidance_for_consultants_independent_review_march_2014.pdf

2 - <http://www.unglobalcompact.org/abouttheGc/TheTenprinciples/index.html>

Human rights risk analysis is embedded into our Environmental and Social Review Directive (ERD)³ through our use of the International Finance Corporation’s Performance Standards on Environment and Social Sustainability. In keeping with our Statement on Human Rights⁴, EDC screens the business we facilitate for potential impacts on human rights.

The ERD classifies project financing transactions into three categories: A, B and C. Category A projects are likely to have significant adverse environmental effects that are sensitive, diverse or unprecedented, while projects classified in Category B have potential environmental effects that are less adverse than the potential environmental effects of Category A projects. Projects in Category C are likely to have minimal or no adverse environmental effects.

In 2013, two of the Category A and B projects we supported occurred in non-OECD (Organisation for Economic Co-operation and Development) countries, and were therefore subject to a human rights assessment. A human rights risk assessment was conducted for the Sadara Chemical Project before signing. The second human rights risk assessment is in progress. It is being prepared after signing as a result of a process flaw that has been corrected. ✓

In 2013, we improved our procedures for human rights risk assessments in our other lines of business, such as insurance, bonding and general corporate loans. This involved bringing greater clarity to our business teams on what factors would trigger the need for a human rights risk assessment for a potential deal. As part of this initiative, we also updated our list of countries considered high risk for human rights abuses. The table below provides examples of our country categorizations for human rights risk.

Sample Country Categories

3	2	1	0
Afghanistan	Cameroon	Algeria	Chile
Chad	Equatorial Guinea	Bolivia	Latvia
Nigeria	Guinea	Cambodia	Lesotho
Libya	Kyrgyz Republic	Gabon	Malawi
Sri Lanka	Mexico	Gambia	Mozambique
Sudan	Tajikistan	Haiti	Namibia
South Sudan		Nepal	Nepal
Venezuela		Oman	Panama
		Paraguay	Slovenia

Accepted international indicators — How many of the following indicators does the country meet?

- Freedom House *Freedom of the Press*⁵ score between 60 and 100;
- Political Terror Scale⁶ ratings of 3, 4 or 5 for both components;
- World Bank *Rule of Law*⁷ score of less than 1.0.

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

In 2014, we will continue to build our in-house capacity for human rights risk reviews and explore opportunities to broaden our criteria for human rights risks to include a wider array of social rights, such as fair labour practices.

3 - <http://www.edc.ca/EN/About-Us/Corporate-Social-Responsibility/Environment/Documents/environment-social-review-directive.pdf>

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

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

6 - <http://www.politicalterrorsscale.org/>

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

In 2013, EDC signed three Category A and one Category B projects. Reporting on projects reviewed can be found at <http://www.edc.ca/EN/About-Us/Corporate-Social-Responsibility/Environment/Pages/equator-principles.aspx>. The profile of the Sadara Chemical Project outlines the issues assessed in an EDC review of the project's expected environmental and social impacts and mitigants for those impacts.

Profile: Category A Project: Sadara

In June 2013, EDC signed an agreement to provide project financing for the Sadara Chemical Company (Sadara) project located on the east coast of Saudi Arabia.

A joint venture between the Saudi Arabian Oil Company (Saudi Aramco) and the Dow Chemical Company (Dow), Sadara will be one of the world's largest petrochemical complexes. Once developed, the project will process ethane (along with naphtha and other key feedstock) to produce a wide variety of chemical and plastic products. Sadara is located in Jubail Industrial City II, the second phase of an industrial area for petroleum refining, petrochemical manufacturing and thermal power plants, among other industries.

Sadara was classified as a Category A project, making it subject to review according to our Environmental and Social Review Directive and the Equator Principles. We reviewed a project Environmental and Social Impact Assessment, which examined how potential environmental and social effects of the project (including air quality, greenhouse gas emissions and labour practices) would be mitigated. We also assessed how Sadara would handle local industry and community concerns through stakeholder engagement. This information was then benchmarked against relevant international environmental and social standards. We concluded that the project was designed to meet or exceed internationally recognized good practices, guidelines and standards. The project review details are publicly available on our website and can be found at <http://www.edc.ca/EN/About-Us/Disclosure/Reporting-on-Transactions/Documents/project-summary-sadara.pdf>.

Our participation in the Sadara project will provide significant opportunities for Canadian exporters, particularly in the engineering services sector. In addition, our strategic relationships with Saudi Aramco and Dow will help open doors for more Canadian companies to integrate into the global supply chains of these two industrial giants.



In some ways, financial and insurance products have outpaced the development of international standards, and the role of CSR within new insurance products and new financing structures is not always clear. For example, loans that directly finance an investment project, such as the creation or major expansion of infrastructure, are benchmarked by EDC against the Organisation for Economic Co-operation and Development (OECD) Common Approaches, our Environmental and Social Review Directive (ERD) or the Equator Principles. However, other products, such as accounts receivable insurance and general corporate loans that are typically used to repay debt or for capital and operating expenditures, do not have similar benchmarking standards. As such, in 2013 we undertook an initiative to help us clarify our CSR values and risk thresholds for these other kinds of financing and insurance instruments in order to improve predictability for our customers about our risk appetite for business activities using these kinds of products.



Our review of corporate loans focuses on the ability of the company to manage its environmental and social risks. These reviews 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.

In 2013, we undertook a special project to identify means to make our CSR risk analyses more streamlined and efficient. We explored how we could better integrate our various methodologies for analyzing a variety of CSR risks (for example, corruption, environmental, human rights risks) with a view to achieving a more holistic approach to CSR risk analysis and providing greater clarity for our business teams. We also attempted to identify underlying principles behind the risk instead of simply identifying the risk area itself, in order to work towards a more consistent and less resource-intensive decision-making process. This work will continue in 2014.

Read the following profile of Vale for an example of our corporate loan review.

