

REVIEW OF ENVIRONMENTAL & SOCIAL RISK MANAGEMENT POLICIES

Discussion Paper

January 2026



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EXECUTIVE SUMMARY

Export Development Canada (EDC) is a financial Crown Corporation and Canada's export credit agency. EDC supports Canadian businesses of all sizes in expanding internationally by providing trade expertise, financing, equity investments, insurance, and global connections. Guided by a commitment to sustainable and inclusive trade, EDC promotes responsible business practices, helping Canadian companies achieve success in global markets while contributing to sustainable development. We're a self-financing Crown Corporation that operates at arm's length from the Government of Canada.

EDC'S ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT POLICY SUITE

EDC has a suite of Environmental and Social Risk Management (ESRM) policies which outline our commitments and approach to managing environmental and social risks in customer relationships and transactions. The policy suite is comprised of five policies and three supporting guidelines, which include the [Environmental and Social Risk Management \(ESRM\) Policy](#) (and supporting [Environmental and Social Risk Management Review Guideline](#)), the [Climate Change Policy](#) (and supporting [Due Diligence Framework: Climate Change](#)), the [Human Rights Policy](#) (and supporting [Human Rights Risk Management Guideline](#)), the [Environmental and Social Review Directive \(ESRD\)](#), and the [Transparency and Disclosure Policy](#).

These policies and guidelines provide EDC with a framework for assessing and managing environmental and social risks and impacts across our business activities and customer relationships, while also committing us to transparency in disclosing and reporting on our business practices. Developed in close alignment with leading international standards, such as the Organization for Economic Co-operation and Development (OECD) Common Approaches, the Equator Principles, and the United Nations Guiding Principles for Business and Human Rights, the policies reinforce EDC's commitment to responsible business, risk mitigation, and sustainable practices. The policies also promote transparency in how EDC integrates responsible business practices and aligns our actions with broader sustainability commitments and stakeholder expectations.

EDC conducts a periodic review of the ESRM policy suite to identify opportunities for better alignment with our business activities, customer needs, and emerging best practices. The review process enables EDC to solicit stakeholder feedback and ensure policies remain relevant, fit for purpose, and effective. Additionally, the Environmental and Social Review Directives (ESRD), which a requirement of the Export Development Act and guides how EDC conducts projects reviews, is subject to a periodic independent review by the Office of the Auditor General of Canada.

INVITATION FOR STAKEHOLDER FEEDBACK

As of January 2026, EDC is initiating a review of our ESRM policy suite which includes a stakeholder consultation period. The consultation period is intended to gather feedback and perspectives on the key issues, questions, and proposals EDC is considering during the policy review. Stakeholders include but are not limited to, EDC customers, Canadian industry associations, financial sector peers, civil society organizations, and other members of the Canadian public. Additionally, EDC will seek input from Canadian government representatives, our Sustainability Advisory Council, and our employees.

EDC invites stakeholders to review our ESRM policy suite and accompanying discussion paper to provide feedback on cross-cutting themes across policies and on policy-specific topics. Stakeholders are invited to focus on policy areas of greatest interest to them and may provide feedback as broadly or specifically as they choose. Example questions for stakeholders on the ESRM policies are included throughout the discussion paper to help guide feedback; however, we welcome input on any aspect of the policies. There is no expectation to review all policies or address every question listed in the discussion paper.

HOW TO PROVIDE FEEDBACK

Written submissions are welcomed through EDC's website during a 91-day consultation period from January 23, 2026 - April 24, 2026. During this period, EDC will also conduct stakeholder consultation through virtual one-on-one meetings and roundtables. Relevant materials, including current versions of the policies and FAQs, are available on our website.

All stakeholder written submissions will be posted on EDC's website as part of our commitment to transparency. Following the policy review process, EDC will publish a response paper summarizing key themes raised by stakeholders and outlining, at a high level, how feedback was reflected in the policy update process.

Please send any questions about the review process to EDC by April 24, 2026, either through the EDC website or by emailing ESRMPolicyReview@edc.ca. Thank you for taking the time to share your input. We appreciate your contribution and look forward to hearing from you.

