

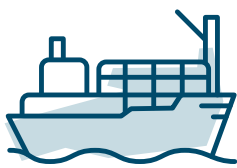
2017 CORPORATE SOCIAL RESPONSIBILITY REPORT

DOING BUSINESS, BETTER

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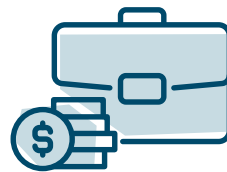


We've set our sights on helping Canadian companies become leaders in sustainable and responsible business, giving them the competitive advantage they need to succeed internationally.



\$103.7
BILLION

in exports and international investments facilitated by customers using EDC financial products



524,000
JOBS

Equivalent number of jobs represented by the total value of exports and investments supported by EDC



ASSURED



RECORD
\$1.5 BILLION

in support for cleantech companies



\$278 MILLION

in climate finance transactions in developing countries



ASSURED

A woman with dark hair, wearing a blue and white plaid shirt and a black apron, is looking down at a tablet computer. She is standing in a field of green plants, possibly a nursery or farm. In the background, there are wooden structures and more greenery.

CSR LEADERSHIP

Our new CSR Vision and Pillars build on our 70-plus years of helping Canadian exporters operate responsibly and of collaborating with global leaders to raise the bar on sustainability standards and practices.

CASE STUDY

NORTHCREST FOREST PRODUCTS

Based in Surrey, B.C., Northcrest Forest Products (NFP) has more than two decades of experience selling premium Canadian lumber to international markets. Led by President Baljit Gill, NFP is a progressive, export-driven company with a demonstrated commitment to sustainability and community building.

As an award-winning woman entrepreneur in a male-dominated industry, Gill has overcome many challenges through her vision and perseverance. EDC has been an invaluable partner along the way by providing market knowledge, vetting potential customers, and mitigating risk. This past year, EDC worked quickly to provide a guarantee – as required by NFP's bank – for the company to purchase logs. With this type of support available, Gill believes that women-run companies are better positioned for export success than ever before, especially in an increasingly global community.



CEO MESSAGE

102-14

Corporate Social Responsibility has come a long way.

In just a very few years, CSR has been elevated from being an idea of a few forward-thinking enterprises to becoming an essential component of any successful corporation. It has transformed from being the exception to being the expected. This is a shift that is not only happening in Canada, but around the world and in every sector, from the newest high-tech and digital enterprises to the so-called traditional industries.

This is an evolution which Export Development Canada has witnessed up close. In fact, as a company with a reach that is both global and cross-sectoral, EDC has been more than witness – we have been an active *participant* in this evolution.

If the CSR world is changing, EDC is changing with it.

This kind of change is made only more complex when you straddle several worlds: a Crown corporation that operates by commercial principles; an organization serving a national economic and trade mandate, but doing so as a for-profit business; and a company that must be relevant to both the most modern *and* the most traditional of global industries. This is the backdrop for EDC's journey in the world of corporate social responsibility. As the President and CEO of this organization, it has been a fascinating and inspiring trip.

Since taking over the leadership of EDC, I have seen our company (like so many others) evolve its view of CSR. In 2013, EDC already had a sophisticated understanding of the impact a strong social responsibility approach can have. What we lacked, and set about building, was an approach to CSR that was simultaneously more formalized in our structure *as well* as being embedded in our culture – and not just within the framework of our CSR team, but *throughout* EDC.

Of course, this is still a story in progress. But 2017 was a year in which a number of important benchmarks were achieved.

Working with our many partners in the international community, EDC made great progress in both environmental and social realms. In 2017, armed with a new and strengthened federal government Climate Agenda, EDC was better placed to support the federal government's COP 21 objectives. At the OECD and United Nations, as well as within a number of other regional and sectoral agencies and organizations, we continued to be a frequent contributor to the global dialogue on a range of important issues and initiatives – a list that includes environmental monitoring standards and best practices, climate risk assessment, the Arctic, human rights screening practices, and so much more.



Benoit Daignault
President and Chief Executive Officer

Meanwhile, within our organization, we made strong advances by way of streamlining processes and deepening our corporate commitment to CSR. And, while our CSR team is bigger than it has ever been, it is also (due to the pace and growth of our business) busier than it has ever been. Thanks to their work, EDC now has better tools for screening prospective international customers; and thanks to organizational changes and improvements to our methodologies, our CSR team is offering support that provides a more predictable, integrated and efficient business experience for our clients and partners.

Today, more than ever, the exporters, foreign buyers, and banking and insurance companies who work with EDC have a clearer understanding of the high standards of Corporate Social Responsibility that we bring to the table. That's because today, more and better than ever, all of us here at EDC, our employees, my executive colleagues, and every member of our Board of Directors and CSR Advisory Council, understand – and embrace – those standards.

EDC has come a long way on the CSR front, thanks to all of these people. It's my pleasure and privilege to work with them, helping to ensure that Export Development Canada continues to play its important role in the Canadian economy, bringing with it the very highest standards of Corporate Social Responsibility.

As far as CSR has come over recent years, we believe it can go even further. All of us at EDC look forward to continuing to play our role in that journey.

Sincerely,

Benoit Daignault
President and Chief Executive Officer

ABOUT EDC

102-2, 102-8, 103-1

As Canada's export credit agency, EDC works to help Canadian companies find and respond to international business opportunities. Our efforts are focused on helping more businesses in Canada go, grow and succeed internationally, and this corporate aspiration serves as the foundation for our three strategic objectives.

GO: Build greater awareness among Canadian companies of EDC's solutions to help them GO international.

GROW: Anticipate the needs of Canadian companies with a range of financial solutions that will launch – and then accelerate – their international GROWTH.

SUCCEED: Expand opportunities for Canadian companies to SUCCEED internationally by promoting and facilitating trade diversification.

Given the diverse and evolving needs of Canadian companies, EDC provides a broad range of support for exporters, investors and international buyers. This includes insurance and financial services, bonding products and small business solutions, as well as support for Canadian direct investment abroad and investment into Canada.

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.

In 2017, EDC had 19 international representations and one international branch, with nearly 1,400 staff working in Canada and around the world to ease the way for Canadian exporters and investors. We also had 20 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.



1,400 employees
working in 20 offices
in Canada and
20 locations around
the world.

GOVERNANCE

102-31, 103-2

EDC has a level of accountability and oversight higher than many public institutions. Our governance system includes an independent, government-appointed Board of Directors (all of whom have wide and deep private sector experience) that meets with EDC's Executive Committee six times a year or more, annual guidance from the Minister of International Trade, and annual approval of EDC's **Corporate Plan** by the Government of Canada.

103-2

POLICIES AND GOVERNING LEGISLATION

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.

We also have a disclosure policy that 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. We have disclosed every single financing and guarantee transaction undertaken since 2001.

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.

The Code of Conduct was updated in 2017, and rolled out to employees in early 2018, and EDC's Environmental and Social Risk Management Framework is beginning a public consultation in 2018 to support updates in 2019.

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.

102-18, 102-19, 102-26, 102-27, 102-30

CSR GOVERNANCE

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](#).

In 2017, the Board received quarterly updates on ERD transactions and significant activities undertaken by our CSR team. Topics of importance or related to emerging issues are regularly brought to the Board for awareness and discussion. A member of the Board continued to participate in EDC's **CSR Advisory Council** to bring the Board's perspective to discussions.

More information about the Board of Directors' role and involvement in CSR issues can be found in the Corporate Governance section of our [2017 Annual Report](#).

103-2



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 Policy](#)

[Environmental and Social Review Directive](#)

[Disclosure Policy](#)

[Statement on Human Rights](#)



See our **complete list** of governing legislation, international agreements and memberships.

CSR VISION AND PILLARS

102-21, 102-26

EDC's vision is to be *"the leader in helping every Canadian company go, grow and succeed internationally"*. We recognize that investment in a long-term CSR strategy is necessary to reach our winning aspiration. That's why in 2017 we set out to craft a CSR Vision and Pillars that would build on what we've been doing for many years and reflect the rapidly changing global environment and evolving stakeholder expectations.

