

October 07, 2020

Ms. Bronwen Tucker
Program Manager
Oil Change International Canada

Dear Bronwen Tucker and colleagues,

Thank you for taking the time to share your feedback on the important role EDC and other export credit agencies (ECAs) can play in the global economic recovery from COVID-19. This is a theme which played prominently in the G12 Heads of ECAs meeting in early September. There was recognition from the group that ECAs will play large part in the shift towards clean/climate industries. Representing EDC, I raised the actions EDC is taking to reduce the emissions of our portfolio.

Over the past several months, I have been meeting with Canadian industry leaders to better understand how their sectors have been affected by this crisis and what they see as an approach to recovery. Climate has been a recurring theme and one that cannot be ignored.

Since the beginning of this crisis, EDC has been working as part of the “Team Canada” response with the federal government and crown partners, including the Business Development Bank of Canada (BDC) and Farm Credit Canada (FCC). EDC’s role is to provide financial solutions both through our direct support with the Business Credit Availability Program (BCAP), and on behalf of the Government of Canada through the Canadian Emergency Benefit Account (CEBA). These financing solutions are intended for Canadian businesses across all sectors, including specific BCAP support for small- and medium-sized oil and gas companies and their supply chains.

These are exceptional times that require us to be responsive to the needs of Canadian companies facing extreme difficulties. The financial support EDC is providing during this crisis aims to strike a balance between supporting Canada’s climate commitments, while also ensuring the more than 200,000 people directly employed by the energy sector across the country are not left without options. With this in mind, EDC has made it a condition of its BCAP Reserve-Based Lending Program that companies receiving this emergency support publish a climate-related disclosure report aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). This is in addition to our pre-existing process around screening companies [for environmental](#) and [social risks](#).

At EDC, we believe that increasing the amount of quality climate-related information available is imperative to supporting the transition to a lower carbon economy and to help make companies more resilient over the long term. By making this a condition of our business support, we aim to increase the availability of climate-related information in the marketplace to help inform financial decision-making. The actions we have taken are also underpinned by our commitment to be more proactive and transparent about our business, and we are encouraging our customers to do the same.

While our portfolio includes companies operating in carbon-intensive sectors, EDC is also the largest cleantech financier in Canada, and we have facilitated approximately \$9 billion in Canadian cleantech exports since 2012.

In 2019 alone, we facilitated \$2.5 billion in cleantech business involving more than 230 companies. The sector quickly became a priority of our COVID response and as a result EDC has provided financial support to more than 400 cleantech companies already this year.

In 2014, EDC was the first Canadian financial institution and the first ECA to issue a green bond. Since then our investments have raised the equivalent of over two billion dollars, and we estimate these projects have [avoided over six million tonnes of carbon emissions](#).

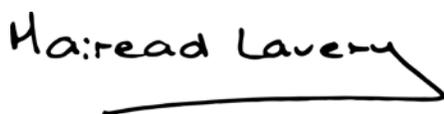
EDC remains firmly committed to addressing climate change, both in terms of our own operations, as well as with the business that we undertake. In 2019, EDC released our [first TCFD-aligned disclosure](#). In 2020, in our [second TCFD-aligned disclosure](#), we published details about our portfolio composition, as well as our target to reduce the carbon intensity of EDC's [financing portfolio by 15% over five years](#).

Recognizing the role we can play globally, EDC is active in international fora like the Equator Principles and OECD advocating for broader adoption of climate-related due diligence at both the portfolio and transaction levels. As co-chair of the Equator Principles' Climate Change Working Group, EDC worked with other Equator Principles Financial Institutions (EPFIs) to ensure a more focused integration of climate change-related risk into the updated Equator Principles Environmental and Social Risk Assessment Framework (Equator Principles 4). This includes updated disclosure requirements, as well as a requirement that EPFIs consider climate-related physical and transition risks for project-related transactions, based on specific criteria.

No doubt, the global economic recovery from this crisis will be one of the great challenges of our time. I believe that the most important contribution EDC can make is continuing to provide our products and services that support Canadian business and exporters to innovate and transition. This is how we are working today to build the portfolio of the future. It is something we must not approach alone, but together, to ensure we rebuild a better, stronger and more sustainable global system. Your continued input and feedback are an important part of this process.

I look forward to speaking with you and your colleagues in our upcoming stakeholder forum and continuing to discuss ways EDC can support Canada and Canadians.

Sincerely,



Mairead Lavery
President and Chief Executive Officer

Cc: The Honourable Mary Ng, Minister of Small Business, Export Promotion and International Trade
The Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance
The Honourable Jonathan Wilkinson, Minister of Environment and Climate Change
Ms. Martine Irman, Chair of Board of Directors of Export Development Canada