



April 23, 2019

Ms. Patricia Adams  
Executive Director  
Probe International  
225 Brunswick Avenue  
Toronto, ON M5S 2M6

Dear Ms. Adams,

I am writing you to acknowledge that EDC has received your letter dated April 10<sup>th</sup> regarding EDC's support for SNC-Lavalin. We appreciate your interest in this matter and would like to provide you with additional context to the CBC story you reference in your letter.

I will begin by stating that everyone at EDC is committed to the highest standards of business integrity and ethical conduct. EDC would never, under any circumstances, knowingly participate in a transaction tainted by bribery or corruption. It is counter to our values as a company, and we are proud to help thousands of Canadian companies enter new export markets in a responsible and sustainable manner each year.

It is also important to address a particular item in your letter with respect to EDC's support for the Angola transaction. In 2011, EDC underwrote a political risk insurance policy to Société Générale Canada related to the Matala Dam Project and in support of SNC-Lavalin – a transaction that was disclosed publicly on our website. I wanted to clarify this with you as your letter incorrectly suggests that EDC provided financing to SNC-Lavalin for this project and that the financing was used to pay bribes.

As you referenced, EDC has enlisted outside legal counsel to review the steps we took during the transaction screening process for the Angola transaction to ensure we did not do what an unnamed source in the CBC article alleged: that we turned a blind eye to improper payments for the Angola Dam project.

Based on the outcomes of the review, we will carefully examine whether we need to expand the scope. EDC will not be publicly releasing the results of the outside legal counsel's findings as the scope of this review is internal. Furthermore, solicitor-client privilege will not be waived.

To address your last question, the outside legal counsel will not include a forensic audit as EDC did not finance the project in question. As we stated above, EDC's support for the Angola Dam project was delivered through an insurance policy rather than financing support.



EDC has a deep-rooted culture of business integrity. We remain confident that the processes we undertook throughout our history with the company were sound and adhered to best practices of the day. Our processes have always adhered to or exceeded OECD standards and we have a strict Code of Conduct for our employees. We are firmly committed to continuous improvement with respect to our processes and aim to actively engage with our stakeholders on issues of responsible and sustainable business.

As part of our response to your query, I would like to proactively offer additional information about steps we took in recent years with respect to SNC-Lavalin in case it's helpful. Following various allegations of corruption, EDC suspended new business with SNC-Lavalin for a period of nearly three years (2014-2017). EDC was one of few financial institutions globally to suspend business, along with the World Bank. To our knowledge, during our suspension period, the company was not subject to any debarment or suspension by any level of government in Canada or abroad. EDC's suspension of new business for SNC-Lavalin remained for some time after the company obtained an administrative agreement in 2015 under the Government of Canada's Integrity Regime. This agreement allows companies that have federal charges pending against them to continue to contract with or supply the government.

In the years leading up to our suspension, we became increasingly concerned about the myriad allegations facing the company. In 2012, we had increased our due diligence monitoring of the company. For the few transactions we undertook following this and prior to the complete suspension of new business support in 2014, we implemented additional requirements of the company while continuing to monitor developments. Further, we moved from requiring an annual anti-corruption declaration from the company (confirming SNC-Lavalin had not been, or would not knowingly be, involved in any actions of corruption or bribery) to also requiring a specific declaration for each transaction.

By late 2014, we suspended all new business support for the company. This remained in place until spring 2017 when, upon completing a rigorous review, we were satisfied that the company had taken significant corrective actions. This included putting in place a strong compliance and ethics program backed by a new management team and Board of Directors, hiring a Chief Integrity Officer and adding new resources, and significantly shifting their corporate culture regarding compliance and ethics at all levels of the organization.

We at EDC have a culture of continuous improvement. We believe that processes will never be perfect. That's because guidance and best practices continuously evolve, including in the areas of anti-corruption and anti-bribery, and we always seek to adjust our processes to evolve with them.

Kind regards,

Jessica Hertzog-Grenier  
Director, Stakeholder Relations