

EXPORT DEVELOPMENT CANADA

Three orange chevrons pointing to the right, stacked horizontally.

# HUMAN RIGHTS REPORT

2023 INTEGRATED ANNUAL REPORTING SUITE



EXPORT DEVELOPMENT CANADA

# ADVANCING HUMAN RIGHTS IN GLOBAL TRADE

2023 HUMAN RIGHTS REPORT

“EDC’s purpose—to make Canada and the world better through trade—gives us an incredible opportunity to be catalysts for positive change. Advancing respect for human rights, at home and around the globe, helps bring our purpose to life.”

**Lorraine Audsley**  
Chief Risk and Sustainability Officer

## Table of contents

### Performance highlights 2022–2023

#### Introduction

Message from our Chief Risk and  
Sustainability Officer

EDC at a glance

About this report

#### The human rights context

Human rights in today’s world

Top risks and focus sectors  
during 2022–2023

Monitoring evolving risks  
and impacts

3

4

5

6

7

8

9

10

11

12

13

14

16

22

27

31

### Our approach and progress

Our human rights journey

Strong governance and policies

Human rights risk management

Engaging with stakeholders and  
advancing best practices

Tracking and reporting  
our performance

13

14

16

22

27

31

### The path ahead

Our priorities for 2024–2025

#### Appendix

UN Guiding Principles Reporting  
Framework Index

General disclaimer and information  
about forward-looking statements

32

33

34

35

37



## PERFORMANCE HIGHLIGHTS 2022–2023\*



# 15.5%

of transactions in 2023 underwent enhanced human rights risk screening.



### UPDATED OUR HUMAN RIGHTS POLICY

to strengthen and clarify our commitments and processes.



### ESTABLISHED A DEFENCE AND SECURITY POSITION

to guide our due diligence.



### FACILITATED \$2.3 BILLION IN BUSINESS VOLUME AS PART OF EDC'S INCLUSIVE TRADE STRATEGY

supporting women, Indigenous, Black, 2SLGBTQI+ and racialized communities, and people with disabilities.



# 96%

of employees trained on human rights through our ESG 201 e-learning course introduced in 2023.



### ROLLED OUT LEVERAGE AND REMEDY TOOLKIT

to help EDC employees implement our Principles on Leverage and Remedy and Human Rights Policy commitments.



### KICKED OFF SALIENCY EXERCISE

to identify and prioritize the human rights at risk of the most severe negative impact through EDC's activities and business relationships.



### IN 24% OF CASES IN 2023, EDC PROVIDED RECOMMENDATIONS TO HELP CUSTOMERS

identify and mitigate human rights risks.

\* Highlights reflect our reporting period, January 1, 2022 – December 31, 2023.





# INTRODUCTION



## Message from our Chief Risk and Sustainability Officer

As Canada's export credit agency, EDC's mandate is to support and develop Canada's export trade. In doing so, we strive to build a more equitable and inclusive society that respects human rights and the environment while enabling people and communities to flourish.

By leveraging our capital and knowledge in our work with Canadian companies, we have the unique opportunity to advance respect for human rights among our customers and across their supply chains. This is where we can effect the most change. Over the past two years, we have used our influence to help many of our customers understand their risks and opportunities as they advance their human rights journeys.

Within EDC, we continue to strengthen our human rights-related programs and processes. Since 2019, we've matured our approach in an effort to keep improving our standards and to address human rights in a more systematic and circular manner—taking a more interconnected approach to human rights issues as opposed to working on them in silos. Examples of this work during 2022–2023 included operationalizing our human rights policies, expanding human rights training in our workplace and reinforcing our strong due diligence processes.

Our focus on continuous improvement extends to how we interact with our community of stakeholders. Engaging with them, including through listening and consultation, is fundamental to our human rights strategy and success. For us, engagement is not a check-box activity; it needs to be meaningful so that both EDC and our stakeholders can achieve successful outcomes. As you'll see in this report, our stakeholder engagement activities have increased over the past two years, and they will continue to do so.



### **“EDC is contributing to a global business system that values and safeguards the fundamental rights of all.”**

The world recently recognized the 75th anniversary of the Universal Declaration of Human Rights. While much progress has been made since 1948, there is more to do to address human rights and prevent harm to people. Many individuals and organizations are committed to the cause, as evidenced last December at the annual United Nations Forum on Business and Human Rights, which featured more than 2,000 participants.

At this event, I gained insights into the latest initiatives promoting corporate respect for human rights, including best practices in implementing the United Nations Guiding Principles on Business and Human Rights (UNGPs), which are the foundation of EDC's Human Rights Policy and commitments. There was also recognition that climate risk and the enjoyment of human rights are inextricably linked and should be addressed in a holistic manner. I'm keen to integrate this knowledge into our work at EDC.

No single organization can solve the complexity of human rights challenges across the world, but our ambition at EDC is to play a leadership role in championing respect for human rights throughout international trade. Such rights can't remain elusive or ignored; they must be addressed around leadership tables and in business dealings, in order to achieve greater social justice today and in the coming years.

In support of this ambition, we will progress our practices and enhance our metrics to improve transparency on our human rights performance. This also involves integrating new knowledge into our work to widen our lens when it comes to understanding and tracking emerging risks.

As EDC moves forward, we will continue to advance our goal of being an agent of positive change, contributing to a global business ecosystem that values and safeguards the fundamental rights of all.

**Lorraine Audsley**  
Chief Risk and Sustainability Officer



## EDC at a glance

Export Development Canada (EDC) is a Crown corporation dedicated to helping Canadian companies of all sizes succeed in global markets.

We're Canada's export credit agency and a member of the Government of Canada's international trade portfolio, with offices and representations across Canada and around the world. Since 1944, we've equipped Canadian companies with the tools they need—trade knowledge, connections and financial solutions, including loans, equity and insurance—to grow their business with confidence. Underlying our support is a commitment to sustainable, responsible and inclusive business, aimed at strengthening the way trade serves society and our planet.

### Our 2030 strategy

EDC's 2030 strategy guides our ambitions, choices and actions and positions us to deliver for Canada over the long term. Its focus is on improving Canada's trade performance as a means of strengthening the prosperity of all Canadians in the years to come.

### ESG underpins our strategy and business

Our commitment to strong environmental, social and governance (ESG) practices, including respecting human rights, is at the

centre of our business strategy. Not only is ESG key to our organization's resiliency, but we believe it is imperative to the long-term success of Canadian companies. By helping Canadian companies identify and understand their ESG risks, we are helping to drive opportunities for responsible business growth.

#### More online about EDC

- [Corporate information](#)
- [Management and governance](#)
- [2023 Integrated Annual Report](#)
- [EDC's 2030 Strategy](#)
- [ESG at EDC](#)
- [ESG Advisory Council](#)

## OUR PURPOSE

Make Canada and the world better through trade.

## OUR MISSION

We use our unique trade knowledge and financial solutions to support and develop sustainable trade between Canada and the world, and to enhance Canada's competitiveness in the international marketplace.

## OUR VISION

By 2030, Canada has regained its standing as a leader in international trade, building a better and stronger economic future for all Canadians.

### OUR VALUES



#### Passion for customers

We are driven by our purpose and committed to the success of our customers.



#### Inclusion

We recognize it takes people with different ideas, strengths, interests and cultural backgrounds to succeed.



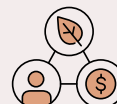
#### Integrity

We do the right thing, even when it's hard. We're honest, open, ethical, genuine and fair.



#### Caring

We care for people, for their well-being and growth, beyond business.



#### Sustainability

We embed environmental, social and economic sustainability into everything we do.



## About this report

We are committed to tracking and reporting on our human rights performance. It's about ensuring the transparency of our operations and showing how we're meeting our responsibility to respect human rights.

### The focus of our reporting

Inside EDC's 2023 Human Rights Report, we present meaningful and relevant information about our human rights policies, processes and performance:

- We reflect on the human rights business context over the past two years and highlight the top human rights risks for our business and customers during that time.
- We describe what EDC did to address these areas and advance on our human rights commitments.
- The main emphasis of the disclosures in this report is in connection with our customer relationships and transactions; as an export credit agency, this is where we have the greatest risk of being connected with severe human rights impacts.

This report covers EDC's human rights performance throughout all of our operations and activities in Canada and globally, with a particular focus on our business relationships. The information and data presented herein focuses on our progress since our 2021 Human Rights Disclosure report, covering the period from January 1, 2022 to December 31, 2023. Throughout this report, we refer to Export Development Canada as "EDC" and use the terms "we," "us" and "our" to refer to EDC.

### Reporting framework

We use the [United Nations Guiding Principles Reporting Framework](#) to guide our human rights disclosures and show how we are meeting our responsibility to respect human rights throughout our operations and value chain. This framework is based on the [United Nations Guiding Principles on Business and Human Rights](#), which have been adopted by more than 190 countries worldwide. Launched in 2011, the UNGPs state that all businesses should have policies and procedures in place to identify, prevent and mitigate their impact on human rights, and should report on how they address this impact. Refer to the [Appendix](#) for an index of our disclosures and where relevant information can be found.

As part of our ongoing efforts to address the wide-ranging human rights implications of our business, we aim to embed the UNGPs into practice at EDC and to continuously improve our human rights reporting over time, in line with the UNGP Reporting Framework. This publication is our third stand-alone human rights report, the first having been released in 2020.

### Additional information

In addition to this report, we provide information about our commitments and approach in the human rights section of our [website](#) and in the following materials:

- [Human Rights Policy](#)
- [Due Diligence Framework: Human Rights](#)
- [EDC's Principles on Leverage and Remedy](#)





A smiling woman in a purple patterned wrap holding a baby in a savanna landscape. The woman is wearing a green headscarf and a purple wrap with yellow and red patterns. She is holding a baby in a blue shirt. The background shows a savanna landscape with acacia trees and a blue sky with clouds. A large pink arrow points from the left towards the text.

# THE HUMAN RIGHTS CONTEXT



## Human rights in today's world

Human rights are everyone's basic rights and freedoms—regardless of nationality, location, sex, colour, language, religion, ethnic origin or any other status. They include the right to be treated with dignity, respect and fairness; the right to voice ideas and complaints openly; the right to live free from all forms of discrimination; and the right to live free from torture, slavery and forced labour.

These fundamental human rights are universal, inherent to all people and necessary for a fair, just and healthy society. Yet human rights require constant protection, as people around the world struggle daily to enjoy those fundamental rights and freedoms.

