



2015 CORPORATE SOCIAL RESPONSIBILITY REPORT

RESPONSIBILITY STARTS HERE

CREATING LASTING VALUE

As Canada's export credit agency, we are driven to create lasting value for Canadian companies and our economy through export trade. This is our responsibility. We strive to fulfill it in ways that are socially responsible and take into account the impacts on our many stakeholders.

TABLE OF CONTENTS

TAKING RESPONSIBILITY	4
2015 CSR HIGHLIGHTS	4
MESSAGE FROM THE PRESIDENT AND CEO	6
MESSAGE FROM SENIOR VICE-PRESIDENT, CORPORATE AFFAIRS	8
APPROACH TO CSR	10
ANTI-CORRUPTION	12
LISTENING TO OUR STAKEHOLDERS	14
CSR SCORECARD AT-A-GLANCE	16
ABOUT THIS REPORT	17

HELPING CANADIAN BUSINESSES SUCCEED	19
WHAT WE DO	19
SMALL- AND MEDIUM-SIZED ENTERPRISES	23
CLEANTECH	25

PROTECTING PEOPLE AND THE ENVIRONMENT	26
ENVIRONMENTAL AND SOCIAL RISK REVIEW	26
CLIMATE CHANGE	30
HUMAN RIGHTS	32

BEING A GOOD CORPORATE CITIZEN	34
ETHICS AND TRANSPARENCY	34
COMMUNITY	38
OUR WORKPLACE	40
OPERATIONAL FOOTPRINT	42

LIVING UP TO OUR COMMITMENTS



**\$15.5 BILLION
IN EXPORTS**

conducted by small-
and medium-sized
enterprises supported
by EDC



**530,839
JOBS**

Equivalent number
of jobs represented
by the total value
of our activities



400+

Enhanced CSR risk
assessments



\$300 MILLION

Green bond issued in
support of financing
transactions



TAKING RESPONSIBILITY



"We see best practices in CSR as critical to meeting the needs of Canadian businesses."

G4-EC1, FS

2015 CSR HIGHLIGHTS



7,343 CUSTOMERS SERVED



\$104.2 BILLION
total business facilitated



7
projects reviewed under the Equator Principles

 ASSURED



Helped 5,983 small and medium-sized enterprises (SME) conduct
\$15.5 BILLION IN EXPORTS



Percentage of women in leadership roles within EDC rose to
44%, UP 5%
from the prior year



30
international business scholarships awarded to Canadian students

TAKING RESPONSIBILITY

2015 CSR HIGHLIGHTS

G4-EC1, FS

WE ALSO MADE PROGRESS ON THESE FRONTS IN 2015:



Refined our environmental and social risk reviews of transactions, improving their robustness, incorporating more in-depth analysis of human rights and corruption risks, and standardizing our approach to disclosing transaction details



Raised customer awareness of general and country-specific corruption risks through the use of videos and online articles



Issued our second green bond, a US\$300 million fixed-income security that allows investors to contribute to financing green business transactions worldwide



Contributed to the development of an OECD *Sector Understanding on Export Credits for Coal-Fired Electricity Generation Projects*, which phases out support for coal-fired power plants beginning in 2017



Recognized among Canada's Future 40 Responsible Corporate Leaders and the National Capital Region's Top Employers for 2015

See EDC IN NUMBERS and AWARDS for additional data points and accomplishments.

MESSAGE FROM THE PRESIDENT AND CEO

G4-1

Over the last number of years, we have seen an evolution in the international community as to what constitutes meaningful corporate social responsibility (CSR) practices.

This change has been driven largely by consumers placing greater importance on ethical business and companies that take into account social and environmental responsibility. This movement has also been acknowledged by governments and international organizations, reinforced by the recent negotiation of two significant international agreements: the Paris Climate Change Conference (COP21) Agreement and the UN Sustainable Development Goals (SDGs). As a result, companies must be more transparent, have clear governance structures, and give more attention to environmental, social and human rights impacts of their business if they are to remain competitive and relevant to their customers.

Ethical business practices have always been important to EDC, but over the last two decades we have placed an increased focus on all aspects of CSR as it relates to the companies we support. This focus on the impact of our business is something I take seriously as the President and CEO of this organization.

EDC strives to be a leader in helping Canadian companies grow their international trade by focusing on what they really need, both today and tomorrow. In this new era of economic uncertainty, political volatility, and changing corporate expectations, we see best practices in CSR as critical to meeting the needs of Canadian businesses. As a result, responsible business has become embedded in EDC's culture, and central to how we operate.

WORKING WITH STAKEHOLDERS

Increasingly at EDC, business issues discussed at the executive table are examined through a CSR lens, in addition to a financial and operational one. We recognize that to be a leader in the CSR space, there are core requirements: a culture that reinforces CSR principles; a core business and brand that are built around those principles; business development practices that align to CSR objectives; and, measurement of progress toward ambitious CSR performance goals and targets.

Raising the CSR bar isn't about turning away transactions or customers. It's about being clear with customers about our CSR commitments at the early stages of the transaction process, aligning expectations in riskier markets and sectors, and having the expertise to methodically work through challenging situations.

As we consider the effect our business has on stakeholders both within Canada and abroad, we need to keep listening to all the stakeholders affected by the transactions and investments we support, and continually translate that insight into action. The long-term success of our customers depends on it.



Benoit Daignault
President and CEO

MESSAGE FROM THE PRESIDENT AND CEO

A YEAR IN REVIEW: 2015

As we work towards our goal of being a leader in CSR practices and to bring our customers and other stakeholders along with us, we've achieved some key milestones in 2015:

- We issued our second green bond in 2015. The issue was well received by international capital markets indicating a strong appetite for investment products focused on sustainable business and infrastructure developments.
- On the international stage, EDC takes an active role in moving the yardsticks with the OECD working groups. In 2015, we worked to advance progressive ideas with environmental and social practitioners from other export credit agencies (ECA) in our role as chair of the OECD Export Credit Agencies Environmental Practitioners Group, and our involvement in the OECD Export Credits Human Rights Practitioner Group. Our team regularly shares EDC's experiences implementing the OECD Common Approaches and the IFC Performance Standards, which are then used to inform ECA best practice and updates to the Common Approaches on Environmental and Social Due Diligence.
- We're broadening and deepening our relationships with customers beyond the transactions we undertake with them. We're investing the time to explain the links and interdependencies between EDC's support for a transaction and the review of downstream environmental, social and human rights impacts. By educating and coaching companies on responsible business practices, our goal is to foster a mutual understanding of CSR values and principles.
- We added new members to our CSR Advisory Council, a group of nine leaders from business, civil society, and academia who provide advice and guidance to advance EDC's CSR practices. The Council has been instrumental in connecting EDC to evolving best practices and important stakeholder views, and in the process, inspiring us to do better. A key topic of discussion in 2015 was human rights and EDC's role vis-à-vis the UN Guiding Principles on Business and Human Rights (UNGPs). As a result of the Council's input, we are exploring how financial institutions like EDC can best promote – not just protect – human rights.

A LOOK TO THE FUTURE

While we're still on the journey, we're making great progress towards shifting away from thinking of CSR as part of a transactional process to a more enterprise-wide philosophy, further integrating it into our business in an enduring way.

Our efforts to always better connect responsible business practices to the broader EDC business strategy will continue in 2016, with the guidance of our CSR Advisory Council and Board members. We believe that our rigorous, values-based approach to finance is good for business and for the globe.

I would like to thank our CSR Advisory Council and Board of Directors members for their guidance, insights, and ongoing support this past year. Their contributions have been extremely valuable and will continue to help us evolve our CSR practices. I would also like to thank all EDC employees for their lasting commitment to the work we do. They have embraced a sustainability mindset and shown a willingness to make a meaningful difference for our customers, our stakeholders, and the communities in which we live and work.

Sincerely,



Benoit Daignault
President and CEO

MESSAGE FROM SENIOR VICE-PRESIDENT, CORPORATE AFFAIRS

G4-1

Since assuming my new role in Corporate Affairs in January 2016, I've been struck by how much importance Canadian businesses place on responsible business practices, either on their own initiative or because the market demands that they do so. It has become abundantly clear that corporate social responsibility has moved into the mainstream of how forward-thinking companies conduct business. I'm also pleased to see how EDC is evolving to meet customer, and societal needs and expectations.

EVOLVING ROLE OF CSR AT EDC

Our organization took a giant step forward in 2015 with the build out of a new Enterprise Risk Management framework, which, in addition to helping us manage risk more effectively, gave us a better understanding of how CSR serves our organization and what we need to do to improve. As a result of this exercise, we created a central Compliance and Ethics (CE) group, headed by a Vice-President and Chief Compliance Officer, which focuses on building upon and enhancing EDC's compliance and ethics programs. We also moved our CSR function into the Corporate Affairs group so that it is one of several functions working together to enable the overall business.

Since then, we have expanded our CSR team, adding technical expertise in areas like climate change and climate finance, and filling key leadership roles to partner with our business development teams. We want to get CSR colleagues involved earlier in transactions so they can probe issues, and educate and coach potential customers on responsible business practices. This becomes all the more important in complex transactions and as more of our customers expand into emerging markets. The sooner we can get involved, the greater the influence we can have.

