

TRADE THAT MATTERS

Export Development Canada
2008 Corporate Social
Responsibility Report

Table of Contents

To reflect emerging best practice in annual Corporate Social Responsibility reporting, and in an effort to reduce EDC's operational footprint, the following detailed report is available only as an online product. A hard copy summary of this report is available upon request at: csr-rse@edc.ca.

Introducing Export Development Canada	3
In this Report	4
Independent Reviewer's Report	5
Message from the President and CEO	6
2008 Business Highlights	8
EDC's Impact on Canadian Prosperity	9
CSR Achievements and Lessons Learned	10
How We Operate	11
CSR Management and Accountability	11
Stakeholder Engagement	11
CSR Accountabilities	12
Stakeholder Map	13
Compliance	14
Public Enquiries and Access to Information	14
CSR Strategic Review	15
CSR Advisory Council	15
Legislative Review	16
Audit and Performance Measurement	17
Global Reporting Initiative	17
Disclosure of Transactions	17



Connecting with Customers	18
Business Ethics	19
Anti-Corruption	19
EnviroExport	19
China Environment Fund	20
Sustainable Lending	20
Profile: Supporting Canadian Environmental Companies	21
Profile: Convergence of Economic and Social Benefits	22

Facilitating Integrative Trade	23
Environmental Review	24
Environmental Disclosures	26
Profile: Supporting Improved Healthcare in Turks & Caicos (Category B)	27
Profile: Supporting Canadian Petroleum Exports to Brazil (Corporate Facility)	28
Profile: Ongoing Environmental Monitoring in Madagascar (Category A)	29
Human Rights	31


Leveraging the Organization	32
Operational Footprint	33
Community Investment	34
CARE Canada Partnership	34
EDC Chair in Environmental Finance	35
Education and Youth Employment (EYE) Program	35
Local Community Investment	36
Organizational Climate	36
Feedback from Sounding Board	37
2008 Performance Measures	38
New CSR Initiatives for 2009	40
Disclosure of Transactions at a Glance	41
Global Reporting Initiative	42
Key CSR Frameworks	44

How to use this PDF

Clicking on any of the section titles to the left will take you to the first page of that section.

Click on the  and  symbols in the lower right-hand corner to move to the previous or the next page in the document.

Underlined text indicates a hyperlink — click on the text to connect to the website or file associated with that hyperlink.

Sections that continue on the next page have a  symbol following the last line on the page. Click on this symbol to navigate to the rest of the section.

Clicking on the report title in the lower left-hand corner will return you to this contents page.

Introducing Export Development Canada

Export Development Canada (EDC) is Canada's export credit agency headquartered in Ottawa, Canada, with offices across the country and 14 Foreign Representations.

We are a public institution operating on commercial principles, with a mandate to support and develop Canada's trade, and to enable Canadian companies to participate in, and respond to, international business opportunities.

To help Canadian companies meet the challenges of international competition, EDC provides trade finance and risk mitigation services that include credit and political risk insurance, contract bonding insurance and guarantees, private equity financing and direct financing to foreign buyers.

Our customers know that when they approach EDC for support, they are dealing with a Crown Corporation that is 100 per cent committed to responsible trade. They know that we are a strong financial player, that we are experts in risk assessment of all kinds, that we understand how to help

them deliver on their vision, and that we will work to support their plans in a way that is both socially and environmentally sound. Part of our job is to ensure that our customers understand acceptable practices for responsible companies trading in global markets.

We are proud of our track-record in Corporate Social Responsibility (CSR), and while we have accomplished a great deal, since we began reporting on CSR five years ago, we know there is still more to be done in order to embed CSR even further into our organization. This report is an update on the progress we are making and, specifically, on what was accomplished in 2008.

Please let us know how we are doing by forwarding your comments to EDC's CSR team in Ottawa:

CSRReportFeedback@edc.ca

EDC Head Office

151 O'Connor Street
Ottawa, ON
K1A 1K3
Tel: 613-598-2500
Fax: 613-598-3098
Toll-free: 1-888-332-8224

In this Report

Trade that Matters is EDC's fifth Corporate Social Responsibility (CSR) report, one that is being published at a time of great economic uncertainty for Canadians and for Canadian business.

As the current financial situation plays itself out, we are mindful that the context in which we operate has changed dramatically. More than ever, business ethics play a lead role as businesses become subject to intense public scrutiny and as the social and environmental impact of their transactions are more closely observed.

During the past five years, we have strived to report on our activities in a way that demonstrates our commitment to balancing the public good with commercial realities. We have consistently evolved our commitments along best practices with respect to business ethics, transparency, the environment, our communities and our employees. And while we have made great strides in these areas, there is room for us to

go further in terms of aligning our business practices with CSR best practices.

This 2008 report is our first attempt to re-align our CSR strategy with our core business objectives. The report has been divided into three main sections, each of which is linked to one of EDC's three strategic business objectives: Connecting with Customers, Facilitating Integrative Trade and Leveraging the Organization. Within each section, we have provided examples to show what EDC achieved in 2008, relative to performance measures and relative to the years prior, as well as commentary on the impacts of those achievements. If trade matters more than ever — responsible trade matters even more so.

EDC's 2008 CSR Report is structured around the following EDC strategic business objectives:

Connecting with Canadian Exporters and Investors: EDC will reach out to Canadian companies to better understand their needs and bring all of its expertise and solutions to serve them, directly or indirectly with other financial institutions.

Facilitating Integrative Trade: EDC will increase the competitiveness of Canadian exporters and investors

by providing a wide range of trade finance and risk management solutions, in particular with respect to their investments abroad and in global supply chains, and in their business in emerging markets.

Leveraging the Organization: EDC will optimize the use and allocation of its resources to better meet the global needs of Canadian companies.

Independent Reviewer's Report

To the Board of Directors and Management of Export Development Canada.

We have reviewed the selected quantitative performance indicators presented in Export Development Canada (EDC)'s Corporate Social Responsibility (CSR) Report for the year ended December 31, 2008 (the Report) and identified below. We did not review all information included in the Report. EDC management is responsible for collection and presentation of the indicators and information set out in the Report. A review does not constitute an audit and consequently we do not express an audit opinion on the quantitative performance indicators.

Scope

The scope of our review included the following performance indicators:

- Percentage of employees applying for support under the Charitable Donations Policy

- Percentage of employees who completed the Annual Code of Conduct e-training case study tool
- Percentage of Category A projects publicly disclosed on EDC's website 30 days prior to transaction closing compared to total Category A projects eligible for disclosure
- Number of signed projects reviewed under the Environmental Review Directive

The selected quantitative performance indicators were chosen by EDC management primarily on the basis of perceived external stakeholder interest. We did not review the narrative sections of the Report, except where they incorporated the selected quantitative performance indicators.

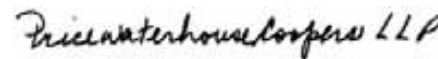
Methodology

Our review was made in accordance with the International Standard on Assurance Engagements (ISAE) 3000, developed by the International Federation of Accountants. As

such, we planned and performed our work in order to provide limited assurance with respect to the selected quantitative information that we reviewed. Our review criteria were based on Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (2006 version), relevant regulations, EDC management definitions, and industry standards as referenced in the Report. Our review consisted primarily of enquiry, analytical procedures and discussion related to information supplied to us by EDC.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the selected performance indicators noted above are not, in all material respects, presented in accordance with the relevant reporting criteria.



Toronto, Ontario, Canada
May 21, 2009

Message from the President and CEO

Being a ‘responsible corporate citizen’ used to be interpreted as an add-on — something that was beyond the scope of a business’ day-to-day activities. But the smarter companies today know that all of their activities have a bearing on the bottom-line.

In today’s environment, issues have become much more complex and expectations surrounding corporate social responsibility are constantly evolving — there is no “final state” for CSR. And while we at EDC have made steady progress over the past few years, taking strides to re-align our CSR practices with our business practices, we recognize that there is always room to improve.

That said, looking back on EDC’s CSR performance in 2008, I’m proud of the advances we have made in many areas, particularly with respect to transparency. Since becoming subject to the *Access to Information Act* in 2007, we respond to many requests for Access to Information but — increasingly — we have taken a much more proactive stance and regularly provide information to our stakeholders and the public before it is requested. And, as this report will illustrate, when communicating our performance on CSR activities,

we take strides to highlight not just our achievements, but also areas where we intend to improve.

I am also pleased with the progress we made on our environmental undertakings. In 2008, EDC’s financial support for a new Chair in Environmental Finance was a landmark achievement. This new area of specialization at the University of Waterloo will open new doors for Canadian students wishing to make their mark as leaders in sustainable businesses. They will receive instruction in environmental studies and in international finance, and I predict they will become hot commodities in the years ahead as businesses around the world continue to grapple with the interconnectedness of issues such as climate change, trade, transparency, profitability and human rights. In addition, EDC highlighted the issue of environmental responsibility at the Berne Union annual meeting of insurers, which we hosted



PHOTO: MARTIN LIPMAN

Eric D. Siegel
President and Chief Executive Officer

“I believe EDC will continue to be a catalyst for positive social and environmental change going forward.”

last fall in Banff. We are also moving, internally, to understand and minimize our own operational footprint.

In 2008, EDC hosted a forum on Best Practices for Socially Responsible Mining in Peru, where we encouraged the discussion of divergent views among a variety of stakeholders on how best to conduct business in challenging markets. Moving forward, EDC will continue the dialogue with this network in order to refine all of our understanding of the challenges facing sustainable mining in difficult environments. Furthermore, as a signatory of the Equator Principles – a benchmark for the financial industry to voluntarily manage social and environmental issues in project planning–EDC is now part of the core group involved in implementing these Principles. I believe EDC will continue to be a catalyst for positive social and environmental change going forward.

At a time when confidence in the financial services sector globally is at an historic low, this is precisely the time when it is

incumbent upon us to demonstrate that we are committed to meeting the realistic expectations of our shareholder, our stakeholders and, most importantly, our customers. It is an opportunity to show that what we do at EDC, we do responsibly and with integrity, and that trading responsibly matters.