ESRM POLICY SUITE

EDC's ESRM policy suite defines how we identify, assess, and manage environmental and social risks in our transactions and customer relationships to uphold responsible business conduct. The policy suite and respective guidelines are periodically updated to reflect emerging best practices and maintain EDC's commitment to: (i) systematically identifying potential environmental and social impacts; (ii) promoting best practices and encouraging continuous improvement among partners and customers; and (iii) supporting customers in achieving strong environmental and social performance aligned with international standards and frameworks. Through the review of our ESRM policy suite, we are seeking stakeholder input to ensure our policies align with business needs and evolving expectations.

KEY CROSCUTTING THEMES FOR REVIEW

EDC is exploring ways to simplify our policy structure, review process, and policy content to make information more useful for stakeholders.

Theme 1: Consolidating EDC's ESRM policy suite and supporting guidelines into a single, comprehensive document or framework

EDC's ESRM policy suite is comprised of five stand-alone policies and three accompanying guidelines. The policies articulate EDC's overarching commitments, while the supporting guidelines outline the practical steps and processes for implementing these commitments and conducting environmental and social risk assessments. To improve ease of navigation and accessibility for stakeholders, EDC is considering consolidating our policies and supporting guidelines into a single, comprehensive document. Through this policy review, EDC is seeking stakeholder feedback to enhance the efficiency and ease of use of our policies and supporting guidelines, ensuring that stakeholders can readily access and understand EDC's approach to environmental and social risk management.

Revisions to the existing policy suite may include:

- a) Consolidating EDC's ESRM policy suite into a single, comprehensive policy document or introducing a centralized framework to improve user navigation and enhance communication effectiveness.
- b) Integrating the Climate Change and Human Rights policies into the overarching ESRM Policy or, differentiating our environmental & social-related commitments from our risk management approach to strengthen coherence of the policy suite and more effectively explain our considerations and commitments.
- c) Incorporating relevant information from supporting guidelines regarding the implementation of policy commitments directly into the core policies, either as additional sections or annexes, to provide stakeholders with a more cohesive and accessible resource.

Theme 2: Providing greater transparency around EDC's due diligence processes

EDC's ESRM policies outline a risk-based approach to integrating environmental and social considerations into decision making. The supporting guidelines provide reference to due diligence and risk monitoring procedures. These policies and guidelines offer a broad overview of EDC's approach to environmental and social risk assessment and communicate core principles, but they largely do not

provide details of our processes, or our expectations of our customers EDC recognizes that stakeholders may value greater insight into how policy requirements are operationalized, especially in higher-risk sectors and activities. EDC is seeking stakeholder feedback on whether the level of detail in the ESRM policies and supporting guidelines is sufficient, or if additional information and clarification would enhance transparency and stakeholder understanding of EDC's risk review and due diligence processes.

Revisions to the existing policy suite may include:

- a) Providing greater detail on EDC's risk review and due diligence processes, including how these are implemented with customers and at the transaction level.
- b) Outlining the types of information collected from customers to enhance transparency on EDC's approach to risk review for sectors and activities with higher environmental and social risks.

Theme 3: Addressing emerging focus areas

Environmental and social risk management topics are continually evolving as global standards, stakeholder expectations, and market dynamics change. EDC is committed to monitoring emerging issues and trends, and to routinely updating our environmental and social risk management approach and due diligence processes to address the most salient issues. EDC periodically conducts materiality assessments to systematically identify and prioritize ESG risks and opportunities, and the Sustainability Group tracks trends and emerging issues. We recognize some risks can emerge rapidly and may not be fully captured in a timely manner. To ensure our ESRM policy suite remains comprehensive and responsive to evolving risks, EDC is seeking stakeholder input to identify potential gaps or emerging issues that may not yet be addressed.

Revisions to the existing policy suite may include:

- a) Addition of new focus areas based on stakeholder priorities and their materiality to EDC's business, customers, and activities.

Theme 4: Reviewing the cadence and depth of stakeholder engagement for ESRM policy reviews

EDC's ESRM policy suite is reviewed and updated periodically and includes consultation with external stakeholders. EDC has established a formal process for stakeholder engagement in ESRM policy reviews, utilizing multiple channels of consultation and structured feedback mechanisms. As part of the current review cycle, EDC is seeking stakeholder input to evaluate the effectiveness and value of our current engagement approach and to identify potential areas for improvement. EDC is also considering whether an alternative engagement cadence or different types of engagement could be more efficient and beneficial for stakeholders. Specifically, feedback is sought on opportunities to optimize the frequency, approach, and overall process of engagement to ensure consultations are meaningful and effective, while minimizing unnecessary demands on stakeholders and making efficient use of EDC's resources.

