

# Summary of Proceedings:

## Export Development Canada's ESG Advisory Council Meeting

**Date:** March 28, 2023

### **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

**Lorraine Audsley**, Senior Vice-President and Chief Sustainability Officer

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

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

**Sophie Roy**, Vice-President, ESG Customer Success

**Sabreen Salman**, Director, ESG Reporting and Measurement

## **SESSION OVERVIEW**

The March meeting of the ESG Advisory Council covered three topics:

- EDC's first public ESG Scorecard, which provides a consolidated view of key ESG metrics;
- EDC's impact framework, which showcases how we define and measure our impact on Canada; and
- EDC's incentive program, including the evolution of ESG measures that contribute to shaping our corporation's strategic direction.

The objective of the meeting was to share EDC's progress to date, prompting a discussion with Council members about transparency, value creation, impact measurement and the levers that drive the right behaviours and results.

The session began with remarks from EDC's President and CEO Mairead Lavery and Chief Sustainability Officer Lorraine Audsley on key EDC updates since the December meeting of the Council:

- The President and CEO's term has been renewed for a period of two years, signaling the Government of Canada's support for EDC's strategy to help Canada regain its standing as a leader in international trade, and building a stronger and more sustainable economic future.
- Significant time has been dedicated to EDC's focus on the Indo-Pacific region, including:
  - participation at the Asia-Pacific Economic Cooperation (APEC) meetings in Thailand; and
  - engagement in the Canada in Asia Conference in Singapore.
- Central theme from meetings with customers in the region are the changes in their approach to ESG: increased recognition of importance of human rights, climate and business integrity.
- Indo-Pacific region is still dependent of traditional energy sources, including coal, so conversations focused on creative ways to diversity energy consumption.
- In the context of post-pandemic recovery and Russia's invasion of Ukraine, there is a strong focus on agri-food and clean technologies, continuing focus on energy, with ESG figuring prominently in conversations.
- In March, EDC participated at Globe Exchange in Toronto, where EDC's Chief Sustainability Officer co-chaired a workshop on embedding climate risk into corporate strategy. She also had a chance to meet with government and industry representatives to discuss the transition to a low-carbon economy.
- Internally, this year, EDC:
  - made public its updated policies as part of the [Environmental and Social Risk Management \(ESRM\) framework](#). EDC's policies are updated every three years to ensure they are aligned with emerging industry best practices and are providing clarity to EDC's customers and stakeholders;
  - expanded its Sustainable Finance Guarantee pilot program to include a new financial institution – CIBC. Our collaboration with the financial sector will create solutions that will help Canadian businesses in carbon-intensive sectors move to a more sustainable business model.

Following the updates, the discussion turned to EDC's first ESG Scorecard, which will be published in May as part of the [Integrated Annual Report](#).

- Given EDC's own progress on human rights and climate-related disclosures, there may be a role to play for EDC in terms of helping Canadian companies with their disclosures. EDC can draw on its own experience in helping customers in the oil and gas sector align to TCFD reporting.
- In light of the pandemic, it would benefit EDC to consider how linkages between international trade and global health is reflected in the scorecard.



- In addition to its environment and carbon emissions metrics, EDC should expand its impact lens to include reversing biodiversity loss by 2030, in line with the global biodiversity framework agreed to by the Government of Canada at COP 15.
- In the next iteration of the scorecard, EDC should consider more Inclusion, Diversity & Equity (ID&E)-related metrics to reflect talent, culture, employee safety and wellbeing.
- For the benefit of external audiences, EDC should consider adding context to the metrics and tables in the scorecard.
- EDC should provide additional clarity around assurance of metrics.

The discussion then moved to EDC’s impact framework, which outlines EDC’s vision for boosting trade competitiveness, including EDC’s role as Canada’s export credit agency in creating economic and ESG-related impact. The following key observations emerged from the discussion:

- EDC’s impact framework provides a good overview of EDC’s mandate and vision, and highlights the role that EDC needs to play in increasing Canadian trade.
- The framework allows EDC to recognize our progress toward long-term goals, and to consider the broader impact EDC wants to have for Canadian companies and Canada’s economy.
- While EDC continues to benchmark itself against other export credit agencies, it has the opportunity to positively influence the global export credit community on ESG-related matters. It should look to the EU, specifically recent regulations, in order to support companies who will be impacted.

The discussion progressed from national- to enterprise-level metrics, focusing on EDC’s scorecard for 2023, including how EDC should incentivize ESG performance. EDC asked Council members to share best practices they’ve observed for driving ESG behaviours and progress.

Council members shared the following observations:

- ESG metrics should reflect corporate priorities, including initiatives that can be implemented and controlled, driving desired outcomes. They should also reflect a higher-level of ambition, and be weighted appropriately (at least 20%).
- When considering other executive scorecards, most include an ID&E component relating to employee training, participation and/or engagement on ESG, especially for publicly-traded companies.
- Corporate initiatives identified as priority and incentivised accordingly will receive the appropriate attention. Metrics matter; focus on progress over perfection.

EDC’s President and CEO emphasized that ESG is a priority for the organization, which will require continued clarity on where we want to make impact, driven by the right behaviours. A key focus remains on creating a strong organizational culture.

The next meeting of the ESG Advisory Council will take place in June. The focus of the full-day discussion will be on the “Social” aspects of ESG, including human rights and inclusive trade.

