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Please accept this submission on behalf of the Mining Association of Canada (MAC) to EDC's consultation on the review of its Environmental and Social Risk Management (ESRM) Framework.

The Canadian mining industry is an economic stalwart, contributing \$107 billion in GDP (5%) in 2021, and employing 692,000 people directly and indirectly. Proportionally, the mining industry is also the largest private sector employer of Indigenous peoples. In 2021, the mining industry accounted for 21% of the total value of Canadian exports, amounting to \$102 billion. Due to this international reach, the mining industry is the single largest customer group of Canada's railways – accounting for more than 50% of total rail freight revenue generated – the vast majority of which is exported. The international footprint of Canadian mining is also significant. Approximately 730 Canadian mining and exploration companies account for an estimated \$188 billion in assets in 97 countries. Beyond its direct benefits, the broad global presence of Canadian mining companies abroad provides a strong foundation to support a robust goods and services export sector in Canada to support mining all over the world.

MAC and its members have long placed a high value on responsible business conduct. As part of this commitment, in 2004 we launched Towards Sustainable Mining (TSM), a globally recognized responsible mining standard that supports mining companies in managing key environmental and social risks. As a condition of membership, TSM has had enormous success in driving continuous improvement across a range of environmental and social issues. TSM includes protocols focused on biodiversity conservation, water stewardship, tailings management, community, and indigenous relationships among others. Over the years, TSM has continued to evolve and most recently, in March 2021, MAC published its updated TSM Climate Change Protocol. Developed in consultation with MAC's Community-of-Interest Advisory Panel, the revised protocol further solidifies MAC members as industry leaders in climate change mitigation and adaptation, aligns our industry with the recommendations of the Task Force on Climate Related Disclosure and focuses us on achieving a net-zero future. TSM's next evolution will be the addition of a new protocol to address equity, diversity,

inclusion, and respectful workplaces currently in development now and anticipated to be launched early next year.

In 2015, MAC took the important step to begin sharing TSM with other national mining associations to help promote responsible mining globally. Today TSM is now being implemented in ten countries across six continents, including Finland, Norway, Spain, Brazil, Argentina, Colombia, the Philippines, Australia, and Botswana. In fact, in January, the Finnish Mining Association published their first TSM report, marking the first association outside of Canada to reach that important milestone.

Consistent with the values and actions we demonstrate through TSM both at home and abroad, MAC supports the direction EDC is proposing to strengthen and broaden its ESRM Framework and offers the following comments and suggestions.

With broad reference to EDC's review of its ESRM Framework, it should associate each point in the framework and accompanying policies with appropriate management control points to ensure its ability to measurably meet its commitments. As we have done with TSM, being able to demonstrate measurable action consistent with the framework will enable EDC to effectively drive environmental and social performance internally and with its clients. It will also help improve transparency with stakeholders and help to ensure that EDC holds itself to the same standard it holds its clients to.

We also encourage EDC to consider incorporating sustainable finance models into the new ESRM framework. Sustainable finance mechanisms are becoming increasingly common to drive ESG environmental and social performance and would contribute to EDC's competitiveness. EDC should avoid designing their own criteria for such mechanisms and should look for opportunities to collaborate with partner institutions to contribute to universal criteria, or at least consistent Canadian criteria.

Additionally, as EDC considers additional measures to increase transparency related to the implementation of the ESRM framework, we encourage you to focus on aligning with existing disclosure standards such as SASBI, GRI and our own TSM rather than developing new reporting metrics.

Beyond the above broad comments, we would also like to offer the following comments specifically focused on the Human Rights Policy, the Environmental and Social Risk management Policy and the Climate Change Policy.

Human Rights Policy

The three themes set out in the consultation note (i) strengthening EDC's commitment to vulnerable groups and relevant human rights issues, (ii) assessing Policy alignment with stakeholder expectations, and (iii) ensuring the Policy is reflective of EDC's existing practices, representing appropriate areas for EDC to prioritize.

