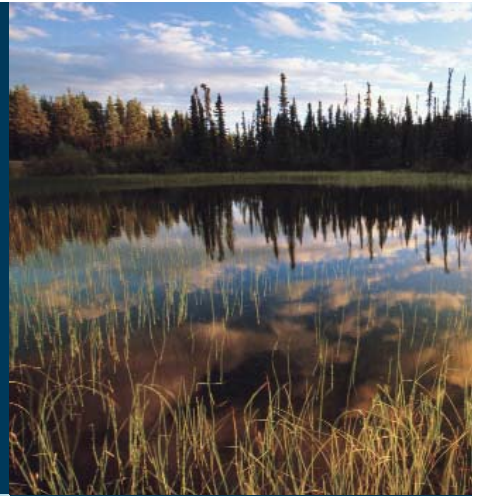
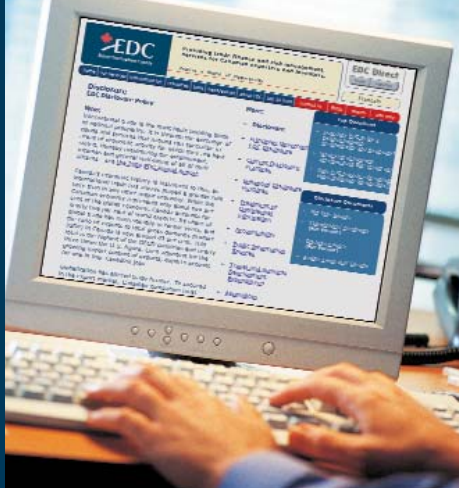




GOOD BUSINESS



IS GOOD



FOR BUSINESS



Corporate
Social Responsibility
Report 2004



Canada

 **EDC**
Export Development Canada
Exportation et développement Canada

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Corporate Profile

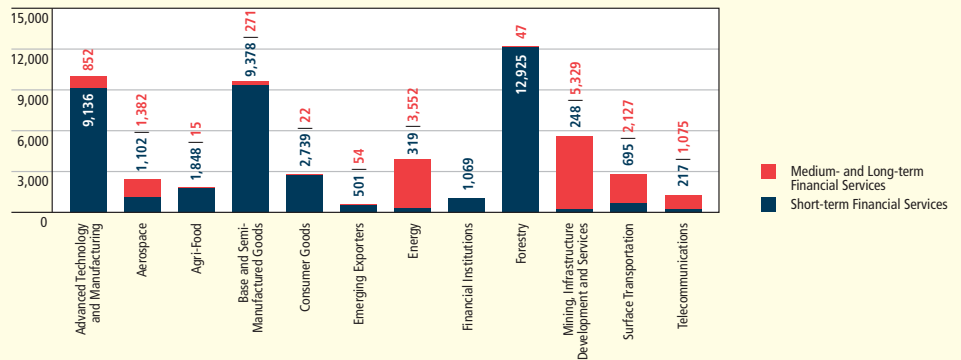
Export Development Canada (EDC) provides trade finance and risk management services to Canadian exporters and investors in up to 200 markets worldwide. Our mandate is to support and develop, directly or indirectly, Canada's export trade and Canadian capacity to engage in that trade and to respond to international business opportunities. Approximately 90 per cent of EDC's customers are small- and medium-sized businesses.

EDC's trade and investment services helped 6,962 Canadian companies achieve \$54.9 billion in trade in 2004. This business volume contributed \$34.9 billion to national GDP, 3.4 per cent of Canada's total GDP for the year. Trade and investment facilitated by EDC in 2004 was equivalent to 12.2 per cent of all Canadian exports of goods and services and is associated with sustaining more than 439,000 Canadian jobs – about 2.8% of total national employment.

EDC conducts its activities in a socially responsible manner. As a public sector corporation, EDC helps Canada grow and prosper by strengthening its global trade competitiveness. This prosperity is fundamental to Canada's social advancement and environmental preservation.

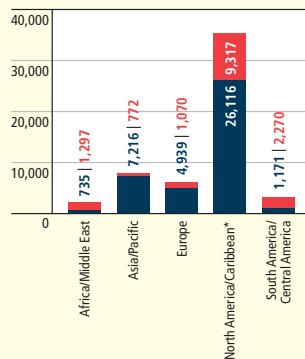
Business Volume by Industry Sector

(\$ in millions)



Business Volume by Geographic Market

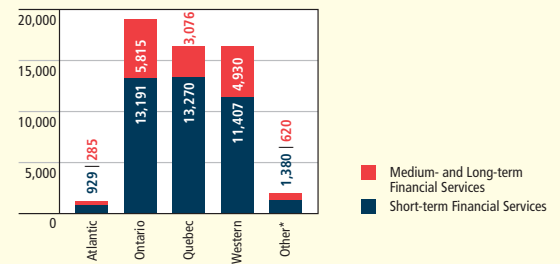
(\$ in millions)



* Includes Mexico

Business Volume by Canadian Region

(\$ in millions)



* Represents volume not designated to a specific Canadian region

Message to Stakeholders

At Export Development Canada (EDC), Corporate Social Responsibility (CSR) consists of integrating the interests of our stakeholders – those affected by our conduct – into our business policies and procedures and focuses on our social, environmental and financial success. Ultimately, we believe that good business – is good for business.

As such, I am pleased to introduce EDC's first CSR Report, describing the initiatives undertaken in support of our Statement of Commitment to CSR which affirms that: *At EDC, we commit to carry out our mandate in a socially responsible manner consistent with our corporate values.*

In developing EDC's inaugural CSR Report, our aim was to reflect our unique mandate as a Crown corporation, reporting to the Parliament of Canada, through the Minister for International Trade and operating on commercial principles to support Canada's export trade and investment. Our preparations included reviewing the CSR reports from many other organizations, talking to experts on CSR reporting, looking at international guidelines such as the Global Reporting Initiative and circulating preliminary versions for feedback to some of our stakeholders.