### New developments, evolving threats

There have been many positive developments on the human rights landscape in the past 20 years—from new international standards like the UNGPs and the United Nations Declaration on the Rights of Indigenous Peoples, to shared human rights pledges and commitments, to growing corporate action to advance human rights protections. Legislation in several jurisdictions has evolved from soft to hard law, with momentum toward mandatory due diligence and reporting. In Canada, for example, new legislation passed in 2023 (*Bill S-211*) requires Canadian companies to file detailed public reports on measures they have taken to identify, address and prevent forced labour, prison labour and child labour in their supply chains.

These are all meaningful achievements that propel the recognition and protection of human rights. But while global attention around human rights—and broader sustainability—has increased, geopolitical developments and other trends threaten to undermine the momentum. The continued rise in hate crimes and violence toward specific individuals and ethnic groups, discrimination and repression of the rights of women and 2SLGBTQI+ individuals, extensive human rights abuses occurring as a result of regional conflicts, growing corruption, the increase in cybercrime and persisting forced labour are some current examples.

Meanwhile, environmental and social changes are amplifying human rights risks to people around the planet: the climate crisis and climate-related disasters, loss of biodiversity, pandemics and health crises, resource scarcity, rapid technological developments including artificial intelligence (AI), widening wealth inequality, growing complexities in supply chains, and the changing nature of work, to name a few. The threats to human rights are widespread, taking different shapes and sizes, with certain groups and sectors more exposed and vulnerable than others.

Worldwide, these collective developments negatively affect the human rights people deserve and need, while hindering the capacity of states and businesses to protect and respect those fundamental rights. Great advances live next door to grave threats to people and their rights, underscoring the need for all organizations to remain committed and focused on protecting and respecting human rights.

As an export credit agency that works with a large number of companies in various countries and sectors, we encounter a complex range of human rights issues and risks in our business context. We view this as an opportunity to demonstrate leadership by being a strong voice and global champion for human rights. We work proactively to share insights and help our customers strengthen their human rights programs, and ultimately improve the quality of life for people around the globe.

**Great advances live next door to grave threats to people and their rights, underscoring the need for all organizations to remain committed and focused on protecting and respecting human rights.**





## Top risks and focus sectors during 2022–2023

To identify human rights risks and issues that are relevant to EDC, we draw on input from internal and external stakeholders as well as insights gained through our everyday business experiences.

We pay particular attention to actual and/or potential severe human rights impacts on groups at heightened risk of vulnerability or marginalization. These groups include those that are entitled to specific protection under international laws, including women and girls, children, persons with disabilities, religious or ethnic minorities and Indigenous peoples. We also focus on groups that are more likely to suffer adverse human rights impacts in certain contexts, such as human rights defenders, 2SLGBTQI+ persons, migrant workers and artisanal miners.

During 2022–2023, the most frequent human rights risks we saw through customer relationships and transactions, and for which we applied our regular due diligence process, were:



### Environmental impacts on human rights

EDC often sees the overlap of human rights risks and environmental impacts in the same transactions. Climate change, biodiversity loss, pollution and deforestation can have significant impacts on people and communities, impairing the ability of individuals to realize their rights and disproportionately affecting groups at heightened risk of vulnerability or marginalization.

### Unsafe workplaces

Every individual is entitled to a safe and healthy working environment. However, the International Labour Organization estimates that 2.7 million workers die as a result of unsafe working conditions and exposure each year, and more than one in five people worldwide have experienced violence and harassment at work.

### Public health

People have the basic right to the highest attainable standard of physical and mental health. Yet businesses and industries can harm community health in many ways, through operational impacts such as oil spills or air pollution.

### Forced labour and modern slavery

The reality of forced labour and modern slavery, imposed on both adults and children, is found at all stages of the global business supply chain, with major and lesser-known brands involved. According to the 2021 Global Estimates, 27.6 million people are in situations of forced labour globally.

### Inadequate labour and working conditions

Workers' rights encompass decent working conditions, appropriate working hours and remuneration, freedom of association and collective bargaining. In global labour markets, however, poor working conditions remain an unfortunate reality.

### Lack of community engagement

Meaningful engagement with local communities in areas where companies do business is an essential element of conducting responsible business that respects human rights, yet communities are often overlooked or inadequately consulted.

### Vulnerable peoples/Indigenous rights

Groups at heightened risk of vulnerability or marginalization are subject to greater human rights risks. For example, Indigenous peoples worldwide continue to face systemic racism and discrimination, socioeconomic gaps and threats to their land.

### Military/armed conflict

It is well documented that the gravest human rights abuses occur during times of war and armed conflict, with women, children, older people and people with disabilities at the most risk of harm.

Over the past two years, we have managed and addressed these risks through EDC's formal approach to human rights, which involves comprehensive due diligence and working collaboratively with customers and other stakeholders. More details are provided in [Our Approach and Progress](#).



## Focusing on high-risk sectors

EDC is committed to supporting Canadian companies across all sectors. However, companies operating in, or supporting, certain sectors can be exposed to elevated human rights risks based on the context in which they operate. In our role as a financial institution with customers around the globe, EDC can therefore be connected with human rights risks both near and far.

For higher-risk sectors, we conduct comprehensive human rights due diligence and integrate the insights into our decision-making processes. Our objectives are twofold:

- to ensure we identify and manage any severe<sup>(1)</sup> human rights risks and impacts that we are connected with through our business relationships with customers; and
- to help our customers understand, manage and mitigate severe human rights risks and impacts that they may be connected with. We want to ensure the sustainable success of our customers and the communities where they operate by empowering them to progress their ESG practices and provide remedy when required.

During the 2022–2023 reporting period, we treated three sectors with heightened scrutiny in our due diligence, given their elevated risks to human rights: telecom and software; defence and security; and global supply chains. In this section, we explain why we consider these sectors as higher risk and summarize EDC's approach to each. For more details about the human rights–related policies, processes and controls that form our overall approach, refer to [Our Approach and Progress](#).

<sup>(1)</sup> According to the UNGPs, a negative human rights impact is severe by virtue of one or more of the following characteristics: its scale, scope or irremediability. Scale means the gravity of the impact on the human right(s). Scope means the number of individuals that are or could be affected. Irremediability means the ease or otherwise with which those impacted could be restored to their prior enjoyment of the right(s).

## TELECOM AND SOFTWARE



### Why it's higher risk

While information and communication technologies (ICT) can serve a socially beneficial purpose, they can also present human rights risks depending on how they are deployed. Buyers of telecom and software products may use ICT to block or filter online content, shut down internet networks or monitor users. Such uses of ICT can infringe or restrict human rights related to political freedoms and personal security of the general population or groups at heightened risk of vulnerability or marginalization, as well as targeted groups or individuals.

### Summary of EDC's approach

Our telecom and software approach guides our due diligence and decision-making and upholds our ESG commitments. We customize our risk management practices based on the type of technology and the high-risk factors present, including the destination country; the type of end-user (e.g., government, military, paramilitary, network vendor or telecom operator); and the type of telecom and software technology or service and its potential misuse (e.g., content filtering, surveillance, targeted monitoring, or network shutdowns).

## DEFENCE AND SECURITY



### Why it's higher risk

Activities in the defence and security sector can be associated with severe human rights impacts. Given the nature of defence and security-related goods and services, and the potential for their inappropriate use, human rights violations can include unlawful shootings, civilian killings, torture or other cruel, inhumane or degrading treatment, or punishment of civilians and prisoners of war. Such violations may breach applicable national, international, humanitarian, human rights and other laws, treaties and conventions. For certain countries, the sale of any good or service to defence or security end-users can result in significant human rights impacts through the enablement and sustainment of authoritarian, repressive and violent regimes.

### Summary of EDC's approach

Our Defence and Security Position guides our due diligence and decision-making and upholds our ESG commitments through restrictions. These include, but are not limited to:

- any good or service sold to a defence or security end-user in countries with higher risks relating to human rights; and
- any fully assembled weapons/weapons systems (including, but not limited to, controversial weapons such as chemical weapons and dual-use components or products)<sup>(2)</sup>, regardless of country, market or end-user.

<sup>(2)</sup> Under no circumstances will support for controversial weapons be allowed. Controversial weapons are heavily regulated and subject to bans under international treaties and regulations.



## GLOBAL SUPPLY CHAINS



### Why it's higher risk

In today's globalized and hyper-competitive markets, supply chains have become complex, with materials, products and services being sourced from multiple countries with different legal and regulatory standards. As a result, there is increased exposure to environmental and social risks—particularly human rights risks. Adverse human rights impacts can occur throughout various levels of global supply chains. To meet their responsibility to respect human rights, businesses need to understand the most significant human rights risks and impacts in their industry and business relationships at each level of their supply chain.

### Summary of EDC's approach

We tailor our approach to consider and appropriately address supply chain risks based on the size and risk profile of the transaction. Examples of robust and specific risk management practices to prevent or mitigate supply chain-related human rights risks include:

- embedding supply chain-related policies respecting human rights into business processes (i.e., Business Code of Conduct or Responsible Supply Chain Management Policy);
- adhering to a vigorous due diligence process to identify and address supply chain-related human rights risks;
- regularly evaluating supply chain risks and suppliers, and improving supply chain transparency;
- participating in strategic partnerships to address systemic issues (e.g., multi-stakeholder initiatives); and
- publicly communicating policies, practices and outcomes of due diligence.

## Monitoring evolving risks and impacts

The forces and factors that can impact human rights are never static. As such, we continue to track and monitor the changing nature of human rights risks—especially salient human rights issues<sup>(1)</sup> related to customer transaction support. It is essential, for both EDC and our customers, that we keep our understanding current and use learned insights to respond to the changing nature of risks.

Our human rights risks and issues are currently undergoing a review to assess whether they should be updated to reflect emerging developments and to help inform new action plans going forward. Starting in late 2023 and continuing through 2024, we will carry out a formal, focused salience assessment that will involve consultations and interviews with external and internal stakeholders. Through this process, we aim to better understand and prioritize the evolving salient human rights issues that have the greatest impact on our business and stakeholders.



<sup>(1)</sup> The United Nations Guiding Principles Reporting Framework defines a company's salient human rights issues as those human rights that are at risk of the most severe negative impact through its activities or business relationships.

