



2016 CORPORATE SOCIAL RESPONSIBILITY REPORT

DOING BETTER TOGETHER

PROMOTING POSITIVE CHANGE

At EDC, we're working to promote a better way of doing business – by helping Canadian exporters operate responsibly and by joining forces with stakeholders to raise the bar on sustainability standards and practices.

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2016 HIGHLIGHTS



\$102 BILLION

in trade facilitated for customers
using our financial products



**\$14.2 BILLION
IN EXPORTS**

conducted by small and medium-
sized enterprises supported by EDC



OVER 500,000 JOBS

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

 ASSURED



\$273 MILLION

in support for transactions that
contributed to climate change
mitigation in developing countries



6

projects reviewed under
the Equator Principles

TAKING ACCOUNTABILITY



We hold ourselves accountable to international standards, our customers, our stakeholders and one another to meet commitments and make a meaningful difference.

G4-EC1, FS

2016 CSR HIGHLIGHTS

PRIORITY



COMBATTING CORRUPTION

2016 ACTIVITIES

Conducted **669 DUE DILIGENCE** reviews.

Launched a multi-year project to advance our **FINANCIAL CRIMES AND KNOW YOUR CUSTOMER (KYC) PROGRAM**, including hiring an external consultant to conduct a current state and gap analysis.



FOCUSING ON CLIMATE CHANGE

✓ ASSURED

Moved to adopt and implement the **ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD) SECTOR UNDERSTANDING** limiting support for coal-fired power plants.

Began **ASSESSING THE CARBON FOOTPRINT** of EDC's investment portfolio and will use the results to determine how we can best support the transition to a low-carbon economy.

Supported **\$273 MILLION IN CLIMATE FINANCE TRANSACTIONS** in developing countries.



PROTECTING HUMAN RIGHTS

Continued to evolve and develop an approach for **SCREENING TRANSACTIONS FOR HUMAN RIGHTS RISKS**, including establishing a committee to monitor emerging issues and provide recommendations on how to support and manage customer exposure in high-risk circumstances.



2016 CSR HIGHLIGHTS

PRIORITY

2016 ACTIVITIES



HONOURING INTERNATIONAL COMMITMENTS

Continued in our role as an **EQUATOR PRINCIPLES ASSOCIATION STEERING COMMITTEE** member.

Actively engaged within the **OECD ENVIRONMENTAL PRACTITIONERS** group to share experiences and advance environmental and social risk management practices among export credit agencies.



INVESTING IN OUR COMMUNITY

Held first-ever **EDC COMMUNITY INVESTMENT DAY**, with almost 900 employees across Canada and around the world volunteering to support 26 organizations.

AWARDS AND RECOGNITION

Canada's Top 100 Employers (2017)

Corporate Knights Future 40 Responsible Corporate Leaders (2016)

EDC ranked in the top 10 of the Future 40 and first in Financial Organizations

Hire Immigrants Ottawa 2016 Employer Excellence Award

EDC was recognized for having a number of workplace features and employee programs that promote diversity

Deal of the Year (2016) – Trade Finance Magazine

Financing to Dubai Aluminium for the procurement of goods from Canadian companies

2016 Telly Awards (New York, New York) –
Ocean Rodeo Customer Profile:

Bronze Award for Cinematography

Category: Film/Video, Branded Content/Entertainment

Silver Award for Directing

Category: Film/Video, Promotional Pieces

Global Capital Bond Awards 2016

EDC Treasury team was awarded "Most Impressive Agency Funding Team"

MESSAGE FROM THE PRESIDENT AND CEO

G4-1

An important transformation is happening in the international business community.

Organizations around the world have recognized the benefits of working together to tackle global challenges like climate change, corruption and social inclusion. There's a growing understanding that strong practices in Corporate Social Responsibility (CSR) are no longer a "nice-to-have", but are in fact the drivers of innovation, contributing to a sustainable and competitive business.

For EDC, CSR has been a strategic priority for some time. From our perspective, the work we do to continuously improve our practices and to encourage responsible business conduct is integral to our – and our customers' – success. Our extensive CSR policies and practices are a big part of why we have such a strong reputation among our peers. They are also part of EDC's value proposition, not only for those with whom we do business, but also for our stakeholders and employees.

As an organization that has developed a substantial CSR strategy over the years, it's our responsibility to continue pushing the envelope, both internally and with our partners. In some countries where Canadian companies conduct business, there can be challenges with low institutional support, communities with little structure or government, and other very complex environments. For EDC, it's important to be able to help Canadian companies navigate these environments, ensuring their success, and the success of the communities where they do business. A company that is active in a community in a positive way will ultimately be more successful and profitable in the long term. This is true whether you are operating in a small community in Canada, or in a developing market overseas.

Our CSR practices can – and do – set us apart from other financiers. And they also differentiate our customers and partners. That's what we're striving for, to be a differentiator for those with whom we do business. When EDC is part of a transaction, we want investors, financiers, customers and every other link in the supply chain to know that best practices are being upheld. This doesn't have to mean turning away transactions. It means being a force of positive influence for our customers and the many organizations we work with, and helping our customers to longer term business success.

In 2016, we took steps towards this goal.

We added new membership (and know-how) to EDC's CSR Advisory Council, now in its 16th year. This highly skilled group acts as an unbiased source of advice and direction. Its members provide expert insight and knowledge and help us sharpen our CSR focus. In the past, insight from the Council has helped inform ideas such as the issuance of our green bonds and updates to anti-corruption due diligence. Over the last year especially, the role of the Council has evolved and matured. We are having deeper dialogues about our strategy and how we can better support Canadian businesses through our policies and programs.



Benoit Daignault
President and
Chief Executive Officer

MESSAGE FROM THE PRESIDENT AND CEO

This was also the year that EDC advanced our relationships with our many stakeholders and improved our transparency. We understand the impact our activities can have on people everywhere we do business. It is important that we remain connected with those we touch and that we continue to work closely with them. As we advance our CSR policies, constructive feedback from our many stakeholders will be an important part of our development.

Perhaps most central to this goal of keeping CSR central to our business is our employee base. For CSR to be part of our value proposition for our customers and our partners, it must also be part of our value proposition as an employer. How we work within our communities and how we conduct our business is an important part of recruiting and retaining good talent, and one of the reasons why EDC is a Top 100 employer.

As we look to the future, it's leadership of this kind that we will continue to build on.