Revisions to the existing policy suite may include:

- a) Shifting from a three-year formal and comprehensive stakeholder engagement cycle to a four year review cycle, in which a full consultative review would be completed every four years, supplemented by a lighter, non-consultive midpoint check-in.
- b) Diversifying engagement methods by incorporating online forums and interactive webinars, in addition to traditional written submissions and meetings.

QUESTIONS

1. What structure would make EDC's ESRM policy suite most accessible and effective for you? Does the current format meet your needs, or would an alternative approach (such as a single consolidated policy document with embedded Nature & Climate Change and Human Rights commitments) be more user-friendly and easier to navigate?
2. How can EDC better communicate our approach to environmental and social risk review and due diligence? What additional information or format would enhance your understanding of our requirements and expectations?
3. From your perspective, how clear, efficient and timely are EDC's current ESRM requirements and review processes? Are there aspects that could be streamlined or communicated differently to better support customer experience without compromising rigor?
4. Are there any emerging focus areas or topics you would like to see included in the ESRM policy suite that are not currently addressed?
5. How do you view EDC's current approach to stakeholder engagement in the ESRM policy review process, considering factors such as frequency, format, and overall value? Are there alternative engagement methods that you would prefer or find more efficient?

CLIMATE CHANGE POLICY

EDC integrates climate change considerations into our environmental and social risk management. In 2019, we introduced a dedicated Climate Change Policy to define our principles and commitments. Recognizing both climate-related risks and opportunities, our Policy emphasizes two priorities: (i) managing our own operational exposures and footprint and (ii) supporting our clients in their low-carbon transition. The Climate Change Policy is supported by the Due Diligence Framework: Climate Change, which outlines EDC's approach to identifying and assessing climate-related risk as part of our due diligence process.

KEY THEMES FOR REVIEW

In our last update, we addressed emerging priorities such as our commitment to net-zero emissions by 2050, disclosure of financed emissions, and science-based targets for our portfolio and operations. EDC is seeking stakeholder feedback to identify any additional topics, interest areas, or emerging priorities for consideration.

Theme 5: Addressing any gaps or emerging focus areas

EDC is considering whether our Climate Change Policy should specifically address or reflect other interrelated environmental and social challenges. For example, changes in climate patterns significantly impact ecosystems and natural systems, while nature-based solutions, such as restoring wetlands, protecting forests, and improving land management, can help address both climate and nature-related risks. EDC's Climate Change Policy and ESRM Policy currently consider biodiversity, ecosystems, and natural resources as part of environmental and social due diligence.

Additionally, climate change has significant social impacts, affecting communities through both direct physical consequences and the broader transition to a low-carbon economy. EDC's Climate Change Policy includes a commitment to advancing dialogue and action around a "just transition", which considers the social and human rights implications of the transition to a net zero economy.

Furthermore, the physical impacts of climate change increasingly pose operational and financial risks for Canadian businesses, highlighting the importance of building resilience and future-proofing operations. As part of this review, EDC is also considering how the Climate Change Policy can better support customers as they navigate the growing challenges associated with a changing climate.

Revisions to the Policy may include:

- a) Reframing the Climate Change Policy to address Nature and Climate Change, to better reflect EDC's position on nature, biodiversity, and climate-related risks and impacts.
- b) Updating the Policy to clarify EDC's consideration of the social impacts of climate change and the energy transition, including the importance of meaningful stakeholder engagement.

QUESTIONS

1. Would it be helpful for EDC's Climate Change Policy to address additional interconnected or emerging environmental or social topics? If so, which themes are most important to you?

2. What are your views on the proposed update to the Climate Change Policy, which would involve reframing it to address Nature and Climate Change?
3. How can EDC support customers in strengthening their resilience and adaptation? Are there specific considerations that EDC should incorporate into the policy to better address the climate-related risks faced by Canadian businesses?
4. How clear, efficient and timely are EDC's current requirements and review processes related to climate? Are there aspects that could be streamlined or communicated differently to better support customer experience without compromising rigor?