Strategic Scorecard: Key Initiatives

	OBJECTIVE	MEASURE	RESULT
Connecting with Customers	Enhance sustainability impact of EDC's product portfolio	New product introduction	Established China Environment Fund investment
Facilitating Integrative Trade	Integration of Human Rights commitment	Communication of Human Rights statement	Well-received by EDC's stakeholders
Leveraging the Organization	Decrease EDC operational footprint	LEED standard for new HQ building	Board approval for new LEED standard
	Re-alignment of corporate community involvement	EDC volunteers and investment contribution to CARE Canada	Executive approval for up to 4 employees/year and \$200,000 each year for 4 years

2008 Business Highlights

Business Volume by Industry Sector (\$ in millions)

5,150	Light Manufacturing
7,255	Information & Communication Technology
10,426	Transportation
16,822	Resource
18,751	Infrastructure & Environment
27,415	Extractive

Business Volume by Geographic Market (\$ in millions)

259	Various Regions
4,360	Africa/Middle East
6,669	South America/Central America
9,092	Europe
13,466	Asia/Pacific
51,973	North America/Caribbean

EDC's Impact on Canadian Prosperity

Among its many achievements, in 2008, EDC:

Carried out **\$85.8 billion** in international trade and investment transactions on behalf of Canadian companies — an **increase of 23 per cent** over 2007.

Facilitated transactions on behalf of **8,312** customers — an **increase of 11.4 per cent** compared to 2007.

Provided support valued at more than **\$450 million** for **215 small companies** that provide environmental services/products/technology, the most active market being the U.S.

Supported **\$22.0 billion** in transactions in developing markets, a **31 per cent increase** over 2007.

Supported an estimated **35 per cent** of all **Canadian exports and direct investment** to developing markets.

Assisted in the generation of **\$57.8 billion** in Canadian GDP — an **increase of 12.2 per cent** over 2007 — and supported 572,000 jobs. This equates to 4.4 per cent of total Canadian GDP and 3.3 per cent of national employment.



PHOTO & VIDEO: COURTESY OF ADVANTECH



CUSTOMER FEEDBACK:

Advantech

(internet connection required)

[play video](#)

CSR Achievements and Lessons Learned

Achievements

Conducted a review of **CSR strategy and plans** and looked at ways to embed EDC's commitments to CSR into the business strategy more closely.

Released our **Statement on Human Rights**, defining current practices and adherence to government policies and international obligations.

Invested in the **first Chair in Environmental Finance in Canada**, at the University of Waterloo's Centre for Environment and Business — a contribution that will help to groom the leaders of tomorrow in sustainable business practices at the global level.

Launched a **four-year global community investment partnership with CARE Canada** that will lend EDC expertise to enterprise development projects in Latin America. The partnership also allows EDC employee volunteers the chance to directly apply EDC knowledge and skills to development projects in emerging markets.

Invested **\$20 million** in the **China Environment Fund**. The Fund makes investments in China-based clean tech companies including energy efficiency, renewable energy, carbon reduction, water and waste water treatment, new materials and sustainable agriculture.

Lessons Learned

We need to improve our ability to embed CSR into our **business strategy**.

We continue to work to fully implement a standardized process for **human rights** assessment in connection with projects.

More effort is required to understand, measure and minimize our own **operational footprint**; GHG emissions related to our portfolio will also be examined.

We have yet to strike an appropriate balance between quantitative and qualitative **CSR performance measures**.

How We Operate

EDC recognizes the importance of transparency and public accountability, and last year continued to proactively publish, on a regular basis, a wealth of information about its operations and business activities.

This information was made available through EDC's website, publications, correspondence and via an ongoing program of consultation and engagement with customers, partners and stakeholders.

CSR Management and Accountability

At EDC, CSR is everyone's business and is managed by a number of internal committees and working groups. Coordination of the CSR structure at EDC falls to the Chief CSR Advisor and the Corporate Responsibility team. Ultimate accountability lies with the President of the Corporation.

The organizational chart that illustrates CSR Accountabilities follows on page 12.

Stakeholder Engagement

EDC has a broad range of stakeholders and engages with them in numerous ways (see page 13 for Stakeholder map). For example, in 2008, we participated in the Berne Union meeting of insurers, the Organization for Economic Cooperation and Development (OECD) meeting of Environmental Practitioners in Export Credit Agencies, and the Forum on Reputation Risk Management in Banking with international bankers.

Our Annual Public Meeting, held in April last year, and various stakeholder sessions are further examples of our engagement process. These sessions provided opportunities for EDC to stay current with emerging best practices, to share our experiences and to hear directly from those interested in our business.

Noteworthy, for example, was a multi-stakeholder Forum, held in May, on *Best Practices for Socially Responsible Mining in Peru*. Hosted by EDC's President and other

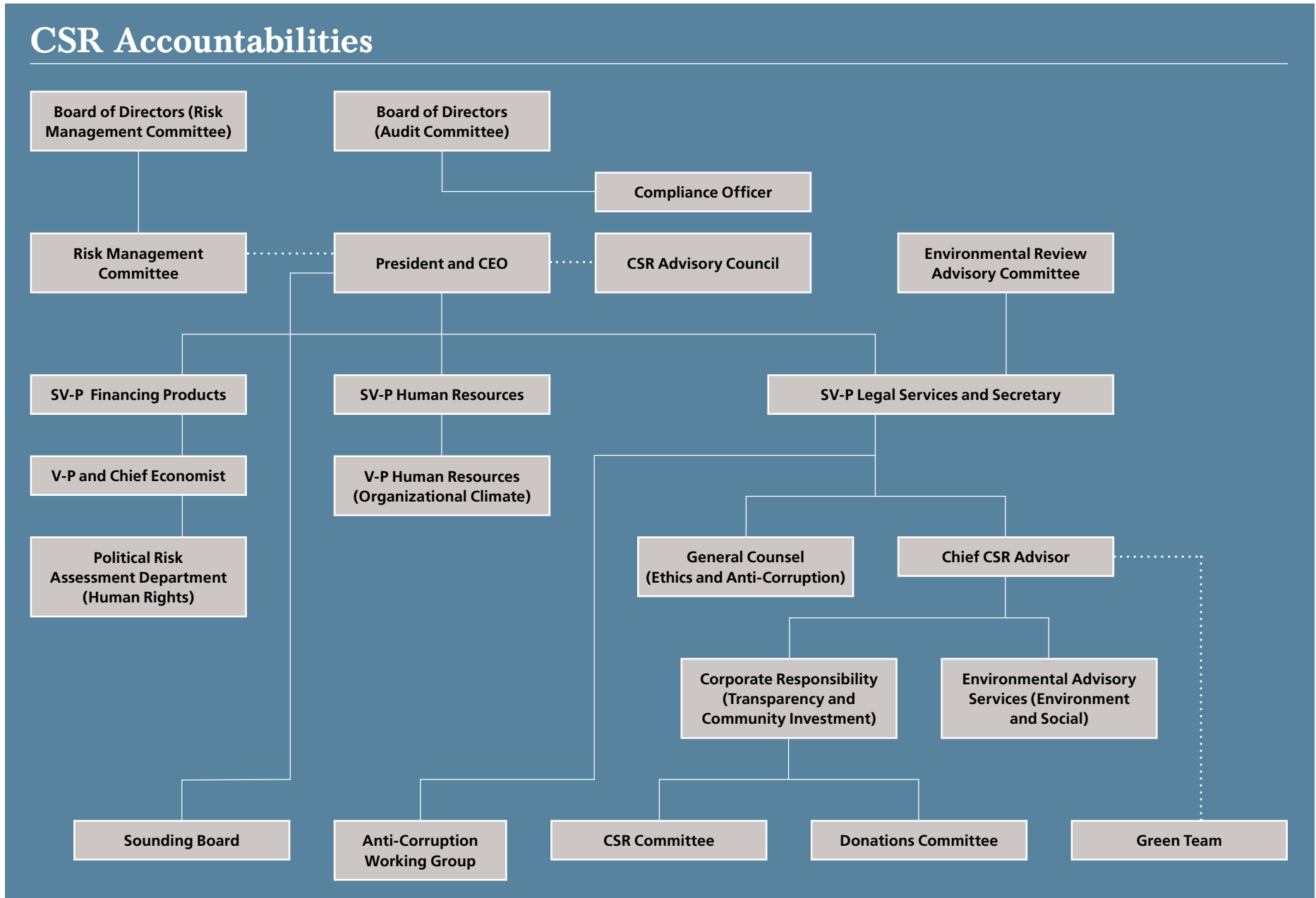


PHOTO: COURTESY OF GLOBE 2008

⤴ Françoise Faverjon-Fortin, Vice-President, Infrastructure and Environment, Business Development Group, presents the Industry Award for Export Performance at the GLOBE Awards in Vancouver in March, 2008

senior executives, the Forum's purpose was to foster a better understanding amongst governments, financial institutions, NGOs and the private sector of issues related to Peru's mineral development. For discussion points about the workshop, visit http://www.edc.ca/english/social_15509.htm.

CSR Accountabilities



How We Operate

Stakeholder Map

EDC uses a Stakeholder Map to stay abreast of issues of concern to stakeholders. The map is also used as a barometer to help benchmark performance, improve customer satisfaction and build relationships with stakeholders.