POLICIES AND GOVERNING LEGISLATION

With input from EDC's **CSR Advisory Council**, executive team, internal stakeholders and external CSR thought leaders, we wanted to develop a framework that would put customers at the centre of our CSR efforts and result in:

- Our CSR approach being seen as a strategic advantage that enables EDC and Canadian companies to succeed.
- Our CSR risk appetite being more consistent, predictable and transparent, with clear, easy-to-interpret policies on important sectors and issues.
- CSR being an integral part of EDC's corporate identity, with our Board of Directors and senior leaders setting the tone at the top.
- CSR being owned and sustained by every EDC employee – not just our CSR group.

While work is ongoing to determine priorities within each of our CSR pillars, and to establish the strategic measures to help track and report on progress, we are sufficiently advanced to share our message and engage with our stakeholders.

FINDING PURPOSE IN A COMPLEX WORLD

EDC's CSR framework addresses three priorities:



Staying relevant

EDC's short-term choices need to reflect long-term strategic considerations to stay relevant. CSR is directly linked to sustainable financial performance over the long term. Our customers need our help to anticipate and respond to changing market trends to ensure their long-term relevance.



Helping EDC customers capitalize on emerging global opportunities

Businesses have a key role to play in achieving the United Nations Sustainable Development Goals (SDGs) to end poverty, protect the planet and ensure that all people are able to enjoy peace and prosperity. Pressure on businesses to take the lead in poverty reduction and sustainable development is only going to grow. As a Crown corporation, EDC is uniquely positioned to bridge financing gaps and to create global opportunities for Canadian companies in doing so.



Meeting evolving stakeholder expectations

Our customers, the Government of Canada, our employees and civil society have increasingly complex needs and demands of EDC. We will only succeed in the long term if we engage with our stakeholders and leverage our expertise to meet their needs.



Our customers are at the centre of our CSR efforts.



EDC is uniquely positioned to help Canadian businesses work toward global **Sustainable Development Goals.**

Our approach to CSR is based on four pillars, which are the areas where we're focusing efforts to make Canadian companies leaders in sustainable and responsible business. Going forward, we'll establish priorities and strategic measures within each one.

Our Pillars



Environment and People

Promoting industry-leading environmental and human rights practices, and supporting the transition to a low-carbon economy.



Business Integrity

Conducting our business with honesty, integrity and transparency, and working with our customers to help them do the same.



Our Workplace

Fostering a diverse and inclusive workplace, and embedding sustainability and responsibility into our corporate culture.



Our Communities

Leveraging our skills and expertise to make a difference in the communities in which we operate, and supporting the development of diverse business communities.

STAKEHOLDER ENGAGEMENT

102-21, 102-27, 102-40, 102-42, 102-43

EDC's business is informed by, and benefits from, extensive engagement with different stakeholders, including our CSR Advisory Council and various civil society groups. We also receive feedback from the various international working groups to which we are a signatory, and from the business groups to which we belong. Given the breadth and complexity of issues related to our business, we welcome their perspectives – and we know that we're the better for it.

102-21, 102-26, 102-27

CSR ADVISORY COUNCIL

To promote continuous improvement in our CSR practices, in 2006 we created a CSR Advisory Council composed of leaders from business, civil society and academia. The CSR Advisory Council meets twice a year to share insights with our CEO and CSR leadership team, and to serve as a sounding board for our CSR strategy.

The theme of the spring 2017 meeting was *Meeting Expectations for Transparency*. Experts and stakeholders from outside EDC joined the Council in discussions on transparency and disclosure, as a way to encourage dialogue, deepen understanding of our different positions and explore areas of common ground. External stakeholders included representatives from Publish What You Pay Canada, Avocats sans frontières, Goldcorp, Canadian Aerospace Industries and Canada's Trade Commissioner Service. A meeting summary is posted on our [website](#).

Feedback for EDC centred on updating our disclosure policy to be clearer, and providing more information about due diligence performed on general purpose corporate loans. Participants advised that there also needs to be more transparency about how EDC investigates when a company is accused of acting improperly. The view was that EDC's reputation conveys Canada's reputation. To move the needle in CSR, we need to be more transparent in our approach.

The focus of the fall 2017 meeting was on EDC's new CSR Vision and Pillars. In a workshop facilitated by the President of B.Accountability, Helle Bank Jorgensen, our CSR group presented the draft framework and Council members provided significant input, drawing on their broad range of expertise and experience. One of the highlights of the meeting was hearing from Marc-André Blanchard, Canadian Ambassador to the United Nations, on the need to mobilize private capital toward achieving the global sustainable development agenda, and EDC's role within that.



Details about our CSR Advisory Council, including member profiles and proceeding summaries, are posted on our [website](#).



See **Transparent Communication** to learn about our various transparency initiatives.

INDUSTRY STAKEHOLDER PANEL

This panel brings together representatives from national business and industry associations to share insights on Canadian trade and investment issues, and to provide input on how EDC can improve its services. In 2017, the panel welcomed two new participants: Women Business Enterprises Canada and the Canadian Bankers Association. Details on 2017 panel membership and a meeting [summary](#) can be found on our [website](#).

GOVERNMENT PARTNERS

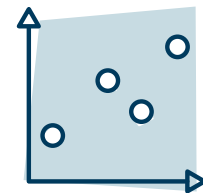
EDC collaborates with various government partners to provide a coordinated network of support to Canadian exporters. Here are our key partners:

BUSINESS DEVELOPMENT BANK OF CANADA (BDC) – We enhanced our referral services with BDC, which led to more than 500 referrals between our organizations – a 26% increase over the previous year. We also continued to partner on the Accelerated Growth Services program, which coordinates government support for innovative, high-growth companies.

CANADIAN COMMERCIAL CORPORATION (CCC) – We began piloting joint meetings with CCC (our sister Crown corporation) to discuss transactions that offer potential for partnering or referrals. With CCC entering the cleantech space, we anticipate further engagement with them on this government priority.

SUSTAINABLE DEVELOPMENT TECHNOLOGY CANADA (SDTC) – We’ve continued our focus on information sharing with SDTC, which has raised our rapid-response capacity to help cleantech companies scale up once they’re ready to export.

TRADE COMMISSIONER SERVICES (TCS) – We extended our Memorandum of Understanding with the TCS and conducted a mapping exercise that aims to develop deeper synergies on services provided to Canadian exporters, including generating more referrals to and from the TCS and jointly piloting new services and tools.



We conducted a **materiality assessment** in 2017 to identify the topics that matter most to our stakeholders.

MATERIALITY

102-42

Different stakeholders have different priorities and expect different things from us. To help determine the environmental, social and governance topics that are the most important for EDC to focus on and report, we conducted a materiality assessment in 2017. The assessment gathered input from internal and external individuals to identify the issues that are of highest priority and that present the biggest potential impacts to our business. We use the findings to guide our strategic decision-making, stakeholder engagement agenda, and reporting.

102-46, 102-47

OUR PROCESS

We hired an independent consulting firm to conduct the materiality assessment on our behalf, following the three-step process recommended by the Global Reporting Initiative (GRI):

Step 1: IDENTIFY

We identified topics based on a review of CSR topics raised in our last assessment and by industry/sector peers, including export credit agencies (ECAs) and commercial banks. From this exercise, 19 material topics were selected to be carried forward.

Step 2: PRIORITIZE

We prioritized topics based on stakeholder insights. An online survey was used to ask key internal and external stakeholders to rank the relative importance of the 19 selected topics to EDC and the impact that EDC could have on each topic, on a scale of 1 to 4.

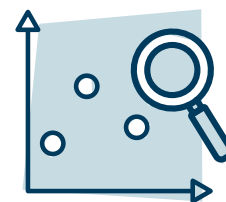
The online survey was open for three weeks and was distributed to a range of stakeholders in civil society organizations, academia, businesses and partners, customers, government and internal staff. A subset of these individuals was interviewed to gain a better understanding of the scores and comments provided in the survey.

Survey scores from the internal and external stakeholders were averaged and combined to create a consolidated materiality matrix.

Overall, the survey response rate was lower than we would have liked and prompted us to gather additional stakeholder input through conversations and meetings. These dialogues helped validate the survey findings.

Step 3: VALIDATE

Following the surveys and interviews, we organized a workshop with nine EDC subject matter experts to review the findings from the peer review, online surveys and interviews; assess and validate our CSR priorities; and recommend changes to related policies, programs, management approach and reporting.