Highlights of the activities discussed in this report include the results of an audit conducted by the Auditor General of Canada of EDC's Environmental Review Directive and related environmental review processes; \$825.5 million in exports of environmental goods and services facilitated by EDC in 2004; our ongoing engagement with a wide variety of stakeholders; our record contribution to the Government of Canada Workplace Charitable Campaign; and our recognition as one of Canada's Top 100 Employers for the fourth consecutive year in the annual survey as reported by *Maclean's* magazine.

In order to effectively measure performance of our CSR initiatives in 2004 EDC developed a Statement of Commitment to CSR, based on five pillars: Business Ethics, Environment, Transparency, Community Investment and Organizational Climate. These provide a meaningful and manageable framework by which we will measure how we are living up to our commitment.

For 2005, we also have identified specific performance measures for each of these pillars, which are introduced in this report. In succeeding reports, we will assess our performance against these measures.

We are very pleased to issue this report as an initial benchmark of CSR reporting at EDC. We welcome and look forward to your feedback which will provide our best guide for its future evolution.



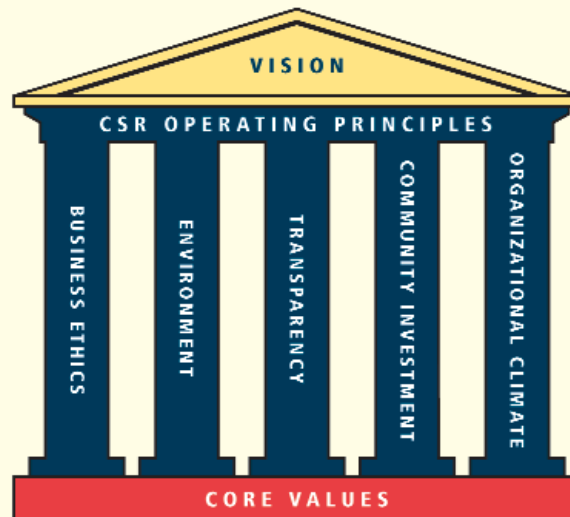
A handwritten signature in dark ink, appearing to read 'R. Wright'.

Rob Wright

President and CEO

Introduction

2004 Highlights



Corporate Social Responsibility was officially adopted as a corporate commitment for EDC in October 2000. Since that time, we have worked diligently to entrench specific policies and procedures, based on the principles of CSR, into daily operations.

In 2004, EDC developed and rolled out to employees a CSR *Statement of Commitment*:

At EDC we commit to carry out our mandate in a socially responsible manner consistent with our corporate values.

This statement expresses in one simple message the objectives of the operational policies, procedures and practices that guide our commitment to operate in a socially responsible manner.

Rooted in our Values and built to support our Vision, our Statement of Commitment incorporates five pillars that define *how* we execute our commitment to CSR:

- Business Ethics** We conduct our business with honesty, integrity and fairness, and expect the same from our customers.
- Environment** We are conscientious about the environmental impacts of our business.
- Transparency** We strive for balance between public accountability and respect for customer confidentiality.
- Community Investment** We invest in and encourage our employees to be active in our community.
- Organizational Climate** We are committed to providing a climate that stimulates and supports employee performance and development.

Measuring Performance Against Objectives

During 2004, EDC defined specific performance measures in order to accurately assess our commitment to these five overarching operating principles, which are stated within each section of this report. As a first attempt to assess whether we are meeting our CSR objectives, we will begin measuring our performance against these objectives throughout 2005. We expect that these performance measures will continue to evolve as we gain more experience in quantitatively measuring our commitment to CSR.

Reporting Framework

To structure our reporting we prepared a pilot CSR Report in 2004 for the period of 2002 through 2003. Comments and feedback received from external parties, including our Advisory Council on Corporate Social Responsibility, provided guidance in the development of this report. We will continue to integrate these and other suggestions in future reports.

In addition, we looked at various frameworks and surveys on CSR and sustainability reporting, notably the Global Reporting Initiative (GRI); the Environmental Performance Indicators for the Financial Services Sector (EPI-Finance) and the Social Performance Indicators for the Financial Services Sector (SPI-Finance) produced by the United Nations Environment Program (UNEP) in conjunction with the World Business Council for Sustainable Development (WBCSD); the British Bankers' Association *Guidance on CSR Management and Reporting for the Financial Services Sector*; as well as various surveys by Stratos, UNEP-SustainAbility, PriceWaterhouse Coopers, KPMG and the Association of Chartered Accountants. We incorporated many of the elements of these various guidelines as they applied to our unique operations.

CSR at EDC

CSR Management

Effective management of CSR at EDC depends on a number of internal committees that ensure the internal co-ordination of the various CSR initiatives. These key committees are:

- ▶ **CSR Committee** – includes cross-functional representatives such as underwriters, policy advisors and loans officers, who coordinate all CSR initiatives to keep information on CSR flowing across the Corporation.
- ▶ **Anti-Corruption Committee** – focuses on the implementation of EDC's anti-corruption policy.
- ▶ **Environmental Review Advisory Committee** – includes key Senior Executives and middle managers that coordinate the implementation of the Environmental Review Directive and associated policies.
- ▶ **Donations Committee** – oversees the implementation of EDC's Employee Volunteer Charitable Donations Policy.

Members of these committees represent relevant EDC teams. This multi-level, cross-team approach ensures that CSR at EDC reflects changing social trends and expectations.

Executive management reviews these initiatives on an ongoing basis. The Internal Audit and Evaluation Department audits key CSR practices. EDC's Executives and senior management provide overall direction and manage all CSR initiatives on an ongoing basis.

