

# REVIEW OF ENVIRONMENTAL & SOCIAL RISK MANAGEMENT POLICIES

Discussion Paper

January 2022



**CONTENTS**

**EXECUTIVE SUMMARY** .....2

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) PRACTICES AT EDC.....2

ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT REVIEW .....2

**ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT POLICY**.....4

BACKGROUND .....4

KEY THEMES FOR REVIEW .....4

QUESTIONS .....5

**CLIMATE CHANGE POLICY** .....6

BACKGROUND .....6

KEY THEMES FOR REVIEW .....6

QUESTIONS .....7

**ENVIRONMENTAL AND SOCIAL RISK DIRECTIVE** .....8

BACKGROUND .....8

KEY THEMES FOR REVIEW .....8

QUESTIONS .....9

**HUMAN RIGHTS POLICY** ..... 10

BACKGROUND ..... 10

KEY THEMES FOR REVIEW ..... 10

QUESTIONS ..... 11

**TRANSPARENCY AND DISCLOSURE POLICY** ..... 11

BACKGROUND ..... 12

KEY THEMES FOR REVIEW ..... 12

QUESTIONS ..... 13

## EXECUTIVE SUMMARY

Export Development Canada (EDC) is a Canadian financial Crown Corporation and Canada's export credit agency. EDC is dedicated to working with Canadian companies as they grow their businesses abroad. We equip Canadian companies with trade knowledge, and provide financing solutions, equity, insurance, and international connections. We also support Canadian direct investment abroad and international investment into Canada. Much of our business is done in partnership with other financial institutions and through collaboration with our Government of Canada counterparts. Underlying our support is a commitment to sustainable and responsible business, ensuring we help Canadian companies become internationally recognized as leaders in sustainability and responsibility.

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) PRACTICES AT EDC

EDC is committed to conducting our business in a responsible and sustainable manner, underpinned by a foundation of strong ESG principles and practices. Our organization's approach to ESG is focused on four priority areas: ensuring our operations protect the environment and people; conducting our business with the highest level of integrity; building a supportive and inclusive workplace, and; contributing to the communities where we live and work. With a view of continually improving our performance, EDC has formed an ESG Advisory Council to provide guidance on our ESG practices.

### ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT REVIEW

EDC conducts periodic reviews to guide the update of our Environmental and Social Risk Management (ESRM) Framework policies. The review process enables EDC to identify opportunities to better align the policies with our ESG practices, business activities, customer needs, and emerging environmental and social risk management best practice. The review process also enables EDC to reflect key developments to the international standards and obligations to which our policies are aligned, including the OECD Common Approaches and the Equator Principles. Importantly, the review process enables EDC to solicit stakeholder feedback and better understand the expectations of our diverse range of stakeholders.

Ultimately, the aim of the review process for our environmental and social risk management policies is to ensure that EDC continues to deliver on our commitment to conducting our business in a responsible and sustainable manner.

#### Invitation for Stakeholder Feedback

During this review process, EDC invites stakeholders from across the Canadian trade and business ecosystems to offer input and constructive feedback on the following key policies under EDC's Environmental and Social Risk Management Framework:

1. Environmental and Social Risk Management (ESRM) Policy
2. Climate Change Policy
3. Environmental and Social Review Directive (ESRD)
4. Human Rights Policy
5. Transparency and Disclosure Policy

EDC is soliciting input from our stakeholders, who include but are not limited to, our customers, civil society organizations, Canadian industry associations, financial sector peers, and members of the Canadian public. As a Canadian crown corporation, wholly owned by the Government of Canada, we are aiming to ensure that our policies are revised with the interests and values of Canadians in mind. The periodic review of our policies presents an opportunity to ensure that our policies align with stakeholder expectations and reflect a broad range of perspectives, experiences, and innovative ideas.

We invite stakeholders to review the policies and discussion papers and provide us with feedback.