Corporate Facility Review Profile: Vale SA

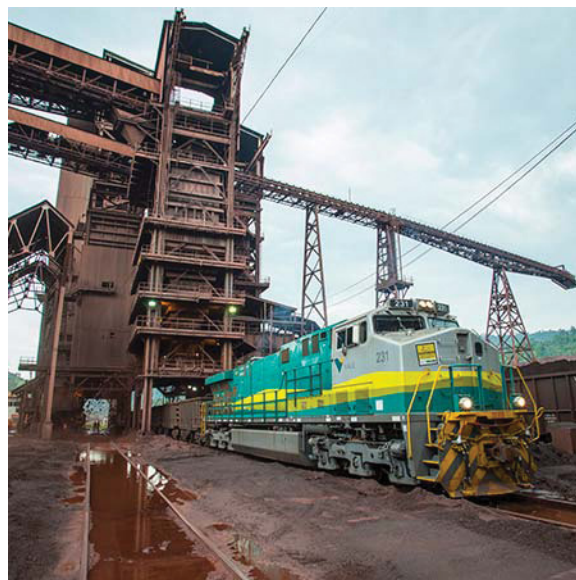
Vale is a Brazilian global diversified metals and mining corporation with operations in 31 countries, including Canada. Vale has been an EDC customer since 1967 and a strategic customer under our pull strategy⁸ since 2006. As part of a larger syndication with Canadian banks, we were approached for a corporate loan in 2013.

As a major mining company with operations around the world, Vale faces a range of CSR challenges. However, despite these challenges, the company has maintained a solid reputation as a responsible corporate citizen.

EDC actively engages with Vale on its CSR initiatives and performance. In November 2013, members of our CSR team travelled to Vale's head office in Brazil for a series of meetings focusing on stakeholder engagement, procedures for land acquisition and involuntary resettlement, conducting of environmental and social risk assessments, protection of human rights and security, and management of relationships with indigenous peoples.

Vale was very transparent in discussing its CSR successes and challenges. Building on its solid environmental management systems, in the last three years Vale has developed and implemented new corporate-wide policies and systems related to health and safety, community engagement and human rights that are expected to produce positive results over the long term. Vale has also changed its governance structure to focus greater attention on environmental and social issues, ensuring that the company is able to take appropriate actions when issues arise.

EDC will follow up with Vale in our next CSR review to get an update on the continued implementation of its policies and systems; its environmental and social management and performance at the ground level; and its management of current CSR challenges at various mine sites around the world.



8 - <http://www19.edc.ca/publications/2014/2013ar/en/5-5.shtml>

Does EDC Ever Turn Down Projects for Environmental or Social Reasons?

We are often asked if we ever turn down projects, such as the financing of a mining operation or oil exploration project, because of the potential for negative environmental and social impacts. The answer is ‘yes’.

We will most often turn down a deal very early on in the process if red flags are raised through our pre-screening process. However, whenever possible, we try to engage with all counterparties to mitigate any environmental or social impacts and share our expertise on how companies can strengthen their CSR policies and programs and then we can hopefully provide our support.

Our environmental experts work hand-in-hand with our deal teams to make sure our customers have clear expectations of what information, policies and procedures are needed to ensure our CSR requirements can be met. We believe this capacity-building approach allows us to uphold our commitments to international CSR standards while helping Canadian exporters and investors succeed.



Measuring EDC's Operational Footprint

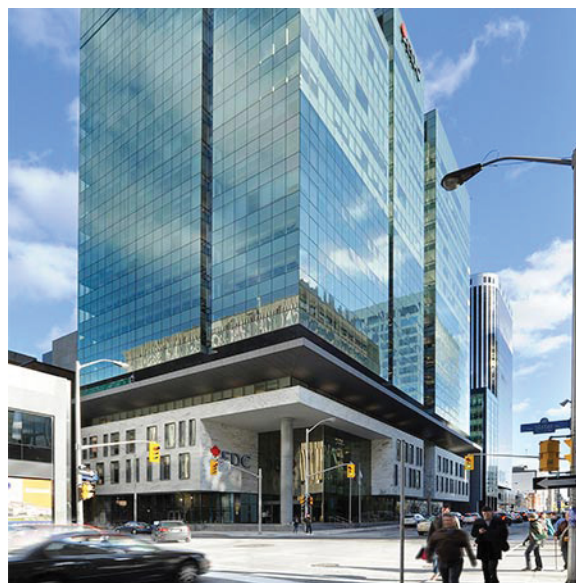
GRI Indicator G4-EN1, EN2, EN3, EN10

EDC's operational footprint is largely based on its headquarters building.

Since we began reporting on this measure in 2008, our efforts to reduce, reuse and recycle have had some impact.

We also consider the impact that our own operations have on the environment and have taken steps to reduce our operational footprint, which we report publicly. Data includes electricity, natural gas and paper usage, water consumption and business travel and has been converted greenhouse gas equivalents using the Greenhouse Gas Protocol⁹. Since we began reporting in 2008, the results indicate that our efforts to reduce, reuse and recycle have had some impact.

These efforts were spearheaded by our Green Team, a cross-corporate, volunteer employee advocacy group which provides a forum to develop new ideas. We have undertaken many environmental initiatives as a direct response.



⁹ - <http://www.wri.org/project/ghg-protocol>

Operational Footprint Data

	Unit	2012	2013
Electricity Consumption	kWh	10,555,235	9,829,616
	kWh/FTE*	9,764	5,530
	tonnes CO ₂	1,765.13	1,643.83
Natural Gas Consumption	m ³	350,533	295,003
	m ³ /FTE	324.27	267.69
	tonnes CO ₂	662.342	557.47
Business Travel	km (flight)	13,609,000	9,603,213
	km (vehicle)	131,000	79,000
	Total km	13,740,000	9,682,213
	tonnes CO ₂	1,571.51	1,105.75
Paper Consumption	tonnes	37.3	25.1
	kg/FTE	34.5	22.8
	tonnes CO ₂	104.5	70.27
Paper Recycled	tonnes	20.2***	20.2
	kg/FTE	18.68***	18.37
Mixed Paper Recycled	tonnes	33.5***	16.4
	kg/FTE	30.98***	14.82
Building Water Consumption	L	19,920,500	18,870,000
	L/FTE	18,428	17,123
Waste Generated (HQ)**	tonnes	139	86
Carbon Footprint	tonnes CO ₂	4,103	3,377
	tonnes CO ₂ /FTE	3.80	3.06

* FTE is full time equivalent

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

*** 2012 data was revised May 2014 due to an error in calculation.

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 (CO₂) Conversion Information

Footprint Component	Inventory (Scope 1, 2 or 3)	CO ₂ 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.4.4 (revised August 2012)
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 ₂ estimates were made using the Environmental Defense Fund Paper Calculator (http://calculator.environmentalpaper.org/home)
Business Travel (Flight)	Scope 3	Total CO ₂ emissions resulting from short and long haul flights	World Resources Institute: GHG emissions from transport or mobile sources, GHG Emission Calculation Tool, v 2.5 (revised June 2013)
Business Travel (Vehicle)	Scope 3	Total CO ₂ emissions resulting from personal or company vehicles	World Resources Institute: GHG emissions from transport or mobile sources, GHG Emission Calculation Tool, v 2.5 (revised June 2013)

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

ETHICAL IMPACTS

Ethics are fundamental to successful business practices. We hold our employees to a high ethical standard and work with our customers to ensure integrity in every transaction we support.