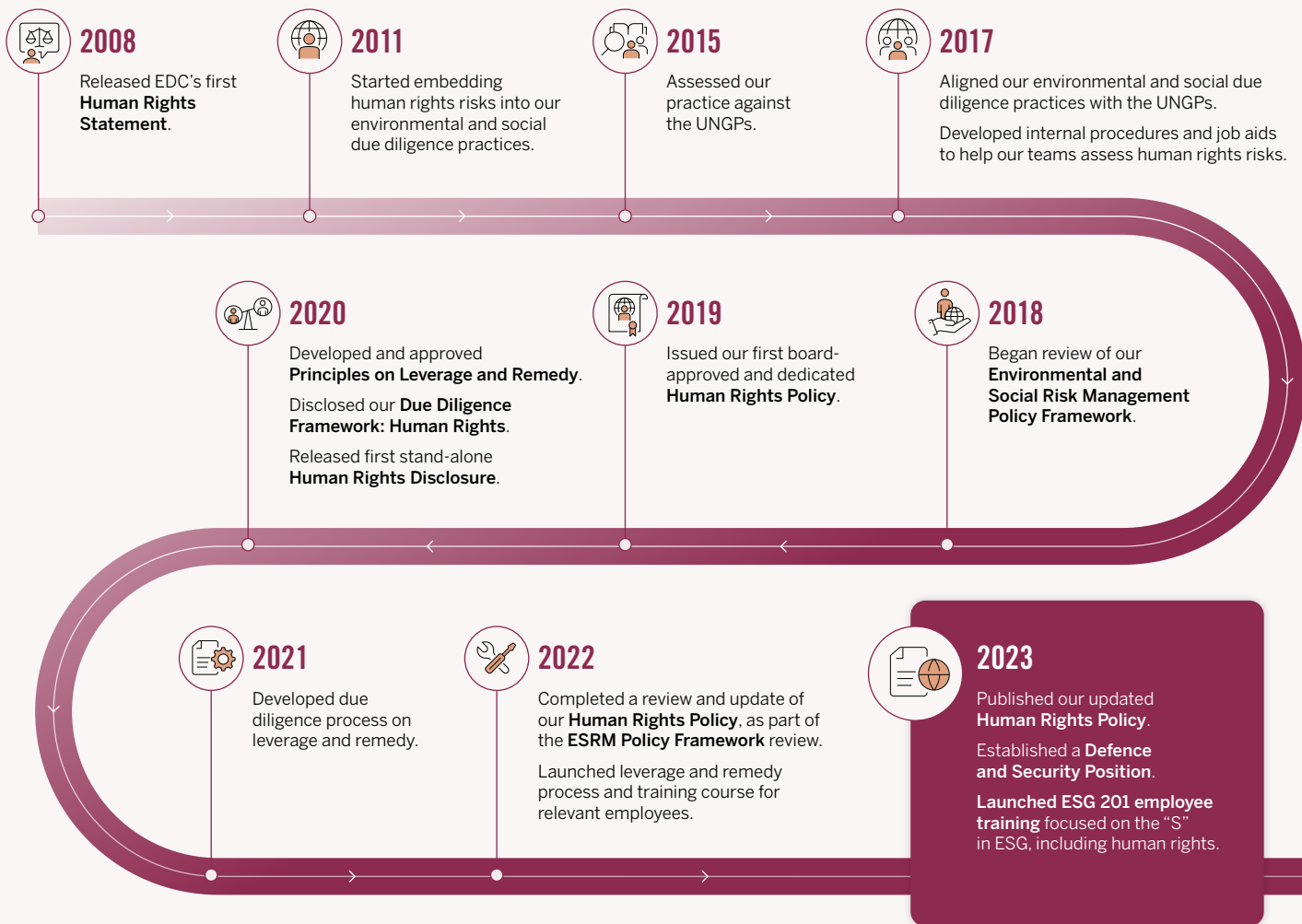


A background image of a man and a woman in a modern office setting. The man, on the left, is wearing a dark suit and a white shirt, leaning over a desk. The woman, on the right, is wearing a light-colored blazer and looking at a laptop. The office has a high ceiling with exposed pipes and lights. A large, semi-transparent pink arrow points from the left towards the text.

# OUR APPROACH AND PROGRESS



## Our human rights journey



At EDC, we take our human rights responsibilities seriously. We recognize our duty to respect human rights—related laws, regulations and guidelines in Canada as well as internationally recognized human rights enshrined within the [International Bill of Human Rights](#) and the [International Labour Organization Declaration on Fundamental Principles and Rights at Work](#). We are a signatory of the [United Nations Global Compact](#), a voluntary initiative to implement 10 universal sustainability principles, which include support and respect for human rights.

The core of our human rights approach is guided by the UNGPs, which are recognized as the authoritative global standard on business responsibility to respect human rights. Its 31 principles set expectations of states and companies about how to prevent and address negative impacts on human rights in the course of conducting business. We continue to progress our implementation of the UNGPs and remain focused on building our expertise in managing human rights risks and impacts and reporting on our performance.

“

Ensuring that EDC and the projects we support work in a way that respects people and communities is an important responsibility; it is inherent in the business of international trade, and it lies with everyone in the organization, from the frontline to the support functions.”



Rachel Guthrie, Vice-President, ESG Integration

## A holistic approach

As an employer, a procurer of goods and services, and a lender with global reach, we consider and integrate human rights across all of our roles and spheres of influence.

## Workforce

With approximately 2,000 employees, EDC is a large employer. We abide by the Canadian *Human Rights Act* and related standards and are committed to respecting the human rights of each employee by building an inclusive and fully accessible work environment free from discrimination, harassment and harm. We provide pay equity and fairness in our rewards program, work to ensure employee health and safety, provide training and development opportunities, and offer a variety of communication channels through which employees can voice ideas and raise concerns.

Our commitments to the rights of our employees are addressed in EDC's [Code of Conduct](#) and human resource policies, and include our commitments to inclusion, diversity and equity. Our goal is to have diverse representation across our employee population as well as within leadership levels, mirroring external labour market availability and reflecting the customers we serve.

## Customers

As an export credit agency that conducts business in more than 170 jurisdictions and has customers spanning all sectors and industries, EDC is strategically positioned to advance respect for human rights and raise the bar on the business practices of Canadian exporters. Through our work, we help Canadian companies build their knowledge and understanding of the global human rights risks in their businesses, and encourage them to implement appropriate human rights policies, processes and systems in line with the UNGPs. Through our due diligence process, we look at risks and impacts to people affected by our activities, which include our customers' own workforce, workers in their value chain, affected communities and consumers.

## Suppliers

In EDC's position as a purchaser of goods and services, we are committed to sourcing goods and services from suppliers who respect human rights, ethics and the environment and have responsible policies and practices, and we expect suppliers to operate in a manner that is consistent with these values. We consider relationships with suppliers to be an opportunity to share best practices and believe in a continual process of improvement with respect to human rights. Through our website, articles

and other tools, we share knowledge with suppliers about human rights issues they should be aware of, such as Canada's new forced labour reporting requirements.

Our human rights-related standards and expectations are outlined in our [Supplier Code of Conduct](#) and our [Procurement Policy](#). Suppliers subject to EDC's Supplier Code of Conduct are required to act in accordance with all applicable laws and regulations governing labour and employment standards, human rights and non-discrimination.

This report focuses mainly on our customer relationships and transactions, which is where EDC has the greatest risk of being connected with severe human rights impacts. To learn more about our human rights approach and performance related to our workforce and suppliers, please refer to our [integrated annual report](#) and the ESG section of our [website](#).

## COMPONENTS OF OUR APPROACH TO HUMAN RIGHTS

To help ensure we embed respect for human rights across our activities, and are well positioned to identify, prevent and manage adverse human rights impacts, we continue to build a framework of appropriate policies, systems and processes that are guided by the UNGPs and international best practices.

The core components of our human rights approach are discussed in the following pages and include:

- Strong governance and policies
- Human rights risk management (including due diligence)
- Engaging with stakeholders and advancing best practices
- Tracking and reporting our performance





## Strong governance and policies

Our pledge to respect human rights is hard-wired into all levels of our governance structure, various enterprise-wide policies and the way we do business day-to-day. This demonstrates the importance we place on implementing our human rights commitments and driving effective action.

### Board and management oversight

The Board of Directors oversees our ESG direction, strategy and risk management policies, including our Human Rights Policy. Formal progress updates on the implementation of our Human Rights Policy and various human rights-related initiatives are provided to the board on a regular basis. All board committee terms of reference include ESG (including human rights) considerations.

EDC's Chief Risk and Sustainability Officer (CRSO) owns the Human Rights Policy and is responsible for its development, implementation and maintenance as well as its execution and effectiveness.

In addition, our executive team is advised by an **ESG Advisory Council** of prominent experts across a variety of fields. Established in 2001, the council serves as a sounding board and provides strategic guidance to navigate the ever-evolving ESG landscape.

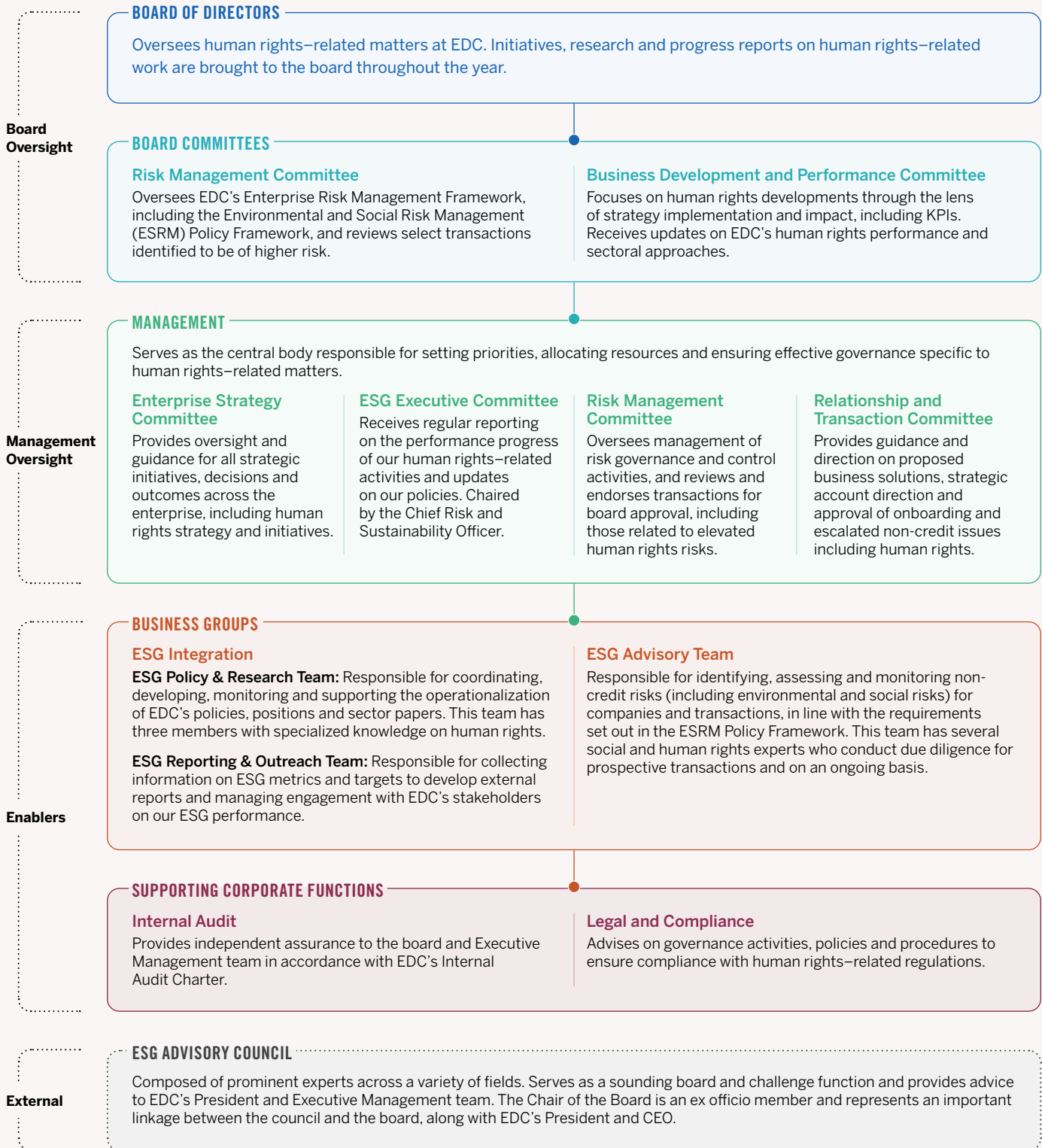
The diagram on the following page shows the governance structure for ESG, which covers human rights.





