



Martine M. Irman

Chair of the Board

Présidente du Conseil d'administration

December 3, 2020

Dear Representatives of Civil Society Organizations,

Thank you for your letter of November 11th, 2020, calling on the financial sector's support in defence of biodiversity, climate action and the safeguarding of Indigenous and traditional communities. As Chair of Export Development Canada (EDC)'s Board of Directors, I have read the *Banks and Biodiversity No Go Policy* with great interest and would like to share with you the commitments that EDC has made to protect our climate, to ensure the conservation of biodiversity, and to respect international human rights.

As Canada's export credit agency, EDC has a mandate "to support and develop Canada's trade, and the capacity of Canadian companies to participate in and respond to international business opportunities." We are proud of our role and its potential for positive impact. But we also recognize that international trade is too often associated with environmental and social risks. It is why we're committed to upholding the highest standards of responsible and sustainable business practices around the world.

To that end, EDC has incorporated leading international frameworks into its risk assessment practices. We have adopted and implemented the [Equator Principles \(EP\)](#) and the [OECD's "Common Approaches"](#) for environmental and social due diligence and are active participants in industry initiatives like the Cross Sector Biodiversity Working Group.

We also apply the [IFC's Environmental and Social Performance Standards \(PS\)](#) as the dominant framework for project-related due diligence and benchmarking. As such, when we identify potential impacts to biodiversity or traditional Indigenous territories, Performance Standard 6 (Biodiversity Conservation and Sustainable Management of Living Natural Resources) and Performance Standard 7 (Indigenous Peoples) are applied in an effort to ensure that proper assessments of impacts have been undertaken with a focus on no net loss or net gain for species and habitats of conservation concern, and to determine whether enhanced consultation requirements of Free, Prior and Informed Consent (FPIC) are applied. Additionally, with the update to EP 4, the EPs require a global application of IFC Performance Standard 7 when a project may affect traditional Indigenous territories, and human rights due diligence must be completed by both the EP financial institution and the project sponsor, based on the scale and complexity of the project and the severity and likelihood of potential human rights risks. EP guidance material for the application of human rights due diligence recognizes risks related to vulnerable peoples, such as Indigenous peoples, and the links between human rights, ecosystem loss and climate change.

Furthermore, EDC has a robust environmental and social risk management framework in place. This includes policies, procedures and positions that ensure transactions are subject to rigorous environmental and social screening and assessment. Where significant risks are identified, opportunities may be declined. To the extent possible, EDC is focused on enhancing our leverage and influence to

continue to advocate for enhanced mitigation of risks through the development of action plans and the addition of loan covenants as required. Some of EDC's positions and approaches do indeed follow an automatic no-go philosophy, such as our positions on palm oil, high risk fisheries, and the forestry sector in Indonesia and Malaysia.

EDC also recognizes the importance of a collective approach by financial institutions. We actively participate in external, cross-sector biodiversity working groups that are focused on the mainstreaming of biodiversity through education and awareness, and the identification of common approaches for the protection of biodiversity that goes above and beyond IFC Performance Standards.

In recent years, EDC has also implemented dedicated [Climate Change](#) and [Human Rights](#) policies in an effort to increase our contribution to environmental protection and conservation goals, and in defence of the rights of all peoples, including Indigenous peoples and environmental defenders.

EDC continually seeks to promote more nature-positive outcomes. The topics of biodiversity and conservation are key elements of our on-going policy development and review cycle, and will be important considerations as we continue to increase our alignment with global and government actions, particularly in light of Canada's recent commitments on environmental conservation and protections for the rights of Indigenous peoples.

Finally, I wish to note that EDC's Board of Directors and Executive Team are committed to engaging with our stakeholders in a way that is transparent, constructive and meaningful. We always appreciate your efforts to share the views and recommendations of your organizations, and we welcome your feedback on EDC's actions, both where we are doing well and where we can improve in the future.

I hope this information has been helpful in demonstrating EDC's commitment to protecting the environment and respecting human rights - a shared purpose for our organizations. If you would like to learn more about EDC's ongoing work in this space, we would be happy to arrange a call with members of our Environmental and Social Risk Management team to continue the conversation.

Sincerely,

A handwritten signature in black ink that reads "Martine Irman". The signature is written in a cursive, flowing style.

Martine Irman
Chair of the Board of Directors

CC: Mairead Lavery
President and Chief Executive Officer
Export Development Canada