KEY STAKEHOLDER GROUPS	ISSUES										
	COMPETITIVE POSITION (LEVEL PLAYING FIELD)	FAIR PRICING	ACCESSIBILITY	PRODUCT INNOVATION	EFFECTIVE GOVERNANCE INCLUDING PRUDENT FINANCIAL AND RISK MANAGEMENT	BUSINESS ETHICS	TRANSPARENCY	HUMAN RIGHTS	ENVIRONMENTAL & SOCIAL IMPACTS	COMMUNITY INVESTMENT	FAIR EMPLOYMENT PRACTICES
Customers and Potential Clients, National Business, Sector or Professional Associations	■	■	■	■	■	■	■	■	■		
Financial Partners (Banks, Insurers, Financial Institutions or Partners, Multilateral, Financial or Development Institutions, Export Credit Agencies)	■	■	■	■	■	■	■	■	■		
Ministers and Members of Parliament	■	■	■	■	■	■	■	■	■		■
Other Financial Crown Corporations	■		■	■	■	■			■		
Government Departments	■	■	■	■	■	■	■	■	■		■
Non-Governmental Organizations						■	■	■	■		
Canadian and Foreign Media			■	■	■		■		■		
EDC Suppliers		■					■				
EDC Employees	■	■	■	■	■	■				■	■

How We Operate

Compliance

EDC's Compliance Officer—an ombudsman-like role that operates independently from EDC management—receives and deals with external complaints pertaining to EDC's compliance with its CSR policies. Consistent with the *Public Servants Disclosure Protection Act* (PSDPA), the Compliance Officer also manages internal disclosures of potential wrongdoings. Under EDC's Disclosure of Wrongdoings Policy, employees are encouraged to report potential wrongdoings in good faith, without fear of reprisal. Each year, a report is submitted to the Office of the Chief Human Resources Officer within Treasury Board on activities relating to disclosures made under the PSDPA.

In 2008, three external complaints were received under the Compliance Program. Two were considered to be outside the Compliance Officer's mandate; one was received anonymously and therefore could not be evaluated.

In 2008, EDC initiated an independent audit of the Compliance Officer Program. The auditors recommended that the man-

date of the Compliance Officer be reviewed and that roles and responsibilities relative to the Disclosure of Wrongdoings Policy be further clarified. EDC will address these recommendations in 2009.

Public Inquiries & Access to Information

EDC honours its commitment to transparency through response to public inquiries. Over 50 inquiries were managed throughout 2008 on a variety of CSR-related topics. The topic of principal interest was human rights. Other key topics included support for business in China, support for large infrastructure projects in the Philippines, Laos, Chile and the Democratic Republic of Congo and EDC's anti-corruption measures.

In 2008, EDC processed 37 Access to Information requests, 22 of which were formal requests, the balance being either informal requests or information related to consultations. All information requests under Access to Information were completed on time.

How We Operate

CSR Strategic Review

In 2008, EDC began to look at ways to more closely align its commitment to CSR with its business strategy. An external consultant – Professor Dirk Matten, the Hewlett Packard Chair in Corporate Social Responsibility at the Schulich School of Business, York University – was engaged to provide a review of EDC’s CSR strategy and plans. Internally, EDC also undertook extensive benchmarking to determine current trends and best practices amongst export credit agencies and to help EDC determine its place in the CSR arena.

EDC’s CSR Advisory Council also provided input into ways to re-calibrate EDC’s CSR strategy. From these two sources, the following recommendations emerged:

- The new CSR strategy should incorporate the long-term economic and social value that EDC brings to society at large.
- [EDC’s approach to CSR](#) should be synchronized with its business strategy and should aim to add value to the organization by making CSR a value-added proposition for EDC’s customers.
- A more concerted effort should be made by

executives to integrate and reiterate EDC’s CSR objectives into all their communications on business strategy and operations.

CSR Advisory Council

Under the leadership of Maureen O’Neil, EDC’s Advisory Council on CSR continues to help executive management consider evolving trends, practices and emerging issues. In 2008, the dialogue centred on re-alignment of EDC’s CSR strategy and priorities such as managing ethical risks, integrating human rights analysis and appropriate consultations for an Environmental Policy review.

In 2009, the Council will welcome three new members:

- Jean-Louis Roy, former President of Rights and Democracy
- Deanna Rosenswig, former President and CEO of The MasterCard Foundation
- Deep Saini, Dean of the Faculty of Environment at the University of Waterloo.

These new members will provide additional experience and expert perspectives on community investment and microfinance, human rights and environmental issues.



PHOTO: TECKLES PHOTOGRAPHY INC.

⚡ Created in 2001, EDC’s Advisory Council on CSR meets twice annually. At the November 2008 meeting, participants included (from left, seated): Eric Siegel, EDC President and CEO; Council Chair Maureen O’Neil, President and CEO of the Canadian Health Services Research Foundation; Jim Dinning, Chair of EDC’s Board of Directors. Standing left to right: Jim McArdle, SVP, Legal Services and Secretary; member David Runnalls, President and CEO, International Institute for Sustainable Development; member Randy Gossen, Vice President, Safety, Environment and Social Responsibility, Nexen Inc.; member Ed Waitzer, Partner, Stikeman Elliott LLP; and member Jean-Claude Villiard, Associate Professor at the École nationale d’administration publique (Université du Québec). Absent: member David Zussman, Jarislowsky Chair in Public Sector Management at the University of Ottawa.

How We Operate

Legislative Review

Under the terms of the Export Development Act, EDC is subject to an independent review of its mandate and operational effectiveness every 10 years. Last year, the Government contracted International Financial Consulting Ltd. (IFC) to conduct a consultative process engaging EDC's customers, partners and other stakeholders, and report back to the Government with recommendations based on that input.

The report contains 29 recommendations and strongly endorses how EDC fulfills its mandate, as well as its ability to meet the trade finance and insurance needs of Canadian businesses in partnership with the private sector.

The report also included a review of current civil society concerns. The report noted that while certain civil society organizations have recognized and commended EDC's efforts in responding to civil society concerns and giving consideration to CSR principles in its business practices, others argue that more could be done. On the issue of human rights, concerns were expressed that EDC's policy approach is non-binding and lacking in rigour and transparency.

IFC concluded that the concerns raised by civil society organizations particularly in the area of human rights are important, but policy in this regard falls outside the mandate of EDC. "By common consent, EDC has done much in recent years to address key areas of concern to civil society. It would probably be fair to say that EDC has done more and gone further than any other ECA. The Corporation appears to be an informed and engaged party in relation to civil society developments both within the Canadian Government and internationally."

The report also agreed in principle that as a public institution, EDC shares in Canada's international human rights obligations, but the reviewer did not believe that EDC should be asked to define Canada's obligations in this area.

The report has now been referred to the House of Commons Committee on International Trade and the Senate's Foreign Affairs and International Trade Committee for discussion. For more information about this external review, visit <http://www.international.gc.ca/commerce/edc.aspx>.

"The Corporation appears to be an informed and engaged party in relation to civil society developments both within the Canadian Government and internationally."

—International Financial Consulting Limited

How We Operate

Audit and Performance Measurement

Every five years the Office of the Auditor General of Canada (OAG) undertakes a Special Examination of systems and practices at EDC. In 2008, the OAG initiated a Special Examination of EDC which included an assessment of its CSR systems and processes. One of the eight projects of this examination was focused on CSR. In addition, the OAG initiated an Environmental Audit of EDC's Environmental Review policies and procedures. The result of the Examination will be available in 2009.

In 2008, EDC's Internal Audit team undertook an audit of CSR at EDC to determine compliance with CSR policies, practices and processes. The results of that audit, which are available on EDC's website (http://www.edc.ca/english/disclosure_15503.htm), led to continued efforts to strengthen CSR performance measurement. New measures were selected; to view click [here](#).

While still evolving to a more mature state, noticeable improvements were made in tracking performance over time and setting performance measures. While we are making progress, we believe we have yet to strike an appropriate balance between quantitative and qualitative measures, and between process and results. We will continue to work on this.

Global Reporting Initiative

Many organizations use the GRI as a reporting framework. Given EDC's structure and industry (export credits), not all of the GRI indicators are applicable to us; however, we report using the GRI G3 indicators to the greatest extent possible, around issues that are important to us and our stakeholders.

A complete list of GRI indicators, as well as a third-party check of these indicators as they apply to EDC, is available on pages [42](#) and [43](#).

Disclosure of Transactions

In 2008, EDC continued to proactively disclose information related to its financing and guarantee transactions and also enhanced its disclosure practices by publishing information about projects with potential environmental impacts that could be mitigated. See pages [25](#) and [26](#) for disclosure information on transactions in Categories A – C.



Project Categories

CATEGORY	DEFINITION
Category A	Projects with the potential for significant adverse environmental effects
Category B	Potential effects are less adverse than Category A
Category C	Projects are likely to have minimal or no adverse effects



**CONNECTING
WITH
CUSTOMERS**

Connecting with Customers

This section highlights the ways in which EDC works to build, maintain and support strong relationships with its customers.

Business Ethics

EDC's commitment to high ethical standards is integral to its ability to support Canadian businesses involved in international trade. It is also a cornerstone of EDC's reputation. EDC's operations are guided by two codes: the *Code of Business Ethics*; and the *Code of Conduct*. These codes define EDC's commitment to ethical conduct, the environment, prohibitions against bribery and corruption, promoting the protection of human rights, avoiding conflicts of interest and maintaining confidentiality of information. These codes are intended to protect EDC's reputation for integrity and the business interests of EDC and its customers.

Keeping ethics top-of-mind for employees was a key initiative in 2008. EDC launched its first annual *Ethics Week*, which included interactive activities, presentations and a guest speaker. In addition, EDC's executives and Board members were briefed again on the *Code of Conduct* and all managers were asked to meet with their direct reports to discuss the *Code of Conduct* prin-

ciples and guidelines. All employees and Board members were required to sign a Statement of Compliance with the *Code*. Also, for the second year, employees were asked to complete EDC's *Code of Conduct* e-training case study tool, consisting of a series of case studies covering ethical issues, such as outside employment, gifts and hospitality, and insider trading. In 2008, the employee participation rate was 99.6%. This indicator was reviewed by PricewaterhouseCoopers.

For the second time, EDC embarked on a benchmarking exercise to determine whether its *Code of Conduct* continues to reflect best practices. The benchmarking exercise is expected to be completed in mid-2009.