HUMAN RIGHTS POLICY

In 2019, EDC introduced a Human Rights Policy to formalize our longstanding commitment to respecting human rights in customer relationships and transaction due diligence. The Policy sets out key commitments to guide EDC's approach, including conducting human rights due diligence, integrating human rights considerations into decision-making, collaborating with peers, civil society, customers and government to advance responsible business practices, and ensuring transparent management and reporting of human rights risks and performance.

KEY THEMES FOR REVIEW

EDC is reviewing our Human Rights Policy to improve clarity, better align with stakeholder expectations, strengthen coherence across the policy suite, and more effectively embed human rights considerations into our broader environmental and social risk management approach.

Theme 6: Strengthening meaningful stakeholder engagement at both corporate and transaction levels

EDC's ESRM policy suite establishes a commitment to meaningful engagement with stakeholders who have an interest in EDC's business activities. Our Human Rights Policy establishes further commitments at the transaction-level, including a requirement to assess whether our customers have effective stakeholder engagement processes and grievance mechanisms in place for higher risk transactions. EDC values stakeholder input because it helps increase our understanding and leverage in priority risk areas and enables us to more effectively identify and mitigate potential human rights risks at the transaction-level. As part of this policy review, EDC is seeking feedback on ways to enhance dialogue with key policy-level stakeholders (e.g., the Government of Canada, non-governmental organizations, civil society organizations, industry & trade associations and customers) as well as to ensure that all stakeholders, including rightsholders impacted by our customers' activities, have accessible ways to voice concerns related to EDC's business activities.

Revisions to the existing policy suite may include:

- a) Providing additional clarity or information regarding our approach to engaging with policy-level stakeholders, communities and rightsholders impacted by our customers' activities.
- b) Integrating the Human Rights Policy into the overarching ESRM Policy or separating our human rights commitments from our risk management approach to strengthen coherence of the policy suite and more effectively explain our considerations and commitments.

QUESTIONS

1. How can EDC more clearly articulate our commitment to meaningful and good-faith engagement with stakeholders, both at the policy-level and during transaction reviews, in a way that builds trust and aligns with international best practices?
2. What additional information or commitments could EDC provide to strengthen confidence that our engagement with policy-level stakeholders and during transaction reviews effectively informs environmental and social risk management, including our approach to upholding human rights?
3. How clear, efficient and timely are EDC's current requirements and review processes related to human rights risk management? Are there aspects that could be streamlined or communicated differently to better support customer experience without compromising rigor?

ENVIRONMENTAL AND SOCIAL REVIEW DIRECTIVE

EDC's Environmental and Social Review Directive (ESRD), mandated by the Export Development Act, outlines the process for evaluating the environmental and social risks of projects that EDC may support. The ESRD ensures that potential adverse impacts are evaluated before any project-related transaction proceeds. EDC is seeking stakeholder feedback to identify opportunities to enhance the Directive's transparency.

KEY THEMES FOR REVIEW

EDC is reviewing the ESRD to reflect recent developments in our approach to project financing and to provide clearer guidance to customers and stakeholders. EDC strives to ensure that risk review and assessment requirements for project-related transactions are transparent, up-to-date, and easily understood by all parties.

Theme 7: Streamlining EDC's due diligence approach for Canadian projects

EDC intends to enhance our transaction due diligence approach for projects in Canada (i.e., a physical development located in Canada), recognizing their important role in supporting national economic growth and infrastructure development. Given Canada's robust and well-established regulatory environment, domestic projects may be subject to a streamlined review process that relies primarily on host country (i.e. Canadian) standards. Under this approach, EDC would retain the discretion to apply international standards on a case-by-case basis, where justified by the project's risk profile or specific circumstances. This ensures both efficiency and rigor in EDC's review of domestic projects. We will continuously monitor and adjust this approach to ensure legislated requirements and best practices in environmental and social risk management are met.

Revisions to the existing Directive may include:

- a) A streamlined due diligence process for projects in Canada.