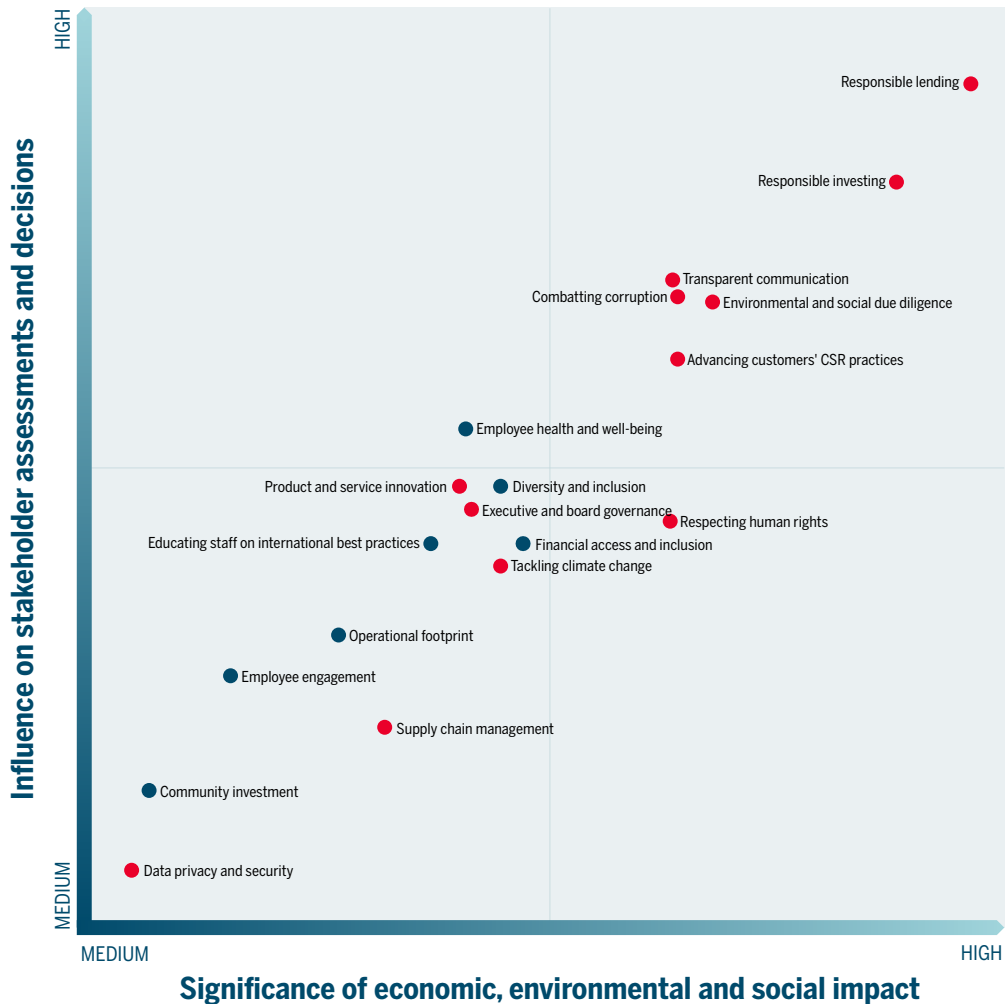


Three-step materiality process:

1. Identify material topics
2. Prioritize topics through stakeholder engagement
3. Validate with EDC subject matter experts

MATERIALITY MATRIX

This matrix reflects the results of our 2017 online survey, showing the relative importance of topics as scored by internal and external stakeholders.



● HOW WE DO BUSINESS

Advancing customers' CSR practices
 Combatting corruption
 Data privacy and security
 Environmental and social due diligence
 Executive and board governance
 Product and service innovation
 Respecting human rights
 Responsible investing
 Responsible lending
 Supply chain management
 Tackling climate change
 Transparent communication

● OUR PEOPLE AND COMMUNITIES

Community investment
 Diversity and inclusion
 Educating staff on international best practices
 Employee engagement
 Employee health and well-being
 Financial access and inclusion
 Operational footprint

MATERIALITY

102-44

ANALYSIS OF FINDINGS

Each materiality assessment we have conducted over the past several years reflects new or changing perceptions among our stakeholders. Here are five takeaways from the 2017 exercise:

ON RESPONSIBLE LENDING AND INVESTING

While responsible lending and responsible investing came out on top as the most important priorities for EDC to address, stakeholder comments alluded to a broad interpretation of what these two terms mean. For some, responsible lending was synonymous with environmental and social due diligence. For others, responsible lending and responsible investing were more about what we are doing to tackle climate change – things like issuing green bonds and investing in clean tech companies (cleantech).

In addition, the next four highest-ranked topics in our materiality survey could be associated with responsible lending and responsible investing: environmental and social due diligence, transparent communication, anti-corruption and respecting human rights.

We think of responsible lending and responsible investing as integrating all of the above (environmental and social impact and governance considerations) into our decision-making and activities relating to lending and investments. As we continue to grow our reputation as a leader in responsible business practices, we'll need to develop a clear, unified narrative that captures all that we do in these areas.

In this report, we include management approach discussions for the following responsible lending and responsible investing related topics:

- **Environmental and social due diligence**
- **Transparent communication**
- **Anti-corruption**
- **Respecting human rights**
- **Tackling climate change**



EDC needs a general policy stating clearly what it will and will not finance. The policy might also identify fields where EDC wants to increase its engagement.

– University Professor



Contrary to other issues, anti-corruption is not documented. From a due diligence point of view, it's a big challenge. We rely heavily on documentation.

– Peer Export Credit Agency



While it's better to engage with companies than to disengage, it's really important to have a preventive approach to human rights and look not only at the company's practice in one country, but its practices in other countries. It's been shown that companies operating in a certain way in one country are likely to reproduce the same behaviour in other countries.

– Civil Society Organization

ON TRANSPARENCY

The assessment confirmed continuing perceptions that we are not transparent enough in our communications, particularly as pertains to our due diligence on non-project finance related transactions. We've put in motion a number of initiatives to improve our transparency. See [Stakeholder Engagement](#) and [Transparent Communication](#) to learn about them.



It's not clear how EDC constructs its own point of view when concerns raised by CSOs differ from corporate actors, and whether EDC is limiting its views one way or another.

– Civil Society Organization



Globally, financial institutions understand the need to be more transparent in terms of where they place their money. This is what civil society expects of them today.

– Commercial Bank

ON EMERGING ISSUES

Three topics that rose in importance for EDC and our stakeholders were: advancing customers' CSR practices, educating staff and customers on international CSR best practices, and financial access and inclusion. We are in fact starting to take action in each of these areas and expect to report on them in the future. Here's where we stand:

- **Advancing customers' CSR practices** – In addition to supporting customers through our environmental and social risk due diligence processes, cleantech support and the like, we're exploring the possibility of offering knowledge products aimed at helping customers both protect themselves against CSR risks and punch above their weight in strong CSR practices.
- **Educating staff and customers on international CSR best practices** – While we feel that we already do a lot to educate customers on international best practices through our environmental and social risk due diligence processes, we know we can do more with them and with our employees. Our employees are critical to achieving our new CSR vision, as advocates and practitioners of CSR best practices. For staff to live up to these expectations, we need to give them proper training and tools, and are planning to do so.
- **Financial access and inclusion** – We have identified women-owned businesses as one of EDC's priority areas, recognizing that for Canada to achieve real trade growth, it will require that all Canadians – men and women entrepreneurs of all ages and backgrounds – be equally engaged in international trade. To learn more, see our [2017 Annual Report](#), page 27.

In the 2017 Federal Budget, EDC was entrusted to continue with the setup of a development finance institution (DFI) in alignment with Canada's broader international development priorities. We spent the last year planning and preparing for the launch of FinDev Canada in early 2018. FinDev will contribute to international development by providing financing solutions to entrepreneurs in developing countries, where it can be difficult to access financing. Through this support, FinDev Canada will help build local economic capacity and contribute to the economic empowerment of women. Visit www.findevcanada.ca to learn more.

MATERIALITY



Rapid development in some CSR areas requires constant education and learning to meet international best practices. Human rights experts have said that what was recommended to clients two years ago is no longer considered best practice.