Anti-Corruption

The results of an internal audit into CSR practices (see Audit and Performance Measurement on page 17) indicated that while EDC has many controls and procedures in

place to mitigate the risks related to potential corruption, it recommended a review of the controls related to staff training.

Anti-corruption training will continue and be enhanced in 2009.

In addition to regular due diligence, EDC requires anti-corruption declarations and reserves the right not to provide support where there is credible evidence, or reason to believe, that bribery was involved in a transaction. In addition, a letter to this effect from EDC's President, Eric Siegel, was sent to all of EDC's new customers last year, accompanied by EDC's [Anti-Corruption brochure](#).

EnviroExport

EDC focuses support to 'environmental companies', broadly defined as clean technology companies involved in, for example, renewable energy, alternative fuels and water/waste water management. In addition, other transactions associated with environmentally beneficial projects have been identified in an effort to better quantify the extent to which EDC facilitates trade for such companies.

For 2008, EDC supported 215 'environmental' exporters, among them



^ A letter about EDC's anti-corruption program, along with EDC's new Anti-Corruption brochure, was sent to all new EDC customers in 2008.

Connecting with Customers

Centennial Solar (see Profile on page 21). The total value of EDC's transactions with environmental exporters was more than \$450 million, and the services EDC provided included financing, bonding, and political risk insurance.

Also in 2008, for the first time, EDC began insuring renewable energy certificates (which validate an energy source as 'green'). "We had never been asked for this type of insurance before, but because it was important for one of our customers, we decided to research this area and decided it was a valid market for EDC to be in," said Karen Mallory, EDC's Sector Advisor, Infrastructure and Environment. "It's critical for us to be in lock-step with our customers in this growing market."

China Environment Fund

In addition to the EnviroExport program, EDC also invests in equity funds as a way of helping Canadian companies to reach the next level of commercialization for their new products.

The China Environment Fund III LLP, managed by Tsing Capital, is an example of this new type of support. Last year, EDC

invested \$20 million in this fund. The goal of EDC's investment is two-fold:

- Support and build networks with Chinese private-sector companies. This will benefit Canadian companies, typically SMEs, in a wide range of industries including renewable energy, clean tech, sustainable agriculture, water treatment and automotive battery technology.
- Be part of the solution. China is a priority market for Canada and China's government has acknowledged the severity of the country's environmental challenges and its willingness to work with other countries in tackling these challenges. The China Environment Fund provides an opportunity to help solve serious global environmental problems.

According to Alison Nankivell, EDC's Senior Portfolio Manager – Asia, Equity, "EDC's investment in the China Environment Fund provides Canadian companies with a bird's eye view into the technologies and products needed in order for China to meet its environmental challenges. It also facilitates the efforts of Canadian business to be part of the solution. A very effective way to get to know this market is to partner with China's

emerging environmental companies, to start building a network and to develop in-depth market intelligence. With this entrée into the Chinese market, EDC will be able to identify the best companies for Canadian businesses to work with, so they too can grow by bringing their expertise to one of the world's largest markets."

Sustainable Lending

In April 2008, a revised set of principles on sustainable lending was adopted by member countries of the Organization for Economic Cooperation and Development (OECD) Export Credits Group.

The principles build on EDC's commitment to avoid support for unproductive expenditures in low-income countries under an earlier agreement, the 2001 Statement of Principles on Unproductive Expenditure, which is now superseded.

Within EDC, a working group was established to draft new internal guidelines for public sector transactions in low-income countries. These guidelines will facilitate the due diligence process and will flag countries that are subject to the most stringent requirements.

"EDC'S investment in the China Environment Fund provides Canadian companies with a bird's eye view into the technologies and products needed in order for China to meet its environmental challenges."

— Alison Nankivell, EDC's Senior Portfolio Manager—Asia, Equity

Profile



Supporting Canadian Environmental Companies

Centennial Solar Inc. is a leading Canadian manufacturer and exporter of solar photovoltaic panels. The company produces a wide range of solar panels, from five watts to 280 watts, using crystalline, CIGS (copper-indium-gallium-diselenide) and thin film amorphous technologies.

With the growing interest in renewable energy technologies and widespread concern about climate change, the market for solar panels worldwide is booming. Centennial Solar is in the thick of it, exporting 90 per cent of its products to Europe, the Middle East, South Asia, and North and South America. Competition in the solar panel market is strong, particularly from Japanese, Chinese and European manufacturers. Centennial Solar's biggest challenge is to secure the working capital it needs in order to accept large-scale projects.

EDC began its relationship with Centennial Solar in 2005 and currently provides Accounts Receivable Insurance and Export Guarantees, as well as facilitating match-making with potential customers.

According to Ajoy Das, President and Chief Executive Officer, Centennial Solar, "It was very important for us to get a guarantee on our line of credit from EDC. If a customer were to request a 100 per cent line of credit payment, without a guarantee on our line of credit, we would have to give up that customer. As a small company, with no external investors, we are like many small businesses in that we have a hard time financing our business. EDC has been extremely helpful and willing to work with us. They go the distance that traditional banks won't go."



⤴ Centennial Solar exports 90 per cent of its products to Europe, the Middle East, South Asia and North and South America.

"EDC has been extremely helpful and willing to work with us. They go the distance that traditional banks won't go."

— Ajoy Das, President and Chief Executive Officer, Centennial Solar

Profile



Convergence of Economic and Social Benefits

Développement International Desjardins (DID), created by the Desjardins Group in 1970, is a global leader in microfinance consulting and technical services. DID's partners (a total of 1,993 microfinance and co-operative institutions) offer diverse financial services that meet the needs of almost six million people, have some 5,900 employees, more than \$1.7 billion in savings and assets of some \$2.4 billion.

In 2008, EDC worked with Desjardins to analyze its business plans and develop support for DID's micro-credit plans in Africa. Based on its analysis, EDC established a line of credit for DID, upon which DID can draw as it establishes new institutions. DID's goal is to launch eight new institutions in

Africa and Latin America, with European financial partners and funding from the African and Inter-American development banks.

According to EDC District Sales Manager, Nathalie Lambert: "We are still looking at tailoring other products, from contract insurance to financing, to help DID continue to grow and make a difference in the markets they serve. That difference can take the form of a co-op member saving to pay a child's school fees, a group obtaining a small loan to start up a farm, or the institution investing some of its profits in a sanitation project for the community. They all add up to something—Desjardins and its partners are contributing to the global fight against poverty while promoting Canadian expertise"



PHOTO: COURTESY OF DÉVELOPPEMENT INTERNATIONAL DESJARDINS

⤴ Financial co-operative savings and micro-finance institutions have not only been helping their members to improve their livelihood, but have also become competitive and profitable businesses in their own right.

"Desjardins and its partners are contributing to the global fight against poverty while promoting Canadian expertise."

—Nathalie Lambert, EDC's District Sales Manager



**FACILITATING
INTEGRATIVE
TRADE**

Facilitating Integrative Trade

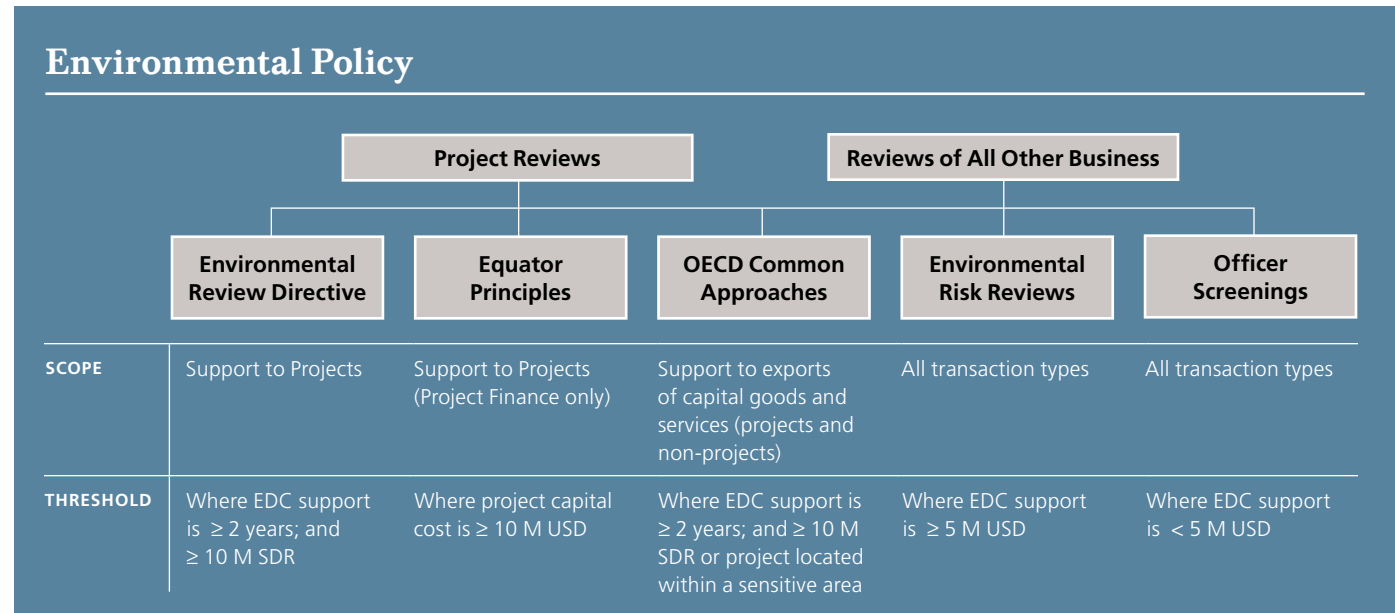
This section focuses on the ways in which EDC works to increase the competitiveness of Canadian exporters and investors by providing a wide range of trade finance and risk management solutions, including environmental risk management, particularly in emerging markets.

Environmental Review

As noted earlier, EDC became a signatory of the Equator Principles in 2007. Last year, EDC reviewed six projects under the Equator Principles, including one Category A, two Category B and three Category C projects (definitions for each type of project can be found in the Sidebar on page 17). These projects were also reviewed under EDC’s Environmental Review Directive (ERD).