CSR Advisory Council

To ensure that we hear from stakeholders on a regular basis and that we keep abreast of current thinking and expectations, EDC created an Advisory Council on CSR in 2001. Comprised of eminent Canadians (see Annex 1) representing academia, business and civil society, the Council provides advice and guidance to EDC's senior management on matters related to evolving CSR practices.

The Advisory Council meets semi-annually with EDC Executives to discuss topics that draw from their knowledge and experience on best practices in CSR-related issues. Key agenda topics in 2004 included a discussion of the promotion of environmental exports, advice on a CSR approach in developing markets and anti-corruption measures. To maintain the transparency of the process, a summary of proceedings of each meeting is posted on EDC's website at: www.edc.ca/advisory_council.

Compliance Program

The Compliance Officer position was created in the fall of 2001 as a response to recommendations arising from the 2001 legislative review of the *Export Development Act*.

Serving as a bridge between all stakeholders and certain public policy initiatives of EDC, the scope of the Compliance Program permits the Compliance Officer to address compliance issues related to certain CSR initiatives; to provide advice to EDC regarding best-in-class practices in these areas and to oversee compliance audits of CSR initiatives.

In 2004, the Compliance Officer undertook an analysis of how the Compliance Program could be modified and expanded to ensure effectiveness and accessibility. 2004 also saw a number of promotional activities to ensure that stakeholders are aware of the program. No complaints were received in 2004. To view the Compliance Officer Activities Annual Report 2004, please visit: www.edc.ca/compliance_report2004.

External Audits

In 2004, EDC was subject to a Special Examination, which included a review of EDC's CSR initiatives. Conducted by the Office of the Auditor General of Canada (OAG), a Special Examination is a performance audit of a Crown corporation's information and management systems and controls conducted at least once every five years to provide an independent audit opinion to the Board of Directors, and as appropriate, the Minister and Parliament. To view the final report, please visit:

www.edc.ca/corpinfo/media/auditor3_e.htm.

In assessing EDC's CSR initiatives, the Auditor General noted that EDC's efforts to adopt corporate social responsibility as a strategic operating principle provide an opportunity to evaluate its corporate accountability structure and develop performance measures for this area. While the Auditor General noted its satisfaction with CSR at EDC to date, the report also encouraged EDC to incorporate performance measures and to report publicly on its CSR activities. This report is EDC's response to that recommendation.

EDC was also subject to an Environmental Review audit. The OAG examined the design and implementation of EDC's environmental review processes to ensure they work effectively. EDC is pleased to note that in the review the Auditor General recognized that "environmental risks and related risks to its reputation are identified, mitigated and monitored consistent with government expectations and the Corporation's tolerance for risk".

The Auditor General also recommended that EDC develop enhancements in the areas of environmental review and disclosure policies, which we will be working on in the months ahead. Environmental Review and disclosure practices continue to evolve and EDC is committed to continuous improvement through dialogue and co-operation with its counterparts in the Organisation for Economic Co-operation and Development (OECD).

EDC is pleased to note that in the review the Auditor General recognized that “environmental risks and related risks to its reputation are identified, mitigated and monitored consistent with government expectations and the Corporation’s tolerance for risk”.

Engaging our Stakeholders

Stakeholder engagement serves as a means to explain our mandate, policies and practices, and to receive input, comments and criticism. EDC stakeholders include customers, employees, parliamentarians, business and other industry associations, other government departments and non-governmental organizations (NGOs).

EDC is committed to ongoing dialogue with stakeholders, both domestic and foreign and regularly solicits the opinions of stakeholders on proposed policy changes. In 2004, key engagement sessions were convened around human rights and international business. (For details, please see chapter on Business Ethics.)

Engagement also included several public presentations to a wide variety of audiences as well as event sponsorships. For example, EDC sponsored the first National Ethics Symposium held in Ottawa in September 2004. The event, entitled *Values and Ethics in the Public Sector: How to serve the public interest*, offered an opportunity for participants to review current issues and trends with a view to improving performance. In November, EDC was the key sponsor of the Annual Summit on CSR held in Toronto and organized by Canadian Business for Social Responsibility (CBSR) for its members. The summit served as an occasion for a largely corporate audience to exchange experiences with peers and discuss emerging issues and trends in CSR.

Likewise, Canada’s youth are an important audience for EDC. During the year, 14 presentations and case simulations were offered to students and academia on CSR-related topics such as ethics in international business. These events are a means of furthering the intellectual debate and practical implementation of CSR in business. (For details on key CSR presentations, please see Appendix 2.)

Finally, one of our key stakeholders is our employees. EDC recognizes that it is important to inform employees about the corporation’s commitments, processes and expectations regarding CSR. Offered as part of the three-part Orientation module, a third and dedicated module on CSR ran for its first full year in 2004. This one-half day course provides employees, particularly new hires, with an understanding of EDC’s CSR practices.



Business Ethics

At EDC we conduct our business with honesty, integrity and fairness, and expect the same from our customers.

2005 Performance Measures and Reporting Indicators

Objectives	Performance Measure	Target
Code of Conduct awareness	▶ Team Leaders updated annually on ethical issues	100% participation by Team Leaders
	▶ Sign-off of Code of Conduct by employees and Directors	100% participation
Ethics Orientation	▶ Participation of new employees in the CSR course	100% of new employees attend CSR course within 6 months of joining EDC
Compliance with Code of Business Ethics	▶ Data on compliance as reported annually in the Compliance Officer's annual report	*Reporting indicator only
Anti-corruption awareness for customers	▶ All new customers sent Anti-Corruption letter and brochure within 6 months of signing new business with EDC	100% of new customers

* A reporting indicator is a data point that provides information to stakeholders, but does not constitute a performance target.