# GOVERNANCE AND ACCOUNTABILITY FOR HUMAN RIGHTS

As of December 31, 2023





## 2022–2023 highlights

- We continued to strengthen leadership oversight of ESG and human rights issues. Activities included updating board committee mandates with ESG accountabilities, while at the executive level we established a committee dedicated to ESG that oversees strategy, in addition to monitoring our performance and planning. Among the human rights–related items discussed by the board during the reporting period were the ESRM Policy Framework review, EDC’s obligations under *Bill S-211*, the emerging concept of “responsible exit,” and EDC’s Defence and Security Position.
- Board members and executive management continued to deepen their ESG competencies, including those relating to human rights.



As at the end of 2023, 81.8% of board members (2022: 58.3%) and 40.0% of executive management (2022: 21.4%) hold a

Competent Boards ESG designation, which includes human rights as a core topic.

- The June 2023 meeting of the ESG Advisory Council focused on the social pillar of ESG, looking at the deliberate actions EDC is taking to help build a more equitable and inclusive society that respects human rights and empowers communities. Shift, the leading centre of expertise on the UNGPs, delivered a presentation on the “S” in ESG, and the meeting focused on two key areas of EDC’s business: inclusive trade and the Indo-Pacific strategy.

## Policy commitments

EDC was Canada’s first financial institution to release, in 2019, a dedicated **Human Rights Policy**, aligned with the UNGPs and other international best practices. The policy is available on our website, along with other information about our human rights approach.

Through this policy, updated in 2023, EDC commits to:

- prioritizing the prevention and mitigation of severe human rights impacts;
- respecting human rights and aligning practices with the corporate responsibility expectations of the UNGPs;

- taking an active role in advancing best practices, including using our leverage to influence customers’ practices and enable remediation for adverse human rights impacts;
- encouraging and promoting stronger human rights practices among peers;
- communicating with stakeholders in good faith; and
- tracking and reporting on our human rights approach and performance.

The policy, which is part of our broader **Environmental and Social Risk Management Policy Framework**, governs EDC’s approach to respecting human rights and our internal decision-making in connection with our customer relationships. This policy focuses on customer relationships because EDC recognizes that, in most cases, this is where we have the greatest risk of being connected with severe human rights impacts.

## HUMAN RIGHTS POLICY

EDC’s influence on human rights is guided by our Human Rights Policy, which covers our commitments within the areas of:



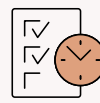
**Responsibility to respect human rights**



**Human rights due diligence process**



**Prioritization**



**Client assessment**



**Leverage**



**Monitoring**



**Enabling remediation**



**Communicating with stakeholders**

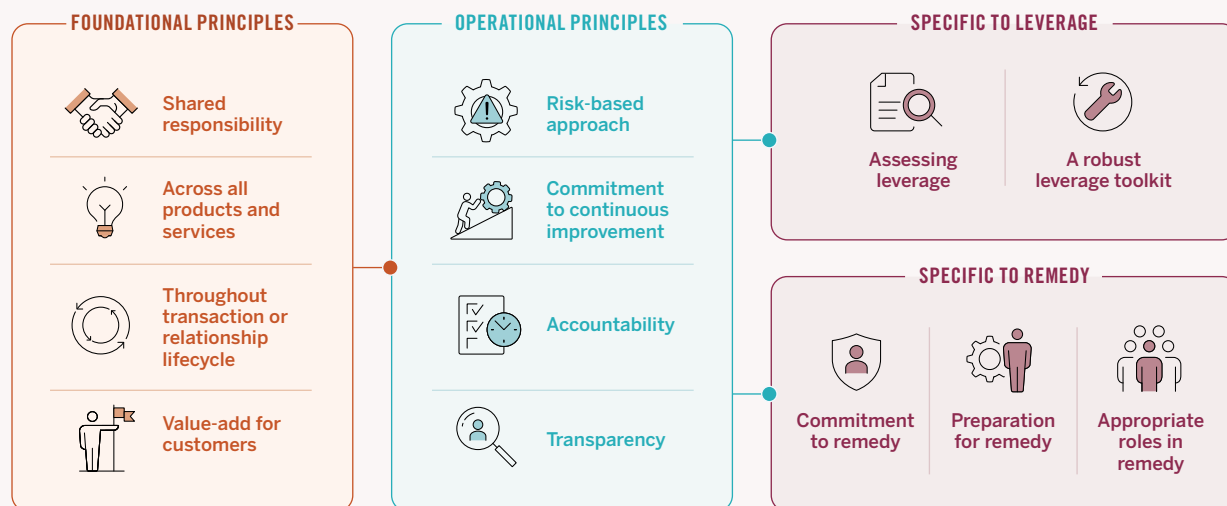


**Tracking and reporting on our human rights performance**



**Taking an active role in the level playing field**

## EDC LEVERAGE AND REMEDY PRINCIPLES



Our Human Rights Policy also outlines roles and responsibilities, and is reviewed at least once every three years through a consultative process involving both internal and external stakeholders. Final approval is provided by the Board of Directors.

Complementing the policy, EDC's [Principles on Leverage and Remedy](#)—developed with support from Shift—guide us during the transaction and due diligence process, to ensure our efforts are focused on achieving better outcomes for people and the environment. Leverage refers to all the ways EDC can influence our customer behaviours, policies and practices to more effectively prevent or mitigate environmental, social and human rights risks and impacts. Remedy refers to both the process of providing remedy to people for an adverse human rights impact and the substantive outcomes that can counteract, or make good, the negative impact.

To learn more about leverage and remedy, please refer to the [Human Rights Risk Management](#) section.

When it comes to the rights of our own employees, EDC's human rights commitments are addressed in our [Code of Conduct](#) and our human resource policies. We also have human rights-related expectations in our supplier relationships, as outlined in our [Supplier Code of Conduct](#).

### 2022–2023 highlights

- Following an extensive review process, we refreshed our Human Rights Policy. Learn more in the case study on the following page.
- We rolled out our approach on leverage and remedy and provided enterprise-wide training to support it. This work was done in 2022 and operationalized our policy commitments and principles on leverage and remedy.

- In 2023, we developed a position paper on defence and security-related transactions, to ensure that EDC is not inadvertently supporting transactions with a high likelihood of causing or contributing to adverse impacts on the rights of individuals. While an internal approach was in place for several years, we updated and strengthened it to guide our due diligence around defence and security-related transactions, which will speed decision-making and improve the customer experience. The position paper was published in January 2024.

### EDC policies governing human rights and our top risks

- [Human Rights Policy](#)
- [Environmental and Social Risk Management Policy](#)
- [Code of Conduct](#)
- [Supplier Code of Conduct](#)
- [Due Diligence Framework: Human Rights](#)
- [Principles on Leverage and Remedy](#)
- [Defence and Security Position](#)



## IN FOCUS

### POLICY RENEWAL CREATES OPPORTUNITY TO STRENGTHEN OUR COMMITMENTS

At EDC, we continue to progress our efforts on the human rights front by enhancing our policy commitments. In March 2023, we released an updated Human Rights Policy that expands and adds clarity to our responsibilities.

#### Driven by stakeholder input

To support the policy refresh, we undertook a robust review process that was shaped by stakeholder input. An internal working group led the review, which included an environmental scan of global trends, peer and industry practices, and dialogue with stakeholders. We issued a discussion paper and conducted public consultations with industry and trade associations, civil society organizations, banks and other export credit agencies, as well as targeted outreach meetings with customers. We also consulted with key internal teams and hosted virtual open houses for all interested staff.

After gathering and integrating feedback, we issued a **public response paper** along with the revised policy to provide a high-level description of how we incorporated feedback into our policy review.

#### What changed

Policy updates included:

- A reframed “purpose” section to be more values-driven and aligned with EDC’s responsibility to respect human rights and to help our customers better understand what drives our approach.

- A new section on EDC’s decision-making process for managing customer relationships to provide greater clarity and visibility.
- Replacement of the term “vulnerable peoples” with “groups at heightened risk of vulnerability or marginalization” to better align with best practices. We also expanded the language to provide more visibility to these groups and clarity on our commitments to them.
- The addition of language on the notion of exiting customer transactions and/or relationships in a responsible manner if an exit is being considered, recognizing that our first course of action is to use leverage and enable remedy.
- A modified scope to include the onboarding process of new customers and/or stakeholders, in addition to transactions.



## Employee awareness and training: Building a rights-respecting culture

Embedding a culture of respect for human rights into our day-to-day business requires that everyone at EDC understands our commitments and their role in achieving them.

All employees receive mandatory training on EDC's Code of Conduct, which includes a dedicated section on respecting human rights as well as specific topics such as:

- working free from harassment and discrimination;
- promoting diversity, inclusion and respect; and
- creating a healthy and safe workplace.

