

EXPORT DEVELOPMENT CANADA

Fighting Against Forced Labour and Child Labour in Supply Chains Act

2023 REPORT



Our commitment

As Canada's export credit agency, Export Development Canada (EDC) recognizes our responsibility to respect human rights enshrined within the *International Bill of Human Rights* and the International Labour Organization's *Declaration on Fundamental Principles and Rights at Work*. We operate in a manner consistent with Canadian law, which embeds the international commitments made by Canada. We strive to align our practices with applicable international standards, frameworks, and principles, including the United Nations Guiding Principles on Business and Human Rights (UNGPs). While we are a financial services organization with a relatively small annual spend with respect to the procurement of goods, we are nonetheless committed to doing our part to prevent forced labour and child labour in our supply chains.

About this report

This disclosure is intended to meet EDC's reporting obligations as a government institution under Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* (2023) (the "Act") for fiscal year 2023. This report outlines the steps taken in 2023 to prevent and reduce the risk that forced labour or child labour is used in the production of goods purchased by EDC.

About EDC

EDC is a Crown corporation dedicated to helping Canadian companies of all sizes succeed in global markets. Since 1944, we've equipped Canadian companies with the tools they need—the trade knowledge, connections and financial solutions, including loans, equity and insurance—to grow their business with confidence. Headquartered in Ottawa, we employ over 1,900 people working in 16 offices across Canada and in 22 locations internationally. EDC is governed by a Board of Directors who are appointed by the Government of Canada. EDC reports to Parliament through the Minister of Export Promotion, International Trade and Economic Development. Our Executive Management Team plans and

executes EDC's business strategy and oversees all operational policies, procedures and frameworks, including those related to human rights, procurement and labour practices. All of EDC's policies are approved by the Board of Directors. Executive oversight of our Procurement function is provided by EDC's Senior Vice-President & Chief Legal Officer.

Our supply chain

As a financial services organization, we do not produce goods in Canada or elsewhere, or directly import goods into Canada. EDC primarily purchases services and some goods, which are typically provided by domestic suppliers who are distributors and resellers rather than directly from manufacturers. In 2023, our total procurement spend for goods and services was \$255 million (approximately \$8 million for goods and approximately \$247 million for services). We purchased services in a range of categories, including professional services, licences, subscriptions, training and sponsorships. The goods we purchased in 2023 were mainly office equipment, including laptops, phones, furniture and peripherals. Our current procurement systems and purchasing arrangements do not enable analysis and reporting of factors, including supplier sectors, industries and locations or the regions of origin and materials used in the goods purchased by our organization. We recognize the potential for exposure to forced labour and child labour via our suppliers' supply chains and activities. We are working to mitigate this through our policies and are developing due diligence processes that govern how we work with suppliers.

Our policies and due diligence practices

As EDC's [2021 Materiality Assessment](#) reinforced, human rights and responsible supply chain management continue to be topics of importance to EDC and our stakeholders. The policies that guide our procurement practices are listed below.

Relevant policies

1. [EDC Code of Conduct](#)

Our code of conduct includes our commitments to respect human rights. Approved by our Board of Directors, this code applies to both permanent and contract employees.

2. [Procurement Policy](#)

The policy outlines how we engage suppliers in alignment with EDC's risk management practices. We put the policy into practice through our internal Procurement Guideline, which includes reference to ESG considerations in decision making such as respect for internationally recognized human rights, including the provision of safe working environments and fair working conditions that prohibit forced labour and child labour. While our Procurement Policy is available on our website, our Procurement Guideline is not shared publicly to ensure fairness and competitiveness.

3. [Supplier Code of Conduct](#)

EDC seeks to select suppliers whose corporate values are consistent with ours. The code sets out the principles and expectations that suppliers must comply with when conducting business with EDC. New suppliers are required to confirm the code during supplier registration. Suppliers are required to act in accordance with all applicable laws and regulations governing labour and employment standards, human rights and non-discrimination. The code provides that in jurisdictions where laws and regulations do not adequately address human rights, EDC expects suppliers to provide the greatest level of protection possible to workers, including prohibiting forced labour and child labour.

EDC's standard procurement contracts also require that suppliers comply with applicable laws (including employment, labour and health and safety laws) and agree not to engage in prohibited actions.

Training our people

EDC employees undertake annual mandatory Code of Conduct training. In 2023, we also delivered mandatory training on forced labour and child labour supply chain risks to EDC employees in Procurement and Third-Party Risk Management, and ESG Advisory teams. The 1.5-hour training was developed and delivered by a third-party expert in human rights in consultation with EDC.

Remediation

We did not have any instances of remediation related to forced labour or child labour in our supply chains in 2023. Where appropriate, EDC will seek to support the supplier in taking corrective action to meet our expectations. Failure to comply may result in termination of the contract.

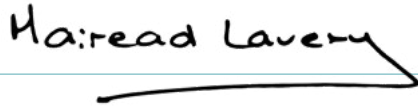
Evaluating our effectiveness

Given the evolutionary nature of human rights practices, EDC monitors international and national human rights discourse. The Supplier Code of Conduct was reviewed in 2023 and updated to include further clarification of language and definitions with respect to forced and child labour. EDC also engages regularly with peer Crown corporations to conduct benchmarking and share best practices with respect to procurement.

Summary

EDC is committed to upholding human rights in all aspects of our business, including through our supplier relationships.

This disclosure was developed in consultation with the EDC teams responsible for procurement, risk management and ESG functions.



May 1, 2024

Mairead Lavery

President and Chief Executive Officer, EDC

Legal statement

EDC has prepared this report for the sole purpose of satisfying its obligations under the Act, for the period of **January 1, 2023 to December 31, 2023**, and the report is current as of the date indicated herein. The report relates solely to EDC's reporting obligations under the Act. The report is not intended for any other purpose and shall not be relied upon by anyone for any purpose whatsoever, other than in connection with the Act. EDC shall not be responsible for any loss or damage whatsoever arising from the use of this report, or the information contained herein, by anyone other than pursuant to the Act.

This report contains statements about future events and expectations that are forward-looking in nature including, for example, statements about EDC's goals, targets and commitments related to upholding human rights in all aspects of our business, including through our supplier relationships. EDC cautions that the accuracy of these forward-looking statements is subject to a number of factors and uncertainties which could cause actual results to differ materially from our expectations, commitments and targets.