EDC has always been dedicated to the principles of ethical and legal business conduct. In order to ensure this high standard of ethics, EDC operations are guided by two codes: the *Code of Business Ethics* and the *Code of Conduct*. These codes govern EDC's relationships with its customers as well as employee behaviour.

All employees and Board members are obliged to sign an annual Statement of Compliance indicating their understanding of and commitment to abide by the *Code of Conduct*. For more details on these codes, please see:

www.edc.ca/corpinfo/Pubs/code_e.htm and www.edc.ca/corpinfo/Pubs/conduct_e.pdf.

In 2004, as in previous years, training regarding the *Code of Conduct* was presented to EDC's Board of Directors (conducted by Legal Services), all executive staff and managers and team leaders (conducted jointly by Legal Services and Human Resources). In addition to the *Code of Conduct*, training covered other related issues such as developments in EDC's Anti-Corruption Program. Team Leaders were responsible for providing their direct reports with a briefing on the *Code of Conduct* as well as details regarding the other related issues covered in the training sessions.

EDC's dedication to the principles of ethical business conduct was also evident in its work with the Berne Union¹ in 2004 to develop and implement a values statement for Berne Union members regarding ethical business conduct.

Anti-Corruption Program

Given its mandate to support Canadian export trade, EDC plays an important role in fulfilling Canada's obligations under the 1997 OECD *Convention on Combating Bribery of Foreign Public Officials in International Business Transactions*, and the related domestic legislation, the *Corruption of Foreign Public Officials Act* (1999).

EDC developed and implemented an Anti-Corruption Program in late 2001 in order to build awareness among employees and customers of the international conventions and Canadian law addressing this serious issue.

The Anti-Corruption Program establishes a process to assist in the detection and deterrence of transactions that may involve corruption, outlines the steps to take where corruption is suspected and requires customers to submit anti-corruption declarations and/or accept relevant representations and covenants in appropriate documentation.

In 2004, EDC introduced anti-corruption guidelines that summarize the principles of its Anti-Corruption Program. EDC also implemented internal procedures relating to: (i) the disclosure by EDC to law enforcement authorities if EDC receives credible evidence of violations of the Canadian bribery legislation; and (ii) the debarment by EDC of previously convicted companies. For more details on EDC's Anti-Corruption Program please visit: www.edc.ca/anti_corruption.

¹ The Berne Union is the leading international organization in the field of export credit and investment insurance. The Berne Union comprises more than 50 members from more than 40 countries and works for international acceptance of sound principles of export credit insurance and foreign investment insurance.

Business Ethics

In order to promote awareness of the potential risks our customers face if exposed to corrupt business practices and to encourage them to adopt best practices in this area, EDC communicates in writing with its new customers to inform them of the risks of corruption in international business transactions.

In addition, EDC has regularly published in its quarterly magazine *ExportWise*, articles related to the fight against corruption. *ExportWise* has a distribution of more than 35,000 subscribers, including exporters and academics.

Human Rights

Further to a Memorandum of Understanding (MOU) signed in 2002 by EDC and the Department of Foreign Affairs and International Trade (DFAIT), mechanisms have been put in place to strengthen channels of communication between the two organizations with respect to human rights developments in relevant countries. This has given EDC access to information from Foreign Affairs Canada and International Trade Canada on human rights issues around the world, facilitating the examination by EDC of country-level and project-level risks.

At EDC, the analysis of the human rights impacts of transactions is conducted through the Political Risk Assessment Department (PRAD). Transactions are typically analyzed from the viewpoint of the impact of local (project-area) human rights conditions on the project. In addition, PRAD analyzes transactions from the inverse perspective of impacts the project might have on the local human rights situation.

In 2004, PRAD undertook a complete re-examination of its methodology for assessing Project Finance and Political Risk Insurance products, the two medium-to-long term products most affected by political risks. This included an evaluation of the department's understanding of political violence and the underlying factors that lead to such violence. Among others, these factors include socio-economic inequality, the existence and strength of institutions or channels for peaceful resolution of grievances, the depth of ethnic or religious tensions, and the existence and persistence of political violence as a means of political expression. Along with information on current human rights developments made available by our MOU with DFAIT, PRAD consults reporting by local and international civil society organizations.

Going forward, PRAD will evaluate whether these political violence factors may give some indication as to the future condition of respect for human rights in a given market. Such an indication will be useful in assessing the impact of an EDC-supported export or investment on the local human situation over the complete tenure of the project.

Following the signing of the MOU in 2002, 12 transactions included human rights assessments based on DFAIT's human rights reports as part of EDC's political risk assessment process. In 2003, 26 transactions included these assessments and in 2004, human rights assessments were completed in 28 transactions in 21 different countries.

In March 2004, EDC organized a workshop entitled “EDC-NGO Dialogue on Human Rights Assessment”. The purpose of this session was to discuss with NGOs how project-level human rights impacts could be effectively assessed within the framework of EDC’s political risk assessment process. The session also presented an opportunity for NGOs to gain a better understanding of EDC’s risk assessment processes, and express their views and concerns by means of a constructive dialogue. The event was successful in attracting a range of individuals from a number of advocacy and international development NGOs, as well as international development consultants.

Later that spring, EDC participated in a human rights conference entitled “Risk, Responsibility and Human Rights: Assessing the human rights impacts of trade and project finance,” organized by The NGO Working Group on EDC (a working group of the Halifax Initiative) and Rights & Democracy². The 48 participants were predominantly from the NGO community including several from abroad, as well as representatives from DFAIT. The session provided an opportunity for EDC to hear views and recommendations on human rights issues as articulated by the non-governmental sector.

In June 2004, EDC sponsored the North-South Institute’s annual Canadian Development Report entitled: “*Investing in poor countries – Who Benefits?*” The event was hosted by Foreign Affairs Canada and more than 120 people attended the official launch and public forum. Insights gained from reports such as this one are particularly important as EDC attempts to develop more business in emerging markets.