In its critique of EDC’s 2007 CSR Report, an external reviewer (Canadian Business for Social Responsibility) noted an opportunity to better communicate the alignment between EDC’s Environmental Policy and those of the OECD Common Approaches and the Equator Principles. In response to this concern, EDC now offers this clarification:

The Equator Principles are a voluntary financial industry benchmark for determining, assessing and managing the social and environmental risks in Project Finance. Project Finance is a method of financing



⚠ This diagram illustrates some of the definitive elements of the policies and EDC products to which they apply. The Environmental Policy is EDC’s over-arching guideline for the review of all EDC business for its environmental impacts. Besides these, more than 360 additional transactions were submitted for review in 2008.

Facilitating Integrative Trade

in which the lender(s) looks primarily to the revenues generated by a single project as a source of repayment and to the assets of the project as collateral for the debt. (A full definition of Project Finance is provided as a footnote within the Equator Principles.)

There is a general alignment of the requirements of the Equator Principles with EDC's existing environmental review policies and procedures, including aspects such as categorization, documentation requirements for environmental and social impact assessments, application of the IFC Performance Standards, monitoring and the use of covenants (see chart on page 24). Implementation of the Equator Principles therefore has not required significant changes to EDC's existing environmental review practices.

Applicable benchmarking standards under the Equator Principles are the IFC Performance Standards for projects in non-OECD countries and in OECD countries not designated as high income. This aligns with EDC's commitment to apply the Performance Standards to Project Finance transactions under the OECD Common Approaches.

Projects Reviewed and Signed under the Environmental Review Directive and Equator Principles, 2008

CATEGORY	TOTAL NO. REVIEWED*	NO. REVIEWED UNDER EP	INDUSTRY SECTOR	REGION
Category A	2	1	Petrochemical (1), Power (1)	Asia (2)
Category B	3	2	Infrastructure (1), Power (1), Oil & Gas (1)	Caribbean (1), North America (2)
Category C	9	3	Telecommunications (7), Information & Communications (1), Infrastructure (Tourism) (1)	Oceania (1), Asia (5), Central America (2), Europe (1)

Category A Projects Signed in 2008:

	Equator Principles review
NCP Petrochemical Facility, Saudi Arabia	N (reviewed prior to adoption of EPs)
Ras Laffan C Independent Water & Power Production Project, Qatar	Y

Category B Projects Signed in 2008:

	Equator Principles review
IHC Islands Government Hospital Project, Turks and Caicos	N (reviewed prior to adoption of EPs)
Noble Wind Power Project, USA	Y
Southern Lights Pipeline Project, USA	Y

* PricewaterhouseCoopers has reviewed this indicator. Please see Independent Reviewer's Report on [page 5](#).

Further to internal discussions, the issue of alignment will be addressed by an Environmental Policy review, which itself follows up on a commitment made by EDC in 2005 to review its Environmental Policy in 2008. The Policy review, which began last year, with the goal of introducing a revised Policy in 2009, will focus on:

- project benchmarking standards
- community engagement
- project conditions and monitoring
- disclosure of environmental information
- environmental reviews in high-income OECD countries
- climate change
- EDC's environmental footprint

Facilitating Integrative Trade

Environmental Disclosures

While EDC currently discloses annual environmental footprint performance indicators such as paper, electricity and water consumption and business travel for its head office buildings (see Operational Footprint found on page 33), EDC's Environmental Policy does not yet include EDC's commitment to account for, and reduce, the environmental impacts of its operational footprint. The Policy review will incorporate EDC's commitment to measure and report on EDC's operational footprint.

Duration of Pre-Notification Disclosure of Signed Category A Transactions

DATE OF EDC PUBLIC NOTIFICATION (DD/MM/YY)	DATE OF SIGNING	COUNTRY	PROJECT NAME	GENERAL DESCRIPTION OF PROJECT	PROJECT SPONSOR	DURATION OF PRE-NOTIFICATION PERIOD
06/06/08	05/08/08	Qatar	Ras Laffan C Independent Water and Power Production Project	Combined power and water desalination plant	Qatar General Electricity & Water Corporation	61 days
14/11/07	30/04/08	Saudi Arabia	NCP Petrochemical Facility	Development, construction, and operation of a petrochemical facility	Arabian Chevron Phillips Petrochemical Company, Saudi Industrial Investment Group	167 days

Profile



Supporting Improved Healthcare in Turks & Caicos CATEGORY B

The roughly 30,000 permanent residents of the Turks & Caicos Islands — a British overseas territory located 900 kilometres south of Miami — will soon be able to stay home to receive improved healthcare services, rather than travel abroad, thanks to InterHealth Canada's announcement in January 2008 that it will build two new full-service hospitals on Caicos and Grand Turk Islands. Senior lenders for the \$124 million project are First Caribbean Bank and EDC, which has agreed to provide \$30 million (USD) in support.

InterHealth Canada, which was contracted by the Turks & Caicos Government, will provide design, construction, facilities management and clinical operation of the two hospitals for a period of 25 years. Both facilities will provide primary and secondary healthcare services, diagnostics, emergency services, physiotherapy and rehabilitation, dentistry and pathological laboratory services. They are to be accredited to Canadian hospital standards (Accreditation Canada) within two years of commencement of clinical operations.

InterHealth Canada will employ a total of over 280 staff in the new hospitals, which will include some 150 staff recruited from the existing hospitals, with a further 130 new healthcare and facility management jobs being created.

Among the terms that were written into the contract are the following:

- A Waste Management Policy to address the collection, segregation and storage of wastes and an annual audit that will be undertaken to ensure compliance with the Waste Management Policy and applicable legislation.
- A liquid effluent treatment system for process effluents designed to meet World Health Organization guidelines for wastewater. All treated wastewater will be used for landscaping applications at each hospital site.
- A comprehensive facilities management strategy designed to UK standards for the provision of services pertaining to waste management; medical gases and ventilation systems; energy and utilities management; and infection control.

All of the above conditions are in concordance with *World Bank Safeguard Policy OP 4.01 (Environmental Assessment)* and the supporting *Pollution Prevention and Abatement Handbook guidelines (the International Finance Corporation Environmental and Social Guidelines for Health Care Facilities, May 2003)*.

According to InterHealth Canada's George Commander, Project Director and Director of ICL UK Limited, "EDC cares deeply about the projects in which they invest. We know this from having worked with them on other projects. With the Turks & Caicos hospital project, EDC brought its environmental concerns to the table and let us know very clearly what would be required. I view this as a positive thing. Their experience increases everyone's consciousness about potential areas of concern. That's one value-added; the other is that EDC's support has had a very positive halo effect on Interhealth Canada insofar as it is helping us make in-roads on other projects."



PHOTO: COURTESY OF INTERHEALTH CANADA

Senior lenders for the \$124 million hospital project on Caicos and Grand Turk Islands are First Caribbean Bank and EDC. They will provide \$30 million (USD) in support.

"EDC brought its environmental concerns to the table and let us know very clearly what would be required."

— George Commander,
InterHealth Canada Project Director
and Director of ICL UK Limited

Profile



Supporting Canadian Petroleum Exports to Brazil

CORPORATE FACILITY

Petrobras is Brazil's largest — and the world's 15th largest — energy company. Its business is oil and oil by-product exploration, production, refining, marketing, and transportation, both in Brazil and abroad. The company operates 112 production platforms, 15 refineries, 30,000 kilometres of pipeline and more than 6,500 gas stations in Brazil and internationally.

Petrobras has a strong commitment to environmental management. It has been a signatory to the UN Global Compact since 2003, the company's CEO has been a member of the Compact's International Board since 2006, and has been a member of the Dow Jones Sustainability Index since 2006.

During the past several years, Petrobras has seen an increase in the number of Socially Responsible (SR) investors, not only in developed markets but also in emerging markets like Brazil. The company is fully committed to social, cultural and environmental responsibility and understands that it plays an important role as a corporate citizen and agent for sustainable human development.

In 2008, EDC provided a \$500 million (USD) corporate financing facility to Petrobras in support of various Canadian exporters. EDC's Environmental Advisory Services team undertook extensive corporate environmental due diligence (review of corporate policies, procedures, environmental management systems), including a site visit to Petrobras' operations in Rio de Janeiro in July 2008. The team also met with key environmental and regulatory agencies.

According to Petrobras' Investor Relations Manager, Helder Leite, "Our experience dealing with EDC was very positive. We understand why EDC takes such a rigorous approach to environmental assessment because we share their concern for environmental responsibility. Increasingly, environmental issues are becoming key considerations for financial institutions, and receiving the green light from EDC is an acknowledgment of our efforts to comply with international best practices. We know when we do business with EDC that we stand in good stead from an environmental perspective."



⚡ In 2008, EDC provided a \$500 million (USD) corporate financing facility to Petrobras in support of various Canadian exporters.

"We understand why EDC takes such a rigorous approach to environmental assessment because we share their concern for environmental responsibility."

—Helder Leite, Investor Relations Manager, Petrobras

Profile



Ongoing Environmental Monitoring in Madagascar CATEGORY A

As noted in EDC's 2007 CSR report, the Ambatovy nickel and cobalt mine in Madagascar is currently under construction, with completion expected in 2010. EDC is providing Sherritt International (the project sponsor) with over \$400 million in loans for this project – the largest foreign investment in this country. The Ambatovy project is expected to create over 13,000 direct and indirect jobs in the country and, over the life of the project, will add billions of dollars to the national economy.

After extensive review and consultation with the project lenders and Sherritt International, loan documentation was developed to include conditions and covenants related to ongoing environmental monitoring, as a condition of project financing.

Under the terms of the agreement, environmental monitoring will continue for the duration of the construction and operations phases of the project. Construction phase monitoring includes monthly reports from Sherritt, in addition to quarterly site visits and assessments by the lenders' technical

reviewers. Sherritt has also agreed to annual monitoring from the start of commercial production until full repayment of the loan. Environmental performance for this project is measured against International Finance Corporation (IFC) Performance Standards, which set out a clear and defined set of objectives and processes that projects should follow in order to manage environmental and social impacts.

