

Comments on EDC's Environmental Review Directive (ERD) and D3 of EDC's Disclosure Policy

Introduction

This section on the web site contains a summary of the comments received by EDC from various groups and individuals during a 60 day comment period on the corporation's Environmental Review Directive (ERD) and the Environmental and Social Reporting Section (D3) of its Disclosure Policy. This summary also includes comments made to EDC during a series of cross-Canada briefing sessions held with customers, non-governmental organizations, and business associations.

We have endeavored to combine similar comments and observations, and to provide EDC's corresponding responses to each.

These comments and observations are organized into two major categories, according to the two policies which were made available for public comment:

- Comments and responses to the Environmental Review Directive ("the directive" or "ERD")
- Comments and responses to the Environmental and Social Reporting Section (D3) of EDC's Disclosure Policy.

These categories are further broken down into three subcategories:

- Comments from customers and business associations
- Comments from non governmental organizations
- Comments from the Canadian public.

Background

The Environmental Review Directive establishes objective and systematic processes EDC must follow in conducting environmental reviews of projects for which it is considering providing financing or political risk insurance support.

Recent amendments to the *Export Development Act* require EDC to consider the environmental impacts of projects it is asked to support. EDC's board of directors has the responsibility for issuing the directive which defines the criteria and processes EDC will use in considering these environmental impacts. As such, the directive can only be approved and modified by EDC's board.

The directive initially came into effect on December 21, 2001 and replaces EDC's previous Environmental Review Framework. It requires that projects brought to EDC for support are screened for their potential adverse environmental effects and categorized as A, B or C, with information requirements and the extent of EDC's review linked to the category into which a project has been placed. The directive also indicates some of the international good practices, standards and guidelines against which EDC will benchmark the design of proposed projects in order to determine whether they meet these standards.

Public comments indicated that, on balance, the directive is a strengthened and objective environmental review policy. Several submissions suggested that EDC should clarify some of the terms used in the directive, and provide increased transparency around how the process will work. The ERD has been clarified as a result of comments received. EDC also hopes that further clarity and detail on the day-to-day functioning of the directive will result from the responses provided below, and from regular communication on its application.

Comments received on the Environmental and Social Reporting section (D3) of EDC's Disclosure Policy indicated that the policy had not struck an appropriate balance between commercial confidentiality and the public's right to know, and threatened EDC's ability to fulfill its mandate of supporting and expanding Canada's export trade. Policies around the advance public disclosure of project-related environmental information is not yet an accepted practice internationally among Export Credit Group (ECG) Members of the Organization for Economic Cooperation and Development (OECD), for which Canada is a member. The Agreement on Common Approaches to the Environment and Officially Supported Export Credits (also called the Draft OECD Recommendation on Environmental and Officially Supported Export Credits) implemented by 25 of the 27 OECD ECG Members, includes provisions for information on projects to be released to the public on at least an annual basis. It was indicated to EDC that stepping ahead of the agreement reached at the OECD with regard to ex-post disclosure would impact the ability of Canadian companies to participate in international projects, and of EDC to support them.

During the negotiations of the Common Approaches Agreement, EDC worked with the Canadian delegation to advance the discussions with respect to the public disclosure of project-related information. EDC intends to further develop the disclosure provisions of the Agreement when the Agreement comes up for review at the end of 2003. In the meantime, EDC will encourage sponsors of projects to release available environmental assessment information, and will seek consent from sponsors of Category A projects to notify the public that we have been asked to support the project. As the OECD Members' practices on disclosure advance, EDC will be in a position to revisit D3 in a way that does not threaten the international competitiveness of Canadian exporters and investors, or thwart attempts to achieve a level global playing field, a notion which lies at the heart of the OECD.

Consultations for EDC's Disclosure Policy

The consultation process involved in developing and launching EDC's Disclosure Policy was comprehensive and involved significant research, benchmarking and public consultations.