The title of this report, *Doing Better Together*, is a testament to the importance we place on working with others to advance the cause of more responsible business practices. *Responsible* business is *good* for business. It is an essential element of how EDC defines success for the Canadian companies we serve and the global leader in trade we need Canada to be.

We've come a long way. But are we where we need to be? No, not yet. But that's why we will continue this important work tomorrow.

I want to thank our CSR Advisory Council and Board of Directors for their guidance and support in developing EDC's strategy. I would also like to thank EDC's employees for continuing to drive our culture of continuous improvement and sustainability. This work will help EDC achieve its goal of going beyond our walls and using our influence to advocate for better business practices and global solutions.

Sincerely,

A handwritten signature in black ink, appearing to be 'Benoit Daignault', with a stylized, cursive script.

Benoit Daignault
President and Chief Executive Officer

MESSAGE FROM SENIOR VICE-PRESIDENT, CORPORATE AFFAIRS

G4-1

Without a doubt, 2016 will be remembered as the year for action on climate change at EDC. Our list of firsts and milestone achievements was lengthy:

- Implemented the OECD *Sector Understanding on Export Credits for Coal-Fired Electricity Generation Projects*, limiting export credit support for new coal-fired power plants (CFPP), six months ahead of the formal effective date.
- Supported \$273 million in climate finance transactions. This is the amount of support we provided for climate-friendly projects, or companies, operating in developing countries.
- Began a project to measure the carbon impact of EDC's investment portfolio, the results of which will be available in 2017.
- Reached the milestone of \$1 billion in support for companies in the clean technology sector, the culmination of several years of relationship building and assistance, as well as a deep understanding of, and expertise in, the sector.
- We expanded our expertise and resources in areas such as law, engineering, and anti-corruption management. This has formed a strong complement to a team with practical business experience, creating a group that understands the challenges faced by Canadian businesses and the value of sustainable global business practices.

Shortly after year-end, we distinguished ourselves again by being the only export credit agency to articulate and publicly disclose its position on CFPPs. EDC's policy clarifies the types of coal projects we will and will not support and is more rigorous than the Sector Understanding itself.

I'm extremely proud of what we accomplished in a relatively short period of time. Climate change is creating a growing array of risks and concerns around the world. Through our lending and investment activities, EDC is in a unique position to help facilitate the transition to a more sustainable economy and we are stepping up in meaningful ways.

GROWING CSR CONTRIBUTIONS

Our expanded CSR team is making important contributions on many fronts, both within EDC and on the global stage, to advance responsible and sustainable business.

One of our leaders is on the EDC steering committee charged with articulating a more robust approach to financial crimes under our broader enterprise risk management framework. Another is working with our CEO and executive team to further integrate CSR into the organization's business processes and make it an integral part of the EDC brand.

EDC is on the Steering Committee of the Equator Principles, and many of our CSR team members are involved in working groups of the Equator Principles and the OECD Environmental Practitioners, helping tackle global issues and shape international standards in the areas of climate, biodiversity, human rights and social risks. Through their efforts, EDC played a role in strengthening the OECD Common Approaches' guidance for export credit agencies in addressing human rights risks.

All of these activities point to a mature CSR function that's ready, willing and able to tackle complex issues and drive change on a broad scale.



Catherine Decarie
Senior Vice-President,
Corporate Affairs

TAKING ACCOUNTABILITY

MESSAGE FROM SENIOR VICE-PRESIDENT, CORPORATE AFFAIRS

CHANGE FOR THE BETTER

Among our other 2016 accomplishments, we made inroads in addressing feedback from civil society organizations (CSOs) about our level of transparency. By involving our customers in our responses to CSO queries, we were able to provide more details about particular transactions and initiate constructive dialogue. This is the beginning of a new approach to engaging with CSOs that we will continue to evolve in 2017, even if sometimes we have to agree to disagree.

We're also very proud of advances made in our approach to community investment. EDC held its first Community Investment Day, inviting employees to take a day away from the office to volunteer at a local charity. Close to 900 people, almost 75% of EDC staff, helped out at 26 different charities in communities across Canada, and in Colombia, India and Mexico.

EDC earned high praise for its workplace programs in 2016, including being named one of Canada's Top 100 Employers and receiving an Employer Excellence Award from Hire Immigrants Ottawa. Building a workforce that reflects Canada's diversity is a key objective and our people continue to rally around our diversity and inclusion initiatives. It was especially satisfying to see that more than 90% of respondents to our latest employee engagement survey rated EDC favourably for understanding and appreciating differences among employees, and for treating all employees fairly.

TAKING THE NEXT STEP

We look forward to taking the next step in the evolution of CSR at EDC. At the highest levels of the organization, we see it as central to our brand, our long-term strategy and our ability to help Canadian businesses succeed internationally.

A priority of our CSR team will be to spend more time with customers and stakeholders in the coming year, and adopt an outside-in perspective that's more proactive than reactive. As mentioned, with our external stakeholders, we want to increase listening and transparency. With customers, we aim to get involved at an earlier stage of the value chain, offering them CSR expertise and services that help their business.

For us, *Doing Better Together* is both the theme of this year's CSR report and the means by which we plan to raise the bar on sustainability standards and practices in the coming year – within our own organization, and among peers, customers and other stakeholders.

Sincerely,



Catherine Decarie
Senior Vice-President, Corporate Affairs



**FOR THE FOURTH
CONSECUTIVE YEAR,
EDC WAS NAMED
AMONG THE TOP
10 OF THE FUTURE
40 RESPONSIBLE
CORPORATE LEADERS
IN CANADA, PRESENTED
BY CORPORATE
KNIGHTS.**

APPROACH TO CSR

G4-44

At EDC, we recognize that business today operates in a multi-stakeholder world. As such, we strive to balance diverse priorities and considerations by integrating principles of sustainability and good governance into our overall strategic framework. We've put CSR at the heart of our business, and we strive to understand and meet our stakeholders' expectations through ongoing dialogue, collaboration and focused effort on the topics that matter most to them.

POLICIES AND GOVERNING LEGISLATION 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*, the *Financial Administration Act* and the *Public Servants Disclosure Protection Act*.