2015 IN REVIEW

As we look back at 2015, we made solid progress on a number of fronts. For example, we continued to enhance our anti-corruption processes and safeguards to ensure we do business in an ethical way. This included strengthening due diligence processes and staff training.

We also helped small- and medium-size enterprises (SMEs) understand and mitigate the corruption risks they face as they begin to sell into foreign markets. In addition to providing direct guidance and support, we developed multimedia resources that aim to help educate companies about these risks. In partnership with TRACE International, a not-for-profit organization dedicated to combatting bribery and corruption, we published an insightful series of articles on exportwise.ca that presented the corruption history and risks in 19 countries in a practical and engaging way.

I'm very proud of our involvement in helping finalize the OECD export credit sector understanding on coal-fired electricity generation projects. This understanding will begin to phase out official ECA support for coal-fired power plants beginning in 2017. It is an important step forward in the global shift to a low-carbon economy and it is prompting us to examine the carbon impact of our portfolio.



Catherine Decarie
Senior Vice-President,
Corporate Affairs

MESSAGE FROM SENIOR VICE-PRESIDENT, CORPORATE AFFAIRS

At the same time, there's more work to be done and we don't always get things right. In the past year, we were once again challenged by some stakeholders for supporting certain companies. For all corporations, including EDC, there's always a balance to be achieved between meeting CSR and business imperatives. Where possible, we try to work with companies to raise the bar rather than turning them away. Our approach to stakeholder comments and inquiries is to explain our positions and due diligence processes, and use their feedback to drive improvement.

Our CSR efforts were recognized with a number of awards, including being ranked among the Corporate Knights Future 40 Responsible Corporate Leaders in Canada and the National Capital Region's Top Employers for 2015. As our CSR programs continue to evolve, awards like these tell us that we're on the right track.

UPPING OUR GAME TO MEET THE NEEDS OF CANADIAN BUSINESSES

Export markets are shifting, and it's becoming increasingly challenging for Canadian companies, and particularly SMEs, to anticipate and manage risks and expectations. They're looking for a partner to help them up their game in international marketplaces. In the year ahead, we will examine how we might position CSR as a differentiator in our approach to developing international business.

We're doing what we can to help meet the needs of our customers – strengthening our CSR capabilities and embedding CSR into our business processes, while maintaining unwavering commitments to our employees, local communities and other stakeholders.

Sincerely,



Catherine Decarie
Senior Vice-President, Corporate Affairs



**CANADIAN COMPANIES
ARE LOOKING FOR
A PARTNER TO HELP
THEM UP THEIR GAME
IN INTERNATIONAL
MARKETPLACES.**

TAKING RESPONSIBILITY APPROACH TO CSR

G4-44

EDC is expected to fulfill its mandate in a responsible manner that reflects the values of Canadians. This means taking into account the environmental and social impacts of the business that we support, as well as the expectations of our stakeholders: our customers, our employees, the Government of Canada, civil society, and the media. We continuously monitor these expectations and our CSR strategy reflects the wide range of initiatives that we have put in place to meet them.



Stakeholder impacts and expectations drive

OUR CSR STRATEGY

G4-44



STAKEHOLDER ENGAGEMENT

Stakeholder engagement is an essential part of our approach to CSR.

TO LEARN MORE ABOUT OUR APPROACH AND 2015 ACTIVITIES, SEE:

- > LISTENING TO OUR STAKEHOLDERS
- > 2015 STAKEHOLDER EVENTS

GOVERNING LEGISLATION AND AGREEMENTS G4-44

EDC's mandate is spelled out in the *Export Development Act*. We are also subject to the *Corruption of Foreign Public Officials Act*, the *Federal Accountability Act* and the *Public Servants Disclosure Protection Act*.

Canada is a member state of the Organisation for Economic Co-operation and Development (OECD) and EDC, as a wholly owned arm of the Government of Canada, is bound by Canada's commitments to the OECD, including the OECD *Revised Council Recommendation on Common Approaches on the Environment and Officially Supported Export Credits* (the "Common Approaches"), the OECD *Council Recommendation on Bribery and Officially Supported Export Credits*, and more.

We also adopted the Equator Principles in 2007, a financial industry benchmark for determining, assessing and managing social and environmental risk in project financing, and made the IFC Performance Standards our dominant standard for environmental and social project performance in developing countries.

To learn more, see our [complete list](#) of governing legislation, international agreements and memberships.



GOVERNING LEGISLATION AND AGREEMENTS

[Click here](#) to see our complete list of governing legislation, international agreements and memberships

TAKING RESPONSIBILITY APPROACH TO CSR

G4-44

CSR PILLARS

We segment our primary CSR commitments and activities into five pillars:



BUSINESS ETHICS

We conduct our business with honesty, integrity and fairness, and expect the same from our customers.



ENVIRONMENT

We are conscientious about the environmental impacts of our business and our operations.



TRANSPARENCY

We strive for balance between public accountability and respect for customer confidentiality.



EMPLOYEE ENGAGEMENT

We are committed to providing a climate that stimulates and supports employee performance and development.



COMMUNITY INVESTMENT

We invest in and encourage our employees to be active in our communities.

CSR GOVERNANCE G4-44, G4-34

EDC is governed by a Board of Directors whose representatives are primarily from the private sector. The Board's responsibility is to supervise the direction and management of EDC and oversee our strategic direction as outlined in our Corporate Plan. Board members are appointed by the Government of Canada and report to Parliament through the Minister of International Trade.

The Board of Directors provides oversight for the corporation's overall CSR orientation. Executive accountability and operational responsibility for CSR commitments is outlined in [this diagram](#).

The Board was engaged on various CSR issues throughout 2015, including the implementation of an independent third-party review of EDC's anti-corruption practices and helping to determine the function and scope of the new Chief Compliance and Ethics Officer. Additionally, one of the Board members participates in [CSR Advisory Council meetings](#).

More information about the Board of Directors' role and involvement in CSR issues can be found in the [Corporate Governance](#) section of our 2015 Annual Report.

SUPPLIERS G4-44

Our supplier community is a valuable resource to us in providing services to Canadian exporters. Our Procurement Policy is the foundation upon which we procure goods and services in support of our operational activities. We aim to provide fair and equitable treatment of all our suppliers. For example, the policy commits EDC to protecting the confidentiality of its suppliers' trade secrets and pricing information, and offers access to a supplier complaint process should disputes arise. The Procurement Policy can be found [here](#).

TAKING RESPONSIBILITY

ANTI-CORRUPTION

G4-DMA Anti-corruption, G4-S03, G4-DMA Compliance

Corruption and bribery distort trade, undermine the free flow of goods and services and inhibit economic growth. Canada and other leading trading nations have taken concerted action to fight corruption, and EDC has a strong role to play in supporting their efforts.

OUR APPROACH

We've made a corporate commitment to zero tolerance – simply put, we will not support business obtained through bribery or corruption.

As a member state of the OECD, Canada has passed the *Corruption of Foreign Public Officials Act*, which guides us. EDC is also a member of the *OECD Working Party on Export Credits and Credit Guarantees* and is bound by the *OECD Recommendation on Bribery and Officially Supported Export Credits* (OECD Recommendations).

Further to this, our **Code of Business Ethics** and our **Anti-Corruption Policy Guidelines** prohibit us from knowingly supporting a transaction involving the offer or the giving of a bribe.

EDC underwriting and business development staff conduct corruption screening on transactions. Enhanced due diligence is undertaken by a specialized team if screening reveals potential concerns. In most cases, issues relate not to our Canadian customers, but to their foreign buyers, third-party entities or projects they may be supplying.

We created an anti-corruption program to build awareness among employees and customers of the international conventions and Canadian laws addressing corruption. The program includes a requirement for customers to submit anti-corruption declarations and/or accept relevant provisions in their contracts to help ensure that EDC upholds its commitments.

Awareness of corruption risks is low among Canadian exporters and we devote significant resources to educating them. EDC's President writes to all new customers to remind them of their legal obligations and provide guidance. We also offer compliance tools, videos and webinars, and we publish newsletter articles with some in partnership with TRACE International on exportwise.ca.