Anti-corruption

 GRI Indicator G4-SO3, SO4

The challenges posed by corruption and bribery are still an unfortunate reality for many Canadian companies operating in today's business environment. That is why raising awareness among Canadian exporters on how to protect themselves both in Canada and abroad is an important part of what we do.

In 2013, we engaged with some of our long-term customers at the most senior levels on corruption issues. Through this dialogue, we worked with our customers to provide feedback on the strength of their anti-corruption policies. We provided our expertise on how to set the proper tone at the top, how to encourage companies to make improvements in their corporate governance and how to educate employees about Canada's *Corruption of Foreign Public Officials Act* (CFPOA), which criminalizes acts of corruption committed by Canadians abroad.

Ethics Week

Every year, our employees take part in Ethics Week, a week when employees confirm their understanding and compliance with EDC's *Code of Business Ethics* and *Code of Conduct*¹ through training and refreshers on *Code* provisions and their application.


As part of our 2013 program for Ethics Week, we hosted Dr. Hentie Dirker, Regional Compliance Officer at Siemens Canada. Dr. Dirker shared with employees a candid account of how Siemens battled back after one of the world's largest bribery scandals to build a values-based corporate culture and become a global leader in compliance. Dr. Dirker also addressed our CSR Advisory Council to share lessons learned from his company's experience.

Due Diligence

 GRI Indicator G4-SO3, SO4

In 2013, we developed a more strategic approach to our internal anti-corruption risk assessment process, strengthening our due diligence tools and formalizing our procedures to ensure the transactions we support comply with *CFPOA*, and are in accordance with the letter and spirit of the laws of the countries in which we do business. This included engagement with our Board of Directors on the internal process conducted when an EDC customer has allegations of corruption levelled at them. We also met with other federal financial Crown corporations to share best practices on anti-corruption procedures and approaches.

EDC takes corruption issues seriously and we review all transactions for corruption risks and signs of potential bribery. However, it is important to note that EDC does not automatically sever ties with a customer based solely on rumour and speculation. Should allegations of corruption or bribery involving one of our existing customers arise, EDC will gather information and review the company's anti-corruption risk management systems, undertaking additional due diligence and responding as necessary should the situation escalate to an investigation, charges or, ultimately, a conviction.

In 2013, general legal or regulatory compliance and/or CSR-related reviews were completed on 409 transactions. In cases where corruption allegations or track record issues are found, either directly or indirectly related to the transaction, we perform additional due diligence. This enhanced due diligence was conducted for 41 transactions in 2013. In several cases, changes in corporate governance, including recommendations for third-party audits, and continued monitoring of higher-risk business, were necessary conditions of EDC support. 

¹ - <http://www.edc.ca/EN/Promotions/Documents/code-business-ethics.pdf>

Transparency & Disclosure

Disclosure of Information

EDC discloses information on individual financing transactions in order to be transparent to its stakeholders. A summary of those disclosures is found below. The definition of our financing transactions is noted in our Disclosure Policy².

Transactions by Region	2013	2012	2011
Country/Region	Number of Disclosed Transactions		
Canada	104	110	177
U.S.	444	392	283
Latin America (including Mexico and the Caribbean)	112	117	142
Asia	94	80*	37
Europe (including Turkey, Russia and the Commonwealth of Independent States)	97	79*	72
Africa and the Middle East	38	32	29
Various Countries	21	32	125
Australia and New Zealand	9	7	13
Total Number of Transactions	919	849	878

*Data revised to reflect country grouping

Transactions by Product	2013	2012	2011
Type of Product	Number of Disclosed Transactions		
Equity	17	16	10
Financing	186	182	222
Guarantee	713	648	645
PRI	3	3	1
Total Number of Transactions	919	849	878

Transactions by Dollar Value	2013	2012	2011
Dollar Value	Number of Disclosed Transactions		
> 1 billion	0	0	0
500 million – 1 billion	4	3	2
250 – 500 million	12	10	7
100 – 250 million	33	20	26
50 – 100 million	39	33	33
25 – 50 million	34	43	53
15 – 25 million	20	25	36
5 – 15 million	42	45	36
1 – 5 million	229	204	225
< 1 million	506	466	460
Total Number of Transactions	919	849	878

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

A 2012 internal audit of our disclosure practices revealed a shortcoming in our system that resulted in a few cases where there was a failure to publicly disclose information on our website. During 2013, we implemented improvements based on audit recommendations to ensure that disclosure of individual financing transactions as required under our Disclosure Policy³ were posted to Reporting on Transactions⁴. We have also chosen to undertake a regular reconciliation of the transactional information disclosed on our website to ensure this error does not occur going forward.

We will continue to verify that information is accurate and that transactions are disclosed within the deadline of 90 days following signing of the transaction.

GRI Indicator G4-EN34

Stakeholder Enquiries

GRI Indicator G4-27

We are open and responsive to stakeholders who often pose challenging questions. Our Access to Information and Privacy (ATIP) Office responded to eight enquiries under the *Access to Information Act* (ATIA) with subjects ranging from corporate lease agreements to customer transactions. All requests were completed within statutory timeframes or extended timeframes where applicable.

Requesters who believe they have been denied rights under the ATIA may complain to the Federal Information Commissioner. We received one complaint under the ATIA in 2013, which was resolved. There has been one outstanding complaint, received under the ATIA in 2011, which had not yet been investigated by the Information Commissioner as at December 31, 2013.

Beyond those requests for information processed under ATIP, EDC responded to 71 CSR-related enquiries in the reporting period on topics ranging from support for pipelines in the USA to our human rights process. A sample of this interest is illustrated by the question from Amnesty International. ✓

Stakeholder Question (extract):

[Our research indicates] that EDC has the capacity to seek recourse for a breach of contract. With this possibility in mind, how much consideration has been given to the notion of including human rights violations as a substantive contractual term?