Our ESG training series currently features two mandatory e-learning courses—ESG 101 and ESG 201—which address the environmental and social aspects of ESG, respectively. Through ESG 201, employees learn about social and human rights topics that can impact our customers and ourselves, how these topics relate to our business, strategy and values, and each employee's role in respecting human rights.

EDC provides mandatory inclusion, diversity and equity (ID&E) training, which helps establish the basic norms for how we interact and work with each other, as well as mandatory training on topics including unconscious bias, microaggressions, 2SLGBTQI+ lived experience, persons with disabilities' lived experience, and respect in the workplace. Our employee resource groups, which work to create safe spaces for employees to engage with one another, help us deliver this training by sharing their own lived experiences, providing powerful context around the concepts being discussed.

For EDC staff who have specific functions related to human rights, including members of our ESG groups and our due diligence teams, we provide additional training and tools to support them in their roles. Learn more in [Human Rights Risk Management](#).

### 2022–2023 highlights

- We rolled out mandatory ESG 201 training in 2023 that focused on social and human rights topics. It covered why social issues and human rights matter, and how these relate to the transition to a low-carbon economy. Other social topics featured in the training included inclusive trade, supplier diversity and ID&E.

- In 2023, we launched an organization-wide communications and awareness campaign, including FAQs, to help employees understand our updated Human Rights Policy. We also continued to provide training on the Human Rights Policy through the employee onboarding process.
- We created a comprehensive guide to support frontline teams when taking part in conversations on human rights risks. It provides answers to common questions we hear from customers.
- We delivered mandatory training for EDC's Sourcing and Supplier Management Team and ESG Advisory teams on the topic of forced and child labour, as part of meeting our responsibilities under *Bill S-211*.
- A UNGP 101 training session was offered through Shift to EDC employees, to build their understanding of the UNGPs and what they mean for financial institutions like EDC.



## Human rights risk management

As the trade environment grows more complex and uncertain amid changing geopolitical realities, strong risk management is critical to business resilience and to living up to our ESG commitments, including those on human rights.

Over the past few years, we have substantially strengthened our approach to identifying, assessing and mitigating the most severe human rights risks and impacts we encounter across all our roles, especially through our customer transactions and relationships. EDC, like other financial institutions providing support to Canadian companies, can be connected with these risks via our business relationships, and we therefore have a meaningful and critical role to play in addressing them. Our Human Rights Policy, combined with our Due Diligence Framework: Human Rights and our Principles on Leverage and Remedy, addresses our responsibilities related to the management of human rights risks identified in our customer relationships and transactions.

### Our due diligence process

Due diligence is at the heart of EDC's human rights approach. Our [Due Diligence Framework: Human Rights](#) allows us to identify, assess and manage human rights risks in our transactions and customer relationships, and subsequently integrate findings into our decision-making processes and actions, as appropriate. It encompasses our approach to non-project and project-related transactions, as part of our environmental and social due diligence process.

This framework also includes specific approaches for areas we consider to be of higher human rights risk (for examples, see [Top Risks and Focus Sectors During 2022–2023](#)). Additional due diligence considerations are in place for project-related transactions, which align the reviews with the Equator Principles and with the Organisation for Economic Co-operation and Development (OECD) Common Approaches on Environmental and Social Due Diligence.

The number of screenings we conduct each year depends on various factors, including changes to the volume of business conducted, the nature of the business conducted by our customers, changes across regions and sectors, and emerging sector trends.

Integrated in our Due Diligence Framework, EDC's [Principles on Leverage and Remedy](#) (outlined in the [Policy Commitments](#) section) help guide us to build and use our leverage to prevent and manage human rights risks and impacts that EDC might be connected with through customer relationships, and to enable remedy for people when impacts nevertheless occur.

- **Leverage:** Refers to all the ways EDC can influence our customer behaviours, policies and practices to more effectively prevent or mitigate environmental, social and human rights risks and impacts. Examples of leverage include contractual-based, commercial incentives, collaboration with other financial institutions and industry stakeholders, and relationship-based.
- **Remedy:** Refers to both the process of providing remedy to people for an adverse human rights impact and the substantive outcomes that can counteract, or make good, the negative impact. Though EDC is committed to using leverage to prevent and mitigate human rights impacts, adverse impacts may happen. When they do, affected stakeholders have a right to effective recourse. Examples of remedy include apology, restitution and compensation.

See the process chart on the following page for additional details on EDC's overall due diligence approach for human rights.



# EDC'S OVERALL DUE DILIGENCE APPROACH FOR HUMAN RIGHTS

For customer relationships and non-project and project-related transactions

**Customer Relationships and Transactions**

## PHASE I: PRE-SCREENING

EDC undertakes pre-screening to identify any potential/actual human rights risks.

### Criteria used:

- Country of operations
- Industry sector
- Track record of relevant transaction counterparties



## PHASE II: SCREENING

EDC assesses contextual risk factors to determine the likelihood of potential/actual severe human rights impacts associated with a relationship or transaction, and whether or how EDC could be connected to those impacts by providing support.

### Contextual risk factors:

- Country context such as the presence of severe conflict, state violence and human rights violations
- Track record indicating human rights incidents, legal actions, deteriorating performance, or credible third-party criticism
- Business activities, such as sector-related risks, context of business operations, or nature of exports/end-users/end-uses
- Presence of vulnerable peoples and their likelihood of being impacted

In higher-risk scenarios, EDC can conduct a high-level leverage screening to get a preliminary indication of the amount of leverage EDC could have to influence the company's practice and its effectiveness.



**Decision point:** Based on findings, EDC will decide whether or not to move forward with a customer relationship or transaction.

## PHASE III: ASSESSMENT & ENGAGEMENT

EDC assesses the capacity of a company to manage the human rights impacts that are connected to EDC's support. In higher-risk scenarios, EDC can conduct a more detailed leverage assessment to determine how much and what sources of leverage it might have with a company and to assess the company's preparedness for remedy.

### As part of EDC's assessment, an emphasis will be placed on:

- the most severe and likely human rights-related impacts;
- the company's capacity to avoid, prevent and mitigate these human rights impacts as well as the effectiveness of the company's stakeholder engagement program and grievance mechanisms;
- EDC's ability to build and use leverage to prevent and mitigate risks effectively; and
- the company's preparedness to provide remedy to affected stakeholders, should severe impacts occur.

If EDC's analysis determines that there are gaps in how the company manages its most likely and severe human rights-related impacts, EDC's practice is to use its leverage and engage with the company to:

- discuss the identified gaps; and
- seek an agreement on potential actions to be undertaken to address the gaps (e.g., development of an action plan).

This information will influence EDC's evaluation of the overall environmental and social risk associated with a relationship or transaction.



**Decision point:** Based on our findings, EDC will decide whether or not to proceed with a customer relationship or transaction and whether there is a need to monitor the company's performance.

## PHASE IV: MONITORING & POST-IMPACT

EDC is committed to maintaining ongoing relationships with its customers as well as ensuring ongoing compliance with EDC's standards for transactions with higher human rights risks. EDC does not monitor all transactions. Whether a transaction is monitored, as well as the frequency and scope of any monitoring, depends on the nature of the issues and whether an action plan or recommendations have been established.

### Tools used to monitor transactions:

- EDC's awareness of incidents through notification by customers, EDC's annual customer review for certain EDC products, adverse media coverage or credible third-party criticism
- Customers' progress reports on time-bound commitments, recommendations or overall performance
- EDC's direct engagement with customers

For transactions where EDC is made aware that a severe human rights impact has occurred, and it is determined that EDC is connected to it through its support, EDC will use its leverage to encourage/support a customer to provide remedy.





## 2022–2023 highlights

- We rolled out our due diligence process on leverage and remedy and provided training across all the lines of business.
- As part of our robust due diligence, we continued to engage with customers on their human rights practices and, when necessary, provided information and guidance to improve their policies and procedures. In some cases, we worked with customers to establish commitments and action plans to mitigate human rights risks. In 2023, we conducted 378 screenings (2022: 321) to identify enhanced human rights–related risks for non-project transactions. This number represents 15.5% (2022: 13.5%) of all transactions that underwent enhanced human rights screenings. Screenings are conducted based on risk factors such as the country, sector and company track record.

Of the transactions requiring further human rights due diligence beyond screening:

- 66% of cases: We asked questions directly to the customer to gain a better understanding of the contextual risks and the company's management capacity.
- 24% of cases: We provided risk management information or recommendations to help customers gain greater awareness and understanding of potential risks and how to identify and mitigate them.
- 15% of cases: We provided guidance on appropriate customer commitments to help customers prioritize and take action to manage risks, including providing remedy when necessary.
- As part of our work to develop an Indo-Pacific strategy, we began to map out human rights–related risks in some of the countries in this region, including India and Indonesia.

“

We have a robust due diligence framework for human rights impacts at EDC. Every transaction we support needs to go through this process. EDC assesses the capacity of our customers to manage human rights risks and impacts. When higher residual risks are identified in a transaction, we will track and monitor the human rights performance of our customers.”