Learn more about our approach

EDC's approach to combatting bribery and corruption in international business transactions (PDF)

Anti-corruption FAQs

Keeping Corruption Out: EDC's Guide for Canadian Exporters (PDF)



ZERO TOLERANCE

for business obtained through bribery or corruption

Click here to read our Anti-Corruption Policy Guidelines

TAKING RESPONSIBILITY ANTI-CORRUPTION

G4-DMA Anti-corruption, G4-SO3, G4-DMA Compliance

2015 PERFORMANCE



54 TRANSACTIONS
underwent enhanced
anti-corruption due diligence



ASSURED



PUBLISHED 19 ARTICLES
based on interviews with
anti-corruption experts, Trace
International, on the corruption
history and risks in select countries
(see exportwise.ca)



**PRODUCED A VIDEO WITH
PETER DENT,**
Partner at Deloitte and Chair of
Transparency International Canada,
about corruption and what it means
for Canadian exporters

G4-DMA Anti-corruption, G4-SO3, G4-DMA Compliance

- An independent external review requested by the Minister of International Trade found EDC's anti-corruption program, as designed and implemented, was sound and appropriate for achieving the principal objective of complying with the OECD Recommendations, and complies with or exceeds EDC's obligations under the OECD Recommendations. Findings and recommendations for continuous improvement to better align with emerging best practices were presented to EDC's senior management and Board of Directors.
- We began to implement some of the review recommendations, including streamlining assessment processes; creating more descriptive, intuitive risk ratings to improve decision-making and understanding of the total risk picture when evaluating a transaction; and improving staff training, particularly for business development and underwriting staff.
- As part of its Enterprise Risk Management implementation, EDC created a new Compliance & Ethics group, which among other things, is responsible for overseeing and monitoring our compliance with laws, regulations and standards related to anti-corruption and anti-bribery. See [Ethics and Transparency](#) for more information about the Compliance & Ethics group.
- EDC supported key initiatives to raise private sector awareness of bribery and corruption and to offer practical tools to help combat and manage the risks. In this regard, EDC sponsored Transparency International Canada's annual dialogue on anti-corruption trends, compliance programs and enforcement actions, and contributed to an e-Book, *Designing An Anti-Corruption Program: A Guide for Canadian Businesses*, published by the Global Compact Network Canada.



EDC'S ANTI-CORRUPTION PROGRAM

independently confirmed to be sound
and appropriate

WHERE WE'RE GOING

Implementation of the external review recommendations will continue in 2016 and 2017, and involve the financial crimes team in our new Compliance and Ethics Group. EDC will also participate in the OECD review of its *Recommendation on Bribery and Officially Supported Export Credits*, which was adopted in 2006.

Photos: © Getty Images; © Getty Images

TAKING RESPONSIBILITY LISTENING TO OUR STAKEHOLDERS

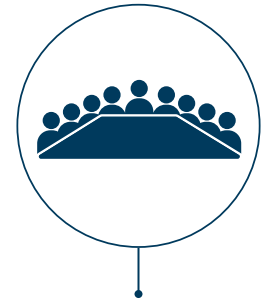
G4-21, G4-24, G4-26, G4-27, G4-DMA Product Portfolio

Stakeholder engagement is an essential part of our approach to CSR. It helps us better understand the real and potential impacts of our decisions and prioritize issues of greatest concern. Engagement is also valuable for building trust among our stakeholders and creating a strong sense of accountability within our organization.

Here's a sampling of what we heard from key stakeholder groups in 2015. We take this feedback seriously and make every effort to address concerns where we can through direct communications, and through our business and CSR strategies and plans.

CSR ADVISORY COUNCIL – Comprised of leaders from business, civil society and academia, the CSR Advisory Council advises and guides our CSR practices. One of the key topics of discussion in 2015 was human rights and EDC's role vis-à-vis the *UN Guiding Principles on Business and Human Rights* (UNGP). As a result, we are exploring how financial institutions like EDC can best promote human rights. Details on CSR Advisory Council membership and meeting summaries can be found on our [website](#).

INDUSTRY STAKEHOLDER PANEL – The panel brings together national business and industry associations to share insights on Canadian trade and investment issues and provides input on how EDC can improve its services. Common industry themes from the 2015 meeting included: managing labour and skills shortages, building capacities within Canada, increasing inbound investment, supporting non-traditional exporters, applying a "trade lens" to new domestic policies and regulations, and remaining competitive. These issues impact EDC's potential to deliver on its mandate, for example, skill shortages constrained exporters capitalizing on international business opportunities. Details on 2015 panel membership and meeting summaries can be found on our [website](#).



9 MEMBER CSR ADVISORY COUNCIL

advises and guides our CSR practices.

[Click here](#) for details

G4-21, G4-24, G4-26, G4-27, G4-DMA Product Portfolio

Customers – We regularly solicit feedback from EDC customers to assess their satisfaction and improve our service. Here are a few comments:

“

“I understand the need for EDC's thorough due diligence process, and appreciate the fact that environmental and human rights considerations are important to EDC, and that in fact those values align with our own and the way we conduct business, e.g., when selecting suppliers, we visit facilities personally to see for ourselves that working conditions are acceptable.”
(President, lifestyle apparel manufacturer)

“

“EDC provides a valuable and worthwhile service that each company should give consideration to, especially in today's environment. I think it comes under the category of risk control that a lot of companies get too busy to worry about that. Get the order, produce the order, ship the order, and THEN worry about being paid. So, I would say, in summary, it's a worthwhile risk management tool.”

“

“I think EDC is not dealing with all markets... so, short answer: broaden the number of countries you'll deal with.”

TAKING RESPONSIBILITY LISTENING TO OUR STAKEHOLDERS

G4-21, G4-24, G4-26, G4-27, G4-DMA Product Portfolio

GOVERNMENT AND CIVIL SOCIETY ORGANIZATIONS (CSOs) – In developing our 2015 CSR report, we retained a third-party organization to find out what some of our stakeholders in government and CSOs had to say about us. Here are select quotes and our three key takeaways from this exercise:

On the role of EDC:

"The way Canadian companies operate abroad matters, because they represent Canada abroad. By lending to them, EDC can really drive the responsible business agenda."

"As an export credit agency (ECA), EDC is held in high regard (one of the best) and considered to have a progressive CSR approach that helps advance the CSR agenda among all ECAs."

On transparency:

"EDC uses 'client confidentiality' too often as an excuse not to disclose information."

"EDC may be doing a very good job screening for environmental and social risks and turning down a lot of projects without our knowing. In order for the public to have confidence, they should disclose more and provide information earlier in their review process."

On human rights:

"I can't say any ECA is doing a great job in human rights due diligence."



On climate change:

"EDC should stop financing fossil fuels and invest more heavily in alternative green energy."

"EDC has identified climate change as a serious issue, but only requires clients to track and report on emissions. We don't think that's a very meaningful contribution to mitigating climate change."

G4-21, G4-24, G4-26, G4-27, G4-DMA Product Portfolio

Key takeaways from our government and CSO conversations:

-  1. We need to take a close look at what additional information we can disclose about transactions and the timing of that disclosure without giving away client confidential details. We recognize that we disclose a considerable amount of information via our website but it is not easy for stakeholders to find. We are working on consolidating information to address this issue. Learn more about our current policies and approaches to **transparency**.
-  2. We are making strides to improve our approach to human rights, especially as we implement a new human rights strategy. For example, in 2015 we established an internal committee that will help sharpen our Human Rights due diligence tools. We recognize there's more work to be done. In this regard, we will develop improved guidance for staff on Human Rights due diligence, and implement a system signalling when increased human rights due diligence is required. Learn more about our approach to **human rights**.
-  3. The work we're doing to support cleantech companies and with the OECD to develop a new sector understanding on coal are important to our stakeholders. We need to continue on this path. Learn more about our **cleantech strategy** and how we're tackling **climate change**.

TAKING RESPONSIBILITY

CSR SCORECARD AT-A-GLANCE

	KEY 2015 PLANS	2015 RESULTS	2016 PLANS
 <p>HUMAN RIGHTS</p>	<p>Develop implementation strategy based on UN Guiding Principles on Business and Human Rights</p>	<p>Completed development of our strategy and began implementation of specific short-term aspects – e.g., adjusted country-based thresholds for human rights due diligence and established an internal committee that will sharpen EDC's human rights due diligence tools</p>	<p>Continue to implement and refine the human rights strategy:</p> <ul style="list-style-type: none"> • Develop guidance for staff on human rights due diligence • Implement system signalling when increased human rights due diligence is required • Continue work to finalize human rights due diligence procedures
 <p>ANTI-CORRUPTION</p>	<p>Implement EDC's management response to recommendations provided in external review report</p>	<p>Streamlined corruption-related due diligence processes, improved staff training (particularly for business development and underwriting staff) and created more descriptive risk ratings to improve decision-making</p>	<p>Continue to implement recommendations</p> <p>Participate in OECD review of its 2006 <i>Recommendation on Bribery and Officially Supported Export Credits</i></p>
 <p>CLIMATE CHANGE</p>	<p>Continue to execute EDC's new procedures to ensure better quality of GHG data collected from projects</p> <p>Strengthen corporate capacity by undertaking training on GHG emissions estimates and methodologies to ensure that project-specific estimates provided by EDC are reasonable</p>	<p>Standardized tools and templates for reporting GHG data and began explicitly noting GHG impacts and mitigation measures in project approval documentation</p> <p>8 EDC staff members undertook specialized training on GHG calculations and methodologies</p>	<p>Report EDC's 2016 climate finance volume</p> <p>Build EDC's capacity to monitor climate finance</p> <p>Implement the OECD <i>Sector Understanding on Export Credits for Coal-Fired Electricity Generation Projects</i></p> <p>Begin exploring options for evaluating the carbon impact of EDC's lending portfolio</p>

Download our complete [2015 CSR SCORECARD](#).

