2022 REPORT

GREEN BOND IMPACT REPORT

For fiscal year 2021

Canada

EDC
TAKE ON THE WORLD

WELCOME TO EDC'S 2022 GREEN BOND IMPACT REPORT

A MESSAGE FROM OUR CFO, SCOTT MOORE

There were many reasons for me to be excited about becoming EDC's new Senior Vice-President of Finance and Chief Financial Officer, back in July of this year. I was joining an organization with an important mandate to grow Canadian exports around the world; a crown corporation serving companies in every sector, of every size, across every region of the country; and a company that, since its founding in 1944, has helped generate more than $1.5 trillion in Canadian exports and investments.

That alone—to borrow a word from the title of this report—is a powerful illustration of impact.

But, of course, this is just one way to describe what EDC does—growing opportunities for Canadian businesses in markets around the world. There are other types of impact that EDC is having. Not just in the quantity of business we generate, but in the type of businesses we support and how we support them.

And this includes, of course, the businesses that have an impact on climate.

EDC's approach to responsible business has been evolving for several years now. As far back as 2010 our organization updated its Environmental and Social Risk Management Policy to include several climate-related commitments. Since then, the commitments have grown. EDC has generated numerous policies and approaches designed to promote the decarbonization of our economy and promote greener standards for business. In 2012 the organization identified cleantech as a corporate priority. This translated, in 2021 alone, into EDC helping more than 300 Canadian cleantech companies generate over $6 billion in exports—numbers that make EDC one of the largest financiers of Canada's cleantech sector.

And there's more. Over the last 10 years EDC has also become an important contributor to the Government of Canada's climate finance commitments under the United Nations Framework Convention on Climate Change. We've committed to end financing of thermal coal power plants and, during the COP 26 meetings in Glasgow last year, joined the Powering Past Coal Alliance. We also launched new approaches to sustainable financing and declared our commitment to achieve net zero emissions across our operations and business lines by 2050. As part of that commitment, we have set science-based climate targets for the airlines and upstream oil and gas sectors that define the transition required in each sector by 2030 in order to achieve our net zero goal.

EDC's Green Bond Program is a central piece of this evolution toward more sustainable business. In 2014 EDC became the first Canadian financial institution to issue a green bond, and since then the organization has issued five such bonds, with their proceeds supporting loans made to companies active in the preservation, protection and remediation of air, water or soil, as well as the creation of renewable energy and the mitigation of climate change.

In addition to being central to EDC's efforts to make the shift to a low-carbon economy, our green bonds have also become the cornerstone of our new sustainable bond framework. This new approach adds social and transition categories of investment to build towards a more equitable, sustainable society. In this way, our Green Bond Program is teaching us lessons that will have impact beyond climate and environment, touching lives around the world, in a multitude of ways, and for years to come.

As I write this, the world is once again in the grips of a global heat wave. Europe and much of North America are confronting fires and record breaking temperatures. There can be no question of the value and need for financial tools like EDC's Green Bond Program.

In these pages you'll learn how our efforts are generating funds for public transport, waste management, renewable energy, and smart energy grids. And you'll read about the actual impact that we're having—the quantities of greenhouse gases and carbon dioxide reduced or avoided entirely, the amounts of renewable energy generated.

These facts have particular resonance for me. Before moving into finance, my original training was in engineering. These professions have much in common. Both are structured around numbers and measurement, putting a premium on precision. And both, most importantly, are about solving problems. Finance and engineering are, literally, creative pursuits. They help build the things we need, they generate businesses and income, and—properly applied—they help shape communities, and our lives, for the better.

In this way, EDC's Green Bond Program is an exciting example of finance as a positive and creative force in our world. I'm proud to be part of a Canadian company that has paved the way for this type of initiative and continues to be a model for innovation in the field. I'm prouder still of the impact that you will read about in these pages.

Thank you for your interest in EDC's efforts to grow a greener global economy and a more sustainable future for us all.

Scott Moore

Scott Moore
Chief Financial Officer

“IN 2014 EDC BECAME THE FIRST CANADIAN FINANCIAL INSTITUTION TO ISSUE A GREEN BOND, AND SINCE THEN THE ORGANIZATION HAS ISSUED FIVE SUCH BONDS, WITH THEIR PROCEEDS SUPPORTING LOANS MADE TO COMPANIES ACTIVE IN THE PRESERVATION, PROTECTION AND REMEDIATION OF AIR, WATER OR SOIL, AS WELL AS THE CREATION OF RENEWABLE ENERGY AND THE MITIGATION OF CLIMATE CHANGE.”