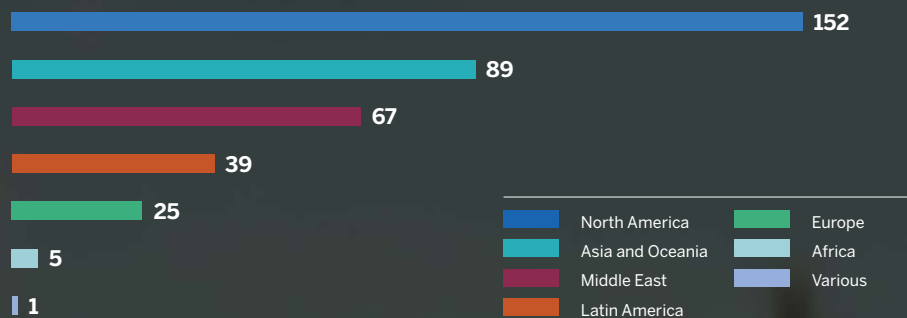
Sophie Roy, Vice-President, ESG Advisory

## HUMAN RIGHTS RISK SCREENINGS

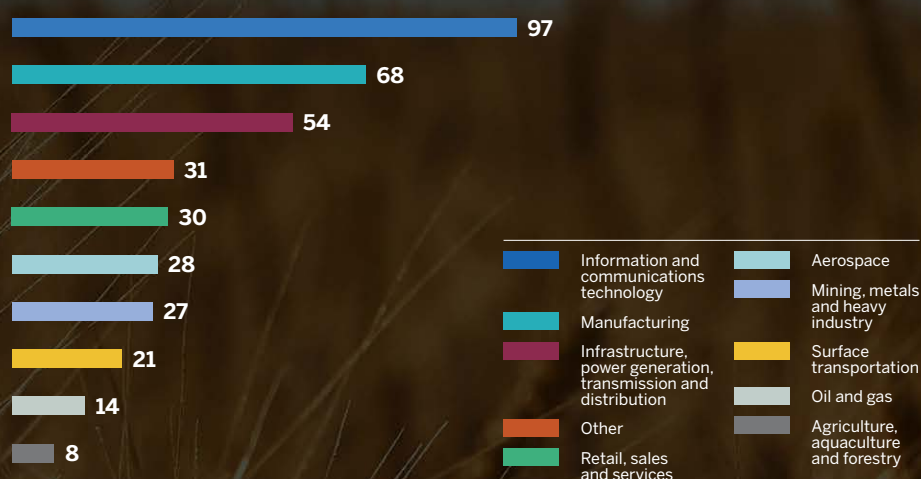
### Human rights risk screenings by region

**15.5%**

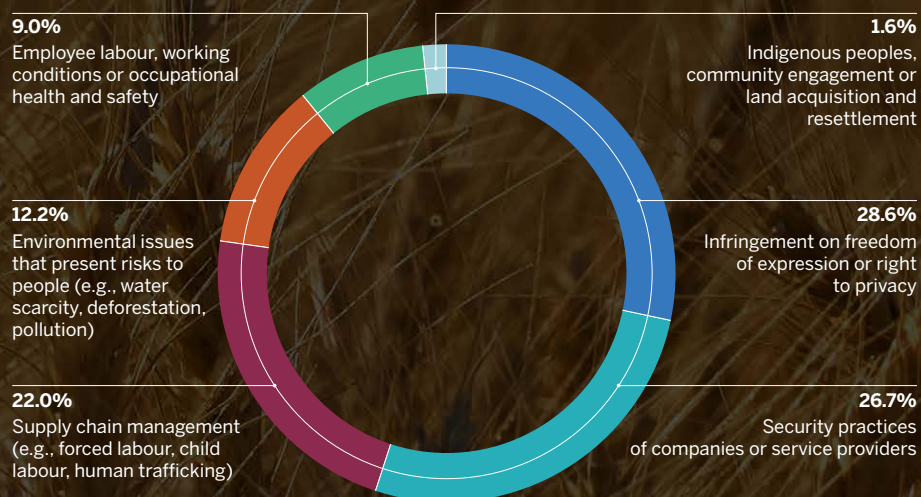
of transactions underwent enhanced human rights risk screenings



### Human rights risk screenings by sector



### Human rights-related risks identified in environmental and social screenings



*Note: Percentages do not add to 100 due to rounding. The total percentage breakdown represents a subset of all screenings. This breakdown excludes any screenings where a transaction was flagged for multiple risks spanning several categories or the unique risk identified could not be attributed to the common risk themes.*



## SECTOR FOCUS: GLOBAL SUPPLY CHAINS

### HOW EDC WORKED WITH A CANADIAN COMPANY TO TARGET HUMAN RIGHTS RISKS IN ITS SUPPLY CHAIN

HLA Supply Chain Solutions Inc. (HLA) is a Montreal-based commodity trader that provides strategic supply chain solutions for its customers. Helping businesses source and buy a wide range of products across the globe, HLA's revenues are equally derived from solar raw material procurement and consumer food products such as grains and seeds.

Because HLA deals with other businesses in countries across the globe—including in regions with elevated human rights risks—there was an opportunity to develop responsible sourcing policies and practices, paying closer attention to its ESG-related supply chain risks. In particular, the solar industry in Asia is a higher-risk sector when it comes to human rights.

#### Working with EDC to mitigate risks

HLA has worked with EDC for several years, given the international scope of its business. EDC first provided HLA with credit insurance, and the partnership has expanded to include products such as letters of credit and international finance guarantees.

Early in 2023, EDC approached HLA about its supply chain risks, including those related to human rights. As a medium-sized business, HLA was initially apprehensive about what sounded like a significant undertaking to develop policies and new responsibilities.

Drawing on our experience and expertise in the area, we shared information on human rights and labour risks, along with helpful resources on responsible supply chain management, to raise awareness with HLA on the risks related to its supply chain and sourcing practices.

#### A responsible way to do business

Through informative discussion and open dialogue, HLA came to recognize

its role in the supply chain and the ways in which it can be better equipped to identify, assess and manage supply chain risks. Putting this new knowledge into practice, HLA updated its approach to include ESG criteria that were not previously part of its sourcing process and created a Vendor Code of Conduct as well as a Sustainability Policy.

Howard Alter, President of HLA, acknowledges EDC's support and guidance to help develop those materials and put professional, responsible processes in place. He observes that, "With these materials in place, human rights and ESG are front and centre in my mind now when I am evaluating a new supplier. If they don't have a policy around things like forced labour and other human rights concerns, then I don't want to deal with them." Alter recognizes the rationale for putting more focus on human rights risks within his supply chain and the protection his ESG efforts will offer for his business, today and into the future.

# Engaging with stakeholders and advancing best practices

Our success in upholding human rights depends on an open and constructive dialogue with EDC stakeholders. We value their perspectives, which help ensure our rights-respecting practices remain relevant and effective and that we keep apprised of ever-evolving risks.

EDC has diverse stakeholders, which include our customers, our ESG Advisory Council, civil society organizations, industry and trade associations, financial institutions, other export credit agencies, and international partners. We have performed a mapping exercise to develop a comprehensive view of our key stakeholders, their needs, our engagement approach and internal accountability for the relationship. In addition, EDC engages closely with our shareholder, the Government of Canada, to ensure alignment with Canadian priorities and policies regarding human rights.

Our engagement objectives include:

- gathering feedback and input on our human rights practices and ways to strengthen them;

- listening to stakeholders to ensure we remain on top of human rights developments, including understanding risks and best practices, in a rapidly evolving and complex ecosystem;
- responding in a timely manner to concerns raised in formal letters to EDC; and
- communicating our human rights commitments, approach and performance.

EDC maintains regular communication with other Government of Canada agencies and initiatives about issues pertaining to human rights and responsible business conduct. This includes the Canadian Ombudsperson for Responsible Enterprise and supporting the advancement of Canada's Approach to Responsible Business Conduct Abroad. EDC recognizes that responsible business conduct is a priority for Canada and is central to Canada's trade diversification strategy, inclusive trade, and sustainable and inclusive economic growth.

Beyond government agencies, we listen to and interact with our other stakeholders in a variety of ways, including through meetings, surveys, consultations, public forums, participation in external initiatives such as working groups, and our due diligence process. As each stakeholder has differing needs and impacts, we tailor our conversations and engagement methods accordingly.

As discussed in the [Human Rights Risk Management](#) section, where a risk is identified we work with customers to understand the risk and support their efforts to identify, prevent and mitigate adverse human rights impacts. As part of our due diligence process, we conduct a full assessment of the risks and seek to address them with our customers. This can involve asking specific questions about their human rights practices and giving them information and guidance to improve their practices and effectively manage risks and impacts.

## STAKEHOLDER GROUPS EDC ENGAGES WITH ON HUMAN RIGHTS ISSUES



**Shareholder  
(Government  
of Canada)**



**Customers**



**Public**



**Other export  
credit agencies**



**Bank partners**



**Civil society  
organizations**



**Employees**



**Industry and trade  
associations**



**ESG Advisory  
Council**



**International  
partners**

At any time, stakeholders can submit queries and review response letters from our CEO on [edc.ca](#).



## Taking an active role in learning and championing best practices

Recognizing the evolutionary nature of human rights practices, we play an active role in multi-stakeholder initiatives and industry and standard-setting bodies to share knowledge, acquire new insights and strengthen best practices. For example, EDC is part of the OECD Environmental and Social Practitioners forum and the Equator Principles Association Steering Committee, and we engage with other financial institutions on human rights issues as part of Shift's [Financial Institutions Practitioners Circle](#). Through this forum, members explore shared human rights challenges and discuss and shape leading practices across the financial sector for how members can best meet their responsibility to respect human rights.

We also inform Canadian businesses, including small and medium-sized enterprises (SMEs) and those that may be exposed to higher-risk contexts in their international trade activities, about best practices in human rights and responsible business conduct. For example, over the past two years EDC has hosted an ESG Summit for our private equity partners, using the opportunity to share resources and expertise. We have created articles and guides on a selection of specific human rights topics, all of which are available on EDC's [website](#).

## Responding to concerns and complaints

EDC has an open, transparent process for receiving and responding to any stakeholder concerns, complaints and information requests about our activities or the business we undertake. Stakeholders are welcome to speak up at any time, including by submitting formal letters to EDC. These letters, along with our responses to them, are posted on our [website](#).

### IN FOCUS

## 2023 CIVIL SOCIETY ROUNDTABLE: WHAT WE HEARD

With human rights being a cross-cutting issue, listening to different vantage points yields invaluable insights to EDC. Engaging in open dialogue and gathering suggestions for improving is fundamental to building a relevant and meaningful human rights program.

In June 2023, we convened our second civil society roundtable, after an inaugural session in 2020. Representatives of seven civil society organizations (CSOs) participated, bringing their respective expertise in climate, human rights, transparency and governance.

Our goal was to listen to their various perspectives and to hear about their experiences with the human rights issues pertinent to these groups in order to inform our thinking.

The discussion focused on top-of-mind issues for civil society, including:

- EDC's role in the climate transition;
- anti-corruption and bribery and transaction due diligence;
- the importance of inclusive stakeholder engagement around EDC's strategy for the Indo-Pacific region;
- the value of incorporating a gender lens beyond EDC's project finance stream, bringing it into regular engagement with clients in sectors where marginalized women are heavily impacted; and
- the need for collaboration across sectors, including how EDC can engage with Canadian and international civil society when working in global forums.



## 2022–2023 highlights

- EDC facilitated a roundtable in June 2023 with representatives of seven CSOs with expertise in climate, human rights, transparency and governance. See callout on previous page for more details. Our goal was to listen to their perspectives on human rights issues pertinent to these groups in order to inform our thinking. The discussion focused on top-of-mind issues for civil society, including EDC's role in the climate transition, anti-corruption and bribery and transaction due diligence, as well as the importance of collaboration and inclusive stakeholder engagement around EDC's strategy for the Indo-Pacific region.
- EDC also had smaller, focused meetings with specific CSOs and impacted communities to help us gain new perspectives and insights to strengthen our due diligence processes. For example, we had a meeting with Above Ground, a Canadian CSO, in Ottawa, Ontario, that included a delegation of Indigenous peoples from British Columbia (Wet'suwet'en Nation) and Mexico

(Otomí Nation), as well as academics and members of Peace Brigades International—Canada. Key points of discussion included EDC's policy and action on leverage and remedy and how it would apply in the context of current issues faced by Indigenous communities.