In May 2000, EDC announced the launch of a series of public consultations for the purpose of developing a disclosure policy. EDC hired Environics Research Group to manage a public consultation and research process to assess the appropriate public disclosure practices that should apply to EDC. A multi-stage consultative process solicited input from a variety of sources, generated public documents and provided

guidance on the development of a balanced disclosure policy. Public consultations were held in six cities across Canada and written submissions were also encouraged and received.

This project concluded in September 2000, and in November, the Environics report was made available. This was followed by a draft disclosure policy outline released in December. EDC established an internal steering committee to oversee the development of a draft policy and to manage the implementation of this policy.

In May 2001, EDC made public its draft disclosure policy and invited public comments. The comment period ended in July. During this period, eleven submissions were received from customers, business associations and non governmental organizations.

The draft disclosure policy was approved by the board of directors in September 2001, and implemented October 1, 2001. The Environmental and Social Reporting section of the policy (commonly known as D3) was not implemented at that time to ensure consistency with upcoming changes to the Environmental Review Framework (the precursor to the Environmental Review Directive) which was still under consideration.

Consultations on EDC's Environmental Review Directive

In response to a number of recommendations from various groups suggesting ways in which EDC's commitment to sound environmental practices could be strengthened, EDC formalized its environmental review process in April 1999 by establishing the Environmental Review Framework, the precursor to the Environmental Review Directive.

In May 2001, the Auditor General reviewed the design of the framework and its implementation and made suggestions on where it could be strengthened. Following this review, the Minister for International Trade announced that legislation would be tabled to strengthen EDC's environmental review practices by establishing a legal basis for the review of projects that EDC supports. The Minister also asked the Auditor General to assess the content and implementation of the revised framework within two years.

During this time, EDC was also working closely with the Export Credits Group (ECG) of the OECD toward reaching an agreement to establish common environmental approaches for the review of projects among export credit agencies. The Agreement on Common Approaches to the Environment and Officially Supported Export Credits (also called the Draft OECD Recommendation on Environment and Officially Supported Export Credits) "OECD Draft Agreement on Common Approaches on Environment and Officially Supported Export Credits" was the result of these efforts. As of January 1, 2002, all ECG Members (with the exception of Turkey and the United States) have agreed to adhere to the Common Approaches Agreement, with a formal review of all elements of the Agreement to occur no later than the end of 2003.

Recent Public Consultations

On December 21, 2001, amendments to the Export Development Act were proclaimed. These amendments made it a legal requirement for EDC to review the environmental effects of projects in accordance with a directive to be issued by the board. Accordingly, the ERD was implemented as of the same date.

Both the new Environmental Review Directive and a revised D3 were issued for a public commentary period commencing January 2, 2002. A series of cross Canada briefings were also held early in 2002 with customers, business associations and non governmental organizations.

This public commentary period resulted in 18 written submissions. The substance of these submissions, together with the verbal commentary received during the 2002 briefings, is outlined below.

COMMENTS FROM CUSTOMERS AND BUSINESS ASSOCIATIONS ON THE ENVIRONMENTAL REVIEW DIRECTIVE

- 1. Concerns were raised about the adequacy of EDC resources and in-house expertise for reviewing projects, and for doing so in a timely manner.*

EDC has significant expertise in the area of environmental review. EDC has environmental professionals on its Environmental Advisory Services (EAS) team. This team conducts reviews in accordance with the directive and provides guidance and advice to other EDC groups regarding the environmental aspects and potential environmental effects of projects EDC is asked to support across a wide range of industry sectors. This team is also well versed in the environmental guidelines and standards of other international financial institutions, and uses these guidelines and standards to benchmark projects brought to EDC for support.

EDC has recently strengthened EAS and added an internationally respected Chief Environmental Advisor to lead the group. Our advisor has, among other achievements, been instrumental in developing the World Bank's Pollution Prevention and Abatement Handbook, whose environmental standards are among the internationally recognized guidelines used by EDC in benchmarking projects.