— SCOTT MOORE

ENABLING RESPONSIBLE AND SUSTAINABLE BUSINESS

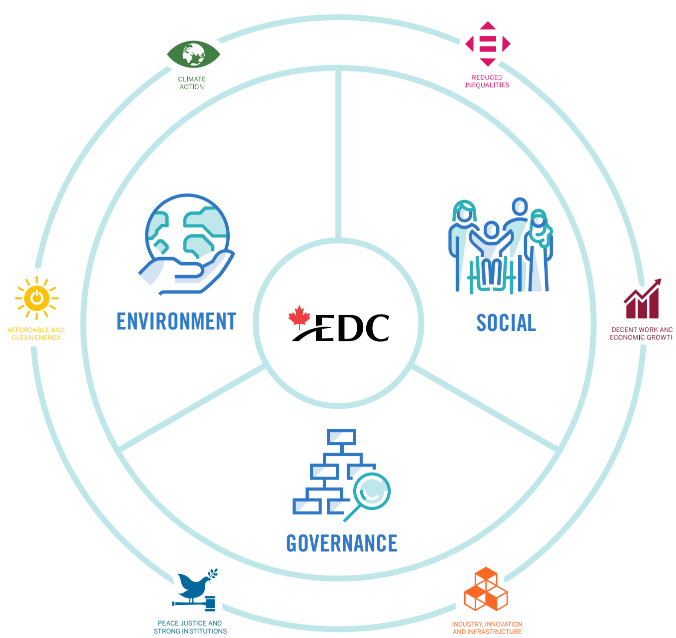
We share a fundamental belief that good ESG practices are key to to our organization's sustainability and to Canada's international competitiveness. Strong ESG practices mitigate risks, open doors to new opportunities, attract top talent, and strengthen the social and economic fabric of our communities.

APPROACH TO ESG

ESG is at the centre of everything we do and is integral to our customer value proposition. Four objectives underpin our approach:

1. Make ESG a prominent and standard feature across the organization, embedded in our culture, communications and reporting
2. Support customers in considering ESG in the evolution and competitiveness of their business
3. Demonstrate leadership among export credit agencies and influence among financial institutions
4. Provide additional support for growing and emerging sectors of the Canadian economy in alignment with strong ESG principles and practices

Our ESG framework



COMMITED TO CLIMATE ACTION

Climate change is the most pressing and complex issue of our time, presenting risks to our business, our customers, the environment and society. Its impact is widespread, measurable and accelerating.

At the same time, there is also the possibility—even the responsibility—to collaborate and innovate to enable a sustainable future and discover new opportunities that the future will bring. The nexus of the challenge and opportunity of climate change is what drives our strategic focus.

As an export credit agency, we have a responsibility to measure, manage and report on climate-related risks and opportunities within our value chain, in terms of the customers we finance and accompanying impacts, in addition to our own operational impact. Today, our strategy is centred around our commitment to achieve net zero emissions across our operations and business lines by 2050—a goal aligned with the Government of Canada and the Paris Agreement. To guide this work, we follow the recommendations set out by the Task Force on Climate-related Financial Disclosures (TCFD), a leading global framework.

LEADING GLOBAL FRAMEWORK

We follow the recommendations set out by the Task Force on Climate-related Financial Disclosures (TCFD).

NET ZERO BY 2050

As Canada's export credit agency, we have a significant role to play, alongside our customers, in addressing climate change. Our unique role puts us in a position to provide the support Canadian businesses need to reduce their emissions, enabling tangible impact to Canada's emissions across the trade ecosystem.

OUR PATH TO NET ZERO

Getting to net zero will take participation from all sectors, and we are committed to doing the hard work of developing a plan that makes real, significant progress in addressing climate change while also supporting Canadian businesses and the economy.

To achieve this goal, we are working closely with our customers, stakeholders, ESG Advisory Council, civil society organizations, industry and trade associations, bank partners, other export credit agencies and international partners. We use our breadth and depth of experience to share our approaches, gather feedback and continue to build momentum towards net zero.

KEY ELEMENTS

Our strategy considers all our product types and customer segments. At a high level, our roadmap includes:

- **Calculating financed emissions:** Calculating our portfolio financed emissions in alignment with Partnership for Carbon Accounting Financials (PCAF) guidance.
- **Interim climate targets:** These include a target to reduce financing exposure to our six most carbon-intensive sectors, and sectoral science-based targets that align with limiting warming to 1.5°C or lower.
- **Operational emissions:** Reducing our operational GHG emissions to nearly zero, with any remaining emissions neutralized through carbon removal credits.
- **Sustainable finance:** Developing and expanding the solutions our customers need to help reduce their emissions. Today, this includes targets to reach $10 billion in support for cleantech in 2025, $500 million in transition financing loans by 2024, $6 billion in businesses facilitated for women-owned/led businesses and $650 million in business facilitated for Indigenous-owned/led businesses by 2023.
- **Committed to transparency:** Transparency is key when it comes to our business, and that extends to our net zero commitment. We will continue to subscribe to current best practices to guide our work and proactively share updates on our progress, plans and performance.

OUR CLIMATE-RELATED DISCLOSURES

We believe that performance tracking and transparent reporting are essential for demonstrating accountability, evaluating our work, and building relationships with stakeholders. We're proud to have become the first export credit agency and Canadian Crown corporation to become a supporter of the TCFD recommendations, and aim to continue evolving our understanding of our climate-related risks and opportunities, in line with best practices.

Since 2019, we have published an annual TCFD-aligned climate-related disclosure which highlights our approach to climate change, including key information that defines governance, strategy, risks and opportunities. It further covers metrics, targets and initiatives that have driven our commitments.