TAKING RESPONSIBILITY ABOUT THIS REPORT

G4-3, G4-18, G4-19, G4-32

We are pleased to present EDC's 11th annual Corporate Social Responsibility (CSR) report. Our 2015 report is being released later than usual as we took time to competitively select and contract an external supplier to help improve our reporting.

REPORTING SCOPE AND BOUNDARY G4-20, G4-21, G4-28

This report covers our business activities for the 2015 calendar year at all EDC operations across Canada and around the world with two exceptions:

- Operational footprint data pertains to our Ottawa head office only, where more than 90 per cent of EDC's physical operations are concentrated, as measured by square footage
- Reporting to the Government of Canada on EDC's green bond is provided according to the government's fiscal year, April 1st to March 31st

GLOBAL REPORTING INITIATIVE

The content of this report is driven by the requirements of the Global Reporting Initiative (GRI) Guidelines. The GRI Guidelines provide a structure for CSR reporting and facilitate comparisons across companies. This report has been prepared using the GRI Content Index Service of the G4 Guidelines, and is in accordance with the Core reporting option. GRI indicators are identified within the report and can be viewed by turning on the GRI indicator device. Our [GRI Content Index](#) is available for download.

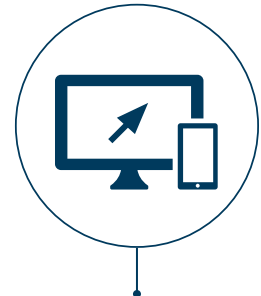
MATERIALITY MATTERS G4-25

The structure of this report reflects our key CSR issues as identified through both regular stakeholder engagement channels and structured materiality exercises.

We conducted a materiality assessment in 2014 to determine the CSR issues of greatest concern to EDC and our stakeholders. The results of that assessment can be found [here](#).

During the development of our 2015 CSR report, we conducted internal and external stakeholder interviews to confirm that the issues identified in the 2014 assessment were still considered to be priorities and to gain insights into evolving issues and concerns. The content of this report reflects our findings.

G4-31



YOUR FEEDBACK

We'd like to hear your thoughts on our report through Twitter, Facebook, LinkedIn or directly via email to csr-rse@edc.ca.



TWITTER



FACEBOOK



LINKEDIN



EMAIL
CSR-RSE@EDC.ca



TAKING RESPONSIBILITY ABOUT THIS REPORT

ASSURANCE **G4-33**

Each year, we undertake an assurance exercise using the services of an independent third party, in this report, Ernst & Young. This exercise not only provides stakeholders with insight into the reliability of key quantitative indicators used in this report, it also helps us better manage how we collect this data and measure our achievements. We select indicators based on a number of criteria, such as the need to improve our managerial processes, and areas where there is a stakeholder interest. This year, we decided to assure indicators reflecting four key areas of our performance:

- Transparency – disclosure of individual financing transactions
- Ethics – number of anti-corruption enhanced due diligence assessments conducted
- Economic impacts – a measure of Canadian benefits as indicated by number of Canadian jobs supported
- Environmental and social impact reviews – the number of projects assessed under Equator Principles in 2015

We have used the  **ASSURED** to indicate assured information.

The statement from our assurer can be found [here](#).



HELPING CANADIAN BUSINESSES SUCCEED



EDC provides Canadian companies with trade financing, export credit insurance and bonding services, as well as foreign market expertise.

WHAT WE DO G4-2, G4-4, G4-EC2

EDC is Canada's export credit agency. Our mandate is to support and develop Canada's exports by helping Canadian companies respond to international business opportunities.

We fulfill our mandate by creating financial solutions for companies to take Canadian capabilities and expertise around the world – connecting them directly to foreign buyers and global supply chains – and bring the benefits back home, thereby contributing to Canada's economy and Canadians' quality of life.

We serve both large Canadian corporations with operations around the globe, as well as small- and medium-sized businesses. We also support Canadian direct investment abroad and investment into Canada. Much of our business is done in partnership with other financial institutions and through collaboration with the Trade Commissioner Service and other Government of Canada partners.

EDC is a self-financing Crown corporation that operates at arm's length from the Government of Canada. It does not receive annual parliamentary appropriations.



**BRINGING THE
BENEFITS OF EXPORT
TRADE BACK TO
CANADA**

WHAT WE DO

G4-2, G4-4, G4-EC2

Core Products:

EDC's financing and insurance solutions are provided on commercial terms and are intended to add capacity to the market where and when it is needed.



FINANCING

To meet the needs of Canadians in competitive global markets, we have products that will ensure companies have financing readily available to fulfill orders, open a foreign branch and, in some cases, provide financing for their customers.



BONDING AND GUARANTEE SOLUTIONS

Posting bonds and guarantees is a necessary part of exporting that can tie up a company's cash flow. We have a range of bonding and guarantee solutions offered in partnership with financial institutions that can help companies free up the working capital they need.



INSURANCE SOLUTIONS

EDC's insurance solutions help companies protect their international business, whether they have one contract, one customer or want support for their entire book of business. Our insurance can help companies access the working capital they need and protect their assets as they grow their international sales.

\$70,646
Insurance Solutions

**BUSINESS
FACILITATED
IN 2015**
(IN MILLIONS):
\$104,205

\$25,410
Financing

\$8,149
Bonding and
Guarantees

WHAT WE DO

G4-2, G4-4, G4-EC2

KEY FINANCIAL DATA G4-9

(in millions of Canadian dollars)	December 31, 2015	December 31, 2014
Financing business facilitated	25,410	21,576
Insurance business facilitated	78,795	77,294
Net income	925	1,129
Total revenue	1,783	1,576
Net revenue	1,772	1,534
Total administrative expenses	351	327
Total assets	60,969	49,004
Total liabilities	51,804	40,788
Total equity	9,165	8,216
Total supply of capital	11,549	9,973
Dividends paid	–	1,129

To learn more, see our [2015 Annual Report](#).

WHERE WE'RE
LOCATED

In 2015, EDC had 17 international representations, with nearly 40 staff working on the ground abroad to ease the way for Canadian exporters and investors. We also had 17 offices across Canada to connect more easily with Canadian exporters at home. Our head office is located in Ottawa, Ontario, and the majority of our employees work there.



CLEANTECH SUCCESS STORY: H₂O INNOVATION

Winner of the prestigious Water Technology Company of the Year at the 2016 Global Water Awards, H₂O Innovation is a great Canadian success story.

Founded in 2000 by President & CEO Frédéric Dugré following the contaminated municipal water supply crisis in Walkerton, Ontario, H₂O Innovation's core products are state-of-the-art membrane filtration systems used for drinking water production, wastewater treatment and industrial processes. Its systems offer a more environmentally responsible and cost-effective alternative to water filtration than the chemicals that have traditionally been used to treat water.

Throughout its history, H₂O Innovation has made acquisitions and investments to become more vertically integrated, adding chemical production in the U.S. and China, and couplings manufacturing in the U.S. Its 2015 acquisition of Clearlogx, a chemical performance system for ultrafiltration membranes, was a major step forward in developing smart solutions for plant operations.

In 2016, H₂O Innovation acquired Utility Partners, a U.S.-based company specializing in the operation and maintenance of municipal water and wastewater treatment plants. This acquisition complemented a new venture in leasing, operating and maintaining water treatment systems that was started the year before.

EDC has supported H₂O Innovation since 2006. As the company began to sell into the U.S. and other countries, we provided export trade support and guaranteed its receivables. Recently, under our cleantech strategy, we supported H₂O Innovation's significant bonding needs, which are required in the infrastructure industry, enabling the company to sign and complete the projects it was awarded. We also supported H₂O Innovation's bank to provide the company the liquidity needed to pursue its business and make strategic acquisitions.

"Today we export to about 40 countries," says Frédéric Dugré. "We couldn't do this without the safety net that EDC provides. Not only have they given us the financial support we need to grow, they're also our feet on the ground, keeping us informed of threats and opportunities in foreign countries."

"Canada's a relatively small market that's also rich in water resources. EDC understands that we have to export to succeed and they've always been there to help us."

In naming H₂O Innovation the Water Technology Company of the Year, Global Water Awards said of the company: "H₂O Innovation has demonstrated in 2015 that a small company with the right combination of creativity, entrepreneurialism, and dedication can shake up the established ways of the global water industry – and thrive. The rest of the world should take notice."



**"EDC UNDERSTANDS
THAT WE HAVE TO
EXPORT TO SUCCEED
AND THEY'VE ALWAYS
BEEN THERE TO
HELP US."**

– Frédéric Dugré, President & CEO,
H₂O Innovation

SMALL- AND MEDIUM-SIZED ENTERPRISES

G4-EC2, G4-DMA Indirect Economic Impacts, FS7

Small- and medium-sized enterprises (SMEs) make up about 99% of Canada's businesses and account for 40% of gross domestic product (GDP) and 55% of all jobs. Yet only 7% of SMEs, Canada's economic engine, are tapping into international customers and supply chains. The health of the Canadian economy moving forward will depend on helping more SMEs to grow through export.