The *Export Development Act* directs EDC to implement an environmental and social risk management policy that includes an environmental and social review directive (ERD). This directive outlines EDC's approach to reviewing projects, including our corporate standard of benchmarking to the IFC Performance Standards. EDC also has a transaction disclosure policy which directs the public release of transaction information at aggregate and individual levels. The policy strikes a balance between sharing information that enhances our public accountability, and protecting the commercially confidential information entrusted to us by our customers.

Canada is a member state of the Organisation for Economic Co-operation and Development (OECD), and EDC, as a Crown corporation, 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.

Key internal policies that guide our business conduct and approaches include the following:

- **Anti-Corruption Policy Guidelines**
- **Code of Business Ethics and Code of Conduct**
- Environmental and Social Risk Management Framework, which includes the **Environmental and Social Risk Management Policy**, the **Environmental and Social Review Directive** and the **Disclosure Policy**
- **Statement on Human Rights**

In 2007, we adopted the Equator Principles, 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.



Stakeholder engagement
is an essential part of

OUR APPROACH TO CSR.



GOVERNING LEGISLATION AND AGREEMENTS

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

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, suppliers, partners and other stakeholders.



ENVIRONMENT

We are conscientious about the environmental and social 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 are outlined in [this diagram](#).

Directors receive annual refresher training to confirm their understanding of, and compliance with, the requirements of EDC's Code of Conduct and with Board-specific procedures regulating conflicts of interest and insider trading. One of our Board members participates in EDC's 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 2016 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.

STAKEHOLDER ENGAGEMENT

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

Stakeholder engagement is an essential part of our approach to CSR. Given the complexity of issues related to our business, we field concerns from a broad range of stakeholders and engage in outreach and relationship building with them.

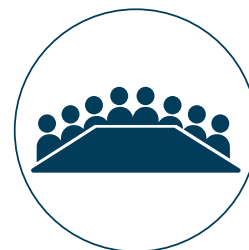
We take stakeholder input seriously and make every effort to address concerns through direct communications, and through our business and CSR strategies and plans.

CSR ADVISORY COUNCIL – Comprising leaders from business, civil society and academia, the CSR Advisory Council advises on and guides our CSR practices. The Council meets twice a year.

The theme of the 2016 spring meeting was climate change and expectations for financial institutions since the landmark 21st Conference of Parties (COP21). Discussions ranged from the importance of understanding the corporation's climate risk by measuring the carbon exposure in EDC's loan portfolio to financing sustainable infrastructure solutions. The Council's advice from the spring meeting is summarized [here](#).

The theme of the fall meeting was how CSR can be a differentiator for EDC and provide a competitive advantage for our customers. Following a workshop led by external experts, the Council recommended, among other things, that EDC use its CSR commitments to drive innovation, as other large corporations have done successfully. The Council's advice from the fall meeting is summarized [here](#).

INDUSTRY STAKEHOLDER PANEL – This 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. Details on 2016 panel membership and meeting summaries can be found on our [website](#).



8-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.

“

“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 third-party assessment of how we're doing as a company. Their observations, commentary and suggestions help us do our job better.”
(Mining executive)

STAKEHOLDER ENGAGEMENT

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

GOVERNMENT AND CIVIL SOCIETY ORGANIZATIONS (CSOS) – We frequently engage with stakeholders in government and CSOs on topics of mutual concern. Transparency has been a hot topic for CSOs, and there has been criticism about our approach, including the following from our 2015 CSR reporting cycle:

“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.”

We’ve since initiated a new process for addressing certain CSO inquiries, which involves our customers. (See our **“Listening and Responding”** case study). In addition, transparency will be the focus of our spring 2017 CSR Advisory Council meeting, and we’ve invited a diverse range of stakeholders to the session to share their views on how EDC can improve.



Learn more about our policies and approaches to **transparency**.

ABOUT THIS REPORT

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

We are pleased to present EDC's 12th annual Corporate Social Responsibility (CSR) report. This report provides an update to our 2015 report, which was released later than usual (in December 2016) 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 2016 calendar year at all EDC operations across Canada and around the world with one exception:

- Operational footprint data pertains to our Ottawa head office only, where more than 90% of EDC's physical operations are concentrated, as measured by square footage.

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

We conduct a robust materiality assessment every three years, and the next one is scheduled for 2017. Topics of discussion in this report are based on the results of the 2014 assessment and ongoing stakeholder dialogue, correspondence and inquiries.

The seven priority topics identified in the 2014 assessment were as follows:

- Combatting corruption
- Being transparent
- Protecting the environment and people
- Respecting human rights
- Maintaining high ethical standards
- Supporting our communities
- Engaging our employees

G4-31



YOUR FEEDBACK

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



TWITTER



FACEBOOK



LINKEDIN



EMAIL
csr-rse@edc.ca

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, but 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 management processes, and areas where there is a stakeholder interest. This year, we decided to assure indicators reflecting four key areas of our performance:

- The number of human rights screenings conducted, and the number of full assessments that resulted from those screenings
- Our climate finance support
- The number of enhanced due diligence reviews conducted for anti-corruption in developing countries
- The number of jobs supported by the exports created through our business

We have used  **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, bonding services and expertise to help them go, grow and succeed internationally.

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 and anticipate 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 (TCS) 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, and it pays an annual dividend to the Government of Canada when possible.



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



G4-EC2

CLEANTECH SUCCESS STORY: GREENMANTRA

GreenMantra™ Technologies is making a name for itself in the cleantech sector, transforming hard-to-recycle plastics like grocery bags and film into high-value industrial waxes and other specialty chemicals. The company was named to the 2017 Global Cleantech 100 List.

An essential ingredient in products such as adhesives, plastic materials, and asphalt roofing and paving, synthetic wax has traditionally been made from fossil fuels. However, by using waste plastic as its feedstock, GreenMantra reduces both the amount of trash going to landfill and the amount of carbon emissions from oil refining.

“For every tonne of product we produce, we avoid more than two times the tonnes of greenhouse gas (GHG) emissions compared to production from crude sources and sending waste plastic to landfill,” said Domenic Di Mondo, Director of Research & Business Development, GreenMantra. “What’s more, our production facility is modular, with a relatively small footprint, enabling us to build smaller factories close to our feedstock and customers and avoid GHG emissions from shipping long distances.”

Founded in 2010, GreenMantra derives most of its revenue from export sales to U.S. manufacturers. It has plans to grow further by increasing its market share within the \$10 billion wax market, by creating new applications for its products, and by expanding into Europe.

