

Summary of Proceedings:

Export Development Canada's ESG Advisory Council Meeting

Date: December 2, 2022

ESG Advisory Council Members:

Janet Annesley, Chief Sustainability Officer, Kiwetinohk Energy Corp.

Dave Collyer, Former President, Canadian Association of Petroleum Producers

Judy Cotte, Head of ESG, Onex

Rosemary McCarney, Diplomat in Residence at Massey College and the James Coutts Scholar in International Relations at Trinity College, University of Toronto

Marie-Lucie Morin, Former Executive Director, World Bank

Mario Thomas, President and Board Chair, Precision Biomonitoring

Absent:

Lawrence Lewis, Founder, One Feather

Anita Ramasastry, Dean, Roland Hjorth Professor of Law and Director of the Sustainable International Development Program, Washington School of Law

From Export Development Canada (EDC):

Mairead Lavery, President and Chief Executive Officer, and Council Chair

Carl Burlock, Executive Vice-President and Chief Business Officer

Justine Hendricks, Chief Corporate Sustainability Officer

Todd Winterhalt, Senior Vice-President, Communications, Marketing and Corporate Strategy

Rachel Guthrie, Vice-President, ESG Strategy, Outreach and Reporting

SESSION OVERVIEW

The December meeting of the ESG Advisory Council explored the changing composition of EDC's portfolio from 2018, to 2022, to projections for 2030. The discussion also touched on elements of the ESG Scorecard, which EDC plans to make public in 2023.

The session began with an update from EDC's President and CEO Mairead Lavery and Chief Corporate Sustainability Officer Justine Hendricks on key EDC engagements since the October meeting of the Council:

- EDC hosted the [leaders of official export credit agencies from the G7 nations](#) in Toronto to discuss a number of pressing geopolitical, economic and sustainability matters impacting exporters and global trade flows.
- EDC's President and CEO attended the APEC CEO Summit in Thailand where sustainability, reconstruction and security were top of mind for government and business leaders.
- EDC's Chief Corporate Sustainability Officer attended COP 27 in Egypt where she participated on three panels with European export credit agencies focused on accelerating climate transition progress and innovation.

Following these updates, the discussion turned to how EDC's portfolio has shifted over the past five years from support for traditional carbon-intense industries to sectors of the future. The objective of the discussion was to look ahead to what the portfolio can look like in 2030, considering both internal levers and external market forces. Key highlights from the discussion included:

- To ensure Canada's success, EDC should consider the current strengths of Canadian companies (ex. renewable energy) and reflect this in its portfolio.
- EDC should balance guidance from the Government of Canada on international commitments and definitions with its own determinations about the direction of the Canadian economy as customers need direction and clarity. It should also monitor international standards and guidance (ex. SASB, IFRS).
- EDC should consider that decarbonization can have adverse impacts (ex. cleantech industry is associated with ecosystem/human rights implications) and ensure appropriate due diligence.
- In terms of transition finance, EDC should specify its role in decarbonizing carbon-heavy industries. Clarity and communication will be necessary to articulate strategy and why EDC is supporting certain sectors.
- EDC should communicate its approach to/positions on industries critical to transition (ex. nuclear).
- When looking at sectors of the future, EDC should consider its role in pandemic preparedness. The healthcare sector, specifically vaccine production, supply chain considerations, will be of growing importance.

Due to time restriction, the decision was made to postpone a discussion on EDC's ESG scorecard, which will be published as part of next year's Integrated Annual Report. However, the Council provided some initial comments for consideration:

- When considering key metrics, EDC should consider areas where it wants to move the dial and make a difference.
- While quantitative metrics are needed, qualitative metrics should also be considered. Where possible, additional narrative will add clarity and context.
- Ensure metrics are strategically oriented and provide insight into EDC's future direction.
- EDC should consider how transparency and communication can be reflected in the scorecard.



- EDC should consider how it currently tracks against the Sustainable Development Goals, and how it measures impact for customers, Canada and the world.
- There is support for integrating ESG into performance scorecards and incentives.

The Council also expressed interest in the following subjects for discussion at future sessions:

- ESG Scorecard and Impact Framework
- EDC's Indo-Pacific Strategy

