



Business & Human Rights Resource Centre

Business & Human Rights Resource Centre Comments on Export Development Canada Environmental and Social Risk Management Policies

The Business & Human Rights Resource Centre welcomes the opportunity to provide input to Export Development Canada (EDC) on the review of its Environmental and Social Risk Management Policies. As an export credit agency, EDC supports businesses across sectors to expand internationally and through this may be linked to negative human rights impacts. Strong ESRM policies are critical to fulfill EDC's responsibility to prevent and remedy human rights harms.

Input on Environmental & Social Risk Management Policy (ESRM Policy):

1. Would you like to see EDC broaden the scope of its ESRM Policy to include an overarching view of EDC's approach to ESG?

EDC should clarify the relationship between its ESRM Policy, ESG commitments, and Human Rights Policy. The current ESRM Policy does not clearly state EDC's ESG or human rights commitments, risking a siloed approach to the environmental and social risk review process. The ESRM Policy should articulate how EDC applies its ESG and human rights commitments throughout the review process for all transactions and across all business functions of EDC.

2. Would you like EDC's ESRM Framework policies to provide for clear sectoral and issue level positions? Which issues are most relevant to you?

EDC should provide clear sector and issue-based positions in its ESRM Policy related to the salient human rights issues it has already incorporated in its [human rights due diligence framework](#). These continue to be priority areas that are at heightened risk of adverse human rights impacts. EDC should further develop positions on human rights risks for Indigenous peoples and human rights defenders as two groups that are increasingly targeted by companies and private actors. EDC should also develop positions on the human rights risks associated with the oil and gas sector and the transition minerals sector, which play an important role in our transition to a net-zero carbon economy and can contribute to adverse impacts on communities.

Input on Human Rights Policy:

1. Which of the potential areas for revisions set out above are the most important to address in EDC's Human Rights Policy and why? Are there any concerns with these revisions you would like to raise?

Strengthening commitments to vulnerable groups and relevant human rights issues

Highlighting salient human rights issues and strengthening commitments to vulnerable groups in the Human Rights Policy will help clarify and contribute to transparency of EDC's approach for these issues. The specific recognition of gender, Indigenous peoples, and vulnerable workers in the supply chain are important additions, however EDC should also emphasize that its responsibility to respect human rights applies to all internationally recognized human rights to avoid prioritizing certain rights over others. EDC should also ensure meaningful consultation with relevant experts and stakeholders when drafting these policy focus areas, including direct consultation with Indigenous peoples.

To ensure strong policy commitments in these areas EDC should:

- include experts that can incorporate a lesbian, gay, bisexual, transgender, and intersex (LGBTI) lens when drafting the gender focus to avoid entrenching harmful gender norms;
- commit to ongoing consultation with Indigenous Peoples as part of EDC's human rights due diligence processes;
- communicate to customers that they must respect Indigenous peoples' rights to free, prior and informed consent in order to proceed with a project; and
- consider a broader approach to addressing human rights risks in supply chains by looking at downstream impacts of customers' products and services.

Assessing alignment with stakeholder expectations

It is important that EDC's Human Rights Policy address all aspects of its operations as an employer, procurer, and financier, rather than just via its customer relationships. A comprehensive Human Rights Policy that covers all business functions signals that EDC understands its responsibility to respect human rights and embeds that responsibility throughout its operations.

EDC should continue to cooperate with the Canadian National Contact Point (NCP) and the Canadian Ombudsperson for Responsible Business (CORE) when adverse human rights impacts by one of its customers is brought forward to the mechanisms. To further enable effective remediation, EDC's Human Rights Policy should clearly outline its expectations of customers, including by providing clear guidance on effective grievance mechanisms. For example, EDC's policy should note that stakeholders should have the ability to voice their concerns via customer grievance mechanisms "without fear of retaliation" and that "EDC does not tolerate any threats, intimidation, physical, or legal attacks against defenders or adversely impacted stakeholders related to its customers."

2. What expectations do stakeholders have regarding how EDC should communicate its human rights policies and practices? Are stakeholders satisfied with the current scope of reporting and engagement?

The current scope of EDC's reporting on its human rights policies and practices does not provide sufficient detail to evaluate its effectiveness. EDC should expand its regular reporting to include details on the human rights impacts it identified (numbers and types) and how it addressed those impacts or its progress in addressing impacts. In the case of severe human rights risks identified by EDC, it should report on the concrete actions taken by both EDC and its customer to address and remedy the impact. Reporting should also indicate whether and how EDC consulted with impacted communities and relevant stakeholders to identify and assess human rights impacts of its customers.

3. In your view, how effectively is EDC identifying, assessing, and managing human rights risk and impacts of our customers and what feedback do you have, if any, of our due diligence processes?

It is not clear from the current policies and reporting how EDC is identifying, assessing, and managing human rights risks and impacts of its customers. For example, EDC continues to support companies that have allegedly engaged in human rights abuses, such as Enbridge, who has been repeatedly connected to intimidation, threats, and repression of Indigenous human rights defenders opposed to its Line 3 natural gas pipeline.¹

EDC should address any gaps in its due diligence processes that have resulted in failure to screen out companies whose operations have caused human rights harms. This includes clarifying the instances in which EDC would decide to not move forward with a customer, and to the extent possible, disclosing why EDC chose to continue a customer relationship despite identifying human right risks or harms. EDC's human rights due diligence process should also include ongoing meaningful consultation with affected groups and relevant stakeholders to identify and assess human rights impacts. EDC should further communicate its expectation that customers have human rights policies in place that include zero-tolerance for retaliation and attacks against defenders and impacted stakeholders.

¹ See transactions to Enbridge, <https://www19.edc.ca/edcsecure/disclosure/DisclosureView.aspx>; See also Business & Human Rights Resource Centre, Enbridge Energy Partners, <https://www.business-humanrights.org/en/companies/enbridge-energy-partners/>.