Theme 8: Reviewing EDC's project justifications (i.e., rationale for instances where projects with adverse environmental or social impacts may be supported) considering recommendations made in the Office of the Auditor General's 2023 report

EDC's ESRD provides justification criteria that specify the circumstances under which EDC may support projects with potential adverse environmental or social impacts. Support may be considered if impacts can be effectively mitigated, if international standards are met or exceeded, or if the project offers opportunities to improve environmental and/or social outcomes in the host country. EDC will only proceed with transactions that meet at least one of these justification criteria. As part of the policy review, EDC is seeking stakeholder feedback on the ESRD's justification criteria, which are designed to enhance transparency regarding situations where the ESRD's requirements may not be strictly applied.

Revisions to the existing Directive may include:

- a) Refining the ESRD's project justification criteria to better align with stakeholder expectations.

QUESTIONS

1. As EDC streamlines due diligence for Canadian projects by relying on Canadian regulatory frameworks, do you have any particular areas of concern with EDC's potential reliance on domestic regulations as part of project due diligence?
2. What are your thoughts on EDC's current justification criteria for projects with potentially adverse environmental or social impacts? What changes or enhancements, if any, would you like to see?
3. How can EDC more effectively communicate our expectations of customers during project transaction reviews? Would specific details, such as steps in the due diligence process, triggers for enhanced review, or customer disclosure requirements, be valuable to stakeholders?
4. Is there any feedback you might be able to share on the clarity and efficiency of our project due diligence process? Are there specific steps or requirements that could be improved to better support clarity, efficiency and overall customer experience?

TRANSPARENCY AND DISCLOSURE POLICY

EDC recognizes that building trust starts with openness about our business activities. EDC's Transparency and Disclosure Policy balances our commitment to provide our stakeholders with access to information with our obligation to uphold customer confidentiality to protect the commercially sensitive information entrusted to us.

KEY THEMES FOR REVIEW

As a part of our commitment to transparency and robust reporting, EDC is reviewing our Transparency and Disclosure Policy to identify opportunities to strengthen trust and accountability while continuing to balance our obligations to maintain customer confidentiality.

Theme 9: Evaluating Policy accessibility and usability

The Policy commits to publicly disclosing insurance and financing transactions, either on an aggregate or individual basis, while maintaining customer confidentiality. Disclosures include aggregate and quarterly business activity reports for all products and regions, as well as individual transaction details for financing, guarantees, and equity, typically within 90 days of signing. Recently, EDC enhanced our disclosure page by making all transactions since 2001 publicly available. We also updated our individual transaction disclosure page to a filterable and exportable format, improving user access to information and fulfilling a recommendation from the Office of the Auditor General's 2023 report. This policy review seeks stakeholder feedback on the usefulness and user-friendliness of current disclosure formats to further improve access and understanding.

Revisions to the existing Policy may include:

- a) Modifying transaction disclosure formats to enhance usability and overall value of information.

Theme 10: Understanding stakeholder satisfaction with project-related disclosures

EDC discloses environmental and social information on Category A and B projects through our D3 reporting webpages and transaction-related information through a separate D2 reporting page. For Category A projects, EDC discloses our consideration of a project at least 60 days before signing, and after signing, discloses a summary of the ESG due diligence review. For Category B projects, disclosure occurs after signing and includes high-level project details and the due diligence standards that were applied during our review. As part of this policy review, EDC is seeking stakeholder feedback to further enhance understanding of our transaction reporting and transparency practices.

Revisions to the existing Policy may include:

- a) Publishing project review summaries (ESG due diligence review) for signed Category B projects.
- b) Publishing commitment amounts (in dollar ranges) on our environmental/social reporting pages.

QUESTIONS

1. Is the information provided in EDC's individual transaction and aggregate reporting clear and sufficient? Are there specific details or disclosure formats that would improve the clarity, accessibility, or usefulness of EDC's disclosures?

2. Do you have any suggestions for how EDC can strengthen transparency, accessibility, or stakeholder engagement in our disclosure practices?
3. Do current transaction disclosure practices adequately protect commercial information, and what improvements could be made to better uphold customers' commercial sensitivities?
4. Are there any aggregate reporting metrics that no longer serve you (i.e., reporting on the number of transactions that were turned down due to ESG-related risks)?