Submissions are welcomed through EDC's website during a 96-day comment period from January 24, 2022-April 29, 2022. Relevant materials have been made available on our website, including the current version of the policies, FAQs, and a public comment submission form.

In addition, EDC will consult representatives from the Government of Canada as well as our ESG Advisory Council. In line with our organization-wide commitment to transparency, stakeholder submissions will be posted to our website. When the updated policies are released, EDC will publish a Public Response Paper to summarize the main areas of feedback with a high-level description of how EDC has considered that feedback in the policy review outcomes.

### **How to Provide Feedback**

Please visit the EDC website to submit written feedback to EDC by April 29, 2022. Alternatively, feedback may be provided through [ESRMPolicyReview@edc.ca](mailto:ESRMPolicyReview@edc.ca). Stakeholders who have questions or who wish to engage with EDC directly regarding this review process are encouraged to use this email address to get in touch.

Thank you in advance for taking the time to provide EDC with your input. We look forward to receiving your feedback.

## ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT POLICY

EDC is embarking on a review of its [Environmental Social Risk Management \(ESRM\) Policy](#). This annex is intended to inform stakeholders' understanding of the key issues, questions and proposals EDC is considering during the review. Interested stakeholders are invited to provide their input and feedback through EDC's website or contact [ESRMPolicyReview@edc.ca](mailto:ESRMPolicyReview@edc.ca) for more detail on ways to engage with us.

### BACKGROUND

EDC's overarching environmental and social commitments are set out in the ESRM Policy. EDC's ESRM Policy was established in 2005 with the purpose of articulating our approach to environmental and social risk management, and how this approach guides decision making on transactions and customer relationships. Since then, the ESRM Policy has evolved with emerging best practice. In 2019, the Policy was streamlined to enhance clarity and focus on our commitment to upholding environmental and social principles in transaction review. The Policy communicates EDC's commitment to: (i) reviewing and understanding the potential environmental and social impacts of the businesses and transactions we support, (ii) advocating best practices with our counterparts, and (iii) helping customers achieve and maintain high standards of environmental and social risk management.

### KEY THEMES FOR REVIEW

Since the last update to EDC's ESRM Policy, corporate sustainability strategies and policies have progressed rapidly. A growing number of financial institutions (FIs) have expanded their Environmental and Social Risk Management policies to articulate their overarching approach to ESG and sustainability. Moving beyond a focus on the principles applied during transaction review, these broader policies and statements also provide detail on how environmental and social commitments are applied across the business. In practice, EDC is also growing our support for cleantech, sustainable development, and sustainability-linked loan initiatives, as well as increasing our expertise in biodiversity. Given this, EDC is considering a variety of potential changes for the ESRM Policy to reflect emerging ESG trends and best practices.

Potential revisions may fall under the following themes: (i) expanding the Policy's scope to encompass elements of EDC's business activities, (ii) addressing emerging subject matter areas such as biodiversity, and (iii) communicating sector-based positions and exclusions.

**Expanding policy scope:** EDC continues to adopt new approaches for addressing ESG issues, through which we are focused not only on managing risk but also demonstrating leadership across our business and value chain. EDC is considering revisions to broaden the scope of its current ESRM Policy such as:

- a) Better alignment of the ESRM Policy with EDC's ESG policies and practices, while maintaining our risk management approach; and
- b) Adding language to articulate how EDC contributes to broader ESG initiatives and frameworks such as the United Nation's Sustainable Development Goals.

**Addressing biodiversity:** Biodiversity and nature-related risk have emerged as important environmental risk issues that are not explicitly addressed in EDC's ESRM Policy. Given this emerging focus area, EDC is considering including the following commitments:

- a) Adding language to the ESRM Policy regarding EDC's commitment to preserving biodiversity, recognizing its impact on the enjoyment of human rights, its connection to climate change, and recognizing the value of ecosystem services.; and

- b) Committing to share knowledge, incorporating biodiversity into the ESRM Policy Framework, assessing portfolio impact, setting targets, disclosing activities, and exploring partnership opportunities such as the Finance for Biodiversity Pledge and Task Force for Nature-related Financial Disclosures.