At the request of the lenders, an Independent Engineering (IE) firm was retained in the early stages of the project to review compliance with the requirements outlined above. Given the scope of the Ambatovy project, the potential impacts on the area's extremely sensitive ecosystem and its social footprint, EDC required that the IE engage biodiversity and social consultants to review the project and assist with ongoing monitoring.

The biodiversity specialists have been working with Sherritt to monitor wildlife and botanical relocation projects and manage offsite impacts. For example, prior to clearing an area of the mine

site, biological salvaging preparatory work is conducted and clearing permits obtained. The Ambatovy Project has developed specific conservation strategies and programs for key biological groups as part of the biodiversity management plan; these sensitive taxonomic groups include lemurs, critically endangered frogs, fish and flora. The quality of water in the mine, as well as pipeline, plant, harbour and tailings sites, is monitored and total suspended solids are tested. When laying the 220-kilometre pipeline, the planned routing has been fine-tuned to avoid environmentally sensitive habitats, and clearing and construction permits are obtained.

One of the key programs associated with the Ambatovy project, and another requirement of the loan agreement, is the establishment of biodiversity offsets (to compensate for habitat lost to the project and to facilitate enhancement of historically degraded areas in proximity to the project). This initiative is being undertaken in collaboration with the Business and Biodiversity Offset Program, a partnership between companies, governments and conservation experts to explore biodiversity offsets. EDC continues to monitor the progress of



PHOTO: COURTESY OF SHERRITT INTERNATIONAL

EDC is providing Sherritt International with over \$400 million in loans for the Ambatovy nickel and cobalt mine in Madagascar — the largest foreign investment in this country.

After extensive review and consultation, loan documentation was developed to include conditions and covenants related to ongoing environmental monitoring.

Facilitating Integrative Trade

■ this program with the Independent Engineering firm.

In terms of social monitoring, last year the IE worked with Sherritt and its consultants to ensure social and relocation management programs met international standards and that they were carried out and tracked in an organized and transparent fashion. Physical resettlement of the local population from areas designated as the tailings management area was of critical concern; it required the construction of 295 houses and successful re-settlement of residents to two new communities in Vohitrambatho (275 households) and Marovato (20 households).

Investments made in 2008 were aimed at improving the quality of life of residents of these two resettlement villages, including: short-term food security assistance to help villagers during the period when their new fields are still coming under production; agricultural extension services and training, including the provision of farming tools; nutritional awareness and cooking classes; literacy and skills training programs; health and hygiene education, vaccination and establishment of a Community Health Centre; construction of a primary school as well as the launch of

pre-school and summer school program; investments in safe drinking water, sanitation and solar energy infrastructures; and preservation of cultural sites.

In November 2008, EDC conducted its own site visit in order to monitor overall progress and also to check on construction of the slurry pipeline that connects the mine site with the process plant. Of particular interest to EDC were the implementation of Sherritt's sediment erosion control plans, contractor performance, mitigation of impacts to biodiversity, and overall management of social and economic interactions along the pipeline corridor. On its visit, EDC was accompanied by technical representatives from other lending institutions, an engineer, a biodiversity specialist from the IE team, and technical representatives from the Ambatovy owners group.

"Without question, our site visit helped us to better understand the status of this project, as well as the challenges it faces going forward," said Chris Pullen, EDC's Environmental Advisor. "It also provided an opportunity for us to offer direct feedback about the importance of maintaining compliance with our policies. Sherritt has been very receptive to discussing issues and addressing any concerns expressed by the lenders and the IE."



PHOTO: COURTESY OF SHERRITT INTERNATIONAL

⚡ As a condition of its support, EDC stipulated that an Independent Engineering firm engage biodiversity and social consultants to review the project and provide ongoing monitoring.

"Without question, our site visit helped us to better understand the status of this project, as well as the challenges it faces going forward."

— Chris Pullen, EDC's Environmental Advisor

Facilitating Integrative Trade

Human Rights

Following up on stakeholder input concerning EDC's approach to human rights, EDC last year broadened its understanding of how countries and companies around the world evaluate and manage human rights issues in business. To that end, EDC participated in consultations convened by John Ruggie, the UN Special Representative on Business and Human Rights, in both Zurich and Copenhagen and was one of a handful of export credit agencies to do so.

Also noteworthy, in April 2008 EDC released its [Statement on Human Rights](#), which defines EDC's current practices in considering human rights issues associated with potential business. After disseminating the Statement, EDC's Political Risk Assessment Department strengthened its screening procedures into a formalized,

consistent process to determine those situations where a more detailed human rights assessment would be required. Indices used to provide a baseline measure for the prevalence and potential impact on transactions in countries with human rights issues include Freedom House's *Freedom of the Press*, the Political Terror Scale and the World Bank's *Rule of Law* indicator.

For information on comments received through the Legislative Review on human rights, click [here](#).

In 2009, EDC's Political Risk Assessment Department will undertake full implementation of its standardized process for human rights assessments. The team also commits to review this process by year end and complete any necessary revisions to improve the effectiveness of the tool.

Stakeholder Feedback: Amnesty Canada

Amnesty Canada commends Export Development Canada for turning its attention to human rights concerns and recognizing many of the underlying problems inherent in project financing. However, we feel that Export Development Canada's efforts to date still fall short of what is required: a comprehensive and coordinated framework; necessary standards; full disclosure; binding commitments; investigation and disciplinary processes; mandatory language; remedies for victims; and public accountability.

—*Amnesty International
Submission to the Export
Development Canada 2008
Legislative Review*



LEVERAGING THE ORGANIZATION

Leveraging the Organization

This section highlights the way in which EDC manages its internal resources in order to meet the global needs of Canadian businesses.

Operational Footprint

In 2008, EDC's Green Team – a cross-corporate internal advocacy group – continued to look for opportunities to reduce EDC's operational environmental footprint. The team was instrumental in raising employee awareness of a number of community environmental initiatives, including Blackout Day, Earth Hour and Waste Reduction Week. EDC's Environmental Advisory Services and the Green Team organized a variety of events for Canadian Environment Week, including the Commuter Challenge, workshops and presenta-

tions on climate change and biodiversity, bicycle commuting and organic food.

Working with EDC's landlord, a key initiative of the Green Team was a waste audit, conducted in June. The audit results will form the basis of an employee outreach plan and the establishment of future waste reduction targets.

Also in 2008, EDC announced plans to move to a new LEED Gold Certified Head Office in Ottawa. Construction is set to start in Spring 2009, with completion targeted for 2011.

FOOTPRINT COMPONENT (EDC HEADQUARTERS)	UNIT	2007 MEASURE	2008 MEASURE
Paper Consumption	Tonnes	55	42.5
	kg / FTE	48	35.7
Paper Recycled	Tonnes	24	27
	kg / FTE	21	23
Electricity Consumption	KWh	13,800,000	12,955,600
	KWh / m2	377	354
	KWh / FTE	12,061	10,878
Natural Gas Consumption	m3	355,900	387,520
	m3 / FTE	311	325
Building Water Consumption	L	22,462,000	23,852,000
	L / FTE	19,635	20,027
Business Travel (flight and vehicle)	km (flight)	14,242,500	15,270,500
	km (vehicle)	585,320	532,460

⤴ In 2008, EDC's overall 'paper consumption per employee' numbers decreased (by 26 per cent), as did 'electricity consumption per employee' (9.8 per cent). More paper was also diverted for recycling (9.5 per cent). The organization incurred minor increases in natural gas and building water consumption (4.5 per cent and 2 per cent, respectively), due to cold winter temperatures and a growth in staff complement. The largest increase (7 per cent) was in air travel. The variance likely lies in the fact that in 2007, EDC adopted an integrated business model which required a re-structuring of the organization, based on a greater need to get closer to, and build stronger relationships with, EDC's customers. Re-structuring was a contributing factor to an increase of 23 per cent in business volume in 2008.

Leveraging the Organization

Community Investment

CARE Canada Partnership

In 2008, EDC enhanced its community investment practices for better strategic fit by adding small business enterprise development and micro-financing related projects in emerging markets.

With this shift, EDC announced a four-year global community investment partnership with CARE Canada (http://www.edc.ca/english/docs/news/2008/mediaroom_15516.htm). The partnership is a win-win for both EDC and CARE Canada: CARE Canada will manage a short-term volunteer leave program that will oversee the assignment of up to four EDC employees annually to CARE projects, beginning with Latin America in the first year. Examples of assignments could include developing marketing plans for small exporters, developing a risk assessment program for a microfinance lender, or improving the application of information technology systems. The first assignments are expected to begin by the first half of 2009.



PHOTO: COURTESY OF CARE CANADA

⤴ A new partnership with CARE Canada will offer EDC employee volunteers an opportunity to work with CARE offices in emerging markets. The first volunteers will be assigned to Peru by mid-2009.

Leveraging the Organization

EDC Chair in Environmental Finance

In March 2008, EDC's executive team approved a request for financial support of the EDC Chair in Environmental Finance – the first named Chair at the University of Waterloo's new Centre for Environment and Business and the first Chair of its kind in Canada.

The Chair is a good example of how EDC's leadership in CSR will ultimately benefit Canadians. First, it represents an investment in Canada's intellectual capital. In addition, it will also help to strengthen Canadian businesses by providing leading-edge training for graduates of the program. Lastly, it will encourage Canadian students to conduct international trade/business in an environmentally responsible manner.

The Chair will help the University to position itself as the first 'green business' school in Canada, by focusing on the inter-relationship between financial practices/processes and the environment. Students in the program will learn how to develop market-based solutions and business opportunities related to environmental issues such as climate change, deforestation, water and biodiversity.

The Chair is expected to become a trusted international expert in the rapidly-developing area of global environmental finance and will be called upon by EDC and its clients to advise and guide decisions and policy, as well as to evaluate risk related to environmental finance.