While the environmental review of projects is an area of emerging practice among ECG Members – a consensus on common environmental review procedures has only recently been achieved by the OECD in its Agreement on Common Approaches to the Environment and Officially Supported Export Credits” – EDC has for some time reviewed the potential environmental effects of the projects it has been asked to support. EDC's expertise and firsthand experience have been used to inform and educate other ECAs and financial institutions, and to advance international discussions.

The directive, therefore, does not involve the creation of an entirely new process, and customers should not notice a significant change in the information EDC requires to consider support, or the time it takes EDC to review proposed projects. EDC will

continue to require project-related environmental information in order to conduct its due diligence and environmental reviews.

- 2. Concerns were raised about the transparency and predictability of EDC's screening and categorization process, and requests were made for clarification around the type and amount of information required by EDC to categorize and review projects.*

The directive provides for the screening of the potential adverse environmental effects of projects, and for the assignment of projects to Category A, B, or C, in descending order of the project's level of potential adverse environmental effects. EDC's information requirements and review are linked to the category into which a project has been placed, which is to say that the higher the category, the more rigorous the requirements.

Most international financial institutions that have implemented an environmental review policy, such as the World Bank and International Finance Corporation, categorize projects. This practice ensures that those projects are appropriately screened and reviewed according to their level of potential environmental effects.

In order to screen and categorize a project, EDC requires information regarding the project's sector, location, size and proposed design. Projects in some sectors, such as those in the telecommunications or services industries, by their nature do not generally cause adverse environmental impacts and will therefore usually be categorized as "C". Others, such as those provided in the illustrative list of projects normally categorized as "A" (reproduced from the environmental policy of the European Bank for Reconstruction and Development - see Annex 2 of the ERD), are usually seen to have the potential to cause significant adverse environmental effects.

In order to review Category A projects, the ERD requires customers to submit a comprehensive Environmental Impact Assessment (EIA) report so that our Environmental Advisory Services team can adequately evaluate, consider and provide advice regarding the project's potential environmental effects. Most sponsors of large-scale projects in particularly sensitive sectors already commission environmental impact assessment reports as part of the preparatory work for projects. The submission of this information to EDC is vital to ensure that the project is appropriately and efficiently screened, categorized and reviewed.

- 3. Support was expressed for the principle of recognizing American and Canadian environmental regimes, and streamlining the process for reviewing projects in these countries. Some indicated that this principle should be extended to other OECD countries, and to the review regimes of comparable banks and other financial institutions.*

EDC's board of directors currently considers it appropriate for EDC to simplify the review of the projects it supports in Canada and the United States upon confirmation that these projects have been designed in compliance with host country environmental standards. The rationale underlying this provision is that EDC has extensive experience,

knowledge and confidence in the environmental laws, standards and enforcement in Canada and the United States, and does not need to re-examine them on a project-by-project basis. Should EDC deem it has gained sufficient knowledge of the environmental laws, standards and enforcement in other G7 or OECD countries, and is confident these meet an acceptable level, it may suggest to EDC's board of directors revising the directive to treat additional jurisdictions in a similar manner.

In order to avoid the duplication of time and effort involved in reviewing a project, EDC may take into account the environmental analysis performed by other acceptable financial institutions or export credit agencies. This ensures that EDC's reviews are thorough and efficient, at the same time as they are cost, time and effort minimizing.

4. Concerns were expressed about potential project delays and the competitiveness impacts arising from the additional time it may take EDC to process project-related transactions. Customers asked that they be notified of a project's category as early as possible in the review process.

Environmental review is not new at EDC. We have for some time reviewed the potential environmental effects of the projects we are asked to support as part of our due diligence and decision-making. As a result, EDC has become experienced at integrating environmental reviews in an effective and efficient manner, and our customers have become accustomed to providing EDC with environmental information.