**Adopting sector-based positions and exclusions:** To mitigate environmental and social risk, EDC applies enhanced screening measures and exclusions as part of its due diligence to certain sectors and activities. In response to a growing appetite for transparency regarding sector support, FIs are increasingly adopting and disclosing their sector-based positions and exclusions as a means of implementing risk management policy. EDC has already disclosed a thermal coal position and EDC is exploring the use of exclusions to better communicate our principles while providing clearer positions for all of our stakeholders, including customers.

## QUESTIONS

*These are illustrative questions where we would value feedback; however, your input is not limited to these areas.*

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?
2. What practices and disclosures would you like to see EDC adopt in relation to our approach to biodiversity and nature-related risk?
3. Would you like EDC's ESRM Framework policies to provide for clear sectoral and issue level positions? Which issues are most relevant to you?
4. Are there additional elements that could be addressed by the Policy to heighten clarity regarding EDC's expectations and requirements, provide further support for the responsible business practices of our customers, and increase transparency for stakeholders?

## CLIMATE CHANGE POLICY

As of January 2022, EDC has embarked on a review of its [Climate Change Policy](#). This annex is intended to inform stakeholders' understanding of the key issues, questions and proposals being considered by EDC during the review. Interested stakeholders are invited to provide their input and feedback through EDC's website or contact [ESRMPolicyReview@edc.ca](mailto:ESRMPolicyReview@edc.ca) for more detail on ways to engage with us.

### BACKGROUND

Beginning in 2010, EDC instituted our first climate change policy as part of our Environmental and Social Risk Management Policy. Reflective of EDC's ongoing focus on climate change, EDC adopted a standalone Climate Change Policy in 2019 to outline the key principles and commitments that guide EDC's approach to climate change. Given the widespread risks and opportunities presented by a changing climate and the transition to a low carbon economy, EDC's Climate Change Policy aims to prioritize both managing our own climate-related risk and operational footprint, while also supporting our customers to align with a low carbon transition. The guiding principles and commitments outlined by the Policy are aimed at enhancing transparency, managing climate-related risk, engaging our customers, and enhancing our own operational performance. EDC's positions and practices have continued to evolve since the Policy was last updated and now include a commitment to net zero emissions across its business lines by 2050 and in its own operations by 2030. EDC's current efforts in support of this commitment are detailed in our [July 2021 announcement](#).

### KEY THEMES FOR REVIEW

EDC is reviewing our Climate Change Policy with an aim to improve clarity and transparency, reflect new commitments and strategic developments, and enhance alignment with stakeholder expectations. The themes under review include: (i) alignment with international commitments and frameworks, and (ii) sector and/or issue specific positions.

**Ensuring alignment with international commitments and frameworks:** EDC's commitment to actively engage with financial sector peers to advance dialogue and action around climate-related risks and opportunities is included in our current Climate Change Policy. EDC continues to participate in a variety of global initiatives and working groups, including the Powering Past Coal Alliance (PPCA). EDC also adopts international guidance for addressing climate change within the financial sector as evidenced by our membership in the Partnership for Carbon Accounting Financials (PCAF) and by calculating financed emissions associated with our portfolio, and setting science-based targets in line with the Paris Agreement Capital Transition Assessment (PACTA). Revisions to the existing Policy may include:

- a) Outlining the key climate-related initiatives and commitments in which EDC is participating; and
- b) Developing criteria for prioritizing participation in industry initiatives and international commitments that is most relevant for our business as Canada's export credit agency, such as maximizing EDC's influence and impact.