– Peer Export Credit Agency

ON ENSURING EMPLOYEE HEALTH AND WELL-BEING

Employee health and well-being was ranked higher than expected and we plan to explore this topic further. While we know that some respondents were referring to EDC employees, it may be that some were also referring to customers' employees, which would be a much larger group facing greater potential health and safety risks than our staff. Regardless, any harm to any employee is unacceptable and we need to take the necessary steps to prevent it. In this report, we discuss various **health and well-being** programs in place for EDC employees.

ON OUR IMPACT

Topics that did not rank as high in our materiality assessment were mostly associated with our relatively small operations and, we believe, speak to the understanding that EDC can wield much greater influence in the world through our lending, investing and other dealings with customers, and our active participation in global organizations like the OECD, UN Global Compact and Equator Principles. Nevertheless, these topics are important for EDC to manage and monitor, and we are proud of our accomplishments.

Of these topics, we've chosen to report on **employee engagement**, **community investment** and **operational footprint** in our 2017 CSR Report.

ABOUT THIS REPORT

This is EDC's 13th annual Corporate Social Responsibility (CSR) report. We see this as a unique report in that it introduces our new **CSR Vision and Pillars** and sheds light on new themes identified in our **2017 materiality assessment**. It's also quite possibly our last stand-alone CSR report. We plan to release an integrated report in 2019, which will cover EDC's financial and non-financial priorities and performance, providing a more representative account of who we are, how we work and what we have achieved.

102-1, 102-46, 102-50

REPORTING SCOPE AND BOUNDARY

This report covers our business activities for the 2017 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. Our previous (2016) annual CSR report was released in June 2017.

102-55

GLOBAL REPORTING INITIATIVE

The content of this report is based on the findings of our **2017 materiality assessment** and the recommended approach from the Global Reporting Initiative (GRI) Standards. The GRI Standards provide a structure for CSR reporting and facilitate comparisons across companies.

This report has been prepared in accordance with the GRI Standards Core option. Disclosures to GRI indicators are identified within the report and can be viewed by turning on the GRI indicator device. They are also consolidated in the GRI Standards Index, which is available for download.

102-56, FS10

ASSURANCE

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.
- 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](#).

102-53



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**



HOW WE DO BUSINESS

In an increasingly complex and constantly evolving global trade environment, we consistently prioritize doing business the right way – upholding high standards of ethics and integrity, and protecting people and the environment.

CASE STUDY

VIVE CROP PROTECTION

Based in Toronto, Vive Crop Protection is an award-winning cleantech company that is creating new, sustainable possibilities in crop protection. With its innovative products, the company is not only reducing the environmental impact of pesticides, but is improving the productivity of farms around the world.

Positioned for rapid growth, Vive has worked with EDC to improve its capital position through loans and insurance, as well as identifying trusted partners to work with abroad. This year, Vive looked to EDC's new online digital credit insurance solution to address the risk of not getting paid by foreign buyers. After receiving fast, flexible coverage through EDC's Portfolio Credit Insurance, Vive could take on a large contract with a major U.S. distributor without worry, while also securing additional working capital to expand its production.



ETHICS AND COMPLIANCE

103-1

WHY IT MATTERS

Ethical conduct is one of our foundational values; it's fundamental to the way we conduct ourselves on a daily basis and vital for building a lasting culture and achieving enterprise excellence. Given the pace of change and rising stakeholder demands, having a strong ethical culture is more important than ever for meeting our challenges and protecting our reputation.

102-16, 102-28, 102-33

OUR APPROACH

In most situations, our individual values and integrity guide us to the correct decisions and actions. However, we also have a **Code of Business Ethics and a Code of Conduct** (the Codes), which provide a practical framework to help individuals better understand expected business practices and behaviours. All employees are required to sign an annual statement confirming their compliance with the Codes.

Our Compliance and Ethics team is responsible for establishing and improving EDC's various compliance and ethics programs. The team is led by a Chief Compliance and Ethics Officer, who has an independent reporting line to a committee of the Board of Directors, and is 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.

In the increasingly complex global business environment, the Compliance and Ethics team continually builds and enhances our control frameworks. This includes ensuring EDC's compliance with laws and regulations, combatting financial crimes, setting clear guidelines for our employees working around the world, protecting privacy in our business, and managing requests for access to information.

The team worked on modernizing EDC's Code of Conduct in 2017 and will launch the updated version in 2018. They also developed a new holistic financial crimes policy, which was approved by EDC's Board in December.

102-25

SUPPLIERS

Our supplier community is a valuable resource to us in providing services to Canadian exporters. Our **Procurement Policy** is the foundation on which we procure goods and services in support of our operational activities. We strive to provide fair and equitable treatment of all our suppliers. For example, our policy commits EDC to protecting the confidentiality of suppliers' trade secrets and pricing information, and offers access to a supplier complaint process should disputes arise.



Our Code of Conduct and Code of Business Ethics govern our behaviour. Click [here](#) to read the Codes.

TRANSPARENT COMMUNICATION

102-40, 103-1

WHY IT MATTERS

The world's expectations on transparency of business operations and activities, from disclosure of supply chain standards to executive compensation, is shifting radically and quickly. The push comes from many different influencers – including regulators, customers, suppliers, investors and civil society – and for many different reasons. Generally speaking, society expects more of businesses than ever before and wants greater visibility into their decision-making and operating practices.

To maintain the trust and confidence of our stakeholders and ensure sustainable business success, we can't ignore where the world is headed on the transparency front – nor do we intend to. We've been tweaking our approach over the last couple of years in response to stakeholders' questions and concerns. In 2017, we took even bigger steps forward.

102-40, 205-3

OUR APPROACH

EDC provides extensive financing and guarantee transaction details, by country, sector, company, amount and more on our [website](#), in accordance with our [Disclosure Policy](#). We are continually evolving this practice by working with interested stakeholders in industry and civil society.

While stakeholders have acknowledged our high standards of project finance disclosure, they'd like to know more about our due diligence processes for corporate loans and what we do when things don't go as expected. They also want to know about our policies and procedures related to sectors such as military and controlled substances, and feel that we need to update our Disclosure Policy. We heard this at our CSR Advisory Council meeting on [transparency](#) and in our [2017 materiality assessment](#), and we hear it regularly from civil society organizations.

In 2017, we set out to address stakeholder questions and develop a roadmap for improvement, rooted in our underlying philosophy that a relationship based on trust and accountability with all our stakeholders, through accurate and timely disclosure of information, is important to EDC's long-term success. We established five transparency principles to guide our efforts.

102-28, 102-40

Our Transparency Principles

- Being open and transparent with our customers and stakeholders is at the foundation of our business and our CSR strategic framework.
- Our approach to transparency will balance the role EDC plays in the commercial banking sector and the role we play as a Crown corporation.
- Our approach to transparency serves to protect EDC's reputation with all stakeholders including customers, partners, our Shareholder (the Government of Canada) and civil society.
- Our approach to transparency will be designed to make our processes more efficient and support EDC's vision and business objectives.
- Being open and transparent will be part of EDC culture, enabling discussions about environmental, social and governance opportunities, and supporting sustainable business decisions for our customers and us.



Being open and transparent with our customers and stakeholders is at the foundation of our business and our CSR strategic framework.

102-28, 102-40

AMONG THE STEPS WE'RE TAKING

- Initiated updates to our Disclosure Policy, which was last revised in 2010. The updating process will include an environmental scan and external stakeholder consultation to ensure that our policy reflects evolving expectations and paves the way for improved understanding of our transaction decision-making processes. This will begin in mid-2018.
- Providing additional details about our CSR due diligence processes when asked by media and stakeholders. For certain cases, we will consider requesting upfront disclosure consent from customers, as we started to do with project finance information requests in 2016, so as to provide more timely responses.
- Created a high-level transaction infographic that outlines our due diligence process for general-purpose corporate loans. The infographic will be posted to our website in 2018.
- Continued to develop special sector positions, working within our enterprise risk management framework to consolidate EDC's policies, positions and guidelines that apply to particular sectors and issues of interest. The goal will be to publish our sector positions on our website in the near future.

102-40, 102-44

2017 EVENTS

102-40, 102-44, 205-3

Stakeholder inquiries

Forty-two CSR-related stakeholder inquiries were received in 2017. While most requested details about specific transactions, four were related to potential environmental protection 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.

102-40, FS6

Disclosures on transactions

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.

ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

103-1, 103-2, 103-3, FS10

WHY IT MATTERS

EDC's business is global and our mandate is to support Canadian companies exporting abroad, which can be riskier than doing business at home – this is especially true as businesses expand into developing markets. For these reasons, it's critical for EDC to have strong procedures to identify potentially negative impacts and to ensure that the transactions we support are financially, environmentally and socially responsible.

While issues may arise during the life of a loan and we're sometimes called on to defend our transaction decision-making, we're confident enough in our processes to answer criticisms and are getting better at responding to situations.

103-1, 103-2, 103-3, FS10

OUR APPROACH

EDC is a top-tier performer among international financial organizations in environmental and social due diligence, and our practices are regularly informed in collaboration with other leaders in the field such as the World Bank, the IFC and the European Bank for Reconstruction and Development.

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](#), the [Environmental and Social Review Directive](#) (ERD), our [Human Rights Statement](#) and the [Disclosure Policy](#).

We take different approaches depending on the nature of the products our customers require:

- **FOR GENERAL CORPORATE SUPPORT** such as insurance, guarantees and financing needed for day-to-day operations, exporters submit declarations that they are not aware of any significant environmental consequences of their transaction and/or business, and an EDC financial officer conducts an initial screening. If there are any activities or countries that are flagged in our system as high-risk circumstances, the customer request is forwarded to our Environmental Advisory Services (EAS) team for further assessment.

The EAS team is a group of experts in environmental management, biodiversity, community engagement, occupational health and safety, labour, human rights and climate change. The team evaluates a company's track record, policies and procedures; its commitments to domestic and international standards; and how it addresses Canadian law as well as the laws of the countries in which it's planning to operate. The assessment is given to EDC business teams to help them decide whether or not to approve the transaction and, if so, on what terms.

- **FOR LARGE INFRASTRUCTURE PROJECTS**, we follow strict requirements outlined in our [Environmental and Social Review Directive](#) and provide quarterly status reports to our Board of Directors. For a project to be considered for support, it must meet international standards, which include the [IFC Performance Standards](#) on environmental and social sustainability, the [OECD's Common Approaches](#) and the [Equator Principles](#). The EAS team's review of projects is in-depth and requires that the projects conduct environmental and social impact assessments. For the largest projects, the EAS team visits project sites and works with independent reviewers and partner banks to ensure that issues are properly addressed. We may also work with the customers themselves to find solutions. Projects reviewed under EDC's Environmental Review Directive require authorization by the CEO prior to signing.



Our Environmental and Social Management Policy and related documents are undergoing a review, including public consultation, in 2018.

Learn more about our approach:

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

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

[Implementation of the Equator Principles](#)

Our EAS team also works with our underwriting and business teams to negotiate and structure environmental and social covenants, action plans, and monitoring and reporting requirements in loan agreements. These are the mechanisms we and other financial institutions use to incorporate environmental and social elements into loan agreements and by which we can take action, and possibly withdraw support, if the project sponsor fails to live up to its commitments.

Our processes are always evolving. We actively monitor and participate in international discussion in the areas of Corporate Social Responsibility, including human rights, the environment and society, to ensure that we're keeping pace with leading financial institutions, academia, NGOs and think tanks.

In late 2017, we embarked on a process to review and update our Environmental and Social Risk Management Policy (last revised in 2010) and related documents to ensure consistency with changes to our current practices and our international obligations, such as the OECD Common Approaches and the Equator Principles, and to align our commitments with current and emerging international environmental and social risk management best practices. This process will continue in 2018 and will include consultation with external stakeholders and experts.

FS10

2017 EVENTS

- Nine projects assessed under the Equator Principles reached financial close in 2017. [Details are posted to our website.](#)
- Nine projects reviewed under our environmental and social review directive for potential environmental and social impacts.
- Five project site visits (Guyana, Guinea, Mongolia, South Africa (two visits)) and three regional visits by our EAS team to Peru, Colombia and India to meet with EDC customers, civil society organizations, government organizations and other lenders to expand our knowledge and deepen our understanding of those markets and projects.
- Continued in our role as an Equator Principles Association (EPA) Steering Committee member, which included being the designated North American Lead financial institution under the updated Equator Principles management framework and co-leading the EPA Climate Change working group.
- Continued as Chair of the Environmental and Social Practitioners of the OECD Working Party on Export Credits and Guarantees, a multilateral group of experts focused on promoting good practice in transaction due diligence and ensuring a level playing field in the implementation of OECD Common Approaches.



9 projects reviewed under the Equator Principles reached financial close.

BUSINESS INTEGRITY

103-1

WHY IT MATTERS

With a number of high-profile corruption cases coming into the public eye and Canadian exporters continuing to diversify their markets beyond North America – sometimes in places where corruption and bribery are tolerated – EDC must have a firm stance on corruption and strong procedures to help us, and our customers, mitigate reputational and financial risks.

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 plays a strong role in supporting their efforts.

103-2

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. As we've evolved our program, our team's review has expanded to cover a range of financial crimes including corruption, bribery, sanctions, external fraud, money laundering and terrorist financing. Their process includes document reviews, online research and conversations with company representatives to find out what they've done to remedy the situation and improve their financial crimes mitigation measures 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.


EDC's anti-corruption processes serve 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.

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)

205-1, 205-3

2017 EVENTS

- 113 enhanced anti-corruption due diligence reviews. 
- 48% year-over-year increase in requests from EDC business development and underwriting teams for due diligence reviews due to flags raised during initial screenings.
- Developed a holistic financial crimes policy, which was approved by our Board of Directors in December.
- Completed the current state and gap analyses of a multi-year project to advance EDC's Financial Crimes and Know Your Customer (KYC) program, and are now working on the future state design elements.



We have zero tolerance for business obtained through bribery or corruption. Click [here](#) to read our Anti-Corruption Policy Guidelines.



48% year-over-year increase in enhanced due diligence reviews.

RESPECTING HUMAN RIGHTS

103-1

WHY IT MATTERS

Society's expectations regarding the responsibility of business to respect human rights have shifted dramatically, with standards such as the UN Guiding Principles on Business and Human Rights (UNGPs) supporting prevailing views. We constantly evaluate and update our processes and procedures to align with current best practice and emerging issues, and we work with Canadian companies to ensure they understand the risks and responsibilities they take on when exporting.

103-2

OUR APPROACH

EDC has a corporate **Statement on Human Rights** confirming our commitment to promote and protect human rights. This statement, together with our internal policies, the OECD Common Approaches, the **Equator Principles** and the **IFC Performance Standards**, guides our practices in assessing the human rights implications of our business.

We commit to screening all of our business from a human rights perspective. We continue to refine our pre-screening practices and work with our frontline business development teams so they are equipped to have elements of this screening integrated into their customer onboarding programs.

Where issues are identified, further assessment is conducted 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 they can be mitigated.

For project financing in higher-risk countries, we benchmark against the IFC Performance Standards on environmental and social sustainability and monitor 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.

205-1, 205-3

2017 EVENTS

- Implemented an updated approach to screening and assessing human rights risks, which has been rolled out broadly with sector-specific guidance notes and supported by our Human Rights Working Group.
- Received three inquiries from civil society organizations related to potential human rights violations. 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 into the matter to determine the appropriate course of action.
- Appeared before the Standing Senate Committee on Human Rights, contributing to its study of economic levers to enhance human rights internationally.
- Presented to the Environmental and Social Practitioners of the OECD Working Party on Export Credits and Guarantees on how we've approached human rights screening and our use of automated flags in our system to trigger more in-depth assessments.
- Presented our methodologies to the UN Working Group on Business and Human Rights, which was conducting a review of how human rights impacts are assessed and supported by business in Canada.



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.



Remediation, or coming to an understanding of what businesses are expected to do to provide remedy when human rights impacts occur, is currently one of the top issues related to human rights and financial institutions.

TAKING ACTION ON CLIMATE CHANGE

103-1, 201-2, 305-2

WHY IT MATTERS

Climate change represents an unprecedented global challenge. According to the [World Economic Forum's](#) 2018 Global Risk Report, three of the top five global risks relate to climate change and there is general international consensus that strong, coordinated, cross-sector action is required to address the issue. The Government of Canada has taken an international leadership role in this regard and EDC continues to be a partner in these climate change efforts.