- EDC participated in a parliamentary study in March 2023 that examined the environmental and human rights considerations related to Canadian mining firms abroad. Our participation was an opportunity to provide additional transparency on EDC's support for the sector, including our due diligence practices related to managing environmental and social risks.
- EDC co-chaired a human rights-focused working group alongside our export credit agency peers to support updating the OECD Common Approaches. We also led an education session on EDC's environmental and social due diligence processes with the Canadian Ombudsperson for Responsible Enterprise.

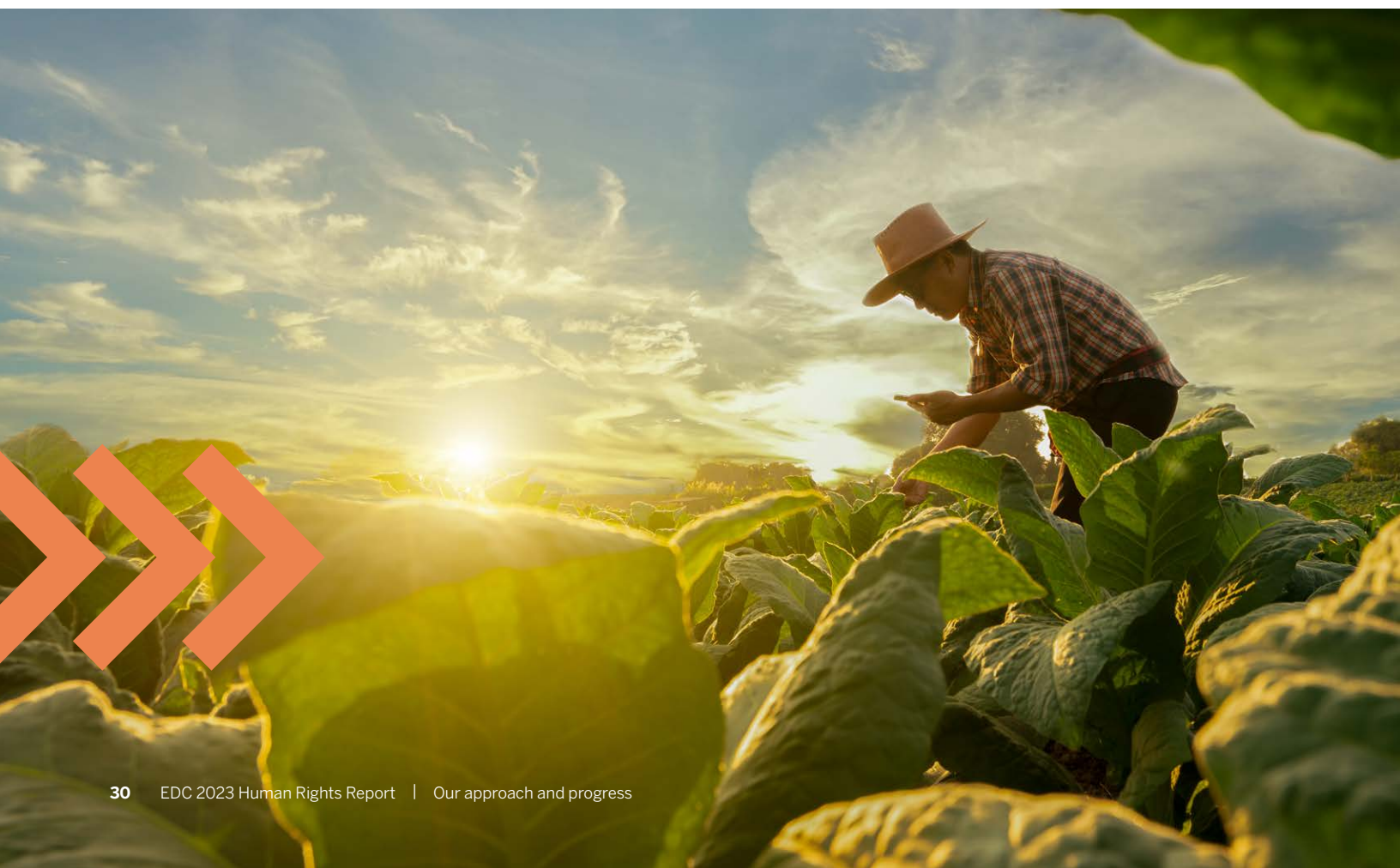
- As part of an Equator Principles Association working group, EDC contributed to the development of five new [due diligence tools](#) to enhance access to grievance mechanisms and enable effective remedy. The tools supplement existing standards and guidance under the Equator Principles, specifically in relation to human rights impacts on projects.
- EDC's inclusive trade strategy continued to evolve to ensure more Canadian companies, owned and led by members of equity-seeking groups, can access capital, contracts and relevant trade solutions. Since it was established in 2019 with a focus on supporting women in trade, the program has expanded to include more equity-seeking groups.
- Our CRSO attended the annual United Nations Forum on Business and Human Rights, held in Geneva in November 2023, to listen, learn and build relationships to advance human rights. Key trends, challenges and success stories in implementing the UNGPs and effecting positive change were discussed.
- We created educational resources to support Canadian businesses on their human rights journey. For example, we published the article [Fighting against forced and child labour in supply chains](#) to raise awareness of new requirements, effective January 2024, for Canadian companies to report on their actions to prevent or reduce forced or child labour in their supply chains. For small and medium-sized businesses, we introduced our [Human Rights 101](#) guide and a [human rights checklist](#). These tools cover the basics of human rights—what they mean for Canadian exporters, what the risks look like, and the actions our customers can take to strengthen their practices.
- During 2022 and 2023, EDC received and responded to five formal letters related to human rights, from groups seeking further information about business EDC has undertaken, or policies and practices of the organization. A summary is provided in the table on the following page.





## Formal human rights–related concerns raised by stakeholders in 2022–2023

Query	Issues raised	EDC's response
Letter from <a href="#">Amnesty International</a> (June 2023)	Outlined concerns about Colombia's alleged treatment of human rights defenders and requested that EDC change its country position on pursuing business with Colombia from "Open" to "Open on restricted basis."	Issued <a href="#">letter</a> to provide important context regarding how EDC assesses country positions. "Open" status maintained.
Letter from <a href="#">Amnesty International</a> (February 2023)	Expressed concerns and asked questions about EDC's financial support for high-carbon extractive industries in Colombia.	Issued <a href="#">letter</a> to address the questions raised and explain EDC's due diligence process, including how human rights risks and impacts are assessed.
Letter from <a href="#">Amnesty International and Above Ground</a> (July 2022)	Sought clarification regarding EDC's Principles on Leverage and Remedy and their application in the case of the Hidroituango dam project in Colombia. EDC provided a corporate loan to Empresas Públicas de Medellín (EPM), the owner of the project, in 2016.	Issued <a href="#">letter</a> to clarify these principles, which were launched in 2020, and announce the launch of new tools to help EDC translate these principles into practice. The principles are not applied retroactively.
Letter from <a href="#">Above Ground</a> (July 2022)	Posed questions regarding EDC's support for the fossil fuel and cleantech sectors, citing concerns that this support has global human rights impacts.	Issued <a href="#">letter</a> to provide insights into EDC's ongoing work to support the transition to a lower carbon economy. The letter also highlights EDC's relevant ESG policies and operations to mitigate and minimize any human and environmental impacts.
Letter from <a href="#">Civil Society Organizations</a> (Colectivo VientoSur, Global Forest Coalition, Biofuelwatch, BankTrack and Environmental Paper Network) (July 2022)	Urged EDC to avoid providing any new financing to Chile's largest pulp and paper company, Celulosa Arauco y Constitución, citing negative impacts on biodiversity and Indigenous communities.	Issued <a href="#">letter</a> to clarify EDC's assessment and due diligence process prior to funding projects.



## Tracking and reporting our performance

We review our human rights efforts to ascertain if we are effectively managing our top risks and focus sectors.

Tracking the performance of our human rights approach is integral to the commitments laid out in our Human Rights Policy and related corporate policies, as well as to implementing the UNGPs. We use key performance indicators (KPIs) to monitor and evaluate how we are doing in preventing

and mitigating human rights impacts, including tracking our human rights screenings and customer engagement outcomes. These KPIs allow us to continuously improve and adapt our approach to respecting human rights within our ecosystem of influence.

We disclose details about our human rights practices and performance to demonstrate how we are meeting our commitment to respect human rights. Most of our reporting is done through our integrated annual report, our stand-alone human rights report and the human rights hub on the EDC website, which provides a summary of our approach to human rights and access to key documents such as our Human Rights Policy.

### SECTOR FOCUS: RENEWABLE ENERGY

#### EDC HELPS CAPSTONE INFRASTRUCTURE ACCELERATE ITS ESG PLANS

The transition to a low-carbon, more sustainable future may be today's headline news, but the Toronto-based power producer Capstone Infrastructure Corporation (Capstone) has been championing this effort for the last 20 years.

Since its inception in 2004, Capstone has developed and operated clean power facilities, including wind, solar, run-of-river hydro and biomass, anchored on a mission to drive the energy transition forward.

Today, the company has over 30 clean and renewable projects across Canada and has recently begun expanding in the U.S. market.

As its business has evolved and expanded, so too has its supply chain. Capstone recognized that it needed to strengthen its ESG supply chain practices, going beyond environmental factors to boost emphasis on human rights considerations in particular, which have come under increasing scrutiny in the infrastructure sector, including the renewable energy business.

"We buy many different products, such as wind turbines, solar panels, batteries and more," says Mat Hanna, Vice-President, Capital Project Execution, Capstone. "Each product has a different supply chain with its own dynamics and risks, which can be hidden and tough to navigate. While we've had a Supplier Code of Conduct for some time, we wanted to step up our supply chain due diligence and demand greater accountability from suppliers, particularly relating to human rights. Our relationship with EDC was very timely in that regard."

This relationship began in 2021 with a letter of credit facility. Since then, EDC has worked collaboratively with the company to provide not just funding to support its growth, but also insights to strengthen and expand its ESG practices. Capstone bolstered its

Supplier Code of Conduct with additional ESG and human rights standards, and is working with suppliers to integrate the Code in the contracting process. The company is also making its internal supply chain management system, which guides how it procures equipment, more comprehensive to ensure the company lives up to its people-first values while also reducing risk.