EDC has been a key partner in the company’s growth from the beginning, providing lines of credit and loan guarantees. “EDC’s support is one of the primary advantages we have over our competitors,” advised Kousay Said, President and Chief Executive Officer, GreenMantra. “Thus far, we’ve mainly relied on EDC for financial backing, but as we grow, we’d like to leverage their other services to boost our prospects for success.”



**“EDC’S SUPPORT IS
ONE OF THE PRIMARY
ADVANTAGES WE
HAVE OVER OUR
COMPETITORS.”**

– Kousay Said, President and
Chief Executive Officer, GreenMantra

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 or 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.

\$66 billion
Insurance Solutions

\$28 billion
Financing

\$8 billion
Bonding and Guarantees

**BUSINESS
FACILITATED
IN 2016:
\$102 BILLION**

WHAT WE DO

G4-2, G4-4, G4-EC2

KEY FINANCIAL DATA G4-9

(in millions of Canadian dollars)	December 31, 2016	December 31, 2015
Financing business facilitated	28,070	25,410
Insurance business facilitated	73,971	78,795
Net income	1,072	925
Total revenue	2,035	1,783
Net revenue	1,472	1,772
Total administrative expenses	385	351
Total assets	63,124	60,969
Total liabilities	53,361	51,804
Total equity	9,763	9,165
Total supply of capital	9,763	11,549*
Dividends paid	500	–

To learn more, see our [2016 Annual Report](#).

* Figures presented for 2015 were calculated using the capital management methodology in effect as at December 31, 2015, where demand for capital included both expected and unexpected losses.



WHERE WE'RE LOCATED

In 2016, EDC had 19 international representations, with nearly 50 staff working on the ground abroad to pave the way for Canadian exporters and investors. Our head office is located in Ottawa, Ontario, but we also have 17 offices across Canada to connect more easily with Canadian exporters at home.

SMALL AND MEDIUM-SIZED ENTERPRISES

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

Small and medium-sized enterprises (SMEs) make up about 98% of Canada's businesses and account for 30% of gross domestic product (GDP) and over 70% of all jobs. Yet only 11% 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 grow through export.

OUR APPROACH

EDC has made it a priority to help Canadian SMEs grow internationally. 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've expanded our reach across Canada with additional sales and underwriting capacity to better serve SME exporters where they do business.

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 global supply chains. Through our matchmaking program, we work closely with the Trade Commissioner Service (TCS) and Global Affairs Canada at various types of events (such as trade shows, in-market visits and cross-Canada visits) to bring together groups of Canadian companies whose capabilities and expertise match specific foreign buyer needs.

Our [corporate website](#) and channels such as [exportwise.ca](#) 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 count the number of SMEs supported each year and set annual growth objectives.

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

2016 PERFORMANCE



HELPED 5,749 SMEs
conduct \$14.2B in exports



81%
of EDC customers were SMEs



MORE THAN \$550M
in direct financing for SMEs

SMALL AND MEDIUM-SIZED ENTERPRISES

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

- A 6% increase in the number of SME transactions met our 2016 objective of 2% to 7% growth.
- Trade Protect (renamed Select Credit Insurance), 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, gained momentum. Transactions can be approved within 30 minutes.
- We led 18 matchmaking events, engaging more than 200 foreign buyers and almost 400 Canadian suppliers (83% of which were SMEs).

WHERE WE'RE GOING

We've set a target of growing the number of SME transactions in 2017. Some of the growth will come by accepting additional risk in specific areas so our customers don't miss out on potential opportunities.

We also plan to start engaging with companies earlier in their export journey and to expand our offering into new areas, particularly in developing and packaging knowledge solutions.



MATCHMAKING EVENTS

introduce Canadian companies to interested foreign buyers, giving them access to large global supply chains.

CLEANTECH

G4-2, G4-EC2, FS8

The adoption of the Paris Agreement in 2015 marked a critical turning point in the world's fight against climate change and opened an unprecedented window of opportunity for Canadian companies in the clean technology (cleantech) sector.

While 78% of Canadian cleantech companies are currently exporting, there's potential for Canada to have a much larger share of the massive global market, which was estimated at US\$1.1 trillion in 2015 (2017 Canadian Clean Technology Industry Report, Analytica Advisors). Access to financing, however, can often be a limiting factor, especially for high-growth companies in this space.

OUR APPROACH

EDC has actively supported Canadian cleantech companies on their export journey since 2012. We have a dedicated team that works closely with federal government departments, agencies and organizations like the Business Development Bank of Canada (BDC) and Sustainable Development Technology Canada (SDTC) to provide enhanced support to the sector and make it easier for companies to obtain the financing they need. We are frequently the bridge for cleantech companies to access financial support from traditional financial institutions.



195 COUNTRIES

pledged to reduce greenhouse gases and fight climate change at the 21st Conference of Parties (COP21) in Paris in 2015.

G4-2, G4-EC2, FS8

2016 PERFORMANCE

Cleantech Support



The number of cleantech companies supported by EDC rose significantly in 2016, as a result of our longstanding working relationships with the sector and key players within it, and the growing maturity of the industry itself. We also reached an important milestone of \$1 billion in support for companies in the clean technology sector. This is the culmination of several years of relationship building and assistance, as well as a team of experts with a deep understanding of the sector.

Most of these companies operate in one of four areas:

- Renewable energy
- Advanced water technology (e.g., water purification, treatment and management)
- Smart lighting solutions (e.g., LED lighting for infrastructure, transport, mining, and oil and gas)
- Smart grid solutions (energy-efficient technologies and equipment that work with the electrical grid to respond automatically to changing power demands)

WHERE WE'RE GOING

G4-2, G4-EC2, FS8

While 2016 was a year of listening to the cleantech ecosystem and consulting with federal partners to identify the most appropriate role for EDC to play in the sector, 2017 will be a year of execution on a new strategy. The first step will be to expand our cleantech team, adding experienced leadership and full-time account management. Our goal is to double the number of customers we're serving – to 200 – by the end of 2020.

SAFEGUARDING PEOPLE AND THE ENVIRONMENT



We integrate social and environmental considerations into the finance process and advocate for best practices in CSR among our peers, our customers and their industries.

