

Corporate Social Responsibility (CSR) @ EDC

Canada Southern Africa Chamber of Business – MineAfrica
10th CSR and Risk Mitigation Seminar
Vancouver
June 2014

Outline

1. About EDC
2. EDC support – Extractive Industries
3. CSR as Risk Mitigant for Mining Projects -- a financial institution's perspective

1. About EDC

- ▶ Began operations in 1944
- ▶ Crown corporation wholly owned by the Government of Canada
- ▶ Financially self-sustaining organization and operates on commercial principles
- ▶ One of the world's most successful Export Credit Agencies
- ▶ Offers innovative financing, insurance and risk management solutions to help Canadian exporters and investors expand their international business

1. About EDC -- Performance Highlights



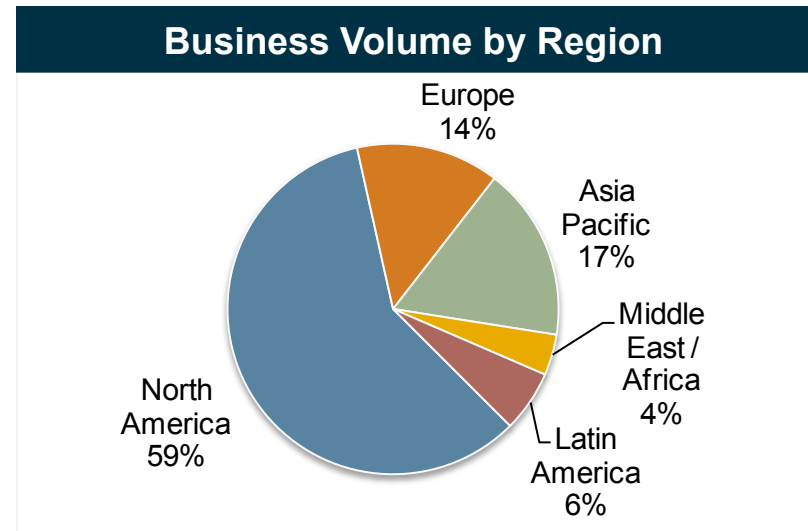
- Supported business in over 190 countries
- Net income (2013) - \$ 817 mln with dividend payment to Government of Canada of \$1.44 bln in 2013
- Over 30% of our business is in emerging markets
- Contributed to approx. 4% of Canadian GDP and 3.2% of national employment
- 16 international representations

1. About EDC -- EDC Products and Services

- ▶ Accounts Receivable Insurance
- ▶ Foreign Buyer Financing
- ▶ EXPORT Express Credit
- ▶ Export Guarantee Program
- ▶ Bonding Services
- ▶ Political Risk Insurance

EDC – A Global Financial Services Partner

- ▶ For more than 65 years EDC has supported the international business activity of Canadian exporters and investors with a range of finance and risk insurance services
- ▶ EDC's services include: financing, political risk insurance, credit insurance, contract bonding support, and equity
- ▶ In 2013, EDC facilitated C\$95 billion in business carried out by Canadian companies, contributing 4% of GDP and serving 7,165 customers in 198 countries
- ▶ Backed by market, sector and country expertise, EDC is a trusted partner and able to take a long-term view and provide continuity through market cycles in a fast changing financial environment



...but first a word about Mining Finance



Equity/Capital
Markets



Limited Recourse
Project Finance



Corporate Financing

EDC Mandate & Canadian Benefits

- ▶ EDC's mandate is to support Canadian exports and foreign investments. The amount of EDC support on a project is therefore driven by the Canadian benefits as well as credit considerations.
- ▶ EDC's approach to Canadian benefits involves a strategic assessment of both immediate and longer-term Canadian wealth-creation benefits including:
 - ▶ Export of goods and services
 - ▶ Canadian Foreign Direct Investment
 - ▶ Dividends to Canadian companies
 - ▶ Stream of future revenues under related contracts
 - ▶ Research and development levels in Canada
 - ▶ World product mandates
 - ▶ Follow-on opportunities for Canadian companies
- ▶ EDC's typical objective is to underwrite a level of commitment consistent with both the level of Canadian benefits in a project and the underwriting or hold position of other financial institutions.

Extractive Industries – Overview

- ▶ Structured & Project Finance’s Extractive Team has extensive experience in the oil & gas, mining and resources industries
- ▶ **Oil & Gas** – signed deals in Reserve Based Lending (RBL), refinery, and petrochemicals
- ▶ **Mining & Resources** – signed deals in base metals, precious metals, diamonds, pulp & paper, and canola
- ▶ Active deals and prospects in new sub-sectors including iron & steel and forestry
- ▶ This group has been active internationally, including Central/South America, the Middle East, North Africa, Russia, Europe and Australia

SADARA

Saudi Arabia

Highly Integrated Petrochemical Complex

USD 12,400,000,000

Project Financing

Mandated Lead Arranger

EDC supported: various Canadian exporters

Etileno XXI

Mexico

1,000 Kt/y Polyethylene Petrochemical Complex

USD 3,200,000,000

Project Financing

Mandated Lead Arranger

EDC supported: General Electric

Esperanza

Chile

Copper Mine

USD 1,050,000,000

Project Financing

Lender and Environmental Agent

EDC supported: various Canadian exporters

Pacific Coast Canola

USA

Canola Processing Plant

USD 59,800,000

Project Financing

Participant

EDC supported: Legumex Walker

Statement of Commitment to CSR

At EDC we are committed to carrying out our mandate in a socially responsible manner consistent with our corporate values.