Education and Youth Employment (EYE) Program

In 2008, the program focused on international business, and financial support was concentrated in the following areas:

- growth of EDC's university programming for scholarships
- partnerships
- international business case study development
- sponsorship of case competitions

EDC awarded [25 international business scholarships](#) and introduced five new scholarships for undergraduate students in combined business and environment studies, bringing the total number of scholarships awarded last year to 30 from 25 in 2007.

With additional promotion through the Canadian Bureau for International Education, as well as through the AIESEC

“Export Development Canada's generous support has established the EDC Chair in Environmental Finance and has significantly enhanced UW's Centre for Environment and Business—the only one in Canada to offer a fully integrated business and environment curriculum aimed at educating the next generation of corporate leaders to ensure a cleaner more sustainable environment.”

— University of Waterloo Faculty of Environment's Dean Deep Saini

Leveraging the Organization

campus and alumni network, EDC achieved its goal of broadening students' access to these scholarships. As a result, in 2008, the program reached a total of 46 universities—nine more than in 2007.

At the graduate level, EDC also commissioned research into the potential characteristics of a new EDC MBA scholarship program, which it hopes to launch in 2009.

Local Community Investment

In 2008, EDC continued to support [employee volunteerism in local communities](#), awarding \$2,500 to each of 11 registered Canadian charities on behalf of EDC employees who volunteered regular service for a minimum of 12 consecutive months with their charity of choice.

In 2009, EDC will devote more time to communicating the availability of support for employee volunteerism.

Organizational Climate

In 2008, EDC executed its strategy of getting closer to its customers in two important ways: first, in response to the rapid growth in emerging markets, by expanding on-the-ground representation of its International Business Development Group in Santiago, Abu Dhabi and Singapore; and second, by beginning to decentralize its Ottawa-based financial managers and underwriters, moving more of them into regional roles.

To support this strategic shift, EDC introduced new technology, systems and support, including laptops, tablets and other technologies that allow teams to collaborate and stay connected.

Also with a view of improving customer service, EDC introduced a new process called 'lean transformation' to encourage cross-functional teams to work together more efficiently and to empower decision-making that drives performance.



Each year, as part of its commitment to Corporate Social Responsibility, EDC supports the United Way Loaned Representative secondment program by 'loaning' employee volunteers to the United Way for a three-month period. In 2008, Suzanne Marenger, Claims Services Manager (left), seen with Sherry Noble, EDC's Senior Vice-President for Business Solutions and Technology. Suzanne was selected for the program and quickly rose to the challenges presented by working in a very different environment from the corporate culture at EDC. As one of two valedictorians chosen to speak on Achievement Night, Suzanne reflected back with fondness on the experience, saying: "It was even more incredible than they described. I was given so many opportunities, challenges, and rewards."

Leveraging the Organization

Is EDC's customer-centric approach making a difference with customers? According to a customer satisfaction survey, EDC's account management scored within its target range for 'Products and Services Provided', with 89.2 per cent of respondents indicating they would likely recommend EDC to other businesses.

In 2008, EDC defined its Employment Value Proposition – a key tool that will help EDC to attract, recruit and retain high-performing employees who are the best fit with our organization. An Employment Value Proposition describes the value or benefit that employees receive from their organization. These benefits include the rewards, opportunity, work and the people. Based on the results of an internal survey, five out of 20 potential workplace attributes were selected to describe EDC's Employment Value Proposition: job impact, development opportunities, respect, corporate social responsibility (environment and ethics) and co-worker quality. These attributes are being used to strengthen our recruitment and development activities and to support brand recognition of EDC in a shrinking labour market.

In keeping with its customer-centric focus, EDC also began work on a Diversity Strategy, which will be implemented in 2009. Having a workforce with a diversity of knowledge, ideas and approaches allows us to connect with and build closer client relationships, to better understand their needs and truly become a trusted partner. In the meantime, EDC was selected by *Maclean's* as one of Canada's Best Diversity employers in 2008 – the only Crown Corporation in Canada to be so honoured. It was also selected as one of Canada's Top 100 Employers by *Maclean's* for the eighth year in a row.

Feedback from Sounding Board

EDC's Sounding Board is a 13-member representative body of employees that provides an objective and confidential communication vehicle to the corporate community on issues relating to employee satisfaction. An early draft of this section was submitted for their feedback on which they provided comments. Highlights of their comments are presented below.

Comment: "Overall, most of us feel that this is a very high level summary of the Organizational Climate issues that would generally resonate with EDC employees. If the intent is to provide a high level indication of what happened in 2008, then it seems to have met that objective. ... However, some feel that the draft does seem a bit superficial and does not touch on specific points. ... There is no detailed information, for example as it pertains to Diversity strategy. ... We have no knowledge of what the specific strategy is. ... As for the Employment Value Proposition, we do not know what it entails. ... Most people clearly don't know much about it."

Response: "This is important feedback for us. We've included more explanations in this report including why diversity is important. In 2009, we are beginning to implement our Diversity Strategy, including the important element of employee communications. Although there was a well developed campaign around EDC's Employment Value Proposition [EVP] in 2008, we will continue communicating with employees in 2009 to bridge this perceived disconnect and ensure employees know and understand the value of EDC's EVP."

EDC Employee Segmentation (at Dec 31, 2008)

1052 Total

49.8% Women

11.7% Visible Minorities

0.38% Aboriginal Peoples

3.5% Persons with Disabilities

2008 Performance Measures

Following are the results of EDC's Performance Measures, in six key areas. For 2009 targets, click [here](#).

Environment

We are conscientious about the environmental impacts of our business.

OBJECTIVE	MEASURE	TARGET / RESULT
Support for environmental technologies	Create a new measure and tracking mechanism for support to this initiative	Measure created for 2009 and tracking mechanism developed
Demonstrate environmental leadership	Review and revise Environmental Policy	Target: Policy review initiated Result: The Environmental Policy review was initiated with detailed work to develop a consultation plan. Consultations were held with EDC's Advisory Council on CSR as well as key internal stakeholders, and a draft discussion paper was developed. The external review of issues will be launched in 2009. Completion of the policy review is targeted for late 2009.
Measure and reduce environmental footprint	Establish process to measure and reduce environmental footprint	Waste audit completed Ongoing efforts to purchase energy-efficient office machinery, devices and hardware Launched a corporate-wide employee challenge to employees to make proposals for initiatives to EDC's footprint
Raise employee awareness of EDC's corporate environmental commitments	New employee orientation and customized team and regional training sessions	4 training sessions delivered to new employees on EDC's environmental review commitments with case examples 11 training sessions delivered to existing employees providing an overview of EDC environmental policies and procedures in a variety of business teams; environmental training was mandatory for the Business Development Group (as per a request from Senior Management for mandatory training)

Business Ethics

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

OBJECTIVE	MEASURE	TARGET / RESULT
Ethics Awareness Training Code of Conduct	Annual training of team leaders and briefing of Board members	Target: 100% participation Result: Board members: 100% participation, Team Leaders: 100% participation In 2008, EDC launched its first annual Ethics Week. Going forward, formal team leader training will now occur every two years.
	Annual sign-off of <i>Code of Conduct Statement of Compliance</i> by all employees and Board members	Target: 100% participation Result: Board members: 100% participation, Employees: 99.83% participation
	Percentage of employees who completed the Annual <i>Code of Conduct</i> e-training case study tool	Target: 100% completion Result: 99.6% completion
Ethics awareness training for new employees	Mandatory participation of new employees in CSR Orientation Course	Two stand-alone Orientation Courses were delivered Integrated CSR content into standard product training courses One team course delivered
Anti-bribery awareness for customers	Publication of articles in industry newsletters	Articles published by 8 key industry associations

2008 Performance Measures (cont.)

Transparency

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

OBJECTIVE	MEASURE	TARGET / RESULT
Enhance transparency into EDC's operations, particularly for support of projects with potentially significant environmental impacts	Percentage of Category A projects publicly disclosed on EDC's website 30 days prior to transaction closing compared to total Category A projects eligible for disclosure	Target: Reporting indicator only Result: 100% disclosed within the required time period
	Disclosure of the duration of pre-notification periods for Category A projects	Reporting indicator only / see table for results Duration of Pre-Notification Disclosure of Signed Category A Transactions, 2008

Organizational Climate

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

OBJECTIVE	MEASURE	TARGET / RESULT
Retain talented and skilled employees	Employee retention rate	Target: Exceed the employee retention benchmark rate as per Conference Board standard for financial institutions (90.4%) Result: 91.83%
Improve performance through learning	Average number of training days per employee	Target: 5 days per employee Result: an average of 5.5 training days per employee was delivered

Community Investment – Education And Youth Employment (EYE)

To foster international trade education of Canadian students.

OBJECTIVE	MEASURE	TARGET / RESULT
Open undergraduate scholarship program to increase accessibility among Canadian students	Annual increase in awareness of EDC's offer and the # of applications generated	Target: 350 Applicants Result: 426 Applicants Overachievement: New online registration system (included improvements to allow for periodic re-entry as aid to completing entire application process); increased promotion at Environmental studies faculties; more promotion work by AIESEC with their own membership
	Annual increase the number and breadth of universities represented across Canada	Target: 40 universities represented Result: 46 universities represented Overachievement: See above
Increase focus on fewer EYE priorities and activities and realign program activity to better fit with strategic mandate	# of completions of realigned program activities	Target: 5 Result: 3 Gap: First year of implementation. Underestimated the time that it would take for some University teams to meet quality and critical path standards. Target: Recruitment planned for Environmental Finance Chair, Centre of Environment & Business, University of Waterloo — not staffed Recruitment completed in 2008 for EDC Environmental Finance Research Chair, Centre of Environment & Business, University of Waterloo's/Not staffed in 2008 Gap: Recruitment by UW not initiated until late fall, 2008. Expecting actual placement in 2009.