OUR APPROACH

EDC has made it a priority to help Canadian SMEs grow internationally, particularly in high-growth emerging markets. Recognizing that SMEs have fewer financial options than large corporations, we use a broad definition of SMEs that covers any company with annual sales under \$50 million. In recent years, we have expanded our reach across Canada with additional sales and underwriting capacity to better serve SME exporters.

EDC provides SMEs with financing solutions such as direct lending and loan guarantees to financial institutions to encourage them to extend the financing an exporter may need. We also provide insurance products to protect against the risk of not getting paid by foreign buyers, as well as bonding and guarantee solutions.

In addition, EDC leverages its financing relationships with foreign buyers to encourage the purchase of Canadian goods and services and to introduce SMEs into their supply chains. Through our [corporate website](#) and channels like [exportwise.ca](#), we provide support and education on getting ready to export and managing the risks. We also promote SME export success stories in local and international media.

To track our efforts, we introduced a SME performance measure in 2015, which counts the number of businesses supported, and we set annual growth objectives.

G4-EC2, G4-DMA Indirect Economic Impacts, FS7

2015 PERFORMANCE



**CONDUCTED
4,280 TRANSACTIONS,**
7% more than in 2014



81%
of EDC customers were SMEs



170 SMEs
participated in EDC's mentoring
program

SMALL- AND MEDIUM-SIZED ENTERPRISES

G4-EC2, G4-DMA Indirect Economic Impacts, FS7

- The 7% increase in the number of SME transactions exceeded our 2015 objective of 0 to 5% growth.
- We launched **Trade Protect**, a quick online credit insurance product for Canadian companies seeking to insure against non-payment by up to five of their U.S. or international customers. Transactions can be approved within 30 minutes.
- 170 SMEs participated in EDC's mentoring program designed to help them grow their international sales. Under the program, selected companies with high export trade growth potential are given customized assistance to break into new markets, including market intelligence, exposure to procurement opportunities and introductions to key partners like the Trade Commissioner Service. Steelworks Design was one of these companies. Learn more about how EDC helped them on exportwise.ca.
- Through matchmaking events, we facilitate introductions between SMEs and large players in their industry. We held 26 matchmaking events in 2015, including introducing more than 100 Canadian companies to interested foreign buyers at the Prospectors and Developers Association of Canada (PDAC) annual convention.

WHERE WE'RE GOING

We've set a target of growing the number of SME transactions by 2% to 7% in 2016. Some of the growth will come by accepting additional risk in specific areas so our customers don't miss out on potential opportunities.



**TRADE PROTECT
OFFERS FAST, EASY,
ONLINE QUOTES**

CLEANTECH

G4-2, G4-EC2, FS8

In late 2015, more than 190 countries pledged to reduce greenhouse gases and fight climate change at the COP21 Summit in Paris. This will continue the upward trend in demand for clean technology (cleantech) solutions and presents tremendous opportunity for the Canadian cleantech sector. The challenge for many cleantech companies is getting the funding needed to make the leap from research and development to production and global expansion.

OUR APPROACH

EDC works closely with federal government departments, agencies and organizations like the Business Development Bank of Canada (BDC) and Sustainable Development Technology Canada (SDTC) to pursue Canada's climate change agenda and develop our international capabilities to support the burgeoning cleantech sector.

We have a team dedicated to understanding and supporting the unique needs of Canadian cleantech companies. Our strategy focuses on identifying promising companies whose technologies are in the early commercialization stage and providing financing and insurance solutions that fill market gaps, often in partnership with the private sector. We are frequently the bridge for cleantech companies to access financial support from traditional financial institutions.



**MORE THAN
190 COUNTRIES**

pledged to reduce greenhouse gases and fight climate change at the COP21 Summit in Paris.

G4-2, G4-EC2, FS8

2015 PERFORMANCE

CLEANTECH SUPPORT



For 2016, we've set a target of increasing the number of cleantech companies we serve under our enhanced risk appetite to 50, up from 38 in 2015, and aiming for significant growth by the end of 2020. We know there are currently approximately 800 such companies in Canada at the commercial readiness stage and we expect that our revamped strategy, once finalized, will enable us to support more companies.

WHERE WE'RE GOING

G4-2, G4-EC2, FS8

In late 2015, we began revamping our cleantech strategy in response to exporter feedback about the difficulties in getting the funding they need. Efforts included joining other federal government departments and agencies in the Cleantech Working Group to co-ordinate our approaches, improve customer experience and generally make it easier for companies to access the capital they need as they graduate from one stage of development to the next.



PROTECTING PEOPLE AND THE ENVIRONMENT



We commit to promoting and upholding high social and environmental standards in all aspects of our business and with all companies we support, both large and small.

G4-44, G4-DMA Biodiversity and FS11, G4-DMA Overall, G4-DMA Investments, G4-DMA Child Labour, G4-DMA Local Communities and FS13, G4-SO1 and FS14, G4-DMA Product Portfolio

ENVIRONMENTAL AND SOCIAL RISK REVIEW

We understand that there are environmental and social risks involved in the trade that we facilitate for Canadian exporters and investors. It's critical for EDC to have strong procedures to identify potential negative impacts and ensure that all transactions we support are financially, environmentally and socially responsible.

OUR APPROACH G4-HR5, G4-DMA Forced or Compulsory Labour

Our environmental and social risk management framework guides all of our business and is underpinned by various international agreements and standards. The framework consists of our [Environmental and Social Risk Management Policy](#), our [Environmental and Social Review Directive](#) (ERD) and our [Disclosure Policy](#).

Our Environmental Advisory Services team (EAS) has established numerous procedures for assessing the environmental and social risks posed by the business EDC supports. Transactions are reviewed for these risks along a spectrum that takes into account the nature of the transaction and includes:

- Financial officer screening of individual transactions
- Exporter declarations that they are not aware of any significant environmental consequences of their transaction and/or business
- Risk reviews by the EAS team
- Application of the OECD *Common Approaches on Environment and Officially Supported Export Credits*
- Application of the Equator Principles, an initiative among commercial banks and other international financial institutions to assess and manage environmental and social risks in limited or non-recourse project financing transactions
- Application of our ERD, a legally binding requirement under the laws of Canada that is relevant for larger, project-related transactions



EDC COMMITTS TO:

Integrate internationally accepted practices into our decision-making processes

Advocate best practices among our counterparts

Monitor changes to international standards and update our procedures accordingly

Ensure that transactions comply with host country laws and regulations

Disclose relevant information to ensure public accountability while respecting customer confidentiality



PROTECTING PEOPLE AND THE ENVIRONMENT

ENVIRONMENTAL AND SOCIAL RISK REVIEW

REVIEW OF NON-PROJECT TRANSACTIONS

Non-project transactions are reviewed under a standardized risk assessment method that evaluates a customer's process for managing its environmental, social and human rights risks. EDC's Environmental Advisory Services team (EAS) reviews information related to the nature of the industry and the project, regulatory requirements, the company's track record and corporate environmental and social risk management policies and procedures, and its commitments to CSR initiatives, standards and guidelines, among other aspects. The outcome of the assessment is used to advise EDC business teams on the acceptability of the customer's performance in these areas.

PROJECT REVIEWS

Requests for financial services that relate directly to projects are reviewed by our EAS team against the requirements of our ERD and host country standards, as well as the internationally recognized [OECD Common Approaches](#) and the [Equator Principles](#). These also reference the [IFC Performance Standards on Environmental and Social Sustainability](#), a benchmark standard used by project sponsors to help avoid, mitigate and manage risks and impacts as a way of doing business in a sustainable way.

When EDC is involved in projects, the EAS team works with our underwriting and business teams to negotiate and structure environmental and social covenants, action plans and annual monitoring and reporting requirements in loan agreements. EAS also works with project sponsors and companies directly to provide guidance and propose risk mitigation plans.

A key part of our process, linked to commitments such as the Equator Principles, is ongoing monitoring of project performance. Once a loan agreement is signed, the EAS team requires project sponsors to provide documentation demonstrating their ongoing commitment to meeting national and international standards through monitoring reports, independent assessment or meetings. The team often visits project sites to confirm that environmental and social standards and commitments are being met throughout the life of the loan.

INTERNATIONAL PARTICIPATION

EDC is chair of the OECD Export Credit Agencies Environmental Practitioners Group and involved in a number of working groups including the Human Rights Practitioners Group. We are also the only export credit agency and Canadian financial institution to sit on the Steering Committee of the Equator Principles. These appointments enable us to participate in international discussions on how to approach environmental and social risks in international business, keep pace with international standards and benchmark methodologies for assessing risk.