102-15, 103-2, 201-2, 305-2, FS8

OUR APPROACH

EDC is proactive in its approach to climate change. We are investing in a number of climate-related areas of our business, including clean technology (cleantech), climate finance, and green bonds. Further, we actively engage with government, international organizations, the lending community, civil society, and our customers to better understand and develop approaches for minimizing our climate-related risks.

EDC was the first Canadian financial institution to issue a green bond in January 2014, and we've subsequently issued three more, including two in 2017 (US\$500 million and C\$500 million). The proceeds go toward our portfolio of green assets, which includes loans made to companies that are active in the preservation, protection or remediation of air, water or soil, the generation of renewable energy, and climate change mitigation.

As an organization, we have also significantly increased our capacity, and our credit flexibility, to serve Canada's cleantech sector. This is one of Canada's fastest-growing sectors and we recognize its importance to Canada – and to the world – as part of global efforts toward a lower carbon future. Since the inception of our cleantech program in 2012, EDC has facilitated almost \$5 billion in cleantech exports. We provide cleantech companies with financial solutions, market knowledge and the benefit of matchmaking introductions to some of the world's biggest projects and companies.


In 2016, we adopted the *OECD Sector Understanding on Export Credit Support for Coal-fired Power Plants*. We were the first export credit agency to do so, well ahead of the official implementation schedule. By January 2017, we had developed and published EDC's own position on support for coal-fired power. This means significantly restricting support for new coal-fired power plant (CFPP) construction, including those CFPPs that are built to power industrial projects, regardless of the financing structure. Further to this, we've restricted our support to existing CFPPs, depending on whether the support is for modernization resulting in greenhouse gas emissions reductions.

EDC is committed to supporting Canadian companies as they export internationally. We recognize that the energy sector and other carbon intense industries make a significant contribution to the Canadian economy. EDC will continue to provide Canadian exporters, across sectors, with access to financing, insurance and knowledge services. However, we will also continue to ensure that our customers' business practices meet the requirements of our Environmental and Social Risk Management Policy. Going forward, we aim to improve our understanding of the potential implications of climate-related risks and opportunities for our customers, as well as our own business.



EDC has issued four green bonds since 2014, including two in 2017.

2017 EVENTS

- Further to the new OECD *Sector Understanding on Export Credits for Coal-Fired Electricity Generation Projects*, we developed our own policy on CFPPs which took effect in January 2017 and is posted to our [website](#). The EDC policy goes further than the Sector Understanding in defining the new and existing projects we will or will not support.
- Provided \$278 million in support to projects or companies operating in developing countries that contribute to climate change mitigation efforts. We also worked with EKF (Denmark's export credit agency) to develop an OECD approach to measure climate finance export credits.  ASSURED
- Provided a record \$1.5 billion in support of 224 Canadian cleantech companies.
- Issued two green bonds, both of which received strong support from the green bond investor community. In May, we priced a US\$500 million green bond and in August, we priced a C\$500 million green bond, our first in Canadian dollars.
- Developed a review consistent with industry best practice to help assess the carbon exposure of our lending portfolio. The Financial Stability Board's [Task Force on Climate-Related Financial Disclosures](#) report and related processes focused on the financial sector will be important considerations as we continue to refine our understanding and our work in this relatively new area.



Record \$1.5 billion
in support of
224 Canadian
cleantech companies.

PRODUCT SERVICE AND INNOVATION

103-1, 103-2, 201-2

WHY IT MATTERS

The export sector represents some of the best opportunities for promoting clean technologies, contributing to progress in meeting climate change targets, promoting diversification, attracting investment to Canada and encouraging more fair and free trade. By the very nature of our mandate and vision, EDC is perfectly positioned to help Canadian companies capture these opportunities. To do so, we need to continuously evaluate and adapt our offerings in the context of the ever-changing global trade environment and in response to what our customers tell us would help them.

201-2, FS7

2017 EVENTS

- Created a Global Trade Group that is solely focused on finding and developing relationships with international buyers and introducing them to the Canadian companies that can meet the needs of their vast supply chains.
- Took our first steps in building a digital business, putting more of our financial solutions online and creating a customer care team to help current clients make the transition to the new platform. We also launched a new, self-serve digital credit insurance solution – Portfolio Credit Insurance.
- Worked with e-commerce platforms such as Shopify and JD.com to develop a better understanding of the global landscape for e-commerce and where the opportunities lie for Canadian small and medium-sized enterprises (SMEs).
- Strengthened our product offerings and support to SMEs, cleantech and women-owned businesses. For example, we established the International Growth Capital Group, a one-stop shop that develops tailored growth capital solutions for SME exporters and companies with high-export potential.
- Set up a Development Finance Institution, called FinDev Canada, under a new mandate to provide development financing and other forms of support, in alignment with Canada's broader international development priorities.



Achieved a **77.3** Net Promoter Score, which measures the likelihood that our customers would recommend EDC to business colleagues. Our score puts us in the top 10% of North American B2B companies for customer satisfaction.

OUR PEOPLE AND COMMUNITIES

Our success is driven by employees who thrive on challenge and want to make a difference at work, in their communities and around the world. We strive to attract, retain and support top talent and to create a culture where every person contributes meaningfully.

CASE STUDY

ONE OF CANADA'S TOP 100 AND BEST DIVERSITY EMPLOYERS

EDC was proud to be named among Canada's Top 100 Employers (2018), National Capital Region's Top Employers (2018) and Canada's Best Diversity Employers (2018) in November 2017, in recognition of our efforts to create an exceptional workplace.

This was our eleventh year of achieving Canada's Top 100 status. Candidates for the honour are evaluated using eight criteria: physical workplace; work and social atmosphere; health, financial and family benefits; vacation and time off; employee communications; performance management; training and skills development; and community involvement. They are also compared to other organizations in their field to determine those offering the most progressive and forward-thinking programs.

The evaluators highlighted three reasons why EDC was selected:

- Our 18-storey head office was constructed to meet the LEED Gold standard and designed with employee feedback in mind, featuring cafés and lounge areas on every floor, telepresence rooms, a fully equipped on-site fitness centre (with free membership and instructor-led classes), and an inviting rooftop terrace and garden.
- Academic scholarships for children of employees pursuing post-secondary education as well as a dedicated scholarship program for undergraduate studies in international business.



- Support for new moms with maternity and parental leave top-up payments (to 95% of salary for 24 weeks) as well as extending parental leave top-ups to new dads and adoptive parents (to 95% of salary for 18 weeks).



More information about the awards and what our employees say about working at EDC can be found on the [Canada's Top 100 website](#).

EMPLOYEE ENGAGEMENT AND WELL-BEING

103-1

WHY IT MATTERS

Employee engagement and well-being are critical for achieving our goals for the future. It's in our best interest to support our people, address their concerns, communicate openly and involve them in our business strategy and goals, so that they're inspired and equipped to perform to the best of their abilities.

103-2, 103-3

OUR APPROACH

Some of the ways in which we support and engage our employees are as follows:

- We provide competitive salaries and comprehensive benefit packages: from an excellent pension plan to medical and dental coverage, to life insurance and group rates for house and car insurance. Benefits include maternity and parental leave top-up payments for new moms and dads as well as one-on-one support for employees preparing for retirement.
- There's a strong focus on wellness. At headquarters, employees can work out for free at the on-site fitness centre, while those at regional offices can take advantage of subsidies for fitness memberships. On-site health screening clinics are offered every two years. To help employees balance work and life, we also offer telework and flexible work arrangements that include flexible hours, compressed work weeks and part-time schedules.
- Our investments in learning and growth opportunities include secondments and lateral moves to different parts of the organization, language training to meet the needs of our clients' markets, tuition fee reimbursement for completing work-related courses, and subsidies for relevant professional memberships.
- We offer a variety of communication channels, and employees are encouraged to engage with them via comments and "likes". Together with employee-led blogs, there's a vibrant flow of internal information and conversation. Once a year, we bring all employees together for one week of business meetings, culminating in a full-day themed conference.

Quarterly pulse check surveys provide EDC teams with insight into the health and well-being of their employees. We send anonymous surveys at the team level to gather feedback on morale, workload and capacity, and the value of employees' one-on-one meetings with their leaders.