Additionally, the Auditor General of Canada undertook a Special Examination of EDC in 2004. As part of this audit, the OAG reviewed the DFAIT-EDC MOU for the facilitation and strengthening of communications between the two organizations with respect to human rights developments in relevant countries in which EDC conducts business. In response to the Auditor General’s recommendation, EDC will review its current approach to gathering and analyzing information on human rights.

² *The NGO Working Group on EDC promotes adherence by export credit agencies, particularly EDC, to internationally accepted standards regarding human rights, environment and disclosure. The Halifax Initiative is a coalition of development, environment, labour, human rights and faith-based groups concerned about the international financial system and its institutions. Rights and Democracy (also known as the International Center for Human Rights and Democratic Development) is a non-partisan organization created by Canada’s Parliament to encourage and support the universal values of human rights and the promotion of democratic institutions and practices around the world.*



Environment

At EDC we are conscientious about the environmental impacts of our business.

2005 Performance Measures and Reporting Indicators

Objectives	Performance Measure	Target
Increase capacity of EDC employees in order to contribute to a positive impact on projects presented for support	▶ Develop enhanced, in-house environmental training program	Program developed by end 2004
	▶ Deliver training targeting those staff with a primary responsibility for interface with customers	100% of targeted staff trained in 2005-2006
	▶ Data on EDC's environmental performance as reported annually by the Chief Environmental Advisor	*Reporting indicator only
Support for environmental technologies	▶ Total number of environmental technology transactions	10% growth

* A reporting indicator is a data point that provides information to stakeholders, but does not constitute a performance target.

Environment

To formalize the process of reviewing the environmental impacts of transactions, EDC introduced the Environmental Review Framework in April 1999. We subsequently developed the Environmental Review Directive (ERD), in response to amendments to the *Export Development Act* which came into force in December 2001. The ERD sets out a systematic process to follow when assessing the environmental impacts of projects EDC is asked to support.

2004 represented three full years of implementation of the ERD. The operationalization of EDC's environmental review process required a multi-team effort of employees ranging from environmental advisors, financial services managers, underwriters, legal experts and training advisors.

Environmental Advisory Services

The evolution of the procedures for the environmental review of transactions has seen the parallel growth of the Environmental Advisory Services (EAS) team, which consists of six professionals including engineers and scientists. Integrally linked to other teams at EDC, EAS provides support to the corporation in a wide range of areas including conducting environmental reviews, performing environmental risk assessments, identifying appropriate mitigation measures related to transactions for which EDC may extend insurance or financial coverage, environmental risk management training, stakeholder engagement, business development and support to the CSR objectives.

Environmental Review Directive Audit

The Auditor General of Canada recognized that EDC has improved its environmental review processes in their report on the audit of the design and implementation of EDC's Environmental Review Directive tabled in Parliament in October, 2004³. The Auditor General's report found "major improvements in the manner in which EDC implemented its environmental review processes, including the Directive, over a similar audit conducted in 2001."

The report also affirmed that "the Directive operated as designed." While the review found that EDC's current environmental review policy is consistent with those of other export credit agencies and private sector financial institutions, the Auditor General also noted some opportunities to enhance the quality of these systems and practices.

³ The full text of the Auditor General's ERD audit report is available under the link "Auditor General of Canada Reports" at: www.edc.ca/mediaroom.

Environment

Common Approaches to Environmental Review

EDC has advocated common international standards for environmental practices of export credit agencies for many years as a member and signatory to agreements undertaken by the OECD Export Credits Group, comprising 29 of the OECD's 30 member countries that have Export Credit Agencies (ECA).

The revised disclosure provisions of the OECD *Common Approaches on Environment and Officially Supported Export Credits* also encourage ECAs to make environmental impact information on all Category A⁴ projects publicly available at least 30 days before a final commitment, regardless of the monetary value of the ECA's potential support, and to report exceptions to the OECD annually.

EDC will categorize a project as Category A if EDC considers that the project is likely to have significant adverse environmental effects that are sensitive, diverse, or unprecedented. These effects may affect an area broader than the sites or facilities subject to the physical works, and may be irreversible.

EDC updated its procedures to take the OECD revisions into account and applied these revised procedures from the beginning of 2004. EDC will incorporate the revisions to the *Common Approaches* and recommendations set forth by the Auditor General of Canada in her audit of the ERD and related environmental review procedures, as it looks to update these policy instruments for environmental review.

Disclosure of Environment Information

Under its *Disclosure Policy*⁵, EDC reports project information on its website, including individual transaction information such as:

- ▶ The country where the project is located;
- ▶ The Canadian exporter or investor involved; and
- ▶ In the case of Category A projects, a reference to whether the project's design met or exceeded one or more international standards among a list of international standards.

In accordance with revisions announced late in 2003 to the OECD *Common Approaches*, EDC committed to seek project sponsor consent to notify the public that it is considering support for certain Category A projects that fall outside the scope of EDC's ERD. EDC was not required to review any such transactions during 2004.

In 2004, notification of potential EDC support to five Category A ERD projects was posted on EDC's website at www.edc.ca/disclosure/D3.

Projects Signed in 2004

In 2004, a total of 11 transactions related to projects that met either ERD or OECD *Common Approaches* criteria, were signed.

⁴ Category A projects are those that are likely to have significant adverse environmental effects, potential effects associated with Category B projects are less adverse, and Category C projects are likely to have no or minimal adverse effects. Complete descriptions of each category, consistent with the OECD *Common Approaches* agreement, are found in the ERD.

⁵ The full text of EDC's *Disclosure Policy* is available at www.edc.ca/disclosure.