We will advise our customers as early as possible of the category to which a proposed project has been assigned. This will ensure customers are aware of EDC's information requirements at an early stage, and will allow EDC to efficiently move the project through its environmental review and approvals processes. Customers who are typically sponsors of Category A projects will often have had experience with other financial institutions' categorization systems, and may be conscious in advance of the informational and procedural requirements normally applied to projects in their sector.

5. The ERD and D3 should be consistent with rules designed to ensure a level international playing field, and should be consistent with the environmental review and disclosure practices under which other OECD's Export Credit Agencies (ECAs) operate. The ERD is already at the forefront internationally, so other ECAs should be brought in line before EDC strikes out any further unilaterally.

The Environmental Review Directive is consistent with the provisions for the Agreement on Common Approaches between 25 of the 27 OECD Members with regard to environmental reviews. EDC has also adopted the threshold amount, repayment term and coverage period specified in the scope of the Agreement on Common Approaches so as to ensure that Canada participates on a level playing field with other ECG Member countries and their respective export credit agencies (ECAs). Adopting similar methodology for environmental reviews allows for comparisons with other ECAs, a level competitive playing field, and information sharing which can result in a more efficient review of the environmental assessment material we receive from customers.

COMMENTS FROM NON GOVERNMENTAL ORGANIZATIONS ON ENVIRONMENTAL REVIEW DIRECTIVE

1. *While support was expressed for project categorization under the ERD, some expressed concerns that the directive gives EDC the flexibility and discretion to proceed with support even if there are significant adverse environmental impacts. It also doesn't clarify that EDC will stop projects when possible environmental or community damage has been identified, or when human rights abuses are occurring.*

EDC believes it has credible review procedures in place, reinforced by our Environmental Review Directive, which we are committed to and have full confidence in. We will turn down projects if they do not meet our requirements.

EDC is committed to making support decisions based on complete environmental assessment information, and that, in the absence of this information, EDC will not provide support. We have also clarified our intention in the ERD to clearly state that, “Where EDC determines that it is unable to obtain sufficient environmental assessment information to conduct its environmental review of a project, EDC will decline to enter into a transaction related to such project.”

2. *The directive does not refer to specific international standards that EDC will use to benchmark projects, nor does it indicate that the standards used by EDC to review a project will be disclosed. For example, EDC should agree to use World Bank's Pollution and Abatement Handbook, IFC's Safeguard Policies, and standards developed by the World Commission on Dams for projects in the hydroelectric sector.*

In Annex 5 of the ERD, we provide an “Illustrative List of Internationally Recognized Good Practices, Standards and Guidelines” which lists, among others, the World Bank's Pollution Prevention and Abatement Handbook and the International Finance Corporation's Guidelines and Safeguard Policies. We are asked to support many different types of projects, in many different sectors, in over 165 markets around the world. Therefore, one single set of benchmarks, standards or guidelines may not be applicable for every transaction EDC considers.

3. *EDC should not reserve the right to re-categorize projects.*

Our intention was not to use this provision to downgrade projects, for example, from a Category A to a Category B project, but to allow us to adjust a project's category should we receive new information, or should we become aware of having mis-categorized a project during screening.

The previous version of the directive stated that: “EDC reserves the right to re-categorize any project.” This caused some concerns, the underlying assumption being that EDC

would, as a matter of course, apply its discretion to re-categorize projects downwards (e.g. move them from a Category A to a Category B.)

The directive was revised following the 60 day comment period in order to clarify EDC's intention regarding the reclassification of projects. The new wording in the policy now says: "Where EDC determines that the categorization of any project is inappropriate, EDC will re-categorize the project." It may be, for example, that information found during our due diligence process requires that we move the categorization *up*, i.e. from a Category B to a Category A project. EDC must maintain this flexibility to ensure it has the ability to also use our experience and expertise to make decisions based on the specifics of each unique transaction.