Every two or three years, we conduct a comprehensive engagement survey that allows us to identify organizational areas of strength, opportunities for improvement, and factors that are "top of mind" for employees. Results are analyzed and measured against previous years' survey data and other organizations. Findings are also broadly shared within EDC and action plans are implemented to address specific needs.



New weekend fitness classes for employees and their guests have received rave reviews, especially Saturday morning spinning.

87% of employees participated in our employee engagement survey, and we were very pleased with the results:



Overall engagement score rose to **92%**, six percentage points higher than in our last survey conducted in 2014.



97% of employees would recommend EDC as a good place to work.



96% of employees are proud to work for EDC.



95% of employees have a good understanding of EDC's strategy and goals.

103-2, 103-3

2017 EVENTS

- Of the survey scores, significant improvements were seen in creating a climate where it's safe to say what you think and where differences among employees (e.g., gender, race, religion, age, nationality) are understood and appreciated. Areas for improvement that are currently being addressed include providing employees with more frequent performance feedback, speeding up decision-making, and helping leaders and employees identify training opportunities.
- We undertook a comprehensive employee journey mapping process, a detailed approach to gathering feedback on employees' end-to-end journey at EDC. The process created an inventory of all the touch points we have with our employees and helped us identify critical moments and gain perspective on opportunities and priorities for action. Resulting improvements included putting the "human" back in Human Resources by ensuring that employees receive individualized service at the HR reception desk or can talk to somebody over the phone. We also enhanced leave administrative support for employees going on medical/mental health leave, so that people can choose how and how often they wish to stay in touch with their leader while they are on leave. We will continue to use the employee journey map to improve our employee experience going forward.
- Our 2017 employee conference included a series of 15-minute TED Talk-style presentations by EDC employees and customers. Topics included *Capitalizing on Cultural Diversity*, *Building a Brand of Resilience*, *Dialing Up Our Productivity* and *Creating Impact as a Corporate Citizen*. We also launched *Ask Me (almost) Anything*, in which employees could submit EDC-related questions and vote on the top five. The most popular questions were then answered by subject matter experts on stage during the employee conference.
- We launched FamilyMatters@EDC, which provides employees with a forum to share ideas and experiences on a broad range of family challenges. Along with providing EDC families with creative support resources, the committee offers on-site seminars and workshops led by professional guest speakers, with topics such as *Creating Balance in Your Life* and *Parenting in the Tween Years*.



92% employee engagement score was six percentage points higher than in 2014.

DIVERSITY AND INCLUSION

103-1

WHY IT MATTERS

Increasing diversity and inclusion in the workplace, and striving for equal representation, is not only responsible business practice, it's also smart business because it provides a competitive advantage to those companies that embrace it. By now, countless studies have shown that diversity and inclusion lead to better decision-making, increased innovation and ultimately better financial performance.

103-2, 103-3

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 Indigenous people 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 as well as 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.



2020 Goal

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

Workforce representation by designated employment equity groups:



50% women

2016: 49%



17.7% visible minorities

2016: 17.2%



1.2% Indigenous

2016: 1.5%



3.1% persons with disabilities

2016: 3.3%

2017 EVENTS

- Percentage of women in leadership roles has increased from 39% at the start of 2015 to 45% at the end of 2017.
- 60% of participants in our emerging leaders programs are women. The program helps employees who have been identified as having leadership potential get on track for greater responsibilities.
- More than 200 women are members of Women@EDC, a forum for connecting, sharing, growing internal networks and inspiring one another.
- We launched a new employee resource group, Latinos y Amigos at EDC, to help Latin American employees get to know each other and achieve their professional goals through networking, coaching and general support.
- EDC was recognized as one of Canada's Best Diversity Employers for 2018 by the editors of Canada's Top 100 Employers at Mediacorp Canada Inc.



In December 2017, the Government of Canada appointed senior global banking executive Martine Irman, the first ever female chairperson of EDC's Board of Directors.

OPERATIONAL FOOTPRINT

103-1

WHY IT MATTERS

As the pressures on our planet mount, we want to do our part to protect our shared environment and quality of life. While we have the greatest impact on carbon reduction and environmental protection through our business activities – namely, our environmental and social due diligence processes and our climate change initiatives – we feel it's also important to address our own operations.

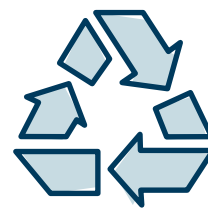
103-2, 103-3

OUR APPROACH

As a provider of financial services, 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.

We have institutionalized our commitment to preserve the environment and reduce negative impacts from our business through our CSR group, which is led by our Vice President of Risk Management in Environment and Corporate Responsibility. We have also committed to reducing our operational footprint by investing in LEED certified buildings and implementing robust recycling/composting programs.

At the employee level, we have a dedicated group of volunteers who are passionate about promoting and implementing green initiatives through their work on our Green Team, as well as many informal employee-led green initiatives. The Green Team meets monthly and works closely with internal stakeholders including CSR, Facilities, Procurement, Hospitality and Travel Services, and other internal decision-makers who have an impact on our operational footprint. The team also partners with our head office landlord, Manulife. Working with these stakeholders, the Green Team helps synthesize and communicate important information received from our quarterly waste audits and then sets goals and implements initiatives to reduce our impact.



The EDC Kitchen in Ottawa has reduced plastic waste by at least 50% by using reusable trays for catering.

103-2, 103-3

Various technological solutions have helped reduce our paper consumption and travel. For example:



All employees have portable laptops and handheld devices, reducing the need for printing.



Collaboration or conferencing tools such as Skype for Business, WebEx and Jabber are used for meetings in lieu of travel.



Filing systems have gone paperless.



We continue to work on projects to strengthen our online capabilities with our customers, which reduces our paper applications even further.

We are in the process of reviewing our corporate green strategy with a view to making improvements in 2018 and beyond.

2017 EVENTS

- We improved our head office waste diversion rate to 70%, up from 68% the year prior.
- Converting to LED lighting in the underground parking facility, building stairwells and chandeliers resulted in a yearly energy savings of 246,673 kWh. Other projects such as installing motion sensors on the lights in the garage and optimizing our cooling systems for our computer servers, among others, saved a further 1,515,794 kWh.
- To help make being green easier, the Green Team partnered with Facilities Services to implement a test workstation waste management program. New recycling, compost and waste bins, designed with the same colours and symbols used in the cafés, were placed at every desk. If successful, the program will be rolled out to all employees in 2018.
- Working with the Green Team, the EDC Kitchen collaborated with its caterers to implement low or no packaging in catering. The Kitchen uses external catering suppliers who source responsibly and deliver food in reusable, returnable or compostable packaging. In addition, all kitchen plates, bowls, cups and utensils that are not reusable can be composted through our recycling program. All told, we have cut plastic waste by at least 50% by using reusable trays for catering.
- The Kitchen team continued to maintain (and harvest) the rooftop garden, an initiative that makes dynamic use of a multi-purpose space and yields kale, cherry tomatoes, cucumbers, hot and bell peppers, herbs and (edible) nasturtiums sprouting among boxes of flowers. All staff are welcome to help themselves.
- 155 EDC employees took part in the Commuter Challenge, reducing their collective carbon footprint by more than 8,000 kilometres by walking, running, biking, carpooling, taking public transit or teleworking instead of driving to work.
- On EDC Community Investment Day, approximately 70 employees participated in one of six different shoreline cleanup locations around Ottawa and Gatineau. In addition, 50 employees planted trees for the Ottawa Rivers Club and 10 employees performed community gardening for Just Ottawa.
- EDC partnered with La Relance Technology Service, a charity that collects, repairs and refurbishes computers and IT hardware under the federal program Computers for Schools. Donations of surplus computer equipment from public institutions and the private sector are distributed to schools, libraries, non-profit organizations and early childhood centres in the Ottawa-Gatineau area.



Track our operational footprint [here](#).

COMMUNITY INVESTMENT

103-1

WHY IT MATTERS

As a responsible corporate citizen, we see our role in society extending beyond our business activities and into the communities and areas where we can make a meaningful difference. Through our community investment programs, we give of our time, talent and financial resources to help individuals and to strengthen neighbourhoods around the world.

