

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

If EDC suspects bribery and corruption in a transaction we are supporting, we have a zero tolerance policy. We do not support business obtained through bribery and corruption. In addition, EDC is bound by our commitment to the Organization for Economic Cooperation and Development (OECD), [Recommendation on Bribery and Officially Supported Export Credits](#). This agreement was designed to combat bribery in international business transactions. In observing this agreement, EDC requires that each of our customers provide declarations stating that bribery and corruption are not involved in the transaction we might finance or insure. This helps not only to protect our business, but also the Canadian companies with which we work.

Further to this, EDC's [Code of Business Ethics](#) requires that we exercise reasonable diligence and care not to unknowingly support such a transaction. EDC will exercise the same level of care to ascertain and address situations where parties associated with certain transactions involving EDC support have been convicted of bribery.

EDC considers allegations to be very serious, and we view our responsibilities in this area as both legal and ethical. Our commitments in this regard are outlined in our [Anti-corruption Policy Guidelines](#).

It should be noted that corruption has many forms outside of bribery. We also look at fraud and other forms of commercial crime.

2. So how do you ensure you have taken the necessary steps to avoid supporting deals that might involve corruption?

Our staff are given training and tools to pre-screen all deals for corruption risks. This includes a requirement to research all available information that may be related to bribery and corruption, review company records of any past issues, or issues with any of the counterparties to a deal.

3. What do you do if a firm that you might finance or insure is facing allegations, investigations, charges, or has a past bribery or corruption-related conviction?

If our research reveals a concern (past allegations, investigations, charges or convictions), we probe further looking at all counterparties to the deal. We ask questions of the companies involved to establish basic facts and to understand how past issues might affect current conduct. We assess, among other things, whether the allegation is factually substantive, and if so whether it appears to be an isolated incident, or potentially reflects a general, systemic modus operandi for the company. At the fact-finding stage, we will usually discuss the matter with the company with which we have a direct relationship to probe how the business opportunity was obtained (was an agent used, and if so, how and how much were they paid, etc.). In transactions where our support is for corporate purposes and not in support of an existing purchase from a Canadian exporter, we may ask the borrower to sign an undertaking or certify to us that the funds were not, nor would be, used for an illegal purpose.

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

Where there is credible evidence, in EDC's opinion, that bribery was involved in a transaction supported by EDC our management team, with advice from its legal department and Corporate Social Responsibility (CSR) team, will look at the circumstances of the case and can 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, and
- any other action that may be considered appropriate.

5. So are you saying that EDC will not support a company that has faced past corruption-related allegations, investigations, charges or convictions?

Past allegations, investigations, charges or convictions that do not involve EDC-supported business may not always be a prohibition to EDC support. We consider any reforms the company may have undertaken to address past failures to comply with anti-corruption laws. For example, we are looking for whether they:

- recognize a problem may have or did occur, and have launched or completed an internal investigation and/or audit, and have 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,
- have demonstrated a commitment by senior management to root out 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,
- introduce 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 finally
- have put in place audit procedures 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. While not always a prohibition for support, it serves as an indicator of cases where extra due diligence is required. Where needed, we may consult other parties such as the Department of Foreign Affairs, Trade and Development.

Corruption in international business is a non-competitive practice that distorts the fundamentals of fair trade. We take every measure to identify it and avoid supporting business where corruption might be involved. Moreover, we take measures to help companies improve their performance and compliance in this area.