Community Investment – Employee Volunteerism

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

OBJECTIVE	MEASURE	TARGET / RESULT
Support for local and international community investment through employee volunteerism	Percentage of employees applying for support under the Charitable Donations Policy	Target: 2% Result: 1% Gap: maintaining awareness among employees of EDC's Donations Policy is an ongoing challenge that will require continued effort to reach the target in 2009
	EDC's United Way Charitable annual employee fundraising drive and donation	Target: \$250,000 Result: \$249,349 Achievement: EDC contributed an additional \$20k to the corporate fund in lieu of producing and sending EDC Christmas cards in 2008

New CSR Initiatives for 2009

In 2009, CSR at EDC will focus on climate change, transparency and human rights. We will continue our efforts to embed CSR further into our business and improve the alignment with our business strategy.

Connecting with Customers

Climate Change: We will work toward developing a methodology to measure the Greenhouse Gas emissions of our project lending.

Stakeholder Engagement: We will continue to support multi-stakeholder sessions on best practices in the mining sector, for emerging markets. We will also review and revise our disclosure practices.

Facilitating Integrative Trade

Environment: We plan to continue reaching out to our stakeholders, to benchmark with our peers, and to review and revise our Environmental Policy, focusing on a range of issues including climate change.

Human Rights: We will continue to deepen our knowledge in this area, particularly as it relates to human rights impact assessments.

Leveraging the Organization

Community Investment: We will field the first EDC volunteers in emerging markets (CARE Canada Partnership). We are also committed to increasing local volunteerism by EDC employees.

Audit: EDC will address recommendations from the Office of the Auditor General of Canada's Special Examination of our CSR and environmental review practices into its operations.

Operational Footprint: We will continue to identify opportunities to reduce EDC's operational environmental footprint.

Disclosure of Transactions at a Glance

Transactions by Region, 2006-2008

REGION	NO. OF TRANSACTIONS DISCLOSED 2006	NO. OF TRANSACTIONS DISCLOSED 2007	NO. OF TRANSACTIONS DISCLOSED 2008
Canada*	89	141	213
USA	186	143	163
Latin America (including Mexico and the Caribbean)	105	103	100
Asia	56	39	34
Europe**	57	36	58
Middle East and Africa (including Turkey)	19	22	27
Australia and New Zealand	2	5	5
Various Countries	120	93	102
TOTAL	634	582	702

* Reflects support for Canadian entities where 80 per cent of the company's sales are exported.

** Includes Turkey.

Transactions by Dollar Value, 2006-2008

DOLLAR VALUE	NO. OF TRANSACTIONS DISCLOSED 2006	NO. OF TRANSACTIONS DISCLOSED 2007	NO. OF TRANSACTIONS DISCLOSED 2008
< \$1 Million	320	322	384
\$1-\$5 Million	132	94	128
\$5-\$15 Million	51	45	49
\$15-\$25 Million	34	29	28
\$25-\$50 Million	44	32	34
\$50-\$100 Million	23	29	41
\$100-\$250 Million	25	20	28
\$250-\$500 Million	4	9	9
\$500 Million-\$1 Billion	1	2	1
TOTAL	634	582	702

For data on EDC support by Industry Sub-sector, see www.edc.ca/disclosuresubsectors.

Transactions by Type of EDC Product, 2006-2008

PRODUCT	2006	2007	2008
Financing	244	188	201
Guarantees	375	381	486
Political Risk Insurance (to lenders)	4	1	1
Equity	11	12	14

Global Reporting Initiative

Global Reporting Initiative (GRI) Index

This year's report was prepared using the *Global Reporting Initiative's G3 Guidelines* and the *Financial Services Sector Supplement*. EDC is declaring a "C+" Application Level. This declaration was third-party checked by Canadian Business for Social Responsibility.

This table represents those GRI variables with which EDC fully complies. The abbreviation AR means this information is found in EDC's 2008 Annual Report.

1. Strategy and Analysis

INDEX	DESCRIPTION	REFERENCE
1.1	Executive statement	6
1.2	Description of key impacts, risks, opportunities	3, 4, 38, 39

2. Organizational Profile

2.1	Name of the organization	3
2.2	Primary brands, products and/or services	3
2.3	Operational structure	AR, 3
2.4	Location of organization's headquarters	3
2.5	Countries with major operations	AR
2.6	Nature of ownership and legal form	3
2.7	Markets served	AR, 8, 9, 41
2.8	Scale of the reporting organization	AR, 9, 37, 41
2.9	Significant changes during the reporting period	None
2.1	Awards received in the reporting period	3

3. Report Parameters

REPORT PROFILE		
3.1	Reporting period	3
3.2	Date of most previous report	31-Dec-07
3.3	Reporting cycle	Annual
3.4	Contact point for questions regarding the report or its content	3
REPORT SCOPE AND BOUNDARY		
3.5	Process for defining report content	4
3.6	Boundary of the report	3
3.7	Limitations on report scope	None
3.8	Basis for reporting on joint ventures etc.	No major changes

3. Report Parameters (cont.)

INDEX	DESCRIPTION	REFERENCE
3.10	Restatements of information	No changes
3.11	Significant changes from previous reporting periods	see page 19

GRI CONTENT INDEX

3.12	GRI Index	42, 43
------	-----------	--------

ASSURANCE

3.13	External assurance	5
------	--------------------	---

4. Governance, Commitments, And Engagement

GOVERNANCE

4.1	Governance structure of the organization	AR
4.2	Executive office and board chairperson	AR
4.3	Independent and/or non-executive members	AR
4.4	Shareholder/employee input to Board of Directors	AR, 15
4.5	Compensation link to organizational performance	AR
4.6	Conflict of interest avoidance	AR
4.7	Board of Directors qualifications	AR
4.8	Vision, Mission, Values, Codes of Conduct	website, AR
4.9	Board of Directors performance oversight	AR
4.10	Board of Directors performance evaluation	AR

COMMITMENTS TO EXTERNAL INITIATIVES

4.12	Endorsement of external principles/initiatives	AR, 44
4.13	Association memberships	44

STAKEHOLDER ENGAGEMENT

4.14	Listing of stakeholders	13
4.15	Stakeholder identification process	13
4.16	Stakeholder engagement	11
4.17	Stakeholder issues and concerns	11, 13

Global Reporting Initiative

GRI Performance Indicators Index

Economic		REFERENCE
	Management Approach	AR
EC1	Direct economic value generated and distributed	AR, 9, 36, 39
EC3	Coverage of defined benefit plan obligations	AR
EC9	Significant indirect economic impacts	AR, 9
Environmental		REFERENCE
	Management Approach	24
EN3	Direct energy consumption by primary source	33
EN4	Indirect energy consumption by source	33
EN5	Energy saved through conservation and efficiency	33
EN8	Total water withdrawal by source	33
Human Rights		REFERENCE
	Management Approach	31
Labour Practices and Decent Work		REFERENCE
	Management Approach	37
LA10	Average hours of training per year	39
LA13	Composition of governance bodies and breakdown of employees	AR, 37
Society		REFERENCE
	Management Approach	19, 14, 34, 35
SO3	Employees trained in anti-corruption policies and procedures	38
Product Responsibility		REFERENCE
	Management Approach	website, 17
PR5	Customer satisfaction practices	37
PR8	Substantiated complaints	14

Financial Services Sector Supplement

Indicator		REFERENCE
FS1	Policies with specific environmental and social components applied to business lines.	website, 24, 31
FS2	Procedures for assessing and screening environmental and social risks in business lines.	17, 24
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	29, 30
FS4	Process(es) for improving staff competency to address environmental and social policies and procedures as applied to business lines.	38
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.	24, 28, 29, 30
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	AR
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	10, 19, 20
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	25

Key CSR Frameworks

Legislation

[Export Development Act](#)

(R.S., 1985, c. E-20, as amended)

[Corruption of Foreign Public Officials Act](#)

(1998, c.34 as amended)

[Public Servants Disclosure Protection Act](#)

(2005, c.46 as amended)

[Federal Accountability Act](#)

(2006, c.9 as amended)

Agreements

[Convention on Combating Bribery of Foreign Public Officials in International Business Transactions](#)

(1997 – Government of Canada)

[OECD Recommendation on Bribery and Officially Supported Export Credit](#)

(adopted 2001, most recently revised 2006)

[OECD Guidelines for Multinational Enterprises](#) (2000–Government of Canada)

[United Nations Environment Program \(UNEP\) Statement by Financial Institutions on the Environment & Sustainable Development](#) (1999)

[World Trade Organization Agreement on Subsidies and Countervailing Measures Agreement](#) (1995–Government of Canada)

[OECD Revised Council Recommendation on Common Approaches on the Environment and Officially Supported Export Credits](#) (adopted 2001, most recently revised 2007 — the “Common Approaches”)

[Equator Principles](#) (2007)

[Extractive Industries Transparency Initiatives](#) (2007–Government of Canada)

[OECD Sustainable Lending Principles](#) (2008)

[OECD Principles and Guidelines to Promote Sustainable Lending Practices in the Provision of Official Export Credits to Low Income Countries](#) (2008)

[Voluntary Principles on Security and Human Rights](#) (March 2009)

Memberships

Berne Union

OECD Working Party on Export Credits and Credit Guarantees (Government of Canada)

Canadian Business Ethics Research Network (2007)

Canadian Business for Social Responsibility (2003)

EthicsCentre (2003)

Conference Board Corporate Ethics Management Council (2003)

Conference Board Corporate Community Investment Council (2001)

United Nations Environment Program — Financial Institutions Initiative (UNEP-FII) (1999)

Multilateral Financial Institutions Working Group on Environment (MFI-WGE)

Transparency International (2008)

Internal Guidance

Code of Business Ethics (1998)

Code of Conduct (1998)

Anti-Corruption Guidelines and Procedures (2000)

Environmental Review Directive (2001)

Disclosure Policy (2001)

Statement of Commitment to Corporate Social Responsibility (2003)

Environmental Policy (2005)

Statement on Human Rights (2008)