



# EDC'S APPROACH TO COMBATING BRIBERY AND CORRUPTION

## in international business transactions

### 1. What's EDC's position on bribery and corruption?

If Export Development Canada (EDC) suspects bribery and corruption in a transaction we're supporting, we have a zero-tolerance policy. We don't support business obtained through bribery and corruption. EDC is also bound by our commitment to [the Organisation for Economic Co-operation and Development \(OECD\)](#), [Recommendation on Bribery and Officially Supported Export Credits](#). This agreement was designed to deter bribery in international business transactions. In observing this agreement, EDC requires from each customer, a signed declaration stating that bribery and corruption aren't involved in the transaction we might finance or insure. This helps protect our business and the Canadian companies with which we work. EDC's [Code of Conduct](#) also requires us to conduct our business responsibly, free of any form of bribery or corruption and in compliance with all applicable anti-bribery and anti-corruption laws and regulations.

We succeed by performing the necessary due diligence to ensure that we don't knowingly engage in, or support any transaction that involves any form of bribery or corruption. EDC considers allegations to be very serious—legally and ethically. Our commitments to deterring bribery are outlined in our *Anti-Corruption Policy Guidelines* and our practices extend beyond bribery, addressing other forms of corruption and financial crime.

### 2. How do you ensure that you've taken the necessary steps to avoid supporting deals that may involve corruption?

Our staff is given training and tools to pre-screen for corruption risks. This includes knowing our customer and researching all available information that may be related to bribery and corruption about our customer and other counterparties in a deal.

### 3. What do you do if a potential customer is facing past allegations, investigations or charges, or has a past bribery or corruption-related conviction?

If our research reveals any of these red flags, we research all of the counterparties involved. We interview the customer and other relevant counterparties involved as needed to assess whether the allegation is factually substantive. If so, we consider whether it was an isolated incident or a potential pattern of operation, and whether compliance changes are being implemented.

At this fact-finding stage, we'll ask questions to better understand how the business opportunity was obtained, whether agents were used (and on what terms) and if controls relating to bribery were applied. We may also ask for undertakings or certifications as conditions to support.

### 4. What action does EDC take if you're able to confirm bribery was involved in a deal you financed or insured?

Where there's credible evidence that bribery was involved in a transaction supported by EDC, our management team, with advice from our legal department and Business Integrity team, will look at the circumstances of the case and consider the following actions:

- Denial of payment of an insurance claim or indemnification for losses
- Cancelling financial disbursements on loans, or cancelling insurance coverage
- Declaring an event of default in a loan agreement
- Requiring mandatory prepayment of any outstanding loans
- Bringing the case to the attention of co-lenders for discussion on appropriate action (where applicable)
- Refusing to support future transactions with the same company or individuals
- Any other action that may be considered appropriate

### 5. Are you saying that EDC won't support a company that has faced past corruption-related allegations, investigations, charges or convictions?

We don't rule out potential customers based on past allegations, investigations, charges or convictions. First, we take into consideration any reforms the company may have undertaken to address past failures to comply with anti-corruption laws. For example, do they:

- recognize a problem may have occurred or did occur, and launched or completed an internal investigation and/or audit, then replaced individuals, as appropriate;
- have a risk assessment process to understand their vulnerabilities, including checking the credentials and integrity of their business partners and outside parties;
- demonstrate a commitment by senior management to prohibit such behaviour;
- have a training program for staff, as well as agents, noting that such conduct is criminal under Canadian law, notably the *Corruption of Foreign Public Officials Act*;
- have appropriate internal controls in place to manage their corruption risk, including controls on the maintenance of books and records;
- have a system to offer advice to employees who encounter problems;
- offer employees and outside parties access to independent channels to report suspicious behaviour;
- have clear disciplinary procedures for violations of these policies; and
- have audit procedures in place to check the effectiveness of their anti-corruption practices.

If a company has none or some of these measures in place, EDC may suggest areas for improvement in order to meet EDC's requirements.

### 6. Do you collaborate with others to determine your position on bribery/corruption-related allegations?

We use the World Bank debarment list as an indicator of potential risk for bribery and corruption. It informs where extra due diligence is required. Where needed, we may consult other parties such as Global Affairs Canada.

**Corruption in international business distorts the fundamentals of fair trade. We make every effort to identify it and avoid supporting business where corruption might be involved. We also help companies improve their performance and compliance in this area.**