103-2, 103-3, 201-1, 203-2

OUR APPROACH

Our community investment program focuses on three priority areas:

Give

We support a number of charitable giving programs that focus on our employees and the causes they care about. Here are our 2017 highlights:

- Donated \$80,000 to 40 charitable organizations across Canada in support of more than 80 employees and board members who volunteered close to 4,000 hours in their communities.
- Gave \$5,524 to the Canadian Red Cross for flood relief efforts in Ontario and Quebec. Fifty percent of the amount came from individual donations from our employees.
- More than 1,100 employees volunteered half a day in support of 43 charities in communities across Canada, Brazil, Colombia, India, Mexico and Singapore as part of our annual Community Investment Day.
- 53 employees benefited from EDC's Community Service Leave, volunteering their time at registered charities across Canada.
- Employees gave close to \$200,000 to the United Way/Centraide, HealthPartners and many other registered charities across Canada. Of the total, \$10,000 was channelled to the World Skills Employment Centre, which helps new Canadians find work.
- Employees gave hundreds of much-needed items to the Snowsuit Fund, Toy Mountain, the Ottawa Food Bank and the Ottawa Mission, making the holiday season brighter for those in need.



EDC donated \$80,000 to 40 charitable organizations where our employees and board members volunteered close to 4,000 hours.



EDC's partnership with CARE Canada has indirectly benefited more than 500,000 people around the world since 2009.

Empower

We partner with international NGOs to empower small enterprises in emerging markets where our customers do business. Our programs give EDC employees meaningful opportunities to share their knowledge and skills to make a difference in our international community. In 2017, they included the following:

- Four employees were posted at CARE Canada offices in Ottawa, Benin, Ecuador and Zambia, helping CARE fight poverty and social injustice. Since 2009, 34 EDC advisors have volunteered in nine CARE locations around the world, contributing to programs supporting financial inclusion, small enterprise development and women's economic empowerment initiatives – all of which benefited more than 500,000 people.
- Three employees provided monthly long-distance mentoring to small business owners in Argentina, Ghana and Senegal as part of our partnership with the Enblis Entrepreneurial Network.
- Approximately 250 entrepreneurs gained access to resources, training and opportunities to scale up through our support of the Adam Chowniec Memorial Fund for Global Entrepreneurship.

Educate

We work with educational institutions to give students hands-on, experiential learning opportunities to better position them to become the business leaders of tomorrow. In 2017, this included the following:

- We awarded 30 scholarships to post-secondary students at 17 universities in seven provinces. The program has granted more than 450 scholarships since 2000.
- Our long-standing partnership with AIESEC Canada helped support the development of young leaders through the global exchange program, which connects students to professional internship opportunities around the world.
- Through the "Doing Business in Emerging Markets" program, we helped 12 students at the Rowe School of Business at Dalhousie University gain valuable, in-market experience with four Halifax companies doing business in China.
- We continued our partnership with the National Technology Center for the Computers for Schools program, which ensures refurbished computers are donated and distributed to schools, libraries and not-for-profit organizations and Aboriginal communities across Canada. EDC has donated thousands of laptops over the past 10 years.



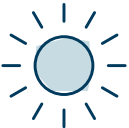




We helped 12 students at the Rowe School of Business at Dalhousie University gain in-market experience with four Halifax companies doing business in China.

2017 CSR HIGHLIGHTS

We track and publish our key performance indicators so that our stakeholders can see our progress and hold us accountable. As we continue to develop our CSR framework, the measures we track may change or may be presented differently to align with our CSR pillars.

102-15, 201-1, 203-2, FS8

PRIORITY	2017 ACTIVITIES
 BUSINESS INTEGRITY	<p>Conducted 113 enhanced anti-corruption due diligence reviews.  ASSURED</p> <p>Completed the current state and gap analyses of a multi-year project to advance EDC's Financial Crimes and Know Your Customer (KYC) program, and are now working on the future state design elements.</p>
 ENVIRONMENT AND CLIMATE CHANGE	<p>Supported \$278 million in climate finance transactions in developing countries.  ASSURED</p> <p>Launched two green bonds, one C\$500 million and one US\$500 million.</p> <p>Provided a record \$1.5 billion in support for cleantech companies.</p>
 PROTECTING HUMAN RIGHTS	<p>Continued to integrate screening and assessments related to human rights risks across all business lines, including providing guidance notes to frontline staff.</p>

PRIORITY

2017 ACTIVITIES



HONOURING INTERNATIONAL COMMITMENTS

Continued in our role as an Equator Principles Association (EPA) Steering Committee member, which included being the designated North American Lead financial institution under the updated Equator Principles management framework and co-leading the EPA Climate Change and Consistency working groups, as well as being a member of the Social and Biodiversity working groups.

Continued as Chair of the Environmental and Social Practitioners of the OECD Working Party on Export Credits and Guarantees, a multilateral group of experts focused on promoting good practice in transaction due diligence and ensuring a level playing field in the implementation of OECD Common Approaches.

Presented to the OECD Environmental Practitioners group on: interpretation of guidance on the modernization of coal-fired power plants, scoping of carbon footprint assessments in light of the Task Force on Climate-related Financial Disclosures, Arctic development impacts, and best-practice methodologies for human rights screening.



INVESTING IN OUR COMMUNITY

More than 1,100 EDC employees (80% of staff) volunteered for half a day to support 43 charities in communities across Canada, Brazil, Colombia, India, Mexico and Singapore.

EDC employees gave close to \$200,000 to the United Way/Centraide, HealthPartners and many other registered charities across Canada. This included \$10,000 for the World Skills Employment Centre, which helps new Canadians find work.

103-2, 103-3



AWARDS AND RECOGNITION

Canada's Top Family-Friendly Employers for 2017

National Capital Region's Top Employers for 2017

Canada's Best Diversity Employers for 2018

Canada's Top 100 Employers for 2018

Corporate Knights' Future 40 Responsible Corporate Leaders in Canada for 2017

Global Trade Review's Best Deals of 2016 for our role in the largest project financing transaction ever signed in Oman: Orpic's Liwa Plastics Industries Complex (LPIC) project

GlobalCapital Sustainable and Responsible Capital Markets Awards 2017

North American Green/SRI Bond Deal of the Year

THREE-YEAR SCORECARD

203-2



ECONOMIC IMPACT

	2017	2016	2015
Total export and investment by customers in emerging markets (\$ billions)	29.9	30.6	29.2
Total Canadian direct investment abroad facilities (\$ billions)	14.3	12.4	12.4
Total business facilitated (\$ billions)	103.7	102	104.2
Number of customers served	9,398	7,150	7,343
Offices across Canada	20	18	17
Foreign representations outside Canada	20	19	17



ENVIRONMENTAL AND SOCIAL REVIEW

	2017	2016	2015
Projects assessed under Equator Principles	9	6	6
Projects assessed under other guidelines	9	0	1
Human rights screening*	170	122	**



ENVIRONMENTAL FOOTPRINT

ASSURED

	2017	2016	2015
Office paper used (kg/FTE)	11	10.5	11
Energy used (HQ – kWh/FTE)	6,489	6,518	6,878
Wasted energy (HW – tonnes)	130	118	112
Employee travel (tonnes CO ₂ equivalents)	1,838	1,890	1,752



TRANSPARENCY

	2017	2016	2015
Number of formal access to information requests received (all types)	15	17	13
Number of internal audits (all types)	20	18	18
Number of CSR-related public inquiries	42	26	25
Number of financing transactions publicly disclosed	1,566	1,369	1,114



COMMUNITY INVESTMENT

	2017	2016	2015
Donations in domestic community causes (\$)	80,000	56,750	69,500
Number of charities supported through charitable donations	40	28	30
Number of charities supported on community investment day	43	26	***
Number of employees participating in activities for charities supported	TBD	50	110
Number of employees who participated in community investment day	1,100	75	***
United Way contributions (\$)	194,413	202,985	183,710
Number of scholarships awarded	30	30	30



EMPLOYEE ENGAGEMENT

	2017	2016	2015
Number of full-time active permanent employees	1,432	1,451	1,290
Women (%)	50.00	48.51	50.85
Visible minorities (%)	17.17	17.55	14.50
Persons with disabilities (%)	3.10	3.11	3.64
Aboriginal people (%)	1.2	1.38	1.32



ETHICS



	2017	2016	2015
Number of transactions that underwent enhanced anti-corruption due diligence	113	62	54

*In 2017, this reflects human rights flags from business pre-screening that were assessed, not only completed screening.



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