Learn more about our approach

[Environmental and social risk review process and FAQs](#)

[Understanding the project review process](#) (PDF)

[Implementation of the Equator Principles](#)



PROTECTING PEOPLE AND THE ENVIRONMENT

ENVIRONMENTAL AND SOCIAL RISK REVIEW

G4-44, G4-DMA Biodiversity and FS11, G4-DMA Overall, G4-DMA Investments, G4-DMA Child Labour, G4-DMA Local Communities and FS13, G4-S01 and FS14, G4-DMA Product Portfolio

2015 PERFORMANCE

7 Equator Principles transactions

✓ ASSURED

- Seven projects assessed under the Equator Principles reached financial close in 2015, mainly related to mining and green energy projects. [Details](#) are posted to our website.
- We continued to implement the recommendations of the 2014 audit by the Office of the Auditor General, including specialized training in greenhouse gas emissions auditing and calculations, and updating procedures for analyzing social risks (see [Human Rights](#) for details).
- As a member of the Equator Principles Steering Committee, EDC co-led the Consistency Working Group, which is responsible for handling inquiries on scope and application of the Equator Principles from other Equator Principles Financial Institutions (EPFI) and for developing draft guidance notes for EPFI use on specific topics.

WHERE WE'RE GOING

As growing numbers of Canadian exporters expand beyond traditional markets, EDC needs to be in a position to serve more customers and address increasingly complex environmental and social risks. For example, in response to the landmark 2015 Paris Climate Change Conference, we're exploring ways to build our capacity and engagement on climate change. In addition to developing a robust approach for defining, categorizing, and reporting on our climate finance-related activities, EDC will be exploring mechanisms to better understand the carbon impact of our lending portfolio. We continue to contribute to the strategic direction of the Equator Principles and remain active in the Environmental Practitioners group of ECAs. EDC's participation in both these organizations encourages cross-collaboration through various communities of learning as we work to ensure a level and consistent playing field for Canadian exporters and investors.

We also plan to work more strategically with EDC business teams to integrate CSR considerations. This will allow us to play a greater role engaging with potential clients in understanding their business needs and priorities while increasing our influence in areas of responsible business practices. We continue to build out and enhance our monitoring program of transactions we support to assess compliance with host-country and international standards, and further develop our process for corrective actions and response. To reflect these and other operational enhancements, we continually review and evaluate our risk review policies and procedures to incorporate evolving best practice and industry standards. As a result of these actions, EDC expects to strengthen its reputation as a CSR performer, while at the same time, ensuring we remain relevant to the Canadian exporters who we serve.





ALL SYSTEMS GO FOR CYCLONE MANUFACTURING

From humble beginnings with 40 staff working out of a Mississauga, ON, plant, Cyclone Manufacturing currently operates at four facilities in Canada and, as of 2015, one in Poland.

The company supplies aircraft parts to many of the world's large original equipment manufacturers. By combining all processing under one roof, Cyclone – the ultimate vertical integrator – helps clients eliminate needless shipping and minimizes production time and cost.

Over the years, Cyclone has turned to EDC periodically for financing, including for accounts receivable insurance and export guarantees. Its most recent transaction was a guarantee for building a new plant – its first on foreign soil – in Krasnik, Poland, a country with a strong aerospace sector and extremely competitive labour pricing. Cyclone's management decided to set up the plant in Poland to cater to the growing demand for processing and machining requirements in Europe.

"Setting up a new plant requires a massive amount of investment in the building, infrastructure and equipment," said Buz Forbes, Controller of Cyclone Manufacturing. "That's something that a conventional bank wouldn't be willing to finance. In order to circumvent that, EDC stepped in and gave a guarantee. That guarantee also reduced the interest rate the bank was willing to offer."

For EDC, the dollar value of our support triggered what we call a Project Environmental Risk Review to be conducted by our Environmental Advisory Services (EAS) team, prior to our approval of the guarantee.

"The review went very smoothly," says Kayleigh Grieve, Environmental and Social Advisor, EDC. "Because they were converting an existing building, the impacts were minimal. Our main concern was workers' exposure to the chemicals that would be used once the plant was up and running."

"Cyclone Manufacturing allayed our concerns. They already had robust occupational health and safety and environmental and social management systems in place in their Canadian facilities. They planned to replicate the same systems at the Polish plant, while ensuring compliance with local labour laws."

Grieve and her environmental advisory colleagues encourage small- and medium-sized enterprises looking to EDC for support to know their environmental and social risks beforehand and to put in place systems to address them. "We will work with companies to ensure key risks are being appropriately managed and to identify applicable international environmental and social standards," said Grieve. "But when they do the work beforehand, it definitely gives EDC more comfort and speeds up our environmental and social review process."

Photo: Courtesy of Cyclone MFG. Inc.



"WE WILL WORK WITH COMPANIES TO ENSURE KEY RISKS ARE BEING APPROPRIATELY MANAGED AND TO IDENTIFY APPLICABLE INTERNATIONAL ENVIRONMENTAL AND SOCIAL STANDARDS."

– Kayleigh Grieve, Environmental and Social Advisor, EDC

CLIMATE CHANGE

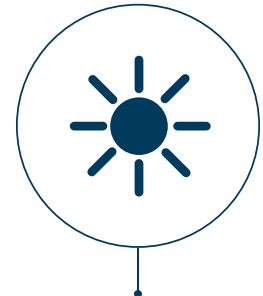
Climate change is a global challenge whose impacts will be felt by all countries, particularly the poorest and most vulnerable. Strong, coordinated action is required to address the issue and the Government of Canada intends to be a climate leader. As a Crown corporation, EDC is a partner to the Government in its climate change efforts.

OUR APPROACH

Climate change is one of EDC's three strategic priorities. We take action on the issue by:

- Engaging with clients to understand their carbon and climate risks and opportunities
- Evaluating climate change risks to ensure projects we support are designed to incorporate technically and financially feasible and cost-effective options for mitigating and adapting to climate change
- Requiring large project sponsors (Categories A and B) to provide greenhouse gas (GHG) emissions estimates, consistent with IFC Performance Standards and using established methodologies such as the Greenhouse Gas Protocol
- Verifying the project-specific GHG estimates provided by project sponsors
- Participating in green bond financing to support transactions that preserve, protect or remediate air, water or soil, or help mitigate climate change
- Supporting Canada's **cleantech sector**, which is focused on developing and commercializing clean technologies

EDC also works closely with members of the Canadian delegation to the OECD to support continuing discussions on the role of export credit agencies in addressing climate change. We chair the OECD Export Credit Agencies Environmental Practitioner Working Group.



**CLIMATE CHANGE
IS ONE OF OUR
THREE STRATEGIC
PRIORITIES**

FS8

2015 PERFORMANCE



**8 STAFF MEMBERS
TRAINED**

on calculating and auditing
GHG emissions



**SUPPORTED
38 CANADIAN
CLEANTECH COMPANIES**



**ISSUED A SECOND
US\$300 MILLION
GREEN BOND**

CLIMATE CHANGE

FS8

- We continued to implement recommendations from the 2014 **Office of the Auditor General audit**. This included standardizing templates and tools to ensure that better quality GHG data is collected from projects; providing specialized training to EDC staff on calculating and auditing GHG emissions; and explicitly noting GHG impacts and mitigation measures in project memos.
- EDC issued a second US\$300 million, 1.25% fixed-rate green bond in December 2015, which was well received by investors. Proceeds will be used to fund renewable energy (40%), mass transit (40%) and biofuel (20%) initiatives.
- We continued to enhance our green bond program with work to ensure that projects supported through green bond financing do indeed fit the eligibility criteria and that the proceeds of green bonds are appropriately allocated.
- EDC was part of the Canadian delegation that actively engaged with the OECD to finalize the *Sector Understanding on Export Credits for Coal-Fired Electricity Generation Projects*, which will phase out official ECA support for coal-fired power plants.

WHERE WE'RE GOING

In support of the Government of Canada's climate change objectives, we will begin to define our approach to climate finance (financing for climate-friendly projects or companies). As an initial step, we will build our capacity to monitor and report annually on EDC's climate finance volumes, in support of a whole-of-government effort in this regard. In 2016, we will report EDC's climate finance volume for the first time.

Also in 2016, we will review the coal exposure of our investment portfolio and implement the new OECD *Sector Understanding on Export Credits for Coal-Fired Electricity Generation Projects* ahead of the agreement's January 1, 2017 implementation timeline.

Long term, we plan to assess the carbon impact of EDC's portfolio and determine how we can best support the transition to a low-carbon economy, by investing in more cleantech companies, helping existing customers switch to cleaner technologies, and offering more climate change products and services.



**WORKING TOGETHER
TO TACKLE CLIMATE
CHANGE**

HUMAN RIGHTS

G4-DMA Investments, G4-HR6, G4-DMA Supplier Human Rights Assessment

Human rights are basic rights and freedoms to which all people are entitled. We consider it our responsibility to understand the actual and potential risks and impacts on human rights of any business we support and to ensure that our decisions and actions respect and protect internationally recognized human rights.

OUR APPROACH

Our corporate [Statement on Human Rights](#) confirms our commitment to promote and protect human rights. Human rights is one of our three strategic priorities, along with transparency and climate change, and we are working hard to enhance our due diligence.