Signed projects by category

Category A	5
Category B	5
Category C	1

Signed projects by industry sector

Mining	3
Infrastructure	2
Manufacturing	2
Oil & Gas	1
Tourism	1
Telecom	1
Advanced Technology	1

Signed projects by region

Central & South America	5
North America & Caribbean	3
Europe	2
Asia	1

Environment

Veladero Mine, Argentina, operated by Barrick Gold Corporation with EDC financing.



EnviroExport Initiative (EEI)

The EEI was created in 2001 to serve the particular needs of Canadian exporters in the environmental sector by improving EDC's understanding of the industry and proposing appropriate trade finance and risk management solutions. EDC plays a key role in expanding exports of Canadian environmental goods, technologies and services around the globe. Environmental exporters include all companies operating in Canada that are involved in whole or in part in the production of environmental goods, the provision of environmental services or the undertaking of environment-related construction activities.

The global market demand for these services and technologies exceeds \$1 trillion per year. In 2004, EDC facilitated \$825.5 million in environmental industry exports and investments or about a third of Canada's total volume.

Canadian Enviro Exports reach major global markets

Region	EnviroExport sales facilitated by EDC (\$ millions)
North America/Caribbean /Mexico	337
Africa/Middle East	237
Asia/Pacific	93.5
South/Central America	90
Europe	68
Total	825.5

International Environmental Assessment

In 2004, EDC and the United States Export-Import Bank co-sponsored a two-day workshop in Washington, DC for export credit agency environmental specialists. ECAs were represented and the workshop involved presentations from several multilateral development banks in the environmental assessment field.

Also in 2003-2004, EDC partnered with China's National Development and Reform Commission (the ministry responsible for modernizing Chinese industry) and the Canadian International Development Agency to have the World Bank's *Pollution Prevention and Abatement Handbook* translated into Chinese for distribution to Chinese industry, government ministries, and consultants. This handbook will serve as a useful resource in China's efforts to establish cleaner production nationwide.



Transparency

At EDC we strive for balance between public accountability and respect for customer confidentiality.

2005 Performance Measures and Reporting Indicators

Objectives	Performance Measure	Target
Ex-ante disclosure of projects with potentially significant environmental impacts	▶ Number of Category A projects publicly disclosed on EDC's website 30 days prior to transaction closing compared to total Category A projects eligible for such disclosure	*Reporting indicator only
Disclosure of individual transactions	▶ Individual transactions subject to the Disclosure Policy that are disclosed on the EDC website (D2)	100% of projects subject to the Disclosure Policy

* A reporting indicator is a data point that provides information to stakeholders, but does not constitute a performance target.

Transparency

Disclosure Policy

EDC recognizes that the disclosure of relevant information is a critical element in demonstrating accountability and public awareness of, and confidence in, the execution of its mandate. An effective disclosure policy hinges on the need to balance the desire for more information with the need to protect the commercial interests of customers.

To achieve this balance, EDC introduced its Disclosure Policy in October 2001. Please see www.edc.ca/disclosure.

EDC currently discloses information on various activities, services, products and certain key policies on a regular and systematic basis, including individual transaction information on all financing (including guarantees), political risk insurance to lenders and equity transactions. Transaction information in these product categories is posted on EDC's web site as soon as possible (normally within 90 days) after signing of the EDC transaction.

Information is also disclosed through printed material such as corporate brochures, EDC's Canada Account Report, or EDC's Annual Report.

Under its Disclosure policy, EDC publishes information in three categories as depicted below. (Please see Reporting on Individual Transactions at: www.edc.ca/disclosure.)

D1 – Aggregate business volume by Canadian industry sector, country or region where the business is concluded; Canadian region of exporter; and type of EDC support;

D2 – With consent from affected parties, individual transactions involving financing (including guarantees), political risk insurance (to lenders) and equity; and

D3 – With the consent of the project sponsor, Category A projects (categorized under the ERD as those projects with potentially significant environmental impacts) when supported with EDC financing (including guarantees), political risk insurance (to lenders) and equity; this section of the Disclosure Policy was finalized on May 1, 2002 after allowing for a further 90 days for public comment.

Transparency

Throughout 2004, EDC disclosed 304 individual transactions (D2), including Canada Account transactions. As indicated in the tables below, the bulk of individual transactions for 2004 were in the United States.

Country / Region	Number of Signed Transactions
Canada	68
USA	94
Asia	12
Latin America (incl. Mexico & Caribbean)	86
Europe	29
ME & Africa (including Turkey)	13
Australia & New Zealand	1
Various Countries	1
TOTAL	304

Table 4: No. of Disclosed Transactions by Region, January - December 31 2004

Total # of Individual Transactions Disclosed*	Category A Projects
304	5

* Includes Canada Account transactions

Of these transactions 180 or 58% received Financing.

Signed transactions by project type:	
Equity	1
Political Risk Insurance	1
Guarantees	124
Financing	178



Community Investment

At EDC we invest in and encourage our employees to be active in our community.

2005 Performance Measures and Reporting Indicators

Education and Youth Employment (EYE) Strategy

Objectives	Performance Measure	Target
Promoting international opportunities for Canada's youth	<ul style="list-style-type: none"> ▶ Number of EYE presentations ▶ Number of work terms accepted by scholarship students 	<p>70</p> <p>75% acceptance rate</p>

Volunteerism

Objectives	Performance Measure	Target
Support for community activities through employee volunteerism	▶ Employees applying for support under the Charitable Donations Policy	2% of employee base
Support for community through participation and fund-raising	▶ Employee participation in the United Way/ HealthPartners Campaign and dollars raised	Established annually by the EDC United Way/ HealthPartners Campaign Committee (dollar and participation rates)

Community Investment

In a business environment that is more and more globally integrated, EDC gives its scholarship winners the opportunity to actively participate in the evolving world of international trade and finance, equipping us with the tools we need to launch a successful career.