EDC's categorization process is based on the generally-accepted systems used by other lending institutions such as the World Bank, US Export-Import Bank, and European Bank for Reconstruction and Development, and works to the same objectives of ensuring that the level of environmental review of a project is commensurate with the level of its potential environmental effects.

4. *Projects in Canada and the United States should be subject to the same information and review requirements as projects in other countries.*

EDC's board of directors currently considers it appropriate for EDC to simplify the review of the projects it supports in Canada and the United States upon confirmation that these projects have been designed in compliance with host country environmental standards. The rationale underlying this provision is that EDC has extensive experience, knowledge and confidence in the environmental laws, standards and enforcement in Canada and the United States, and does not need to re-examine them on a project-by-project basis. Should EDC think that it has gained sufficient knowledge of the environmental laws, standards and enforcement in other G7 or OECD countries, and is confident these meet an acceptable level, it may suggest to its board of directors revising the directive to treat additional jurisdictions in a similar manner.

5. *EDC should report annually on the ERD and the report should include: overall effectiveness of the ERD, the number of occasions where the ERD is applied, and the results of EDC's reviews.*

There are a number of ways in which EDC is publicly accountable for our policies. We provide regular, detailed reporting to our board of directors on transactions reviewed under the ERD. We also outline our vision in our Corporate Plan, tabled and approved by Parliament, provide information on our environmental initiatives in our annual reports and are subject to regular audits and special examinations by the Auditor General.

6. *Is EDC in line with entities other than the OECD with its use of financial thresholds?*

As an export credit agency, we work with other ECAs under the auspices of the OECD's Export Credit Group to develop common environmental review and disclosure

approaches. The Environmental Review Directive is in line with the OECD's guidelines, specifically with regard the threshold amounts, repayment term and coverage period specified in the directive.

7. *All Category A projects should require prior informed consent of locally affected communities before EDC commits financial support.*

EDC expects sponsors of Category A projects to have included a record of consultations with locally affected communities as part of environmental assessment reports they submit to EDC. EDC recognizes, however, that such consultation is not the accepted norm in every country and jurisdiction, as there may be legal, political or cultural barriers that determine the manner and/or limit the practice of public consultations. EDC will continue to encourage sponsors of Category A projects to conduct local consultations.

8. *The language in the ERD is flexible and lacks precise definition of terms such as “compelling socio-economic benefits”, “significant environment impacts” and uses disclaimers such as “in EDC’s opinion” or “in EDC’s view.”*

All institutions that conduct environmental reviews must retain the ability to effectively assess and review the potential environmental and social impacts of each project brought to them for support. In many cases, these potential impacts are not objectively or easily measurable, for this reason EDC employs environmental specialists for their expert advice. Terms used in the ERD such as “significant environmental impacts” are consistent with the best current and widely accepted descriptors of the possible effects associated with projects. Such descriptors are commonly used by institutions like the World Bank, IFC and the OECD.

As mentioned in the “Background” section, the directive is a legal document, whose legislative weight is embedded in recent changes to the *Export Development Act* and whose requirements have been imparted on EDC by its board of directors.

9. *The ERD should contain an exclusion/prohibition list of types of projects EDC will not support.*

EDC's Board of Directors did not deem an exclusion or prohibition list necessary at this time.

10. *EDC should create an Ombudsman Office of Compliance for Environment, Labour and Human Rights.*

EDC has established the position of compliance officer to enhance the corporation's existing transparency and accountability practices in areas such as public disclosure of information, environmental reviews, human rights and business ethics. As such, the officer provides a centralized review and monitoring function, independent from EDC management. Stakeholders are encouraged to use the services of the Compliance Officer to:

- satisfy themselves as to the integrity of EDC's Corporate Social Responsibility policies and initiatives
- gain assurance that EDC is adhering to its policies and initiatives.