CSR Operating Principles



Business Ethics



Environment



Transparency



Community Investment



Employee Engagement

Vision / Core Values

EDC's Commitments

CSR is an operating principle at EDC

Reflects HOW we execute our mandate



Strong business ethics, transparency and environmental stewardship aren't just the right things to do – they also help build your corporate brand and strengthen your bottom line. EDC can help you expand on your corporate social responsibility practices to further benefit your business.

Find out how: www.edc.ca/responsible

Canada



Realize a World of Opportunity

What does CSR mean to EDC Customers?

- ▶ **Greatest impacts on customers:**
 - ▶ Anti-corruption declarations
 - ▶ Review of environmental and social impacts (certain transactions)
 - ▶ Public disclosure of information (certain transactions)
 - ▶ Human rights assessment (where applicable)

What does CSR mean to EDC Customers? Combating Corruption



- Awareness-raising
- Customer declarations
- Documentary safeguards
- Due diligence
- Remedial actions

Concerted action: OECD
Export Credits Group

What does CSR mean to EDC Customers? Environmental and Social Risk Review

- ▶ Screening of all individual transactions
- ▶ Transactions with significant impact on the environment
- ▶ Projects screened and categorized for potential adverse environmental impacts
- ▶ Determines if EDC can support project



What does CSR mean to EDC Customers?

Environmental Review: Large Projects



STRONG VALUES.
STRONG BOTTOM LINE.

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Find out how EDC can help you strengthen your corporate social responsibility practices at edc.ca/responsible

Canada


EDC
Realize a World of Opportunity

- ▶ Large infrastructure projects are subject to an extensive review of environmental and social impacts
- ▶ Ensures project sponsor or developer designs project to international environmental standards: OECD Common Approaches + Equator Principles + EDC's Environmental Review Directive (ERD)
- ▶ EDC monitors project implementation

What does CSR mean to EDC Customers? Transparency



- ▶ Balance between public accountability and respect for customer confidentiality
- ▶ Disclosure Policy governs release of customer information
- ▶ Subject to *Access to Information Act*
- ▶ Commercially confidential information protected

What does CSR mean to EDC Customers?

Disclosure of individual transactions



Realize a World of Opportunity

Individual Transaction Information

These tables list EDC transactions signed within the past 15 months in the following categories: financing (including guarantees), political risk insurance (to lenders) and equity.

Total number of transactions posted since October 1, 2001 (implementation of Disclosure Policy) has been: 7382
Number of transactions not disclosed since October 1, 2001: 1

[2014](#) [2013](#) [2012](#) [View All](#)

Notes

* EDC does not have the consent to disclose the party whose payment is guaranteed by US Exim for this transaction

Date of Signing	Country of Transaction	Principal Counterparty (party whose payment EDC is guaranteeing)	EDC Product	Transaction Description	Range (Cdn. \$)	Canadian Company
24/03/2014	China, People's Republic Of	HSBC Bank Canada (Emperor Specialty Foods Ltd.)	Guarantee	Sale of various Canadian goods and services	< 1 mln.	Emperor Specialty Foods Ltd.
21/03/2014	Canada	Sanjel Corporation	Financing	General corporate purposes	50-100 mln.	Sanjel Corporation
21/03/2014	United States Of America	Royal Bank of Canada (Atelier Ferland Inc.)	Guarantee	Sale of various Canadian goods and services	1-5 mln.	Atelier Ferland Inc.
21/03/2014	United States Of America	Canadian Imperial Bank of Commerce (Utilicor Technologies Inc.)	Guarantee	Sale of various Canadian goods and services	< 1 mln.	Utilicor Technologies Inc.
20/03/2014	Canada	Catalyst Paper Corporation	Financing	General Corporate Purpose	1-5 mln.	Catalyst Paper Corporation
20/03/2014	Mexico	Caisse Populaire Desjardins Morilac (9213-7199 Quebec Inc.)	Guarantee	Sale of various Canadian goods and services	< 1 mln.	9213-7199 Quebec Inc.
20/03/2014	China, People's Republic Of	National Bank of Canada (HWF International Inc)	Guarantee	Sale of various Canadian goods and services	1-5 mln.	HWF International Inc.
19/03/2014	Mexico	Abengoa Cogeneración Tabasco S. de R.L. de C.V.	Financing	Renewal of Credit Facilities	15-25 mln.	General Electric Canada Company
19/03/2014	United States Of America	National Bank of Canada (Olbert Metal Sales Ltd.)	Guarantee	Sale of various Canadian goods and services	1-5 mln.	Olbert Metal Sales Ltd.
17/03/2014	India	ICICI Bank Canada (Ni-Met Metals & Minerals Inc)	Guarantee	Sale of various Canadian goods and services	1-5 mln.	Ni-Met Metals & Minerals Inc.
14/03/2014	Canada	DHX Media Ltd.	Financing	Acquisition financing	5-15 mln.	DHX Media Ltd.
12/03/2014	United States Of America	Royal Bank of Canada (Pony Ride Corp)	Guarantee	Sale of various Canadian goods and services	< 1 mln.	Pony Ride Corp

See:

www.edc.ca/disclosure

« Reporting on Transactions »

NB: Financing transactions only

What does CSR mean to EDC Customers? Human Rights

«“EDC values human rights and promotes the protection of internationally recognized human rights, consistent with the policies of the Government of Canada.”

» Source: EDC’s Statement on Human Rights



- ▶ Analyzes transactions for human rights issues
- ▶ Input from EDC’s Economic and Political Intelligence Centre (EPIC)
- ▶ Information sources: DFAT_D reports, other sources of intelligence

Your Questions/Des questions?

Pour en savoir plus, consultez

www.edc.ca/rse

For more information, see

www.edc.ca/csr