Anne-Marie Gagnon

University of Sherbrooke

2003-2004 Recipient



EDC believes it is important to reinvest in the community that we serve. The Corporation does so principally through its Education and Youth Employment (EYE) Strategy, its annual Government of Canada Workplace Charitable Campaign and through various corporate donations to support employee activities in the community.

Education and Youth Employment (EYE) Strategy

Conceptualized in 1999, EDC's EYE strategy is dedicated to creating education and employment opportunities for young Canadians. In partnership with educational institutions and key stakeholders, EDC strives to build a better-educated and trade-focused workforce by encouraging research and studies in international business and by offering relevant work experience.

As per the first agreements signed in 2000, EDC offered a \$3,000 International Studies Scholarship to each relevant university, including an opportunity to participate in the national MBA scholarship program. In the fall of 2002, the program was expanded from 18 to 25 partner universities. The scholarships and work terms carry a value of up to \$14,000 each. In 2004, 27 scholarships were awarded.

All scholarships included an optional four-month paid work-term at EDC's offices in Ottawa. These work terms provide students with relevant work experience and hands-on mentoring from trade finance experts. To date 114 students have benefited from these scholarships.

The program was also enhanced to include a formal Speakers' program, case studies and economic information. Special attention was given to developing material related to CSR with the development of two case studies, one based on corruption and another on human rights issues in international business. In 2004, EDC conducted 83 presentations, including 14 CSR presentations to university students across the country.



Community Investment

EDC's team of volunteers were among the 500 volunteers from various companies and organizations across Ottawa who provided "sweat equity" at more than 60 project sites for the annual Day of Caring™ in 2004.

The Local Community

EDC staff members are significantly involved in their local communities, and EDC provides support to these employees in a number of ways. In 2003, EDC introduced a policy to govern the provision of charitable contributions to organizations in which employees serve as volunteers. These organizations range from food banks to services for mentally handicapped adults. In 2004, EDC contributed \$25,000 to 17 organizations where EDC employees have demonstrated significant and ongoing commitment as volunteers.

The Government of Canada Workplace Charitable Campaign fundraising event is held each fall, co-ordinated by an internal committee involving more than 125 staff members from canvassers to special events coordinators. In 2004, the campaign raised more than \$150,000 in contributions. In addition, EDC participated in the *Day of Caring™*, a United Way event in which 40 EDC employees, along with employees from other corporations based in Ottawa, volunteered a day of their time to work in charitable organizations.

Organizational Climate



At EDC, we are committed to providing a climate that stimulates and supports employee performance and development.

2005 Performance Measures and Reporting Indicators

Objectives	Performance Measure	Target
Employee satisfaction	▶ Responses to EOS survey question: "I am proud to work for EDC"	> 85% employees responding agree or strongly agree
Access to training opportunities	▶ Training undertaken	Average 5 days training/employee/year

Organizational Climate

At EDC we believe that success begins with our people. In fact, EDC was recognized as one of Canada's Top 100 Employers as reported in *Maclean's* magazine in each of the past four years (years 2001 through 2004). From among 5,000 Canadian companies competing for this honour, EDC was selected as a Top 100 employer based on such factors as: business expansion and growth, workplace environment, employee feedback mechanisms, internal communications, employer benefits, ability to attract and retain outstanding employees and community involvement.

This recognition can be attributed to, among other things, the way EDC employees live our corporate values. It also serves as a litmus test for assessing the impact of programs developed for our employees.

EDC is focused on, and committed to, fostering an open culture that respects and celebrates diversity. Our employees, who come from diverse backgrounds and speak more than 40 languages, bring a multiplicity of skills and perspectives to our working environment.

EDC promotes the use of a diverse range of communication methods throughout the organization. While senior management is committed to the ongoing communication of events, strategies and news, employees continue to generate an equally strong voice in the corporation through employee opinion surveys, employee newsletters and by sharing their expertise with each other. Two-way communication between employees and management remains a valued component of the way EDC conducts its business, and Human Resources policies and programs are developed through a highly consultative process – ensuring that employee views and voices are heard.

Throughout the year, EDC continued to provide its employees with an array of programs and opportunities, including:

- ▶ Ongoing work climate assessment and improvement;
- ▶ Recognizing employees for performance excellence;
- ▶ Providing ongoing support for training and development;
- ▶ Enhancing the capacity of our employees to communicate in both official languages;
- ▶ Encouraging and supporting work-life balance for employees;
- ▶ An Employee Assistance Program that provides confidential counseling and information;
- ▶ Scholarships for qualifying children of employees;
- ▶ A confidential forum for employees to raise 'employee satisfaction' issues; and
- ▶ A comprehensive occupational health & safety program.

Future Objectives

Future Objectives

It is important that we continue to foster CSR and encourage its continuous development and improvement within the organization. In 2005, EDC will engage with NGO stakeholders on CSR issues on a regular basis, with a particular emphasis on broadening the range of NGOs to include those with an interest in EDC's activities and a focus on developing markets, as well as various regions across Canada. EDC will also continue to engage affected customers and key business associations on CSR practices and work to improve the performance measures related to CSR.

In order to define our internal process for handling disclosure of wrongdoing under EDC's *Code of Conduct* or any other EDC policy dealing with the disclosure of wrongdoing in the Corporation, and to respond to the requirements of the pending legislation on whistle blowing, the mandate of the Compliance Officer will be reviewed to consider expanding responsibilities to include the disclosure of wrongdoing.

With regard to the five identified pillars of CSR @ EDC, efforts will focus on the following:

Business Ethics

As international and private sector standards continue to evolve, EDC will further benchmark its CSR practices against other financial institutions working internationally and export credit agencies to ensure it is keeping pace with emerging trends.