EDC conducts human rights due diligence on its transactions. Pre-screening is conducted by business development teams and, where needed, further screening or assessment is done by the CSR group. Our standard practice is to look at a company's track record and management capacity, the country risk for human rights impacts, and the product being exported and its end-use. For project financing in higher risk countries, EDC benchmarks against the [IFC Performance Standards on Environmental and Social Sustainability](#) and monitors performance over the life of a loan where the potential for impacts on human rights is greatest.

We continually track developments in the area of human rights. In 2014, we hired a consulting firm to review how EDC aligns with the UN Guiding Principles on Business and Human Rights (UNGPs), the authoritative global standard on business and human rights. Based on its recommendations, we developed a human rights implementation strategy to further align EDC's policies and processes with the UNGPs. The strategy is focused on implementing short-term (one to two years) and long-term (three to five years) activities that will help close identified gaps.



STATEMENT ON HUMAN RIGHTS

Our corporate Statement on Human Rights confirms our commitment to promote and protect human rights.

[Click here](#) to read our full statement.

G4-DMA Investments, G4-HR6, G4-DMA Supplier Human Rights Assessment

2015 PERFORMANCE

We began working on short-term aspects of the human rights implementation strategy, notably:

- Building awareness of the UNGPs within EDC
- Updating country triggers to flag transactions for additional human rights due diligence in pre- and post-conflict countries where the risks of severe human rights impacts may increase
- Creating an internal committee that will sharpen the due diligence tools used to identify and prioritize human rights risks and impacts
- Further integrating human rights due diligence into existing CSR review processes

HUMAN RIGHTS

G4-DMA Investments, G4-HR6, G4-DMA Supplier Human Rights Assessment

There were four human rights inquiries from external stakeholders during the year:

- Three stakeholders wanted to understand our human rights review processes and how we take into account the rights of children, benchmark to international standards, and treat borrowers who may be found to have engaged in human rights and labour abuses.
- Another stakeholder sought EDC's assistance to influence Equator Principles Financial Institutions (EPFIs) to incorporate the concept of free, prior and informed consent (FPIC) into their analyses of deals and to incorporate the rights of indigenous peoples, including adoption and implementation of the *UN Declaration on the Rights of Indigenous Peoples* as a framework for reconciliation in the corporate sector and business community.

In each case, EDC responded as fully as possible, contacting EPFIs regarding FPIC and the UN Declaration, explaining how our human rights assessment process addresses the rights of all, including children, how benchmarking to international standards is done, and our enhanced due diligence approach when borrowers are allegedly implicated in human rights and labour issues.

- We continued our involvement in human rights discussions and work through the OECD Export Credit and the Equator Principles Financial Institutions groups. EDC played a lead role in further integrating the OECD Guidelines for Multinational Enterprises (MNEs) and UNGPs into the latest revision of the OECD Common Approaches. We also participated in the 2015 United Nations Forum on Business and Human Rights, where we provided a statement from the floor describing how EDC considers Canada's CSR position on a company in our own CSR due diligence, and in deciding whether or not to proceed with a transaction.

WHERE WE'RE GOING

As our customers expand beyond traditional markets, and we serve more small- and medium-size enterprises (SMEs), we will continue to evolve our approach to human rights due diligence drawing on guidance from the international human rights community and the Government of Canada.



**ALIGNING WITH
UN GUIDING
PRINCIPLES ON
BUSINESS AND
HUMAN RIGHTS**



BEING A GOOD CORPORATE CITIZEN



As a Crown corporation owned by the Government of Canada, EDC has a responsibility to be an exemplary corporate citizen – one that conducts business with integrity and transparency, creates jobs, supports an enriching work environment, and invests in local communities.

G4-49, G4-DMA Compliance

ETHICS AND TRANSPARENCY

EDC is accountable to many stakeholders, including the Government of Canada and Canadian citizens. We owe it to them – as well as our customers, co-workers and business partners – to operate ethically and as transparently as possible, both to maintain their trust and confidence and to ensure our continued business success.

OUR APPROACH

EDC employees are bound by the Code of Business Ethics and the Code of Conduct (the Codes). All employees sign an annual statement confirming their compliance with the Codes.

Our **Disclosure Policy** guides the release of information on individual financing transactions, EDC's aggregate business volumes, and transactions with the potential to cause significant adverse environmental and social impacts. Disclosure channels include corporate reports and our corporate website. We use these channels to notify the public when we are considering Category A projects and provide access to information on their environmental and social impact assessments, and to disclose signed Category A projects and summaries of their environmental and social impacts. Our challenge is to provide sufficient details to satisfy media and civil society interest, while protecting customer confidential and/or competitive information.

We also promote transparency by sponsoring and speaking at **stakeholder events** and responding directly to stakeholder enquiries about CSR aspects of EDC-supported business and projects. These channels offer an opportunity to explain our CSR practices and outline our expectations for our customers.



OUR CODE OF CONDUCT AND CODE OF BUSINESS ETHICS GOVERN OUR BEHAVIOUR

[Click here](#) to read the Codes.

BEING A GOOD CORPORATE CITIZEN ETHICS AND TRANSPARENCY

G4-49, G4-DMA Compliance

2015 PERFORMANCE



**PARTICIPATED IN
15 STAKEHOLDER
EVENTS**



**RESPONDED TO
25 STAKEHOLDER INQUIRIES**
regarding CSR aspects of
EDC-supported
business and projects



**CREATED NEW
COMPLIANCE AND
ETHICS GROUP**

G4-49, G4-DMA Compliance

- EDC established a new Compliance & Ethics group and appointed a Chief Compliance and Ethics Officer in 2015. The group's mandate is to apply an objective and independent lens in establishing and/or improving EDC's various compliance and ethics programs. It is led by a Chief Compliance and Ethics Officer who has an independent reporting line to a committee of the Board of Directors. The new group plays a role in six areas: compliance risk management, financial crimes, ethics, complaints, privacy and access to information, and insider threat. The Chief Compliance & Ethics Officer is also the contact person for members of the public who have reason to believe that a public servant or EDC employee has not acted in accordance with our Code of Conduct.
- We conducted a quarterly campaign to raise awareness of the requirements of the Code of Conduct among EDC employees.
- 25 CSR-related stakeholder inquiries were received in 2015. While most requested details about specific transactions, four related to potential **human rights violations** and four to potential corruption issues. In these instances, we provide an explanation of our position and due diligence processes for supporting the companies in question. We also conduct our own investigation on the matter. If a customer we support later faces allegations, investigations, charges or convictions, it may represent a breach of the company's contractual obligations to EDC and we take action accordingly.
- The CSR team provided guidance to underwriters and business development staff on a standard approach to disclosing information about transactions as a means of reducing variability in descriptions and making it easier for stakeholders to compare information and understand how loan proceeds will be used.
- See **Reporting on Transactions** on our corporate website for aggregate quarterly reporting, individual transaction reporting, and environmental and social reporting. For a review summary of a specific project, enter the name of the project in the Search field on the corporate website.



QUARTERLY CODE OF CONDUCT EVENTS

raise employee awareness of our
expectations for business conduct

BEING A GOOD CORPORATE CITIZEN ETHICS AND TRANSPARENCY

FS6

DISCLOSURES ON TRANSACTIONS

● 2015 ● 2014

Total Number of Transactions

✓ ASSURED

1,114

977

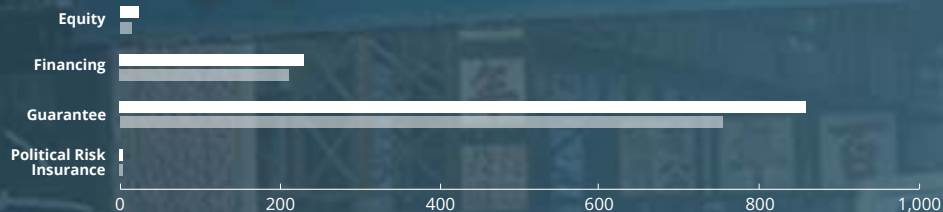
2015

2014

Transactions by Region



Transactions by Product



Transactions by Dollar Range



WHERE WE'RE GOING G4-49, G4-DMA Compliance

We plan to review opportunities to improve transparency.

We recognize that we disclose a considerable amount of information via our website but it is not easy for stakeholders to find. We are working on consolidating information to address this issue.



STAKEHOLDER DIALOGUE IN ACTION

Reactions were mixed to our EUR 400 million finance facility to Germany-based Volkswagen Group (Volkswagen) in 2015. While several Canadian companies and industry associations came out in support of the loan, recognizing the value of formal links between Canada and Volkswagen, one labour union expressed concern for the protection of the Automotive Canadian OEM footprint and the consequences on its members' jobs. The announcement and differing viewpoints were the subject of news stories and prompted us to submit an **opinion piece** to the *Financial Post*. The opinion piece points out that loans such as these to foreign auto manufacturers help Canadian suppliers to that sector grow their export business, thus sustaining and growing Canadian jobs within the broader global auto supply chain.

As a Crown corporation accountable to the Parliament of Canada, we disclose transaction details in keeping with guidelines that ensure public accountability and respect customer confidentiality.