"EDC has been very collaborative, and this has enabled us to move quicker and more decisively to operationalize our ESG ambitions around our supply chain," says Megan Hunter, Senior Manager, Communications, Capstone. "The relationship is successful because Capstone and EDC are committed to the principle of continuous improvement and of working together to raise the bar for the industry."

**"We long aspired to boost our ESG and supply chain practices with formally documented plans. With help from EDC, we were able to accelerate those plans and put them into practice."**

*Allison Smith, Capstone Infrastructure*





# THE PATH AHEAD



## Our priorities for 2024–2025

With meaningful progress achieved over the past two years, there is more we aspire to do to further embed and promote respect for human rights within and beyond EDC.

Putting our human rights commitments and the UNGPs into practice is an ongoing process requiring continuous improvement. Anchored by our purpose and [2030 strategy](#), and using insights gained from our work over the past two years, the next phase of our human rights journey will build on our strong foundation with new and enhanced initiatives. Below, we list our key priorities for 2024–2025.



### GOVERNANCE AND POLICIES

- Develop principles on responsible exit to meet the commitments we have made in our updated Human Rights Policy.
- Identify and understand the social impacts of the transition to a low-carbon economy and develop plans to address them, as needed.
- Continue ongoing employee training to stay up to date on the latest developments and best practices.



### ENGAGING WITH STAKEHOLDERS AND ADVANCING BEST PRACTICES

- Engage in international forums to strengthen human rights best practices, such as through the ongoing review of the OECD Common Approaches.
- Join Shift's Just Transition Practice Group.
- Organize events with customers and partners to facilitate discussion and awareness of ESG best practices.
- Identify new opportunities to support and promote human rights in the business community.



### HUMAN RIGHTS RISK MANAGEMENT

- Undertake a focused saliency exercise to identify and prioritize evolving human rights risks.
- Strengthen ways to identify groups at heightened risk of vulnerability or marginalization as part of our human rights due diligence process.
- Update and strengthen, where necessary, our approaches to managing sectoral risks.
- Develop new internal resources to advise and inform on the social risks and impacts associated with higher-risk contexts.
- Enhance and refine our approach to supply chain risk management, including assessing the impacts of *Bill S-211* on EDC and its customers.



### TRACKING AND REPORTING OUR PERFORMANCE

- Develop and test impact-based metrics to assess EDC's human rights work.
- Continue to enhance EDC's human rights disclosures in line with the UNGPs and best practices.







# APPENDIX



## UN Guiding Principles Reporting Framework Index

As part of our transparency and disclosure commitment, we aim to share progress on implementing the [United Nations Guiding Principles on Business and Human Rights](#). Below is a mapping of the UNGP principles and where we have addressed them in this report or on our website. We referred to the [UNGP Reporting Framework](#) for implementation guidance.

PART A: GOVERNANCE OF RESPECT FOR HUMAN RIGHTS			Location where addressed
Policy commitment	A1	What does the company say publicly about its commitment to respect human rights?	<a href="#">Pages 14, 15, 18, 19</a>
	A1.1	How has the public commitment been developed?	<a href="#">Pages 14–16, 18–20</a>
	A1.2	Whose human rights does the public commitment address?	<a href="#">Pages 14, 15, 18, 19</a>
	A1.3	How is the public commitment disseminated?	<a href="#">Pages 16, 19–21</a>
Embedding respect for human rights	A2	How does the company demonstrate the importance it attaches to the implementation of its human rights commitment?	<a href="#">Pages 14, 15, 18, 19, 21</a>
	A2.1	How is day-to-day responsibility for human rights performance organized within the company, and why?	<a href="#">Pages 16, 17</a>
	A2.2	What kinds of human rights issues are discussed by senior management and by the board, and why?	<a href="#">Pages 16–18</a>
	A2.3	How are employees and contract workers made aware of the ways in which respect for human rights should inform their decisions and actions?	<a href="#">Pages 15, 21</a>
	A2.4	How does the company make clear in its business relationships the importance it places on respect for human rights?	<a href="#">Pages 15, 18–20</a>
	A2.5	What lessons has the company learned during the reporting period about achieving respect for human rights, and what has changed as a result?	<a href="#">Pages 18–21, 24, 28, 29</a>
PART B: DEFINING THE FOCUS OF REPORTING			Location where addressed
Statement of salient issues	B1	State the salient issues associated with the company’s activities and business relationships during the reporting period.	<a href="#">Pages 10–12</a>
Explanation of salient issues	B2	Describe how the salient issues were determined, including any input from stakeholders.	<a href="#">Pages 10–12</a>
Choice of focal geographies (if any)	B3	If reporting on the salient human rights issues focuses on particular geographies, explain how that choice was made.	<a href="#">Pages 10–12</a>
Additional severe impacts (if any)	B4	Identify any severe impacts on human rights that occurred or were still being addressed during the reporting period, but which fall outside of the salient human rights issues, and explain how they have been addressed.	Not addressed



PART C: MANAGEMENT OF SALIENT HUMAN RIGHTS ISSUES			Location where addressed
Specific policies	C1	Does the company have any specific policies that address its salient human rights issues, and, if so, what are they?	<a href="#">Pages 11–12</a>
Stakeholder engagement	C1.1	How does the company make clear the relevance and significance of such policies to those who need to implement them?	<a href="#">Pages 11–12</a>
	C2	What is the company's approach to engagement with stakeholders in relation to each salient human rights issue?	<a href="#">Pages 27–30</a>
	C2.1	How does the company identify which stakeholders to engage with in relation to each salient issue, and when and how to do so?	<a href="#">Pages 22–24, 27, 28</a>
	C2.2	During the reporting period, which stakeholders has the company engaged with regarding each salient issue, and why?	<a href="#">Pages 24, 26, 28–30</a>
	C2.3	During the reporting period, how have the views of stakeholders influenced the company's understanding of each salient issue and/or its approach to addressing it?	<a href="#">Pages 28–30</a>
Assessing impacts	C3	How does the company identify any changes in the nature of each salient human rights issue over time?	<a href="#">Pages 10–12, 22, 23</a>
Integrating findings and taking action	C3.1	During the reporting period, were there any notable trends or patterns in impacts related to a salient issue, and, if so, what were they?	<a href="#">Pages 10–12, 25</a>
	C3.2	During the reporting period, did any severe impacts occur that were related to a salient issue, and, if so, what were they?	Not addressed
	C4	How does the company integrate its findings about each salient human rights issue into its decision-making processes and actions?	<a href="#">Pages 10–12, 20–23, 29, 30</a>
	C4.1	How are those parts of the company, whose decisions and actions can affect the management of salient issues, involved in finding and implementing solutions?	<a href="#">Pages 17–19, 22–24</a>
	C4.2	When tensions arise between the prevention or mitigation of impacts related to a salient issue and other business objectives, how are these tensions addressed?	<a href="#">Pages 22–24</a>
Tracking performance	C4.3	During the reporting period, what action has the company taken to prevent or mitigate potential impacts related to each salient issue?	<a href="#">Pages 22–24, 29, 30</a>
	C5	How does the company know if its efforts to address each salient human rights issue are effective in practice?	<a href="#">Pages 24, 25, 28, 31</a>
Remediation	C5.1	What specific examples from the reporting period illustrate whether each salient issue is being managed effectively?	Not addressed
	C6	How does the company enable effective remedy if people are harmed by its actions or decisions in relation to a salient human rights issue?	<a href="#">Pages 22, 24</a>
	C6.1	Through what means can the company receive complaints or concerns related to each salient issue?	<a href="#">Pages 28–30</a>
	C6.2	How does the company know if people feel able and empowered to raise complaints or concerns?	<a href="#">Pages 28–30</a>
	C6.3	How does the company process complaints and assess the effectiveness of outcomes?	<a href="#">Pages 28–30</a>
	C6.4	During the reporting period, what were the trends and patterns in complaints or concerns and their outcomes regarding each salient issue, and what lessons has the company learned?	<a href="#">Pages 28–30</a>
	C6.5	During the reporting period, did the company provide or enable remedy for any actual impacts related to a salient issue and, if so, what are typical or significant examples?	Not addressed

## General disclaimer and information about forward-looking statements

Certain statements included in this report constitute “forward-looking statements” within the meaning of the United States *Private Securities Litigation Reform Act of 1995* and under Canadian securities laws, including statements on our strategy, plans, future financial and operating performance, or assumptions on other things that have not yet taken place. By their nature, forward-looking statements are not guarantees of future performance and involve risks, uncertainties and other factors that may cause actual results, performance or achievements of EDC to be materially different from those implied by such statements. EDC cautions that its assumptions may not materialize and that current economic conditions render such assumptions, although reasonable at the time they were made, subject to greater uncertainty. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

Forward-looking information typically includes words and phrases about the future, such as: anticipate, believe, estimate, expect, plan, will, intend, goal, target, forecast, project, strategy and outlook. Forward-looking information is designed to help you understand management’s current views (which may change) of our economic, environmental, social and governance-related impacts and objectives, and it may not be appropriate for other purposes.

There are multiple factors that EDC may not be able to foresee and accurately predict, including many that are beyond our control. These factors include the availability of comprehensive and high-quality data, economic and market trends, changes in applicable domestic and international laws, the need for active, continued participation of stakeholders, the development and deployment of new production methods and technologies, and our ability to internally deploy the resources necessary to provide further ESG-based services to our customers, among other unforeseen events or conditions.

Examples of forward-looking information in this report include: anticipated progress against human rights goals and commitments; the strengthening of existing policies and sectoral positions; the identification of salient social issues; expected improvements in reporting and measurement of human rights impacts of our business; upcoming stakeholder engagements and the results thereof; and our views on emerging social trends or risks which we expect to gain or lose prominence over time.

Material risks that could lead to different results include the risks that: our strategies may change, be unsuccessful or have unanticipated consequences; our estimates and forecasts or the data underlying our estimates prove to be inaccurate; the emergence of new human rights risks or issues not previously identified; our shareholder’s priorities may shift and inhibit progress on work on social topics; and changes in regulatory environment.

Material assumptions that we have made include assumptions regarding: our ability to deploy sufficient resources to implement the operational changes necessary to achieve our human rights-related goals and commitments; continued prioritization by the Canadian government on protection of human rights and enactment of legislation in line with previously stated priorities; and continuance of a high level of engagement and co-operation from stakeholders.

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## CONNECT WITH US

We welcome your feedback as we continue to evolve and improve our approach to human rights.

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