[Also according to our research] EDC has not yet updated its impact assessment and review methodologies to reflect the (OECD) 2012 Common Approaches¹. As you know, paragraph 8 thereof changes classification procedures. Were this to be adopted by EDC, is it possible to determine what effect this would have had on your operations during the most recent two years for which you have complete data?

EDC Response (extract):

We feel that the current clauses [in EDC loan contracts] offer sufficient protection to allow us to seek recourse in the event of a breach of applicable laws, including applicable human rights laws. A human rights abuse could therefore potentially be a breach of law.

[Regarding the second part of your question] we already apply these provisions of the OECD Common Approaches. Our Environmental and Social Risk Management Policy² outlines our process for reviewing environmental and social risks for non-project transactions.

1 - [http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=TAD/ECG\(2012\)5&doclanguage=EN](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=TAD/ECG(2012)5&doclanguage=EN)

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

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

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

EDC uses two primary vehicles to engage with its stakeholders. The Industry Stakeholder Panel⁵ keeps us abreast of our customers' needs and their views of EDC, and the CSR Advisory Council⁶ is a forum to share best practices. Information on membership of these groups and the issues discussed is available on their respective pages.

Complaints

EDC provides a channel for managing stakeholder concerns where the stakeholder perceives EDC has been non-compliant with its CSR commitments. In 2013, five external complaints were received under the Compliance Officer Program⁷ in addition to one complaint received at the end of December 2012 that was carried over for review in 2013.

Following an initial appraisal of each complaint received, it was determined that three of these complaints did not fall within the mandate of the Compliance Officer and a letter of explanation was sent in each of these cases directing the complainant to an alternative contact within EDC's management team. Three complaints were accepted for review and an investigation was completed, resolving the concerns that were raised.

The Compliance Officer also manages internal 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.

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

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

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

COMMUNITY IMPACTS

At EDC, we believe in the importance of giving back to the communities where we live and work. Our community investment strategy focuses on three priorities: international business and trade education for youth, small enterprise development in emerging markets, and charitable contributions of time and financial resources to diverse social causes.

Youth Education

Now in its 14th year, EDC's International Business Scholarship competition continues to encourage the next generation of global business leaders. The awards are available to students in 69 universities and 17 colleges across Canada. In 2013, there was a significant increase in the number of applications received (27%), as well as the number of eligible college students who applied (34%). Four college students were chosen as award recipients. See profiles of two of this year's scholarship winners below.



Eric Agyemang: Eric is a student from the University of Ottawa's Bachelor of Commerce (International Management) program with a proven record of leadership, entrepreneurship and a passion for technology and international business. As a Certified International Trade Professional (CITP), Eric has worked with many international non-governmental organizations and businesses in Canada, Ireland and Ghana.

"The support received from this scholarship is affording me the opportunity to go on an exchange to Sweden in January 2014," says Eric. "Without a doubt, this recognition not only opens new doors for my career, but it also solidifies my passion for international business."

Myra Tremblay: Myra is a student at Laval University with a passion for travel and discovering the world around her. She has studied international business and trade abroad in both Switzerland and China. In 2014, Myra will travel to Chile as a development officer through Laval University's Trade Missions internship program.

"EDC's support was essential for me to successfully participate in a business internship in China in Shanghai in the summer of 2013: a unique experience which reaffirmed my desire to work in international trade development. The courses, activities, contacts with business people and visits challenged me and gave me the opportunity to develop business relationships as part of Chinese culture."



We also continued our partnership with the Schulich School of Business at York University. In connection with this partnership, in 2013 Schulich announced the creation of the Centre for Global Enterprise (CGE), a one-stop consulting, research and teaching hub that will actively help Canada's small and medium-sized businesses (SMEs) to compete internationally. As a result of this partnership, the Centre now offers a new Certificate in Managing International Trade and Investment to undergraduate students. In addition, we are working with the Centre to develop a National Curriculum in Integrative Trade that will be available to all Canadian universities.

To encourage leading-edge environmental finance education, we also continued our partnership with the University of Waterloo through our endowment of its Chair in Environmental Finance, Dr. Olaf Weber, at the School of Environment, Enterprise and Development. Dr. Weber has made a tremendous contribution to the field since the partnership was established¹. As our relationship with the University of Waterloo draws to a close in 2014, we are confident that the School will carry on its important work in sustainability, stimulating knowledge, research and best practices.

¹ - <http://exportwise.ca/towards-sustainable-business-qa-olaf-weber-university-waterloo/>

Small Enterprise Development in Emerging Markets

GRI Indicator G4-EC8



Building on its success over the past five years, we have renewed our partnership with CARE Canada.

This partnership is an excellent way for our employees to enhance important skills such as adaptability, problem-solving and inter-cultural communication, while lending their business expertise to CARE offices around the world. In 2013, four EDC employees participated in assignments in Peru, India and Zambia related to CARE's enterprise and economic development programs.

To read more about our employees' experiences through this partnership, visit <http://www.edc.ca/EN/About-Us/Corporate-Social-Responsibility/community-investment/Pages/care.aspx>.



"We truly value the EDC-CARE partnership. We have benefitted over the years from the contribution of talented and dedicated EDC staff who have brought skills we did not have, and a level of enthusiasm and energy you just cannot buy. The most recent participants worked with professionalism, cultural sensitivity and a sense of humour, delivering above our expectations in the quality and relevance to our business. We hope the EDC-CARE partnership continues."

–Dennis O'Brien, Country Director, CARE Zambia



In addition to our work with CARE Canada, we embarked on a new partnership with Enablis, a Canadian non-profit organization established in 2003 that helps train and develop small business owners in emerging markets, primarily in Africa. Two experienced EDC professionals will be matched and dedicate their time on a monthly basis to act as long-distance business mentors to small business owners abroad for a period of two years. To learn more about the work done by Enablis in Africa, watch their promotional video on YouTube at <http://youtu.be/A8gtNafKJL4>.

Charitable Contributions

We encourage our employees to be active citizens in their communities. Through our Charitable Donations Policy² we provide financial donations to charitable organizations where our employees demonstrate ongoing involvement.

In 2013, 111 employees participated as volunteers in community activities for the benefit of charities supported under this program. Donations averaging \$1,000 were granted on behalf of individual employees and teams to their respective charities.

We also participate in the Government of Canada's Workplace Charitable Campaign, supporting United Way/CentreAide, Healthpartners or any other registered charity of our employees' choosing. In 2013, we raised \$268,176 and were honoured as one of three recipients of the "National Team Spirit" Award.