With reference to the focus on vulnerable groups in (i) we suggest that EDC considers a broader scope than just gender, indigenous people and vulnerable workers in the

supply chain. In our own work to update our Indigenous and Community Relationships Protocol in TSM, published in 2019, we began with the intent to reference vulnerable groups but quickly heard, through consultation, that not everyone we would consider vulnerable considers themselves vulnerable and that we should avoid the term. Instead, we opted for the term ‘under-represented’ to focus on those people and groups that don’t have as strong a voice as others in their communities.

Additionally, a narrow focus on gender, indigenous people and vulnerable workers risks leaving behind other important factors that could cause groups or individuals to be under-represented or vulnerable. This could include people who identify as BIPOC, people with disabilities, or LGBTQ2+ that deserve the protections and consideration that a framework like this is intended to address.

With respect to (ii) regarding the issue of a grievance mechanism, the discussion paper suggests that EDC has decided not to implement a formal grievance mechanism. However, in the presentation provided by EDC to the MAC International Social Responsibility Committee the EDC team described a series of processes already in place at EDC to handle grievances, complaints and inquiries that, taken together, would constitute a functional grievance mechanism. Rather than disregard the importance of having an EDC grievance mechanism and prioritizing ‘including working with clients on preparedness for remedy and post-impact management, and assessing our connection to impacts’, we encourage EDC to formalize the processes already in place as a cohesive grievance mechanism and complementing that with the suggestion to strengthen work with clients on preparedness for remedy.

Another issue that arose during the March meeting between MAC members and EDC was the notion of the need to strengthen the policy with respect to a ‘Duty to Notify’ or ‘Immediate Notification’ related to the expectation that an EDC client notifies affected communities and EDC when a human rights due diligence process flags an impact. While MAC agrees with the notion of a ‘Duty to Notify’ and consistent with the overarching comment above regarding the need for measurability, guidance would be needed to articulate what constitutes notification and what is functionally meant by ‘immediate’.

Finally, based on the presentation shared with MAC members in March, concern was expressed that EDC may be thinking too granularly about the level of detail required in a human rights policy. It is important to align with existing frameworks such as the UNGPs, UNDRIP and the Voluntary Principles but that operational details should be contained in operating procedures. This links back to the broader level comment at the beginning regarding ensuring there are management control points (or operating procedures) to measure performance against the commitments made at the policy level.

Environmental and Social Risk Management Policy

One of the aspects of this policy highlighted in the consultation paper is the sector-based position approach. EDC points out that through enhanced screening, such sector-based approaches can be a means to increase transparency and implement risk

management policies. Consistent with previous engagements between MAC and EDC, we encourage you to consider aligning with sector-based initiatives, such as MAC's Towards Sustainable Mining Standard, that have a proven track record of increasing transparency, fostering multi-stakeholder dialogue, and driving environmental and social performance. Such alignment could provide additional measurable metrics specifically designed on a sector basis (where they exist) to help EDC quantify the effectiveness of its own policies and actions aimed at improving environmental and social performance.

Climate Change Policy

The consultation paper highlights EDC's already disclosed position on thermal coal. MAC encourages EDC to use this opportunity convey a strong message that, as EDC moves away from thermal coal investments, it will be increasing its incentives for projects that incorporate de-carbonization aspects. This would provide an ideal opportunity to incorporate sustainable finance mechanisms to encourage investment in de-carbonization.

EDC is also encouraged to work with priority sectors on sector-specific initiatives aimed at de-carbonization. The Canadian mining sector is increasingly leading the global mining industry on de-carbonization. Examples of de-carbonization by Canadian miners' leadership on arctic wind turbines at Rio Tinto and Glencore mines in northern Canada, the world's first battery-electric underground mine with Newmont's Borden Mine, Copper Mountain's first of its kind open pit haul truck electric trolley assist to the numerous solar farms being built by Canadian miners in Africa and Latin America. Well-designed and implemented sector-specific sustainable finance mechanisms could further assist mining and other sectors to accelerate the deployment of innovative and emerging de-carbonization technologies such as those listed above.

Thank you for the opportunity to provide input to the review of the ESRM framework and accompanying policies. Should you have any questions about any of the contents above, Ben Chalmers (bchalmers@mining.ca) would be pleased to follow up with you.

Sincerely,



Pierre Gratton
President and CEO
Mining Association of Canada