11. The public should have been asked to comment on the ERD before it became operational.

EDC would have preferred to release the ERD in draft prior to its implementation. Unfortunately, there was no window of opportunity between the development of the directive following the first round of public consultations last fall, and the proclamation of our revised legislation into law on December 21, 2001. On this date, we had to have a directive in place and operational. At our first opportunity in 2002, we posted the Environmental Review Directive and D3 of our Disclosure Policy for a 60 day comment period. We have now had an opportunity to take these comments into consideration and a new ERD and a revised D3 were approved by EDC's board of directors, effective May 1, 2002.

COMMENTS FROM THE CANADIAN PUBLIC ON THE ENVIRONMENTAL REVIEW DIRECTIVE

1. The language used in the ERD is too flexible and allows for interpretation.

The directive touches on decisions about potential project impacts that require professional expertise, and that can not always be easily measured or quantified. EDC will continue to ensure that its review practices are in keeping with the good practices of other leading financial institutions and that they are consistent with the guidelines negotiated at the OECD.

2. EDC should be included in the Canadian Environmental Assessment Act.

After considerable consultation and research, the government of Canada made a decision to enshrine requirements for environmental review into our enabling legislation, the *Export Development Act*, and to require our board of directors to establish the specific requirements we must meet. This allows us to remain a leader in the area of environmental review, while allowing us the flexibility to meet the changing international context.

3. EDC can choose whatever environmental standards it wishes to apply in reviewing projects, as it has not chosen one set of standards.

EDC will use the standards listed in Annex 5 of the ERD ("Illustrative List of Internationally Recognized Good Practices, Standards and Guidelines") which lists, among others, the World Bank's Pollution Prevention and Abatement Handbook and the International Finance Corporation's Guidelines and Safeguard Policies to benchmark projects. A choice of standards is beneficial as there may be other internationally recognized good practices, standards or guidelines that could be used as points of reference on a particular project, in a particular sector. EDC is asked to support many

different types of projects, in many different sectors, in over 165 markets around the world. Therefore, one single set of benchmarks, standards or guidelines would not be appropriate.

4. *Concerns were expressed that taxpayer money is being used by EDC to support environmentally questionable projects.*

EDC believes it has credible review procedures in place, reinforced by our Environmental Review Directive, which we are committed to and have full confidence in. We will turn down projects if they do not meet our requirements.

EDC is committed to making support decisions based on complete environmental assessment information, and that, in the absence of this information, EDC will not provide support. We have also clarified our intention in the ERD to clearly state that, “Where EDC determines that it is unable to obtain sufficient environmental assessment information to conduct its environmental review of a project, EDC will decline to enter into a transaction related to such project.”

COMMENTS FROM CUSTOMERS AND BUSINESS ASSOCIATIONS ON D3

1. *D3 goes well beyond requirements established at OECD for other ECG Members (as defined in the Agreement on Common Approaches to the Environment and Officially Supported Export Credits), discriminates against Canadian companies and threatens Canadian competitiveness. D3 will prove to be a significant deterrent decreasing EDC support for Canadian participation in international projects because it requires Canadian sponsors to disclose, whereas foreign competitors are not subject to the same rules.*

Following the 60 day comment period on our web site and a series of briefings across Canada with customers, business associations and non governmental organizations, we carefully weighed and considered the requirements set out in the Environmental and Social Reporting section of our Disclosure Policy (D3). The comments received on D3 indicated that the proposed policy had not struck an appropriate balance, and threatened EDC’s ability to fulfill its mandate of supporting and expanding Canada’s export trade.

Therefore, at this time, EDC will not require the ex ante disclosure of environmental assessment information as a precondition of EDC support. We will encourage projects sponsors to release this information, and will seek consents to notify the public that we have been asked to support Category A projects.

2. *D3 discourages foreign project sponsors from seeking Canadian co-sponsors.*

With the changes to D3, EDC will not require the ex ante disclosure of environmental impact information as a condition of support, but will encourage project sponsors to release this information. We will also seek consents to notify that we have been asked to

consider providing support to Category A projects. By not making ex ante a condition of support, EDC will not disadvantage Canadian sponsors.