Employee Engagement

The knowledge and expertise of our employees is what drives our ability to deliver value to Canadian exporters and investors of all sizes. Accordingly, providing an attractive and meaningful workplace for a talented and engaged workforce is critical to maintaining EDC's position as a centre of expertise in international trade and investment, and a top Canadian employer. Read more about our employee engagement at <http://www19.edc.ca/publications/2014/2013ar/en/6-4.shtml>.

Employee Segmentation* (%)	2013	2012	2011
Aboriginal	0.59	0.44	0.54
Women	50.59	51.42	52.38
Persons with disabilities	3.18	3.36	3.41
Visible minorities	12.90	11.95	11.68
Employee retention	95	93	90.3

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

2 - <http://www.edc.ca/EN/About-Us/Corporate-Social-Responsibility/Documents/employee-volunteer-charitable-donations.pdf>

MEASURING SUCCESS

CSR Scorecard 2013

Key Areas	2013 Results	Key 2014 Plans
Strategic Management of CSR at EDC	Began development of CSR “guiding principles” to establish baseline risk appetite on CSR issues, in line with direction from EDC management. This will continue into 2014.	Scan suite of EDC’s CSR Policies and Statements and consider consolidation.
Environmental and Social Risk Management	<p>Continued development of common CSR risk rating methodology, taking into account environmental, social, reputational and other factors. This will continue into 2014.</p> <p>Played a key role in final revisions to the Equator Principles (EP), released in 2013, which guide how the financial industry looks at the environmental and social impacts of large infrastructure projects.</p> <p>Office of the Auditor General (OAG) of Canada initiated its periodic audit of EDC’s environmental and social policies and processes.</p>	<p>Continue development of common CSR risk rating methodology.</p> <p>Continue EDC’s active involvement on the EP Steering Committee and support of various working groups.</p> <p>Liaise with OAG of Canada on the results of its environmental audit of EDC, and implement the recommendations provided in the OAG report.</p> <p>Continue with the internal review of the EDC <i>Environmental and Social Risk Management Policy</i> and EDC <i>Environmental and Social Review Directive</i> initiated in 2013. Determine changes, if any, that are required and schedule update process.</p> <p>Conduct training for key transaction personnel on EDC’s environmental and social review practices, including updates to the Equator Principles.</p>
Human Rights	<p>Greater clarity established on what factors would trigger the need for a human rights risk assessment for a potential deal.</p> <p>Also completed an update to the list of countries where this process applies.</p>	Address process issue to ensure all transactions reviewed under EDC’s Environmental Review Directive (ERD) undergo human rights risk assessments.
Climate Change	Maintained performance.	Implement any recommendations arising from OAG report (unpublished as at time of preparation of this report).

Key Areas	2013 Results	Key 2014 Plans
Environmental Technologies	<p>Completed preparations for launch of EDC's first Green Bond.</p> <p>Completed 33 cleantech transactions in the early commercialization space, surpassing our target of 20 deals.</p>	<p>Enhance transparency and reporting related to our Green Bond.</p> <p>Continue building portfolio of financing transactions to support EDC's Green Bond program through staff training to facilitate identification of transactions that meet the eligibility requirements.</p> <p>Sign 45 transactions, a 125% increase over 2013's target of 20 transactions. A specific focus will be on Canada's leading cleantech companies and deployment of our support to help them achieve commercial market acceptance.</p>
Operational Footprint	<p>Established first full year baseline for our head office energy measurement.</p> <p>We expanded our composting program to include additional items and increased the frequency of waste audits from annually to quarterly.</p>	<p>Derived from baseline established, set reduction targets going forward.</p> <p>Implement a full-fledged composting program at EDC head office.</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.</p>	<p>Maintain performance.</p>
Combatting Corruption	<p>Reviewed our anti-corruption program to strengthen our anti-corruption declarations for higher-risk sectors and to incorporate amendments to the <i>Corruption of Foreign Public Officials Act</i> (CFPOA). This review included strategic thinking about our obligations to ensure appropriate action and approaches.</p> <p>Undertook an intensive effort related to enhanced due diligence into cases where counterparties faced allegations of corruption. This included extensive discussions with those firms to understand personnel, policy and procedural changes made to detect and deter such incidents.</p> <p>Presentations to management, staff and EDC's Advisory Council on CSR by Siemens, which faced and overcame a corruption conviction.</p>	<p>Complete update to anti-corruption program to reflect amendments to CFPOA.</p> <p>Begin review of some "Know Your Customer" (KYC) processes to identify areas for possible enhancement.</p>
Community Investment	<p>Building on the success over the past five years, we renewed our partnership with CARE Canada.</p>	<p>Continue placing EDC experts in emerging market small enterprise projects through CARE's offices in Africa, Asia and Latin America.</p>

Key Areas	2013 Results	Key 2014 Plans
Transparency and Disclosure	<p>Whereas stakeholder enquiries about EDC's CSR due diligence process related to corporate loans were a planned area of work for 2013, stakeholder interest has shifted and we now respond to these enquiries on a case-by-case basis.</p> <p>All Category A projects have Project Review Summaries posted shortly after disclosure¹.</p>	<p>Working with internal partners to ensure accuracy of details between the various systems used for all Political Risk Insurance, Equity, Financing and Guarantee products.</p> <p>For Category A Project Review Summaries, we aim to post these in a timely manner, within 90 days of signing the transaction.</p>

¹ - <http://www.edc.ca/EN/About-Us/Disclosure/Reporting-on-Transactions/Pages/signed-cat-a-projects-as-of-november-1-2010.aspx>

Global Reporting Initiative Index

In an effort to limit the amount of paper consumed in the printing of this Report, we have elected not to include our Global Reporting Initiative Index. The GRI Index is available for download at:
<http://www.edc.ca/EN/About-Us/Corporate-Social-Responsibility/Documents/gri-index.pdf>

Please consider the environment before printing.