G4-44, G4-DMA Biodiversity and FS11, G4-DMA Overall, G4-DMA Investment, 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

Underpinned by the OECD Common Approaches and various other international agreements and standards, our environmental and social risk management framework guides all of our business. 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 (EAS) team 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:

- Application of our ERD, a legally binding requirement under the laws of Canada that is relevant for larger, project-related transactions
 - For projects, we also apply 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 and project-related corporate loans
- Risk reviews by the EAS team
- Financial officer screening of individual transactions
- Exporter declarations that they are not aware of any significant environmental consequences of their transaction and/or business



EDC COMMITS 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

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. Our EAS team reviews information related to the nature of the industry, regulatory requirements, the company's track record and corporate environmental and social risk management policies and procedures, and the company's 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. Project reviews involve benchmarking the undertaking to the IFC Performance Standards on Environmental and Social Sustainability. The Performance Standards outline best practices and expectations for project developers to avoid, mitigate and manage risks and impacts and demonstrate that they are doing business in a sustainable way.

EDC's review of projects is in-depth and involved. We require that projects provide appropriate environmental and social impact assessments that meet the requirements of the host country, and align with the IFC Performance Standards.

For Category A projects and some Category B projects, the EAS team visits the project sites to better understand the operating context, to see first-hand how the company is implementing its environmental and social risk management programs and, where possible, to engage directly with stakeholders. Key to this process is working with independent reviewers and partner banks to ensure that appropriate technical expertise is brought to the assessment to make certain that all issues are properly addressed.

Where gaps are identified, EDC works with the customer to find solutions, which may require engaging specialists to help develop additional mitigation measures. EDC and partner lenders may go so far as to advise the appointment of independent panels to provide expert advice to companies dealing with unique or complex issues in the areas of biodiversity or community impacts.

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.

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 assessments 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.

ENVIRONMENTAL AND SOCIAL RISK REVIEW

INTERNATIONAL PARTICIPATION

EDC was chair of the OECD Environmental Practitioners group in 2016.

We sit on the Steering Committee of the Equator Principles and are a member of the Equator Principles Association (EPA) Consistency Working Group, a team of Steering Committee members who provide guidance to EPA members on the scope and application of the Equator Principles. We are also involved in multiple working groups in the areas of social risk, climate change and biodiversity.

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](#)

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

2016 PERFORMANCE

- Six projects assessed under the Equator Principles reached financial close in 2016, mainly related to projects in the extractive sector and infrastructure development. [Details are posted to our website.](#)
- Projects reviewed under EDC's Environmental and Social Review Directive (ERD) included the TRECSA transmission line project in Guatemala. A [project summary](#), outlining environmental and social impacts and related mitigation measures, was posted to our website.

WHERE WE'RE GOING

We regularly review and evaluate our risk review policies and procedures to incorporate evolving best practice and industry standards. Our continued participation in international working groups, the OECD Environmental Practitioners group and the Steering Committee of the Equator Principles supports our efforts, keeping us current and providing a forum for sharing and learning among our peers.

We'll continue to prioritize finding ways to engage earlier with companies on EDC's expectations for CSR, including both Canadian exporters and large multinationals outside Canada with whom we work on international business development.



**6 PROJECTS
REVIEWED UNDER THE
EQUATOR PRINCIPLES**



KINROSS GOLD: AN ENDURING COMMITMENT TO SOCIAL RESPONSIBILITY

Kinross Gold is a global gold mining company with operations in Russia, Mauritania, Ghana, Brazil, Chile and the United States. In addition to addressing each mine's technical challenges – including geology, climate, topography, mining method, processing methods and deposit size – the company must understand the unique history, traditions, culture and aspirations of the communities where it operates.

“Fundamentally, we want to ensure that host communities are better off as a result of our operations,” says Ed Opitz, Vice-President, Safety and Sustainability, Kinross. “Our operations generate tangible benefits in host communities through the creation of jobs and business opportunities, and we look for opportunities to leverage these by working with communities on their long-term development plans.”

While there's no one-size-fits-all approach, the basic practices Kinross follows apply everywhere: engage with stakeholders in a spirit of good faith and transparency; understand how the mine operations might impact stakeholders, and collaborate with those stakeholders to manage and mitigate those impacts; understand the cultural, historical and economic context, and plan accordingly; monitor the local context and the mine's influence; treat people with respect, and when issues are raised, address those issues in a timely and transparent manner.

There are clear signs of Kinross' positive impact in communities near its mines. For example, in Brazil, long-term human development indicators show that since 1990, the city of Paracatu, home to one of Kinross' larger mines, has developed more rapidly than Brazil on average and is now above national averages for life span, education, poverty, and infant and maternal health.

Over the years, EDC has supported Kinross through a letter of credit facility to cover reclamation obligations for its U.S. properties, a revolving credit facility and term loan, and project financing for its Kupol gold mine in Russia (which has since been repaid in full). The Kupol project was reviewed under EDC's Environmental and Social Review Directive (ERD).

“Kinross works with many financial institutions, and while the credit support provided by EDC is important, what's even more significant is the endorsement of our practices by EDC,” adds Ed Opitz. “We know that EDC would not partner with us if they found deficiencies in how we approach our social and environmental responsibilities. As well, EDC provides a valuable third-party assessment of how we're doing as a company – their observations, commentary and suggestions help us do our job better.”

Watch how the Kinross-supported Integrar program has helped improve youth education in Paracatu.



“EDC PROVIDES A VALUABLE THIRD-PARTY ASSESSMENT OF HOW WE'RE DOING AS A COMPANY – THEIR OBSERVATIONS, COMMENTARY AND SUGGESTIONS HELP US DO OUR JOB BETTER.”

– Ed Opitz, Vice-President, Safety and Sustainability, Kinross

CLIMATE CHANGE

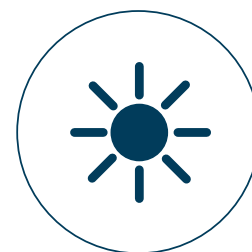
Around the world, we're seeing the significant impact of climate change on ecosystems, economies and communities. There's general consensus that strong, coordinated action is required to address the issue, and the Government of Canada has stepped up to the challenge. As a Crown corporation, EDC is a partner to the government in its climate change efforts.

OUR APPROACH

We take action on climate change by:

- Engaging with customers to understand their carbon and climate risks and opportunities
- 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 EDC's portfolio of green assets, including loan assets made to companies that are active in the fields of preservation, protection or remediation of air, water and/or soil, creation of renewable energy, and mitigation of climate change
- Supporting Canada's cleantech sector, which is focused on developing and commercializing clean technologies

EDC also works closely as part of the Canadian delegation to the OECD to support continuing discussions on the role of export credit agencies in addressing climate change. We chaired the OECD Environmental Practitioners group in 2016.