**Communicate clear positions and definitions:** With a commitment to enhance transparency regarding our approach to carbon intensive sectors, EDC's current Climate Change Policy details a firm position on thermal coal lending, which both positions EDC as a leader in the transition away from coal, and enhances clarity for customers and other stakeholders. EDC is considering revisions to the Climate Change Policy to further detail EDC's positions on specific issues and/or sectors. Potential additions may include:

- a) Disclosing clear positions on lending to the most relevant carbon intensive sectors and activities; and

- b) Providing definitions to specify how EDC applies and aligns with sustainable finance criteria, giving the present range of competing sustainable finance taxonomies, definitions, and frameworks. EDC is also considering clarifying key definitions and criteria applied in support of our existing commitments to support cleantech and provide sustainable financing.

## **QUESTIONS**

*These are illustrative questions where we would value feedback; however, your input is not limited to these areas.*

1. Which specific areas would you like to see greater clarity regarding EDC's climate change and sector-level positions? How would you like to see these positions communicated?
2. What industry initiatives and climate-related commitments would you most like to see EDC participate in and why? How would you like to see EDC prioritize its participation in industry initiatives and climate-related commitments?
3. Where do you feel EDC can have the greatest climate impact and yield the highest value for customers? How would you like to see participation communicated in the Policy?
4. How can the Climate Change Policy be updated to reflect international best practices? Are there any specific definitions you would like to see clarified (e.g. sustainable finance)?

## ENVIRONMENTAL AND SOCIAL REVIEW DIRECTIVE

As of January 2022, EDC is undertaking a review of its [Environmental and Social Review Directive \(ESRD\)](#), originally introduced in 2001 to ensure the review of the environmental and social risks and impacts of projects EDC supports. This annex is intended to inform stakeholders' understanding of some of the key issues, questions and proposals that are being considered by EDC during the review. Interested stakeholders are invited to provide their input and feedback through EDC's website or contact [ESRMPolicyReview@edc.ca](mailto:ESRMPolicyReview@edc.ca) for more detail on ways to engage with us.

### BACKGROUND

EDC's ESRD sets out requirements for the environmental and social review of projects. As required by the *Export Development Act*, the ESRD is issued by EDC's Board of Directors and applied during the transaction review and decision-making process for project-related transactions.

The ESRD serves as EDC's directive for ensuring that transactions related to a project are reviewed to assess the potential for adverse environmental or social effects. The ESRD is consistent with EDC's international commitments related to project review, specifically the OECD Common Approaches and the Equator Principles. All Category A and B projects reviewed under the ESRD (projects with potential adverse environmental and/or social effects) are available on EDC's website.

In 2019, the ESRD was updated to improve clarity and capture amendments to international project review standards. Given the evolution of environmental and social concerns in connection to project financing, ongoing review of ESRD is necessary to ensure that the Directive provides clear guidance for conducting environmental and social reviews and reflects current best practice. Notably, in the time since the ESRD was last updated, a new iteration of the Equator Principles, EP4 was adopted to reflect an increased focus on climate change and human rights impacts, as well as the rights and title of Indigenous Peoples.

### KEY THEMES FOR REVIEW

EDC is considering potential revisions to the ESRD with the goal of providing greater clarity to stakeholders, building greater efficiencies into EDC's project review process, and ensuring the ESRD reflects amendments to international commitments and evolving practice. Potential revisions fall under the following themes: (i) improving clarity regarding application of the ESRD, (ii) streamlining the application of the ESRD, and (iii) aligning to international best practice for project review.

**Adjusting Scope to ensure appropriate due diligence is applied:** The criteria and definitions of the ESRD currently require review of certain transaction types not solely in support of a single project. This can create difficulties in applying the Directive for transactions with multiple uses of funds, where support may be directed toward numerous projects, some of which have yet to be planned. EDC is considering updating the ESRD to align with the scope requirements of the Equator Principles for Project Related Corporate Loans and include a specific approach to guide the review of transactions in support of multiple projects, with the aim of providing better outcomes for our customers while also ensuring robust risk management.