AWARDS FOR 2013

EDC received 11 awards during the year:

- 1) Government of Canada Workplace Charitable Campaign, National Capital Region - National Spirit Award
- 2) The Internal Communications team received two Gold Quill Awards of Merit for the 2012 Employee Conference and for *Link*, our internal employee magazine.
- 3) The EDC Marketing Group received 9 awards for our cleantech videos which appeared in our 2012 CSR Report:

The Communicator Awards - leading international awards program recognizing big ideas in marketing and communications

- 4 Gold Award of Excellence (Cinematography and Film Editing)
- 2 Silver Awards of Distinction (Film Editing and Social Responsibility)

- 4) The Telly Awards - premier award honoring the finest film and video productions, web commercials, videos and films, and outstanding local, regional, and cable TV commercials and programs

- 2 Silver Award (Film Editing –online video)
- 2 Bronze Awards (Cinematography)
- 1 Bronze Award (Film Editing)

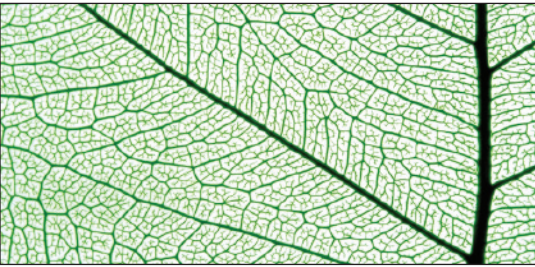


CSR MILESTONES



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 role 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 1st Annual CSR Report & Chief Environmental Advisor Report
- Revisions to OECD Common Approaches and review of Phase 2 Anti-Bribery Convention
- Community Donations Policy established



2005

- Revisions to Disclosure Policy
- Chief Environmental Advisor's 2nd 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.

2013

- Revised Equator Principles (EPIII)
- Joined United Nations Global Compact Canada Network as a Learning Partner



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Video and Photo Credits



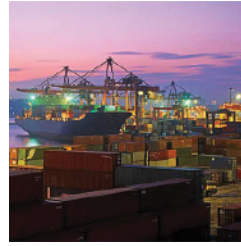
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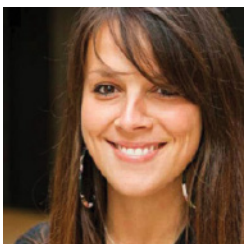
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Courtesy of EDC



Courtesy of Eric Agyemang



Courtesy of Myra Tremblay



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Courtesy of EDC

CSR STAKEHOLDER EVENTS 2013

No.	Organization	Audience	Type of Engagement or Topic	Impact
1	World Bank (Ottawa)	Multi-stakeholder	EDC hosts meeting of World Bank with private sector stakeholders to seek comments on its environmental and social safeguard policies	Provided platform for stakeholders to contribute toward revision of World Bank environmental and social safeguard policies
2	Mexico City: Canadian Embassy, EDC customers	Multi-stakeholder	Half-day CSR workshop and meetings with customers	Contributed to multi-stakeholder dialogue on CSR and mining
3	Canadian International Law Students Conference, University of Toronto Faculty of Law and the Osgoode Hall Law School (Toronto)	Law faculty and students of two universities	Mining the Financial Terrain of Corporate Social Responsibility (CSR) - Where Do You Fit In?	Raised awareness of EDC's CSR requirements
4	Canadian Association of Environmental Law Societies (Ottawa)	Environmental law faculty and students from across Canada	The role of voluntary codes and CSR	Raised awareness of the strengths and limitations of voluntary codes
5	Human Resources and Social Development Canada (HRSDC), International Labour Organization (ILO) and Canada Employers Council Annual Meeting (Gatineau)	Federal government and international officials	EDC's benchmark standards for the evaluation of loans and the IFC Performance Standards (specifically PS2 – Labour) and CSR	Raised awareness of EDC's CSR requirements
6	Prospectors and Developers Association of Canada (PDAC) Annual Convention and Trade Show (Toronto)	Multi-stakeholder	EDC CSR Workshop "What do I do if...?" Learning from the experts – series of roundtable discussions on various CSR risks in mining: ESIA and technical, corruption/bribery, contractual, in-migration, re-settlement, legacy and grievance risks	Raised awareness of best practice for managing CSR and other risks in mining ventures

No.	Organization	Audience	Type of Engagement or Topic	Impact
7	PDAC – Environmental Resources Management (ERM) Inc. (Toronto)	Multi-stakeholder	Maximizing Environmental & Social Performance During Exploration	Raised awareness of EDC's CSR requirements
8	Canada Eurasia Russia Business Association (CERBA) Mining Conference (Toronto)	Multi-stakeholder	Mining the Financial Terrain of Corporate Social Responsibility (CSR) — perspectives from EDC	Raised awareness of EDC's CSR requirements
9	ASEAN & Canadian Embassy, Indonesia (Djarkata, Indonesia)	Multi-stakeholder	Making Business Better – EDC Perspectives on CSR	Raised awareness of EDC's CSR requirements
10	Canadian High Commission, Jamaica (Kingston, Jamaica)	Multi-stakeholder	Engaging the Media to Promote Trust & Competitiveness in Governance – every stakeholder's CSR	Contributed toward discussion on transparency
11	Simon Fraser University (Vancouver)	Multi-stakeholder	Global Exploration, Mining and Minerals (GEMMs) 2013: "Building from the Ground Up"	Contributed toward roundtable discussion on CSR and mining
12	Berne Union (New York)	International insurance companies	Disclosure Practices and Transparency	Contributed toward understanding of insurance and transparency
13	Canadian Institute for Mining, Metallurgy & Petroleum (CIM) (Vancouver)	Multi-stakeholder	Mining Finance	Contributed toward understanding of CSR and mining finance

No.	Organization	Audience	Type of Engagement or Topic	Impact
14	North South Institute (NSI) (Ottawa)	Multi-stakeholder	Ottawa Forum on Governing Natural Resources for Africa's Development	Contributed toward roundtable discussion on CSR and mining in Africa
15	International Association for Impact Assessment (IAIA) (Calgary)	Environmental and social impact assessors	ECA Perspectives on Social Risks and Human Rights Due Diligence The Next Frontier: Development of Northern and Arctic Regions	Raised awareness of best practice for assessing human rights Raised awareness of best practice for assessing environmental social impacts
16	Transparency International Canada (Toronto)	Multi-stakeholder	Third Annual Spotlight on Anti-corruption: Government Under the Microscope	Raised awareness of risks of bribery and corruption in international business transactions
17	G20 Anti-corruption Working Group	Federal government officials, foreign officials	Combating Corruption	Raised awareness need to continue to combat bribery and corruption in international business
18	UN Global Compact (Toronto)	Multi-stakeholder	Roundtable discussion on anti-corruption	Raised awareness of risks of bribery and corruption in international business transactions
19	Credit Institute of Canada, National Capital Branch (Ottawa)	Credit assessors	Managing Ethical & Reputational Dilemmas in International Trade — dealing with financial fraud, bribery & corruption abroad	Improving detection and anti-corruption & anti-bribery/anti-fraud compliance

