



Keeping Corruption Out...

EDC's Guide for Canadian Exporters

Exporting your company's goods and services can present many challenges, including the possibility of exposure to corrupt business practices. This brochure will explain what you should know about this risk, including 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:

- Bribe a foreign public official
- Knowingly launder the property and proceeds of bribery
- Possess such goods or monies with knowledge of their origin

Under the auspices of the Organisation for Economic Co-operation and Development (OECD), countries, such as Canada, have agreed to take concerted action to fight corruption. As such, legal measures to deter corruption are now in place in leading trading nations.

Export Development Canada, which provides trade finance and risk management services to Canadian exporters, is committed to conducting business in accordance with the letter and spirit of Canadian law and the applicable laws of the countries in which it conducts 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...

Corruption and bribery are crimes.

Effective since 1999, the *Corruption of Foreign Public Officials Act* makes it a criminal offence under Canadian law to bribe a foreign public official in the course of business.

Businesses convicted under the *Act* face heavy fines, and individuals can be sentenced to a maximum of five years in jail.

For more information on the *Act*, visit the Department of Justice website at: <http://www.canada.justice.gc.ca/en/dept/pub/cfpoa/guide5.html>

WHY IS CORRUPTION BAD FOR BUSINESS?

- CORRUPTION IS A CRIMINAL OFFENCE IN MANY COUNTRIES. VIOLATING THIS LAW MAY DEVASTATE YOUR BUSINESS OR DRASTICALLY REDUCE PROSPECTS AND RESULT IN JAIL OR FINES FOR OFFENDERS.
- CORRUPTION ADDS COSTS WITHOUT NECESSARILY INCREASING REVENUE.
- CORRUPTION WEAKENS THE RULE OF LAW AND INHIBITS ECONOMIC DEVELOPMENT IN EMERGING MARKETS.
- CORRUPTION CAN IRREPARABLY DAMAGE YOUR COMPANY'S REPUTATION.

Warning Signs of Corruption

The following signs 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

A photograph of two men in dark suits standing in a city street, viewed from behind. The man on the right is gesturing with his hand towards the man on the left. The background shows blurred skyscrapers under a clear sky.

How To Protect Your Business

Take proactive steps to minimize your risk:

- Determine if your markets present a high risk of corruption
- Familiarize all employees with the *Corruption of Foreign Public Officials Act*
- Establish an Anti-Corruption Policy, engaging professional expertise if necessary
- Require employees and agents to periodically sign an agreement to comply with this Anti-Corruption Policy
- Educate and train employees and agents on a regular basis about their responsibilities and appropriate actions to take if they encounter corruption
- Verify the credentials of agents and partners representing your company and monitor their efforts on your behalf
- Establish a reporting system for suspicious behaviour

EDC's Anti-Corruption Program

EDC has implemented an Anti-Corruption Program to educate its clients and employees about corruption and to minimize its exposure to potentially corrupt business practices.

- Specific anti-corruption provisions are included in the documents for all transactions benefiting from EDC's products and services
- EDC's *Code of Business Ethics* and *Code of Conduct*, available at www.edc.ca, hold its employees to the highest ethical standards, minimizing EDC's exposure to potential liability and enhancing its reputation for integrity and honesty

For more information, please contact:
export@edc.ca

EDC'S CODE OF BUSINESS ETHICS ESTABLISHES THAT "UNDER NO CIRCUMSTANCES WILL EDC, DIRECTLY OR INDIRECTLY, KNOWINGLY OFFER OR GIVE A BRIBE. FURTHER, EDC WILL NOT SUPPORT A TRANSACTION THAT INVOLVES THE OFFER OR GIVING OF A BRIBE, AND WILL EXERCISE REASONABLE DILIGENCE AND CARE NOT TO SUPPORT UNKNOWINGLY SUCH A TRANSACTION".

EDC: CODE OF BUSINESS ETHICS

For additional information:

The *Corruption of Foreign Public Officials Act*

www.canada.justice.gc.ca

The *Corruption of Foreign Public Officials Act: A Guide*

<http://www.canada.justice.gc.ca/en/dept/pub/cfpoa/guide5.html>

Department of Foreign Affairs and International Trade Canada

<http://www.dfait-maeci.gc.ca/internationalcrime/corruption-en.asp>

Organisation for Economic Co-operation and Development

www.oecd.org

Transparency International –

The global coalition against corruption

www.transparency.org

International Chamber of Commerce –

see Rules of Conduct to Combat Extortion and Bribery

www.iccwbo.org/

Export Development Canada –

Anti-Corruption Program

http://www.edc.ca/corpinfo/csr/anti_corrup/index_e.htm

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