**Revising the ESRD to reflect current standards and practices:** EDC is weighing several potential revisions to ensure the ESRD remains consistent with current standards and practices, including the following:

- a) Updating the independent review and monitoring requirements to better articulate EDC's current approach; and

- b) Removing procurement promotion as a potential trigger for ESRD review given its limited use. The connection financing trigger provides that the ESRD review be applied to transactions where EDC is promoting the procurement of goods and services to an identified project. This requirement for a review in connection to potential procurement seldomly requires a project review.

**Updating to reflect new international developments:** The ESRD is maintained in alignment with leading international standards, such as the Equator Principles and the OECD Common Approaches. Given the iterative nature of these standards, the ESRD must be regularly updated to reflect key developments to environmental and social review standards for projects. Since the last update to the ESRD, the Equator Principles IV (EP4) was released, featuring key updates to environmental and social due diligence requirements. Among these updates, EP4 laid out enhanced requirements regarding human rights due diligence, climate change risk assessments, and additional stakeholder engagement requirements, including a specific approach for projects that may affect Indigenous Peoples. Revisions to the ESRD could include additional requirements similar to those found in the Equator Principles to ensure better alignment.

## QUESTIONS

*These are illustrative questions where we would value feedback; however, your input is not limited to these areas.*

1. Do you have any recommendations or concerns about amending the ESRD to facilitate the review of multiple projects? Are there any concerns with the proposed revisions you would like to raise?
2. How can the ESRD be updated to reflect best practice in project review? How can EDC update the ESRD to ensure alignment with EP4?
3. What experiences and observations can EDC customers share regarding their experience satisfying EDC's environmental and social review of projects under the ESRD?
4. Are there other recommendations on aspects of the ESRD where EDC should explore potential revisions?

## HUMAN RIGHTS POLICY

As of January 2022, EDC is undertaking a review of its [Human Rights Policy](#). This annex is intended to inform stakeholders' understanding of some of the key issues, questions and proposals that EDC is considering during the review. Interested stakeholders are invited to provide their input and feedback through EDC's website or contact [ESRMPolicyReview@edc.ca](mailto:ESRMPolicyReview@edc.ca) for more detail on ways to engage with us.

### BACKGROUND

EDC introduced a dedicated Human Rights Policy in 2019 to solidify the principles and commitments that guide EDC's approach to respecting human rights across our operations, with a focus on customer and transaction due diligence. Developed in line with the corporate expectations of the UN Guiding Principles on Business and Human Rights (UNGPs), EDC is in the process of operationalizing our Policy commitments and strengthening our ability to effectively manage human rights-related risks and ensure better outcomes for people and the environment. Notably, EDC has developed a framework to build and use leverage to prevent and manage human rights risks and impacts EDC may be connected to through customer relationships and enabling remedy when impacts do occur. This includes EDC's [Principles on Leverage and Remedy](#) which were launched in December 2020 and supportive due diligence tools that will be launched in early 2022. As part of our commitment to transparency, EDC publishes updates on our Policy implementation plan and discloses our performance in our Integrated Annual Report and stand-alone human rights disclosure.

### KEY THEMES FOR REVIEW

Potential areas for consideration in the review of EDC's Human Rights Policy fall under the following themes: (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.

**Strengthening commitments to vulnerable groups and relevant human rights issues:** EDC recognizes that vulnerable groups can be disproportionately impacted by our customers' business activities. Also, certain human rights issues are becoming more and more relevant to EDC. Through the review of our Human Rights Policy, EDC is considering specific recognition for:

- a) *Gender:* Women's rights are not globally protected, and women experience business-related human rights abuses in unique ways and can be affected disproportionately. EDC is considering expanding its Human Rights Policy to focus on customers with potential adverse impacts on gender and incorporating standards such as the Convention on the Elimination of All Forms of Discrimination against Women;
- b) *Indigenous Peoples:* Indigenous Peoples possess collective rights and have experienced a unique historical treatment. Their languages, beliefs, cultural values, land, territory and resources are often under threat, which can make them more at risk or disproportionately impacted by the business activities of our customers. EDC is considering expanding its Human Rights Policy to focus on customers with potential adverse impacts on Indigenous Peoples and incorporating international standards such as the UN Declaration on the Rights of Indigenous Peoples; and
- c) *Vulnerable workers in the supply chain:* Corporate sourcing practices and supply-chains can be associated with adverse impacts on vulnerable workers such as migrant workers, children, and women. EDC could expand its Human Rights Policy to focus on customers presenting significant supply-chain related risks based on our understanding of certain sectors and geographies where there is a high prevalence of risk

indicators, such as forced labour, debt bondage, human trafficking, child labour, or violations of labour rights.

**Assessing alignment with stakeholder expectations:** Through the Policy review process, EDC is soliciting feedback to assess how our current Policy and practices align with stakeholder expectations. Namely, we are hoping to validate that stakeholders are aligned with EDC on the following two elements:

- a) *Focused policy scope:* EDC is committed to upholding human rights in our role as an employer, procurer, and financier. However, the current scope of our Policy focuses on customer relationships, as we understand these have the most severe human rights risks and, hence, is the most relevant to stakeholders; and,
- b) *Grievance mechanism:* A limited number of our peers have established an external mechanism to receive and address grievances from stakeholders affected by their customers' business activities. EDC has decided to instead prioritize our efforts on strengthening our approach to enabling remedy, including working with clients on preparedness for remedy and post-impact management, and assessing our connection to impacts.

**Reflecting EDC's current practices:** There are several areas where the Human Rights Policy could be revised to reflect EDC's current practice. Potential areas for revision include:

- a) Reflecting on EDC's governance of human rights issues, referring to EDC's onboarding and counterparty monitoring processes, and further clarifying our ESG-related client expectations;
- b) Recognizing that EDC has prioritized certain higher environmental, social and human rights risk areas of our portfolio for a strategic approach to building and using leverage and enabling remedy (see [Leverage and Remedy Principles](#) for more details); and
- c) And highlighting the additional standards to which we align our business (e.g. UN Global Compact, UN SDGs).

## QUESTIONS

*These are illustrative questions where we would value feedback; however, your input is not limited to these areas.*

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?
2. Are there additional areas that you feel would be important for EDC to consider in our Policy revision process that are not reflected above?
3. 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?
4. 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?

## TRANSPARENCY AND DISCLOSURE POLICY

As of January 2022, EDC is undertaking a review of its [Transparency and Disclosure Policy](#), which was first established in 2001. This annex is intended to inform stakeholders' understanding of some of the key issues, questions and proposals that are being considered by EDC during the review. Interested stakeholders are invited to provide their input and feedback through EDC's website or by contacting [ESRMPolicyReview@edc.ca](mailto:ESRMPolicyReview@edc.ca) for more detail on ways to engage with us.

### BACKGROUND

As Canada's export credit agency, EDC understands that the timely and transparent disclosure of information is integral to building trust with Canadians. Notably, EDC is one of only a few financial institutions and export credit agencies to have adopted a standalone disclosure policy which clearly outlines a framework to enable the proactive disclosure of material information. EDC's Policy aims to balance both our commitment to provide Canadians and our stakeholders with the information they want to hear from us with our obligation as a financial institution to uphold customer confidentiality and respect commercially confidential or sensitive information.