No.	Organization	Audience	Type of Engagement or Topic	Impact
20	MineAfrica/Canada South Africa Chamber of Business (Vancouver)	Multi-stakeholder	Risk Mitigation and CSR Seminar	Contributed to multi-stakeholder dialogue on CSR and mining
21	MineAfrica/Canada South Africa Chamber of Business (Toronto)	Multi-stakeholder	Risk Mitigation and CSR Seminar	Contributed to multi-stakeholder dialogue on CSR and mining
22	EDC with Organization for Economic Cooperation and Development (OECD) (Ottawa)	Environmental and social specialists at Export Credit Agencies	Annual Meeting of CSR Practitioners at Crown Corporations	Contributed toward harmonized environmental and social impact review practices
23	Calgary Global Exploration Forum (Calgary)	Oil & gas producers	Managing the Non-credit Risks of Exploration	Raised awareness of EDC's CSR requirements
24	Federal Crown corporations (Ottawa)	CSR Practitioners	Annual Meeting	Shared CSR best practice among Crown corporations
25	Canadian Business for Social Responsibility (CBSR) (Toronto)	Multi-stakeholder	11th Annual Summit and Excellence in Corporate Responsibility Awards	Supported strengthening of CSR in Canada
26	Enablis (Toronto)	Multi-stakeholder	Annual Fundraising Dinner	Supported mentorship program for businesses from emerging markets
27	Telfer School of Management (Ottawa)	Undergraduate and MBA students	MBA Global Governance Project – focus on anti-corruption solutions for companies	Contributed toward development of anti-corruption solutions

Lists of Agreements, Frameworks, etc.

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 \(2013\)](#) (PDF)
- [Extractive Industries Transparency Initiatives \(2007 – Government of Canada\)](#)
- [OECD Guidelines for Multinational Enterprises \(2011– Government of Canada\)](#)
- [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 \(adopted 2001, most recently revised 2012 — the "Common Approaches"\)](#)
- [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 for Corporate Citizenship
- 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)
- United Nations Global Compact

Internal To EDC

- [Anti-Corruption Guidelines and Procedures](#) (PDF)
- [Code of Business Ethics \(1998\)](#) (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 \(Rev 2010\)](#) (PDF)
- [Statement on Human Rights](#) (2008)

EDC'S MATERIALITY MATRIX

The EDC Galaxy

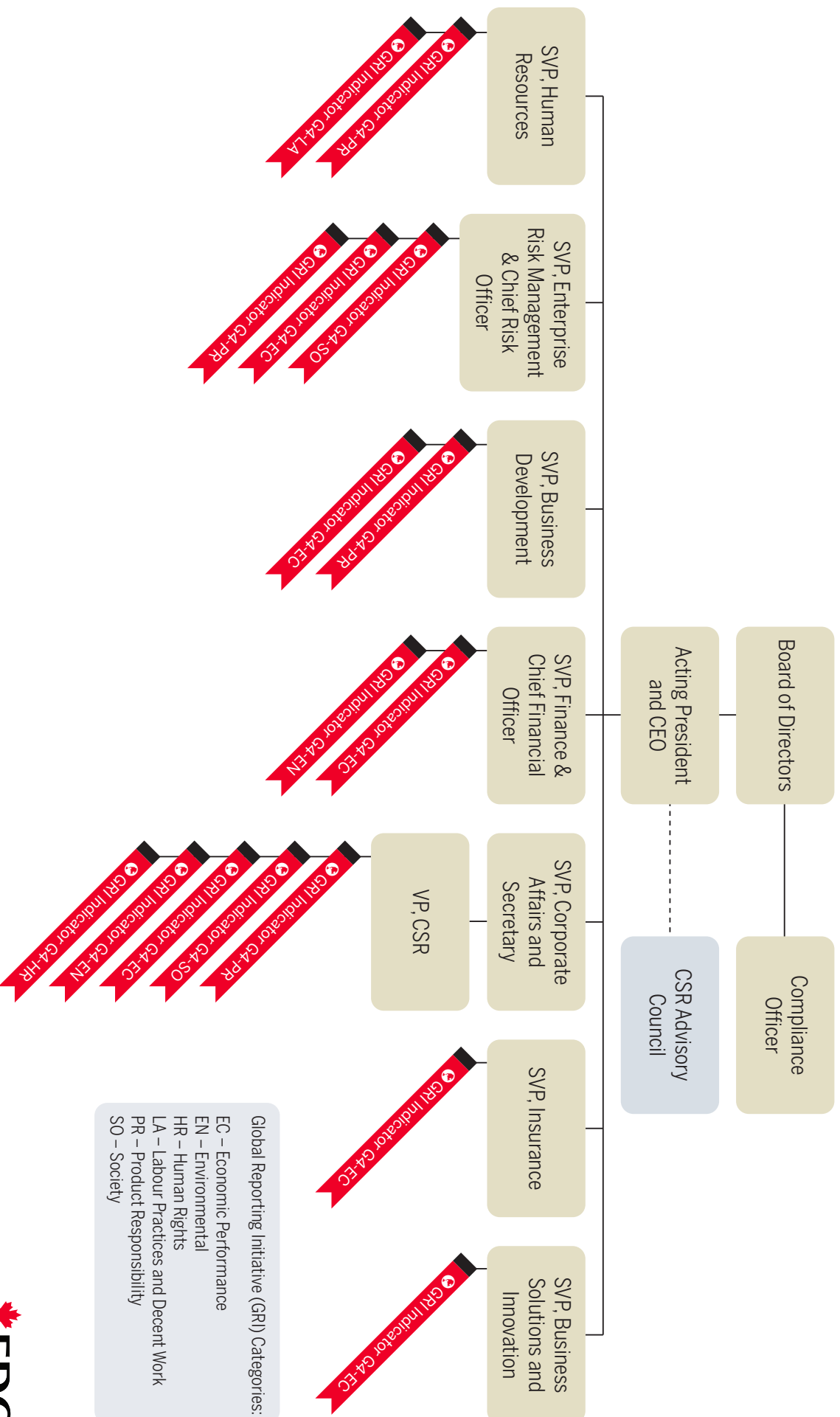
This diagram and the following table provide a roadmap of how EDC's activities align alongside its core business objectives and stakeholder interests.



