



July 28, 2015

Ms Karyn Keenan
Program Coordinator
Halifax Initiative
153 Chapel Street
Ottawa, Ontario
K1N 1H5

Dear Karyn:

I am responding to your letter of May 11 on behalf of our President and CEO, Benoit Daignault.

While EDC's enabling legislation, the *Export Development Act*, restricts us from commenting on business undertaken with specific companies, we are able to answer your inquiry by explaining how we handle issues involving potential bribery, corruption, or other commercial crimes, that might arise around a borrower or insured counterparty. The information below follows the questions in your correspondence to us.

1. For an explanation of the financing provided by EDC to Petrobras, our disclosure of the December 2013 transaction on edc.ca provides the following transaction description: "Support for future procurement of various Canadian goods and services".

In other words this type of financing is used to support business that Petrobras does with Canadian companies, giving Canadian companies access to a major player in the Brazilian market.

2. If a transaction financed by EDC were subject to investigation by legal authorities in any jurisdiction, we would undertake an inquiry to better understand the scope of the investigation and its purpose. Typically, enforcement authorities do not disclose detailed information to third parties, such as EDC, so we would rely on public sources of information and the company to update us.
3. To meet stakeholder interest in knowing specifics about EDC's business activities, we make public information on all loans (financing transactions) made by EDC. The guidelines for such disclosure are contained in our [Disclosure Policy](#). Please note that the Policy indicates that for reasons of "moral hazard", we do not disclose individual insurance transactions (see p. 3 of the Policy).

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Previously disclosed information on financing transactions indicates these past loans were made to Petrobras (see table below).

Date of Signing	Country of Transaction	Principal Counterparty (party benefitting from EDC guarantee)	EDC Product	Transaction Description	Range (Cdn. \$)	Canadian Company
29/06/2012	Brazil	Petroleo Brasileiro S/A - Petrobras	Financing	Support for future procurement of various Canadian goods and services	500 mln. - 1 bln.	Various Canadian Exporters-Oil & Gas
16/12/2011	Brazil	Petroleo Brasileiro S/A - Petrobras	Financing	Support for future procurement of various Canadian goods and services	250-500 mln.	Various Canadian Exporters-Energy

4. Any company eligible for a loan or insurance must provide representations, warranties and declarations through various financing documents stating that bribery and corruption are not involved in the business EDC is supporting. We also conduct our own review of public sources to determine if the company has any past allegations, investigations, charges or convictions in this area, whether or not related to the business EDC is supporting. Existence of such information would trigger a review by EDC, including an evaluation of, among other things, their anti-corruption policies, procedures and practices.
5. EDC borrowers and insured parties provide the representations, warranties and undertakings noted above in stand-alone documents (declarations), or in loan or insurance contracts. In these documents, parties represent to EDC that they are in compliance with all applicable laws and they undertake to continue to comply with those laws. These include all laws prohibiting bribery and corruption in their jurisdiction. Where an exporter benefits from EDC providing financing or insurance to its buyers, those exporters also sign an anti-corruption declaration certifying that bribery and corruption was not involved in the specific transaction that EDC is supporting.

These declarations also require exporters to declare whether they, or anyone acting on their behalf in the transaction, are currently under charge in a court, or have been convicted for violation of laws against the bribery of foreign public officials within the last five years. In the declaration, exporters also agree to disclose, upon demand, the name of persons acting on their behalf in connection with the transaction and the amount and purpose of the commissions and fees paid or to be paid to such persons. Petrobras was required to comply with the same standards as stated above.

6. If an EDC customer to which EDC has provided a loan or insurance coverage later faces allegations, investigations, charges or convictions, EDC undertakes its own inquiry to assess the risk that this conduct was involved in the business EDC is supporting. This would encompass a review of the company's contractual obligations to EDC, including investigating whether there has been a breach of the company's representations, warranties and undertakings in the financing and insurance documentation.
7. Our disclosures of financing support to various Brookfield affiliates in the past ten years indicate we provided support for investment in a venture capital fund and support of direct investment. Contractual language obliges our customers to use the funds for the stated purposes.
8. See response #4 above.
9. See response #5 above.
10. See response #6 above.

You may find our [2014 CSR Report](#) of interest. It includes a [video](#) of EDC employees discussing our review process.

Please do not hesitate to let us know if you have further questions about how we assess business for bribery and corruption risk.

Sincerely,



Signi Schneider
Vice-President, Corporate Social Responsibility