- 3. Concerns were expressed that commercially sensitive information will be released, causing negative public attention, negative media attention, legal uncertainties and project delays.*

This is no longer a concern with the changes to the D3 of EDC's Disclosure Policy.

- 4. EDC's disclosure requirements could add another burden on an already exhaustive consultation and permitting process for projects.*

Many sponsors of Category A projects already disclose environmental information as part of their consultation process.

Under the revised D3, we will not require ex ante disclosure of environmental impact information as a precondition of EDC support at this time. We will, however, encourage project sponsors to release this information and seek consent to notify that we have been asked to support Category A projects.

COMMENTS FROM NON GOVERNMENTAL ORGANIZATIONS ON D3

- 1. EDC's Disclosure Policy is not legally binding, so EDC can choose not to disclose.*

EDC is committed to adhering to its own policies. In fact, EDC has a comprehensive reporting and accountability structure in place to ensure that all of our policies are respected.

We provide regular reports to our board of directors and are subject to regular reviews by the Auditor General.

We have also established the position of compliance officer to handle issues that may raise with respect to EDC's compliance with its Environmental Review Directive and Disclosure Policy. Parties are encouraged to use the services of the compliance officer to gain assurance that EDC is adhering to its policies and initiatives.

- 2. Because EDC's Disclosure Policy is not retroactive, it is being used to withhold information that was previously disclosed such as EDC's current country exposure levels.*

EDC's Disclosure Policy, implemented in October 2001, strikes a balance between the release of information relevant to the corporation's public accountability and the need to respect our customers' commercially confidential information. The policy serves our many audiences, including customers, partners, our shareholder (the Government of Canada), our employees and the general public, by showing more transparency in our business activities.

The policy is based upon three governing principles: 1) disclosure of information on our business activities is intended to enhance EDC's public accountability; 2) EDC will implement this policy in a manner that will not jeopardize its pursuit of its legislative mandate; and 3) confidential information will be protected.

We would also like to point out that we do publish on our web site (www.edc.ca) the amounts owed by the heavily indebted poor countries to which EDC/Canada has made loans that may be forgiven in the future if these countries implement the measures required to qualify for debt reduction.

3. *Request for clarification of the role and independence of compliance officer, and process by which CO terms of reference were developed.*

You will find information on the compliance officer's role, operational guidelines and the compliance officer resolution by EDC's board of directors on our web site at www.edc.ca

4. *EDC should require its clients to release environmental and social information at least 120 days in advance of approval, and without exception, for all Category A projects. This is in line with current best practice.*

It is not accepted common practice for export credit agencies to require the release of environmental and social information in advance of project approval.

In our Disclosure Policy, we state that we will encourage project sponsors to release environmental assessment information and that we will seek consent to notify the public when we have been asked to support Category A projects.

Our policy also says that we will continue to champion, within the OECD, the public release of environmental information and prior public notification on the part of the export credit agency considering support to a Category A project. EDC will ensure its disclosure policy is consistent with other OECD members.

5. *EDC should adopt the World Bank definition of the "public" as anyone who is interested.*

EDC consults with any interested party or individual Canadians that are interested. For example, when we conducted the 60 day comment period, we invited all interested parties, including the public, to comment on the directive and on D3 of our Disclosure Policy.

COMMENTS FROM THE CANADIAN PUBLIC ON D3

1. *We urge EDC to release environmental and social information on every project it supports.*

We believe our Disclosure Policy, implemented in October 2001, strikes an appropriate balance between the release of information relevant to the corporation's public accountability with the need to respect our customers' commercial interests. In meeting that balance, we do provide a significant amount of information on the projects we support.

The policy serves our many audiences, including customers, partners, the shareholder (Government of Canada), our employees and the general public, by showing more transparency in our business activities.