"At times, it means that we are challenged for our decisions," says Yolanda Banks, Senior Advisor, CSR. "We understand that and invite stakeholders to express their concerns to us about businesses and projects we support. The ensuing dialogue helps us better understand the impact of our decisions, gives us an opportunity to explain ourselves, and ultimately informs future strategies and plans."



"STAKEHOLDER DIALOGUE HELPS US BETTER UNDERSTAND THE IMPACT OF OUR DECISIONS, GIVES US AN OPPORTUNITY TO EXPLAIN OURSELVES, AND ULTIMATELY INFORMS FUTURE STRATEGIES AND PLANS."

– Yolanda Banks, Senior Advisor,
CSR, EDC

COMMUNITY

G4-DMA and FS Economic Performance

Our community investment program focuses on making meaningful, mutually beneficial investments in the communities in which we live and work.

OUR APPROACH G4-EC1 and FS

The community investment program focuses on three priority areas:

YOUTH EDUCATION (INCLUDING SCHOLARSHIPS, PARTNERSHIPS WITH UNIVERSITIES AND ASSOCIATIONS AND SPONSORSHIPS) – EDC awards 30 international business scholarships annually to post-secondary students and supports educational initiatives such as case competitions.

SMALL ENTERPRISE DEVELOPMENT IN EMERGING MARKETS – Our relationship with CARE Canada, currently in its seventh year, sees EDC employees contributing to small business development projects around the world. This partnership allows our employees to enhance important skills such as adaptability, problem-solving and intercultural communication while providing business expertise to CARE offices internationally. To date, 26 employees have taken part, lending their expertise through four-month assignments to CARE's programming in India, Morocco, Peru, Sri Lanka, Zambia, and Ottawa, Canada. In addition to sharing employees' knowledge and skills, EDC invests \$180,000 each year in the partnership.

CHARITABLE GIVING – We support our employees' volunteer efforts in the community by making donations to their charities. When possible, we also match employee donations to help disaster relief efforts around the world.

We measure the effectiveness of our community investment program through employee participation rates, feedback from employees engaging in specific initiatives, and periodic strategic program reviews.



WATCH OUR BEYOND EXPORTS: EDC AND CARE CANADA VIDEO

G4-EC1 and FS, G4-DMA and FS Economic Performance

2015 PERFORMANCE



**DONATED
\$69,500**

to more than 30 Canadian charities through our Charitable Donations program



COMMUNITY

G4-EC1 and FS, G4-DMA and FS Economic Performance

- We conducted a strategic review of our programs, partnerships and sponsorships to evaluate their impact and better align with overall community investment program objectives. As a result, we renewed certain partnerships, made changes to some, and moved away from others.
- 2015 international business scholarships were awarded to 30 students from 20 different institutions across seven provinces.
- EDC supported more than 30 Canadian registered charities with donations totalling \$69,500 through Charitable Donations Program. See our website for the [list of charities](#) supported.
- Through our disaster relief program, EDC donated \$11,165 to the Humanitarian Coalition to help fund relief efforts following the earthquakes in Nepal, and \$17,909 to the Ottawa Community Immigrant Services Organization to help Syrian refugee resettlement efforts in Canada. Donations were a direct match to individual employee donations.



55% INCREASE

in the number of employee applications for funding to support the charities where they volunteer on a regular basis

WHERE WE'RE GOING G4-DMA and FS Economic Performance

In 2016, we will hold our first Community Investment (CI) Day, where employees will have the opportunity to spend half a day volunteering at a local charity.

BEING A GOOD CORPORATE CITIZEN OUR WORKPLACE

G4-10, G4-DMA Diversity and Equal Opportunity, G4-DMA Equal Remuneration for Women and Men

For EDC to be the go-to solutions provider for exporters over the long term, we need the right people. It's essential that we attract, retain and engage diverse talent and give people support and opportunities to develop, thrive and achieve their potential.

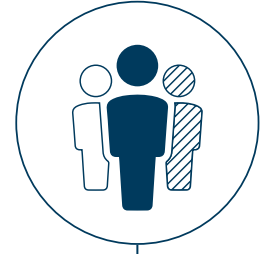
OUR APPROACH

Diversity and inclusion is an important part of our corporate strategy, allowing us to deliver value and better connect with our customers. Our vision is to have a diverse workforce operating in an inclusive and bilingual environment by 2020. We have a three-year diversity and inclusion action plan that is our roadmap for increasing the diversity of our workforce and measuring progress. It includes targeted workshops and online tutorials, awareness and understanding initiatives, and a robust communication plan.

Annual targets have been set for each year up to and including 2020 for increasing the percentage of women in targeted areas (at the leadership level overall and within the lines of business), as well as the percentages of visible minorities in leadership and Aboriginals at the professional level. Updates are presented quarterly to Human Resources leadership and at least annually to EDC executives and the Board of Directors.

We measure our overall progress against employee representation data reported in the annual Employment Equity Report to the Labour Program of Employment and Social Development Canada and the results of the annual workforce analysis.

Monitoring is also done through scores and perceptions on diversity and workplace conditions in biennial employee engagement surveys.



OUR VISION

To have a diverse workforce operating in an inclusive and bilingual environment by 2020

G4-10, G4-DMA Diversity and Equal Opportunity, G4-DMA Equal Remuneration for Women and Men

2015 PERFORMANCE

INCREASES IN DIVERSITY FROM 2014 TO 2015:



39% TO 44%

Percentage of women in leadership



28% TO 34%

Percentage of women leaders in lines of business



5.7% TO 7.6%

Percentage of minorities in leadership



0.6% TO 1.4%

Percentage of Aboriginals in professional roles

BEING A GOOD CORPORATE CITIZEN OUR WORKPLACE

G4-10, G4-DMA Diversity and Equal Opportunity, G4-DMA Equal Remuneration for Women and Men

- 87% of our leadership group, including the entire executive team, completed unconscious bias training. The training makes them more mindful of unconscious beliefs, behaviours and choices that affect organizational culture and business decisions.
- We rolled out a mandatory *Mutual Respect* tutorial for all employees to ensure they understand our commitment to providing a work environment free of harassment, discrimination and workplace violence.
- We created the Diversity and Inclusion Committee made up of a cross-section of employees and led by a senior vice-president to increase the visibility of diversity and inclusion as a corporate priority and provide governance and focus for related initiatives.
- Several employee events and “lunch & learns” were held on topics such as Aboriginal awareness, mental health, helping Syrian refugees and career mentoring of new immigrants.
- Our internal Diversity 2020 Diversité Blog, led by a volunteer group of employees, is sparking diversity conversations on a range of topics in the workplace. Bloggers are champions for specific audiences, including women, visible minorities, LGBT, new Canadians and Gen Y staff.



MANDATORY MUTUAL RESPECT

tutorial reinforces our commitment
to a respectful workplace

BEING A GOOD CORPORATE CITIZEN OPERATIONAL FOOTPRINT

G4-DMA Effluents and Waste, G4 DMA-Overall

Just as we expect our customers to uphold high environmental standards, we have a responsibility to take meaningful action to address the impacts of our own operations.

OUR APPROACH

Our main environmental impacts relate to paper usage, energy and water consumption, and business travel. We have worked steadily over the past several years to improve performance in each of these areas and reduce our overall operational footprint. We track performance and report results on our [website](#), using the same methodologies as our customers.

Efforts are spearheaded by the Green Team, a cross-corporation, volunteer employee advocacy group that provides a forum for developing new ideas.

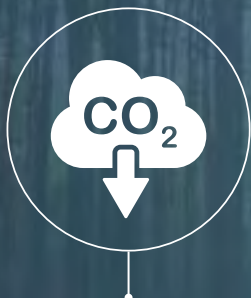


TRACK OUR OPERATIONAL FOOTPRINT

[Click here](#) to see 2015 performance details

G4-EN6, G4-DMA Effluents and Waste

2015 PERFORMANCE



Carbon footprint

**EQUAL TO 2.8 t-CO₂e
PER EMPLOYEE,**

down from 3.36 t-CO₂e in 2014



Electricity consumption

**DECLINED
BY 7.5%**



Paper use

**DECLINED
BY 6.5%**

G4-EN6, G4-DMA Effluents and Waste

- EDC's carbon footprint decreased from 3.36 tonnes of CO₂ equivalent (CO₂e) per full-time employee in 2014 to 2.8 tCO₂e in 2015, reaching its lowest level since we started calculating our footprint in 2008.
- Detailed performance data for both 2014 and 2015 is available on our [website](#). The only increases in 2015 were in water consumption and waste generated on an aggregate basis, although both were lower on a per employee basis.
- Improvements were the result of ongoing efforts to educate employees, as well as our increased use of technology to reduce printing and improve energy efficiency.
- In 2015, we conducted a waste audit to help us better understand our waste streams and how to effectively manage or recycle waste.

WHERE WE'RE GOING

In 2016, we'll focus on food waste diversion (sending waste to compost rather than landfill), by bringing in outside expertise to help simplify our waste receptacle system, making it more convenient, intuitive and informative.

G4-DMA Effluents and Waste



In 2016, we'll focus on

**FOOD WASTE
DIVERSION**

(sending waste to compost rather than landfill).