In 2020, EDC's Transparency and Disclosure Policy (formerly known as the Disclosure Policy) was updated to reflect the adoption of transparency as a key organization-wide priority. This update made important strides to advance our disclosure practices and reflect our continuing commitment to maintaining the trust of Canadians. With high standards for transparency and robust disclosure practices in mind, the updated Policy enhanced EDC's transaction disclosure procedures by introducing improved transaction descriptions, tightened dollar ranges for individual transaction reporting, and added a requirement to publicly disclose when we are considering financing for Category A projects via our website, at least 60 days in advance of providing support (up from 30 days). Importantly, the update also served to broaden the Policy's scope to capture broader corporate priorities, with a focus on environmental and social reporting. The updated Policy committed to provide more information on our risk management and non-credit due diligence processes and introduced requirements to disclose the total number of prospective transactions or customer relationships that were turned down by EDC due to ESG-related concerns. With the aim of enabling open and transparent dialogue with interested stakeholders, EDC's Transparency and Disclosure Policy was also updated to require all formal stakeholder enquiries and respective responses to be made available to the public on our website.

### KEY THEMES FOR REVIEW

Building on EDC's commitment to transparency and robust reporting, we are reviewing our Transparency and Disclosure Policy with an aim of understanding how we can further enhance trust and accountability among our stakeholders. Potential areas for consideration fall under the following themes: (i) expanding the scope of the Policy to address broader corporate reporting priorities, (ii) enhancing transparency in alignment with leading practice, and (iii) improving accessibility of disclosures.

**Addressing broader priorities:** EDC's commitment to strong ESG performance continues to be a key area of priority for EDC and our stakeholders. Across the industry, financial institutions (FIs) have worked to expand their reporting practices to enhance disclosure on material ESG issues, in alignment with leading international practices and standards. With this industry-wide focus, EDC has continued to prioritize and improve our ESG strategy and disclosure practices. EDC is considering amendments to the Policy to capture a broader range of corporate priorities, including our ongoing commitment to robust ESG-related performance and reporting. Revisions may include:

a) Increasing our reporting on inclusion, diversity and equity priorities; and,

- b) Identifying emerging ESG reporting and transparency opportunities that may be relevant to stakeholders.

**Enhancing transparency:** EDC is strongly committed to following best practices in disclosure and heightened transparency for our stakeholders. Given this commitment, EDC continually reviews our disclosure practices with a view to enhance the quality of our disclosures, in alignment with industry leading practice. EDC is committed to enabling comprehensive and detailed disclosure for all stakeholders, while balancing our own obligations to uphold customer confidentiality and commercial sensitivity. At this time, EDC is soliciting stakeholder feedback to assess sentiment regarding our existing disclosures and determine if areas for improvement exist. Following an industry review, EDC has identified potential improvements for our disclosures and hopes to assess stakeholder demand or concerns associated with this level of disclosure. These areas include enhancing the details of individual transaction disclosures to include additional products (such as bonding) and provide further detail (such as broadening country-level reporting to reflect transactions with multiple countries of export).

**Improving accessibility:** EDC aims to ensure that our aggregate and individual-level disclosures are readily accessible to all interested stakeholders. At present, EDC's website and integrated annual report serve as the primary vehicles for all disclosures. EDC is soliciting stakeholder feedback to evaluate the accessibility of EDC's disclosures and assess opportunities for improvement. EDC is seeking to evaluate if stakeholders are satisfied with our approach to transaction reporting, through which disclosures are available on our website over the short term and then remain accessible to stakeholders by request.

## QUESTIONS

*These are illustrative questions where we would value feedback; however, your input is not limited to these areas.*

1. How would you like to see the Transparency and Disclosure Policy evolve to address a broader range of EDC's corporate priorities and core values? Which priorities do stakeholders consider to be most important for inclusion?
2. How would stakeholders like to see EDC evolve our disclosures to align with stakeholder expectations and leading practice?
3. Which metrics and disclosure frameworks do stakeholders consider best practice? How would stakeholders like to see these incorporated into EDC's reporting?
4. What concerns do EDC's customers have regarding the protection of commercially confidential and sensitive information? What can EDC do to maintain a balance between protecting confidentiality and ensuring heightened transparency?
5. What can EDC do to improve the accessibility of disclosures for stakeholders?