



KEEPING CORRUPTION OUT

EDC's guide for Canadian exporters

Exporting your company's goods and services presents many challenges, including the possibility of exposure to corrupt business practices. This brochure explains what you should know about this risk and provides information about Canada's anti-corruption law.

WHAT IS CORRUPTION?

Canada's *Corruption of Foreign Public Officials Act* and related provisions in Canada's Criminal Code make it illegal to:

- Offer, provide, or conspire to provide a bribe to a foreign public official or conceal such activity in its books and records.
- Knowingly launder or conspire to launder the property and proceeds of bribery.
- Possess such goods or monies with knowledge of their origin.
- Make facilitation payments to a foreign government official to speed up routine transactions such as permits.

The Criminal Code also prohibits bribery in the private sector.

As members of the Organisation for Economic Co-operation and Development (OECD), countries such as Canada have agreed to take every action to fight corruption. Legal measures to deter corruption are now in place in leading trading nations. Export Development Canada (EDC), which provides trade finance and risk management services to Canadian exporters, is committed to conducting business in accordance with Canadian law and the applicable laws of the countries in which we conduct business.

THE ANTI-CORRUPTION CHALLENGE

Business leaders today are faced with a complex trade environment, further complicated by the possibility of corrupt practices. Corruption impedes the free flow of goods and services across borders, distorts international trade processes and inhibits economic growth, particularly in developing countries. As a result of the criminalization in Canada of acts of corruption committed abroad, companies are strengthening their anti-corruption policies and educating employees about these anti-corruption laws.

CORRUPTION IS CRIMINAL

The *Corruption of Foreign Public Officials Act* was enacted in 1999 and strengthened in 2013, making it a criminal offence under Canadian law to bribe a foreign public official in the course of business. On Oct. 31, 2017, government removed the exemption for facilitation payments, making payments to government officials to speed up routine transactions illegal. Businesses convicted under the act face heavy fines, and individuals can be sentenced to a maximum of 14 years in jail.

WHY IS CORRUPTION BAD FOR BUSINESS?

- Corruption is a criminal offence in many countries. Violating this law may devastate your business, drastically reduce prospects, or result in jail time or fines.
- Corruption may trigger loan defaults and insurance exclusions.
- Corruption adds costs without necessarily increasing revenue.
- Corruption weakens the rule of law and inhibits economic development.
- Corruption can irreparably damage your company's reputation.

WARNING SIGNS OF CORRUPTION

The following may indicate that your business has been exposed to corruption. These examples are only a few of the possible indications of commercial impropriety:

- Unusually high profit margins
- Substantial and unjustified agent commissions
- Business arrangements with no obvious commercial purpose
- Requests for compensation for unspecified or questionable services such as introductions and special treatment
- Guarantees of success in otherwise competitive bidding arrangements.

PROTECTING YOUR BUSINESS

Take proactive steps to minimize your risk:

- Demonstrate “tone at the top” through strong, explicit and visible support from senior management.
- Determine if your markets present a high risk of corruption.
- Familiarize all employees with Canada's *Corruption of Foreign Public Officials Act*, Canada's Criminal Code prohibitions relating to bribery in the private sector and foreign anti-bribery laws in jurisdictions where your business operates.
- Establish an anti-corruption policy that applies and documents appropriate management control systems that combat bribery, including maintaining fair and accurate books and records.
- Require directors, officers, employees and outside parties acting on behalf of your business such as agents and partners to periodically sign an agreement to comply with this anti-corruption policy.
- Educate and train employees and outside parties on a regular basis about their responsibilities and appropriate actions to take if they encounter corruption.

- Verify the credentials of outside parties representing your company and monitor their efforts on your behalf.
- Establish a system to provide employees with advice.
- Create a confidential system for reporting suspicious behaviour.
- Establish clear disciplinary procedures for violations of anti-corruption laws and policies.

EDC'S ANTI-CORRUPTION PROGRAM

EDC has implemented an anti-corruption program to educate our customers and employees about corruption and to minimize our exposure to potentially corrupt business practices.

- Like other export credit agencies, EDC's anti-corruption program aims to ensure detection and deterrence of corrupt activities by, among other things, enhancing anti-corruption requirements in our financing and insurance transactions.
- EDC's Code of Conduct, holds our employees to the highest ethical standards, minimizing EDC's exposure to potential liability and enhancing our reputation for integrity and honesty. Our code establishes that “we have zero tolerance for bribery and corruption. We are dedicated to conducting 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.”

FOR ADDITIONAL INFORMATION

[Global Affairs Canada](#)

Organisation for Economic Co-operation and Development

[Bribery in international business](#)

[Good practice guidance on internal controls, ethics and compliance](#)

[Transparency International](#)

[International Chamber of Commerce](#)

See advocacy, codes and rules—corporate responsibility and anti-corruption

[Corruption of Foreign Public Officials Act](#)

Export Development Canada

[Anti-corruption program](#)

[Criminal Code](#)

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The information contained in this brochure is for general informational purposes only and isn't intended to be a legal opinion or to constitute specific advice in relation to the *Corruption of Foreign Public Officials Act*, or any other matter, and shouldn't be relied upon as such. Consequently, you are solely responsible for obtaining a legal opinion or specific advice in relation to the act or any other related matter applicable to your circumstances.