**EDC CHAIRED
THE OECD
ENVIRONMENTAL
PRACTITIONERS
GROUP IN 2016.**

FS8

2016 PERFORMANCE



\$273 MILLION

in support provided for transactions in developing countries that contributed to reducing the impacts of climate change

✓ ASSURED



\$1 BILLION

in support provided to cleantech companies

CLIMATE CHANGE

FS8

- EDC implemented the OECD *Sector Understanding on Export Credits for Coal-Fired Electricity Generation Projects*, limiting export credit support for new coal-fired power plants (CFPPs), six months ahead of the formal January 1, 2017 effective date.
- Further to the new Sector Understanding, we developed our own policy on CFPPs, which is posted to our [website](#). The EDC policy, which took effect in January 2017, goes a step further than the Sector Understanding in defining the new and existing projects we will or will not support. For existing CFPPs, EDC will consider support on a case-by-case basis, provided that the support is for facility modernization resulting in lower CO₂ emissions.
- We reported our annual climate finance volume to the Government of Canada for the first time, in support of a whole-of-government effort in this regard. This is the amount of support we provided to climate-friendly projects, or companies, operating in developing countries. The total for 2016 was \$273 million.

WHERE WE'RE GOING

We've started to assess the carbon footprint of EDC's investment portfolio and plan to use the results, which will be available in 2017, to determine how we can best support the transition to a low-carbon economy – for example, by investing in more cleantech companies, helping existing customers switch to cleaner technologies, or offering more climate change products and services.



**WORKING TOGETHER
TO TACKLE CLIMATE
CHANGE**

HUMAN RIGHTS

G4-DMA Investment, 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 internationally recognized human rights. Our corporate Statement on Human Rights confirms our commitment to human rights.

OUR APPROACH

EDC conducts human rights due diligence for its transactions. We continue to develop our pre-screening practices and work with our frontline business development teams to implement upfront screening. Where issues are identified, further screening or assessment is done by the Environmental Advisory Services team. 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, to determine if there are any human rights risks and how these can be mitigated.

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 and work to align our approach with the UN Guiding Principles on Business and Human Rights (UNGPs), the authoritative global standard on business and human rights.



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

2016 PERFORMANCE

- As part of our multi-year human rights implementation strategy, we:
 - Further strengthened our procedure for conducting routine human rights due diligence
 - Fine-tuned our system signalling when increased human rights due diligence is required – for example, for transactions in pre- and post-conflict countries where the risks of severe human rights impacts may increase
 - Operationalized an internal committee to identify and evaluate human rights risks and impacts in higher risk scenarios, provide guidance on emerging human rights issues or issues relevant to EDC, and develop measures to mitigate those risks
- EDC continued to engage with peers in the area of human rights, including attending the United Nations Forum on Business and Human Rights, the pre-eminent global gathering for human rights in business. The connection between human rights and the world of finance was a key topic of the 2016 Forum.
- Members of EDC's Environmental Advisory Services (EAS) team participated in OECD practitioners' meetings where they and other export credit agencies worked to improve and align their respective environmental, social human rights diligence policy and practices.

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

WHERE WE'RE GOING

Human rights is an area of focus for EDC, and we'll continue to evolve our approach in line with the UN Guiding Principles on Business and Human Rights.

Photo: Courtesy of Sherritt International



ACTING RESPONSIBLY

By conducting business with integrity and transparency, enabling Canadian job growth, supporting an enriching work environment and investing in local communities, we lead by example.

G4-49, G4-DMA Compliance

ETHICS AND TRANSPARENCY

As a Crown corporation, EDC is accountable to many stakeholders, including the Government of Canada and Canadian citizens. It's important to us as an organization – as well as our customers, co-workers and business partners – to operate ethically and as transparently as possible, both to maintain the trust and confidence of our stakeholders and to ensure sustainable business success for EDC.

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 Compliance and Ethics group is responsible for 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 Compliance 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 and 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.

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, to provide access to information on environmental and social impact assessments, and to disclose **signed Category A projects** and summaries of their environmental and social impacts.

We also promote transparency by sponsoring and speaking at stakeholder events and responding directly to stakeholder inquiries 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.



G4-26

LISTENING AND RESPONDING

“We want to show our stakeholders that we’re listening to them and thinking about what we can do to meet their expectations in a more comprehensive way,” says Catherine Decarie, Senior Vice-President, Corporate Affairs, EDC.

We’ve started to alter our approach to engaging with civil society organizations (CSOs) in response to feedback that we weren’t being open and transparent enough in our transaction reporting. Our challenge has always been to provide sufficient detail to satisfy CSO interest, while protecting customer confidentiality and/or competitive information. In 2016, we took action on the matter. Here’s how:

From time to time, EDC receives written requests from CSOs questioning our support for particular companies or transactions. One request in 2016 sought details on our support for an oil and gas company operating in Colombia after an NGO published a report alleging environmental and human rights violations in the Colombian oil and gas sector.

While EDC could answer the questions related to our own social and environmental risk review processes, we couldn’t answer every question related to our customer without breaching our obligations. Rather than leaving it at that, we involved our customer in the process. They willingly provided their own written answers to the questions raised, which were then included in our response to the CSO. We and our customer also offered to meet with the CSO to continue the dialogue.

This was a first step toward increasing transparency and improving engagement practices with CSOs. The May 2017 meeting of EDC’s CSR Advisory Council will focus on transparency and what we’re trying to achieve. We’ve invited a panel of stakeholders representing a wide range of views to attend part of the session to speak to us about their expectations.

ETHICS AND TRANSPARENCY

G4-49, G4-DMA Compliance

2016 PERFORMANCE



**PARTICIPATED IN
18 STAKEHOLDER
EVENTS**



**RESPONDED TO
36 STAKEHOLDER INQUIRIES**

regarding CSR aspects of
EDC-supported
business and projects

G4-49, G4-DMA Compliance

- We conducted a quarterly campaign to raise awareness of the requirements of the Code of Conduct among EDC employees.
- Thirty-six CSR-related stakeholder inquiries were received in 2016. While most requested details about specific transactions, four were related to potential human rights violations and two to potential corruption issues. In these instances, we typically 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.
- 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.