KEY ISSUES FOR EDC STAKEHOLDERS

Stakeholder	Low Relevance	Medium Relevance	High Relevance
Customers	<ul style="list-style-type: none"> Labour/Management Relations Community Relations Human Rights Security Practices 	<ul style="list-style-type: none"> Risk Assessment Corruption, Fraud, Money Laundering Commitment to CSR Standards, including Environmental & Social Impacts Marketing Communications, including Impact of Social Media Technological Change 	<ul style="list-style-type: none"> Market Presence Financial Solutions Privacy Regulations Foreign Exchange Competitive Advantage Taxation Skills Shortages Intellectual Property Profitability
Employees	<ul style="list-style-type: none"> Governance Occupational Health & Safety 	<ul style="list-style-type: none"> Training & Education Diversity Work-Life Balance Support for Charitable Causes Personal Privacy 	<ul style="list-style-type: none"> Compensation CSR, including Environmental Footprint, Anti-corruption Career Mobility Employer's Reputation and Brand
Government	<ul style="list-style-type: none"> Labour/Management Relations Training & Education 	<ul style="list-style-type: none"> Marketing Communications Access to Information Customer Privacy Productivity 	<ul style="list-style-type: none"> Governance Financial Solutions Compliance Economic Impact Public Policy and Regulations Stakeholder Engagement CSR, Commitment to External Standards, including Environmental & Social Impacts, Anti-corruption
Financial Partners	<ul style="list-style-type: none"> Environment Compliance Related to Products Trade Education Stakeholder Engagement Community Relations 	<ul style="list-style-type: none"> Risk Assessment Compliance Market Presence Investment Practices Taxation CSR, Commitment to External Standards, Environmental Compliance and Anti-corruption 	<ul style="list-style-type: none"> Financial Solutions Customer/Bank Privacy Fraud and Money Laundering Regulation Market Share
NGOs and Media	<ul style="list-style-type: none"> Products & Services Governance 	<ul style="list-style-type: none"> Public Policy 	<ul style="list-style-type: none"> CSR, Commitment to Standards, Environmental Compliance and Anti-corruption Stakeholder Engagement Transparency Environmental & Social Impacts, including Climate Change and Human Rights

CSR ACCOUNTABILITIES - 2013



Global Reporting Initiative (GRI) Categories:
 EC – Economic Performance
 EN – Environmental
 HR – Human Rights
 LA – Labour Practices and Decent Work
 PR – Product Responsibility
 SO – Society

INDEPENDENT LIMITED LEVEL ASSURANCE REPORT

To the Board of Directors and Management of Export Development Canada

We have undertaken a limited level assurance engagement in relation to four selected performance indicators reported by Export Development Canada (“EDC”), in their 2013 Corporate Social Responsibility Report (the “Report”) for the year ended December 31, 2013.

Our responsibilities

Our assurance engagement has been planned and performed in accordance with the International Standard on Assurance Engagements ISAE 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information* published by the International Federation of Accountants.

Scope of our engagement

The selected four performance indicators (collectively, the “Indicators”) by EDC to be assured at a limited level were:

- ▶ Human Rights Assessments: Number of significant investments that have undergone human rights screening and where the transactions were signed in during the specified calendar year of reporting;
- ▶ Enhanced Due Diligence Related to Anti-Corruption: Number of transactions for which EDC required enhanced anti-corruption due diligence for the purposes of confirming or improving the capacity of EDC’s customer to mitigate risks and where the due diligence was completed and submitted to the business team during the specified calendar year of reporting;
- ▶ Disclosure and transparency: Number of D2 transactions disclosed on edc.ca and where the transactions were signed in during the specified calendar year of reporting; and
- ▶ Number of CSR-related public enquiries: Number of CSR-related public enquiries received in 2013 that were reported to CSR management.

Criteria

The criteria used to evaluate all the Indicators consisted of criteria developed internally by EDC.

EDC’s management responsibilities

The Report was prepared by the management of EDC, who are responsible for the collection and preparation of the Indicators in the Report and the selection of the criteria used in determining that the information is appropriate for the purpose of disclosure in the Report. In addition, management is responsible for maintaining adequate records and internal controls that are designed to support the reporting process. Moreover, EDC is responsible for the maintenance and integrity of its website. There

are currently no legislative or regulatory requirements requiring EDC to prepare, publish or have verified its corporate social responsibility report.

Level of assurance

Our procedures were designed to obtain a limited level of assurance on which to base our conclusions. The procedures conducted do not provide all the evidence that would be required in a reasonable assurance engagement and, accordingly, we do not express a reasonable level of assurance. While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagements were not designed to provide assurance on internal controls and, accordingly, we express no conclusions thereon.

Work performed

In order for us to express a conclusion in relation to the above Indicators, we have considered the following questions:

Completeness

- ▶ Has EDC fairly presented the Indicators with respect to the organizational and operational boundaries and time period defined in the Report?
- ▶ Has EDC collated corporate data relating to the Indicators from all relevant operations level data?

Accuracy

- ▶ Are the Indicators accurate and sufficiently detailed for stakeholders to assess EDC's performance?

The procedures we undertook to form our conclusions included, but were not limited to:

- ▶ Interviewing selected personnel to understand the key issues related to the data and processes for the collection and accurate reporting of the Indicators
- ▶ Where relevant, performing walkthroughs of systems and processes for data aggregation and reporting
- ▶ Inquiring of management regarding key assumptions and the evidence to support the assumptions
- ▶ Validating the accuracy of calculations performed, on a sample basis, primarily through inquiry and analytical procedures
- ▶ Validating that data and statements had been correctly transcribed from corporate systems and/or supporting evidence into the Report through observation

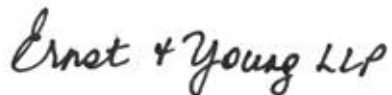
Limitations of our work performed

Our procedures did not include providing conclusions in relation to:

- ▶ The completeness or accuracy of data sets or information relating to areas other than the Indicators
- ▶ Information reported by EDC other than in its Report, such as information contained on its website
- ▶ Management's forward looking statements
- ▶ Any comparisons made by EDC against historical data
- ▶ The Report being in accordance with requirements of the GRI Guidelines
- ▶ The appropriateness, sufficiency or completeness of definitions for internally developed criteria

Our conclusions

Subject to the limitations of our scope noted above, and based on our work as described in this report, we conclude that nothing has come to our attention that causes us to believe that the Indicators are not, in all material respects, fairly presented in accordance with internally developed criteria.



Chartered Accountants
Licensed Public Accountants

May 22, 2014
Toronto, Canada

