

EDC's Anti-Corruption Policy Guidelines

In response to the *Convention on Combating Bribery of Foreign Public Officials in International Business Transactions* (the "Convention") signed by Member countries of the Organization for Economic Co-operation and Development (OECD), which Canada ratified in December 1998, and to the 1997 Revised Recommendation of the Council on Combating Bribery in International Business Transactions, Canada enacted the *Corruption of Foreign Public Officials Act* (CFPOA) which came into force in February 1999. The CFPOA makes it a criminal offence for any person or entity to give or offer a bribe to a foreign public official. In 2000, the OECD Members of the Working Party on Export Credits and Credit Guarantees, of which EDC is a Member, agreed on an *Action Statement on Bribery and Officially Supported Export Credits*, as amended (the "Action Statement").

EDC's policy with respect to bribery is set out in *EDC's Code of Business Ethics*, which states:

Prohibitions against Bribery and Corruption

Basic criminal statutes of virtually all countries prohibit extortion and bribery. 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 has a legal, corporate and ethical responsibility to ensure it is not knowingly providing support in a transaction involving the offer or the giving of a bribe. The following policy guidelines outline the measures that EDC will apply to comply with its policy on bribery set out in the *Code of Business Ethics* as well as with the CFPOA and Canada's undertakings with respect to the *Convention*, the 1997 Revised Recommendation and the Action Statement.

In keeping with the above, EDC shall take appropriate measures to deter the offer or giving of a bribe, including:

- a. Inform exporters and, where appropriate, applicants about the legal consequences of bribery in international business transactions and encourage them to develop, apply and document appropriate management control systems that combat bribery;
- b. Require exporters and, where appropriate, applicants to:
 - provide an undertaking/declaration that they are not in contravention of any applicable criminal law dealing with the bribery of foreign public officials, including Canada's *Corruption of Foreign Public Officials Act*;
 - disclose whether they or anyone acting on their behalf in the transaction are currently under charge in a court or, within the last five years have been convicted in a court for violation of laws against bribery of foreign public officials of any country;
 - agree to disclose, upon demand, the name of persons acting on their behalf in connection with the transaction and the amount/purpose of the commissions and fees paid/to be paid to such persons;
- c. Exercise reasonable diligence and care not to support unknowingly a transaction that involves the offer or giving of a bribe;
- d. Undertake enhanced due diligence if:
 - an exporter or, where appropriate, an applicant is listed on publicly available debarment lists of the World Bank Group, the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development and the Inter-American Development Bank (and EDC shall verify such lists);
 - EDC becomes aware that an exporter or, where appropriate, an applicant is currently under charge in a court or, within the last five years, previously convicted for bribery of foreign public officials in a court of any country; or

- EDC has reason to believe that bribery may be involved in the transaction.
- e. Bring all transactions in respect of which there is evidence or suspicion of bribery to the attention of Management and Legal;
- f. Refuse to provide support where, in EDC's opinion, there is credible evidence that bribery was involved in a transaction;
- g. As appropriate under the circumstances, Management and Legal will consider the following actions in dealing with any situation where, in EDC's opinion, there is credible evidence that bribery was involved in a transaction:
 - denial of payment or indemnification;
 - cancelling disbursements/cover;
 - declaring an event of default;
 - mandatory prepayment;
 - 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.
- h. EDC will, in accordance with its Anti-Corruption Disclosure Procedures, notify Canadian law enforcement authorities if in the context of transacting business with a company or individual EDC receives credible evidence (whether during its due diligence process or after support has been provided) that there has been a violation of the CFPOA;
- i. In accordance with EDC's Anti-Corruption Debarment Procedures, any party that has been convicted of bribery will be debarred from EDC support until EDC considers that such party has taken appropriate measures to deter further bribery. EDC will exercise due diligence and care in determining whether such party has taken appropriate measures to deter further bribery, such as the following:
 - replacing individuals who have been involved in bribery;
 - adopting an effective anti-corruption program;
 - submitting to audit;
 - making the results of such audit available; and
 - any other measure that may be considered appropriate under the circumstances.