ETHICS AND TRANSPARENCY

FS6

DISCLOSURES ON TRANSACTIONS

● 2016 ● 2015

Total Number of Transactions

1,369

2016

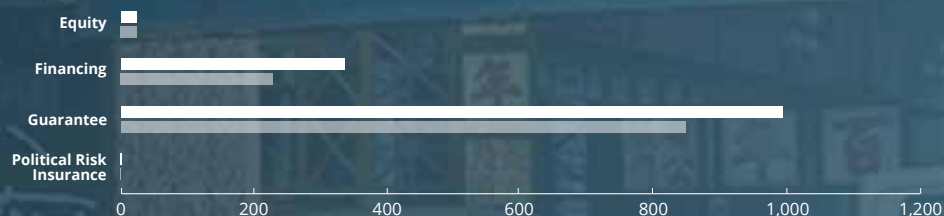
1,114

2015

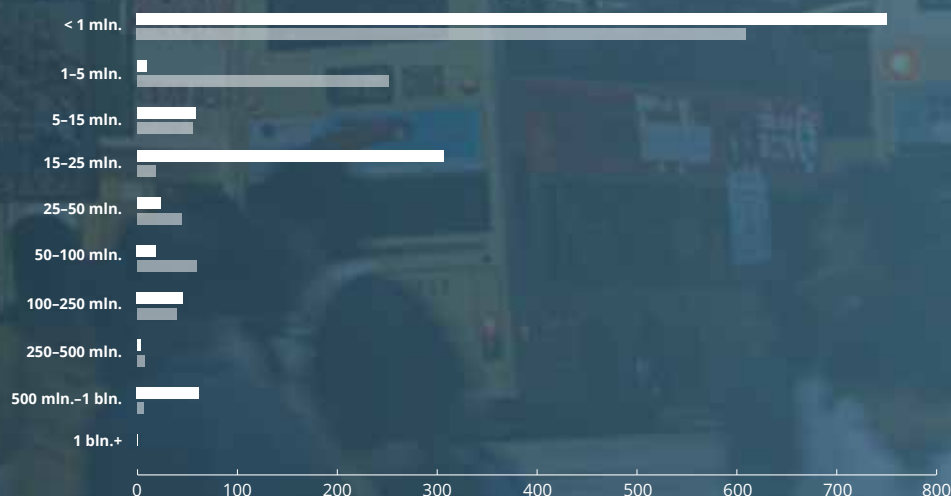
Transactions by Region



Transactions by Product



Transactions by Dollar Range



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

One of our top priorities is to engage more frequently and meaningfully with CSOs. We took a first step in improving our level of transparency with them in 2016 and have plans to go further in 2017. Read [Listening and Responding](#) to learn more.

ACTING RESPONSIBLY

ANTI-CORRUPTION

G4-DMA Anti-Corruption, G4-SO3, 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 for 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. The team conducts document reviews, online research and talks to the company representatives to find out what they've done to remedy the situation and improve their anti-corruption and compliance controls. 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 publish newsletter articles on [exportwise.ca](https://www.exportwise.ca).

Learn more about our approach:

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

[Combatting corruption: the story behind the numbers](#)

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



WE HAVE ZERO TOLERANCE

for business obtained through
bribery or corruption.

[Click here](#) to read our Anti-Corruption
Policy Guidelines.

ANTI-CORRUPTION

“AS EDC WORKS WITH MANY COMPANIES THAT OPERATE INTERNATIONALLY, IT HAS THE ABILITY TO BE A CHANGE AGENT AND HELP BUSINESSES MOVE TOWARDS COMPLIANCE POLICIES AND PROCEDURES AND DEVELOP A CULTURE THAT MITIGATES CORRUPTION RISKS. THEY’VE BEEN SUPPORTIVE OF OUR EFFORTS AND SHOWN A REAL WILLINGNESS TO WORK ON ANTI-CORRUPTION IN CANADA.”

Martin Mueller, Director, Transparency International

G4-DMA Anti-Corruption, G4-SO3, G4-DMA Compliance

2016 PERFORMANCE



- Sixty-two transactions underwent enhanced anti-corruption due diligence.
- As part of EDC’s transformation of its enterprise risk management framework, we launched a multi-year project to advance our financial crimes and know your customer (KYC) program, aligning it with the evolving standards of other financial institutions. Actions included retaining an external consultant to conduct a current state and gap analysis of where EDC is exposed in terms of financial crimes (including money laundering, bribery, terrorist funding and external threats).
- EDC supported several initiatives to raise private sector awareness of bribery and corruption and offer guidance on how to combat and manage the risks. On December 9, International Anti-Corruption Day, our corporate website (edc.ca) profiled a series of articles, co-authored with U.S.-based anti-corruption experts TRACE, on strategies for combatting corruption. These types of campaigns form part of our obligations under the OECD Recommendations.
- We partnered with Transparency International (TI) to deliver several seminars including a corruption and bribery session at the annual Prospectors & Developers Association of Canada (PDAC) Convention. The session consisted of a role play where an EDC representative acted as the corporate compliance officer in a company that had been accused of corruption and three expert commentators from the legal profession, a financial institution and forensic accounting, provided advice. The workshop was very well received and was replicated at another TI event in Alberta.
- We participated in initial discussions with Global Affairs Canada and the OECD to review potential reinforcements to the OECD Recommendations, which were last updated in 2006.



INTERNATIONAL ANTI-CORRUPTION DAY

is part of a global campaign to raise awareness of the need to combat corruption.

WHERE WE’RE GOING

Corruption has a potential impact on all companies, large and small, no matter where they do business. That’s why combatting corruption in international business remains one of our most significant challenges. A top priority for 2017 will be the continued implementation of our financial crimes and KYC program.

COMMUNITY

G4-EC8, 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 has three priority areas:

YOUTH EDUCATION – We work with educational institutions to give students hands-on, experiential learning opportunities to better position them to become the business leaders of tomorrow.

SMALL ENTERPRISE DEVELOPMENT IN EMERGING MARKETS – We partner with international NGOs to empower small enterprises in emerging markets where our customers do business. Our programs give employees meaningful opportunities to share their knowledge and skills to make a difference in our international community.

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.



EDC'S PARTNERSHIP WITH CARE CANADA

has indirectly benefited more than 500,000 people around the world since 2009.