EDC provides the Departments of Foreign Affairs and International Trade Canada with an annual overview of how human rights information provided by DFAIT contributes to the strengthening of EDC's political risk assessment knowledge base. EDC will continue a dialogue with NGOs on the issue of human rights. Internationally, EDC will continue to work to ensure the effective implementation of anti-corruption measures among ECAs.

Environment

EDC will pursue high standards of environmental performance, both in its own processes and procedures for environmental review, and in its advocacy for greater harmonization of international standards. Key to maintaining its proactive stance on environmental issues is EDC's engagement with its many stakeholders including clients, exporter associations, NGOs, partners in other export credit agencies and international financial institutions, representatives of its shareholder, the Government of Canada and EDC's employees. These stakeholders will have an opportunity to contribute towards EDC's maintenance of high standards of environmental performance later in 2005. EDC will also continue to promote EDC's burgeoning environmental export sector, particularly during its participation in Canadian trade missions to developing markets, such as visits to China and India in 2005.

Future Objectives

Transparency

EDC will continue to champion responsible disclosure practices with exporters, project sponsors and financial institutions, including other export credit agencies. EDC will look for opportunities to enhance the efficiency of the disclosure process and integrity of the information, such as increasing capacity in the information technology systems that support this area. In 2005, EDC will undertake a review of the Disclosure Policy and related portions of our Environmental Review Directive. This review will include an opportunity for stakeholders to comment.

Community Investment

Efforts will be made to strengthen existing relationships and form new alliances with educational institutions and youth associations. As well, the EYE Strategy will focus on identifying ways in which to support EDC's business development in developing markets.

Organizational Climate

Human Resources management will develop a vision statement which incorporates CSR principles.

Annex

Annex 1: EDC Advisory Council on Corporate Social Responsibility

External Members

Wesley Cragg, Chair and President of Transparency International Canada

Elizabeth Dowdeswell, former Executive Director, United Nations Environment Programme (UNEP)

Dezső J. Horváth, Dean of Schulich School of Business, York University

Nancy Hughes Anthony, President and CEO of the Canadian Chamber of Commerce

Huguette Labelle, Chancellor of the University of Ottawa

Jean-Marie Toulouse, Director, École des Hautes études commerciales (HEC) – Council Chair

Representing Export Development Canada, Board of Directors

Rowland Fleming, Member, EDC Board of Directors

Representing Export Development Canada, Management

Ian Gillespie, President and Chief Executive Officer (*January to August 2004*)

Rosemarie Boyle, Vice President, Corporate Communications and External Relations

Annex 2: Stakeholder Engagement, Key Activities, 2004

	Initiative	Audience
March	Rotman School of Management, CSR Conference: “Define Community: The Global Dimension of EDC’s CSR Initiatives”	University students and faculty
March	EDC’s Dialogue with Non-governmental Organizations on Human Rights	NGOs
April	Institute of Public Administration of Canada Conference: “Closing the Credibility Gap: The Challenge for EDC”	Government
April	GLOBE 2004 Conference Panels on: “Social Dimension of Sustainability” and “Financial Institutions and Sustainability”	Private sector customers
May	World Bank Inspection Panel (Washington, D.C.): <i>First Annual Workshop of Ombudsmen/Compliance Officers/ Panel members</i>	International compliance officers and ombudsmen, international financial institutions and multilateral development banks

	Initiative	Audience
May	The NGO Working Group on EDC and Rights & Democracy, Conference: “Risk, Responsibility and Human Rights: Assessing the human rights impacts of trade and project finance”	NGOs
September	“Workshop for Export Credit Agency Environmental Specialists” co-sponsored with the US Export Import Bank (USEXIM)	
October	International Law Association (New York City): American Branch, International Law Weekend, Panel discussion on Accountability Mechanisms and Multilateral Development Banks	International trade and International Law Lawyers
October	British Columbia Tour – Lectures on Corporate Social Responsibility and Anti-Corruption in Simon Fraser University, University of British Columbia, University of Victoria	University students and faculty
November	University of Ottawa, School of Management: Advanced Auditing course: Auditing, Compliance and Accountability	University students and faculty
November	University of Alberta, School of Business (Edmonton): Corporate Social Responsibility and Accountability at EDC	University students and faculty
November	Dalhousie University (Nova Scotia): Business Ethics Competition	University students and faculty
November	“CSR Measurement and Reporting: Perspective of an Export Credit Agency”, Members’ Summit, Canadian Business for Social Responsibility, Toronto (Ontario)	Private sector business
November	Canadian International Development Agency, International Development Days Conference: “The Professional Services Sector and the Millennium Development Goals: Perspective of an Export Credit Agency”	NGOs, international development specialists

Annex 3: CSR-Related Memberships

- ▶ EthicsCentre
- ▶ Canadian Business for Social Responsibility
- ▶ Conference Board of Canada:
 - Corporate Community Investment Council
 - Corporate Ethics Management Council
- ▶ United Nations Environment Program – Financial Institutions Initiative (UNEP-FI)
- ▶ Ethics Practitioners Association of Canada (EPAC)

VISION

EDC will be the recognized leader in providing ground-breaking commercial financial solutions to companies of all sizes, helping them succeed in the global marketplace and create enduring prosperity for Canada.

VALUES

People

We are the heart and soul of EDC. Our diversity enriches us all. Each one of us deserves respect and makes a difference. Working together is fundamental to our success.

Excellence

We are responsible for excellence in everything we do. We believe in personal accountability and the power of challenging the status quo.

Passion

Initiative and enthusiasm characterize the way we work. We take satisfaction in the quality of what we do. We are here because we want to be here.

Learning

We believe that learning is an invigorating and continuous process. We seek out and embrace personal and professional development, and the invaluable lessons that come from experience.

Contact Information

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