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

2016 PERFORMANCE



CLOSE TO 900 EMPLOYEES WORLDWIDE

took part in EDC's first Community Investment Day.



\$56,750

donated to 28 Canadian charities in support of 50+ employees who volunteered 4,787 hours.



\$61,980

in wildfire relief to help the people of Fort McMurray, Alberta – an initial \$20,660 donated by employees and Board members was matched once by the Government of Canada and then by EDC, effectively tripling the impact.

ACTING RESPONSIBLY

COMMUNITY

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

- We held our first Community Investment Day, inviting employees to take a day away from the office to volunteer at a local charity. Close to 900 people helped out at 26 different charities in communities across Canada, and in Colombia, India and Mexico.
- EDC employees gave \$202,986 to our 2016 charitable campaign, supporting the United Way/Centraide, HealthPartners and many other registered charities across Canada, surpassing our internal goal of \$175,000.
- We awarded 30 international business scholarships to post-secondary students at 16 colleges and universities in seven provinces. EDC has granted 449 scholarships since the program's inception in 2000.
- Trade simulations conducted by EDC employees helped almost 500 high school and university students across Canada learn about the opportunities and challenges of doing business abroad.
- Almost 400 university students in three provinces benefited from our employees' knowledge and expertise through EDC's support of five international business case competitions.

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

In 2017, we plan to increase the visibility of our Community Investment programming by engaging more with our stakeholders, and continuing to align our strategy with EDC's business goals.



EDC'S FUNDING OF THE ADAM CHOWANIEC MEMORIAL FUND FOR GLOBAL ENTREPRENEURSHIP

helped more than 400 entrepreneurs
get access to resources, training and
opportunities to scale up.

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. We have a three-year diversity and inclusion action plan that is our road map 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.

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.

Our goal is to increase the representation of women, visible minorities, Aboriginals and persons with disabilities in our workforce to match Canada's population census data by 2020. 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 GOAL

To increase the representation of women, visible minorities, Aboriginals and persons with disabilities in our workforce to match the diversity of Canada's population by 2020.

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

2016 PERFORMANCE

Diversity at EDC in 2016:



44%

Percentage of women in leadership



36%

Percentage of women leaders in lines of business



9%

Percentage of minorities in leadership



1.6%

Percentage of Aboriginals in professional roles

ACTING RESPONSIBLY

OUR WORKPLACE

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

- In our 2016 employee engagement survey, EDC earned at least a 90% favourability rating for understanding and appreciating differences among employees, and for treating all employees fairly without regard to gender, race, ethnicity or religion.
- An Excellence in Diversity and Inclusion Award was added to our corporate recognition awards program to recognize employees who visibly and actively promote diversity and inclusion in the workplace.
- Two employee resource groups (ERGs) were formed in 2016: Women@EDC and LGBT+. The ERGs bring together employees with shared characteristics or life experiences and give them a resource to help them develop both personally and professionally.
- 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. Since its launch in March 2015, 55 blog posts have generated more than 200 comments and 11,900 page views.
- In partnership with the High Commissioner of India, we hosted the inaugural “Celebrating Cultures: Our People, Our Work” event to promote multiculturalism and highlight the unique cultures around the world where EDC supports Canadian companies. Attended by more than 350 employees, the event featured clothing and jewellery displays, musical performances and food.
- EDC sponsored the first annual Diversity and Inclusion MBA Case Competition in partnership with the University of Ottawa’s Telfer School of Management and Deloitte. Participating students from seven business schools attended a workshop on unconscious bias at EDC on the first day and then spent the second day developing and presenting plans for embedding diversity and inclusion into the corporate strategy of a major multinational corporation.

WHERE WE’RE GOING

We’ll continue to work towards our 2020 vision, which would put us at the highest level of the equity continuum, a pathway for organizations to gauge where they are and where they want to be in terms of their diversity and inclusion journey. At the highest level, organizations are deemed to be inclusive, equitable and an employer of choice for all.



**EDC WAS SELECTED
AS ONE OF CANADA'S
TOP 100 EMPLOYERS
FOR 2017.**

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 and its Executive Sponsor, EDC's Senior Vice-President of Finance and Technology, and Chief Financial Officer. This team is a cross-corporation, volunteer employee advocacy group that provides a forum for developing new ideas.



TRACK OUR
operational footprint

G4-EN6, G4-DMA Effluents and Waste

2016 PERFORMANCE



Carbon footprint

EQUAL TO 2.5 t-CO₂e
PER EMPLOYEE,
down from 2.8 t-CO₂e in 2015



Natural gas consumption

DECLINED
BY 19.6%



Electricity consumption

DECLINED
BY 3.9%

G4-EN6, G4-DMA Effluents and Waste

We're very proud that both our total carbon footprint and our carbon footprint per full-time equivalent (FTE) employee have continued to shrink. The carbon footprint per FTE employee reached a record low since we moved into our headquarters in 2011. Key performance drivers included the following:

- We installed an optimized controlling unit in our Information Technology cooling chiller plant that reduced the chiller tower cooling unit workload by more than 50%, lowering electricity consumption to 402,197 kWh per year from approximately 995,530.
- Natural gas consumption decreased as a result of work with our head office landlord, Manulife, to implement new programs and fine-tune existing ones. For example, automatic timers were adjusted so that natural gas consumers can turn them on and off as required.



EDC head office started a
ROOFTOP GARDEN
that's available for use by employees
in the building.

OPERATIONAL FOOTPRINT

- Technology is helping steady our paper consumption – EDC employees are using laptops, tablets, smart boards and the like, instead of paper. The amount of paper recycled rose due to our increased use of shredding mechanisms in place to deal with confidential information, in adherence with our records management policy.
- Ground travel declined thanks to technology such as videoconferencing. However, air travel rose because of the opening of our Singapore office and our Winnipeg office move, both of which required travel and a physical employee presence.
- One of our employees came up with the idea of growing vegetables on the 18th floor terrace of our Ottawa building, alongside the existing plants and flowers. With the landlord's support, she ordered small planters and planted cherry tomatoes, cucumbers, hot and bell peppers, kale and herbs. Employees were invited to help themselves to the produce come summer.

WHERE WE'RE GOING

In 2017, we'll continue to focus on food waste diversion and recycling capture rates by implementing recommendations from a 2016 study to make our waste receptacle system more convenient, intuitive and informative.