Just as climate-related risks and opportunities are critical elements of our ESG Strategy, our climate-related disclosure is a key component of our annual disclosures and Integrated Annual Report.

GREEN BONDS UPDATE

EDC has issued green bonds since 2014, and was the first Canadian financial institution to do so. Since then, funds raised by our green bonds have financed nearly 30 transactions worth more than $2 billion in a range of sectors, each delivering impact through contributing to environmental protection or the mitigation of climate change.

We evolved our green bond framework to reflect the broader nature of responsible, sustainable business and our own business model and future aspirations. Our new sustainable bond framework will provide EDC with the ability to issue social bonds, sustainable bonds and transition bonds, in addition to green bonds.

The framework was developed in alignment with current best practices and in close consultation with advisory partners, BMO Financial Group and RBC Capital Markets. EDC also obtained an independent second-party opinion from Sustainalytics.

NEW SUSTAINABLE BOND FRAMEWORK

EDC's sustainable bond framework is designed to enable greater support for initiatives that create a more equitable and sustainable world, working alongside our sustainable finance approach. The new bond framework includes:

- **Social bonds:** enable a more equitable society by supporting affordable infrastructure, access to health and nutrition, women-owned and led businesses, Indigenous business, BIPOC business and 2SLGBTQ+ business
- **Transition bonds:** facilitate the transition to a low-carbon economy by providing loans to activities that significantly reduce GHG emissions. The inclusion of transition bonds in the framework was crucial given the increasing urgency and impact of climate change and EDC's commitment to net zero emissions by 2050
- **Green bonds:** support initiatives related to renewable energy, energy efficiency, pollution and waste management, natural resources, clean transport and green buildings, among others
- **Sustainable bonds:** finance transactions that contain both green and social assets

REVISING EDC'S EMISSION CALCULATIONS

We have calculated greenhouse gases (GHG) avoided or reduced in accordance with internationally-recognized emissions models and protocols, namely the GHG Protocol for Project Accounting.

Where possible, estimates have been prorated to capture the percentage of EDC support in relation to overall project cost. For this report, we have focused on GHG emissions with respect to our renewable energy, sustainable public transport, energy efficiency, and smart grid infrastructure transactions.

We have conducted an independent third-party review of the emissions model that underpins GHG emissions avoided from assets as disclosed in this report. Recommendations from the review have been incorporated in this report and provide an updated sector-wide GHG emissions avoided or reduced compared to EDC's 2020 Green Bond Impact Report.

Further recommendations stemming from the third-party review include but are not limited to improving selection criteria methodology for green bond projects and adopting an inclusive GHG assessment boundary to capture primary and secondary effects associated with green projects. We continue to refine our approach as GHG accounting methodologies evolve.

Key updates to the emissions model

Country specific
Country-specific emission factors representing calculated CO_2 emissions from renewable energy assets in green bond 4 and green bond 5 portfolios

Updated emission factors
Revised GHG emissions avoided, reflecting greater grid energy efficiency from displaced and/or additional primary renewable energy to the electric system

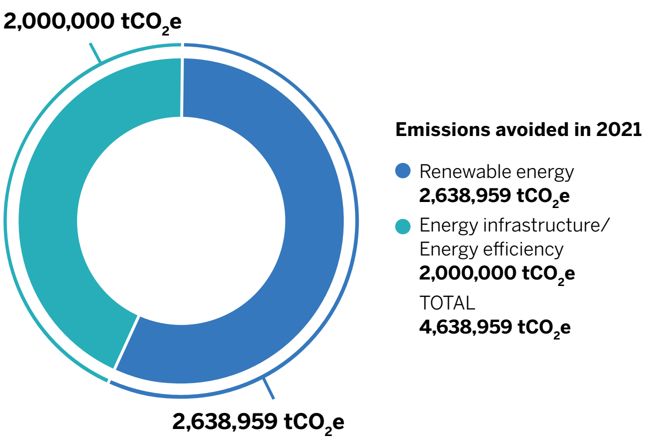
Power generation
Actual power generation, where available, from asset borrowers to ensure greater data accuracy of asset power capacity

GREEN BONDS

As our sustainable business expands, the portfolio of green assets continues to grow and enables EDC to be a regular issuer of green bonds.

Proceeds of the bonds support loans made to companies active in the preservation, protection or remediation of air, water or soil; the creation of renewable energy; or the mitigation of climate change.

GHG emissions avoided by sectors



TOTAL GHG EMISSIONS AVOIDED

4,638,959 tCO_2e /yr — a decrease of 18% from the previous year.

The reduction in GHG emissions avoided is primarily attributed to:

- Emissions avoided being overstated in previous years:
  - We updated our emission factors as we moved our data source tool from the International Finance Corporation's (IFC) emission factors (2012) to the United Nations Framework Convention on Climate Change's (UN FCCC) International Financial Institutions (IFI) default grid factors (2021). These updated emission factors reflecting greater grid energy efficiency were applied to green bond 4 and green bond 5 renewable energy assets (representing approximately 5% of the 18% decrease from the previous year).
  - Removal of RM2J Inc. from green bond 4, as these projects have zero outstanding amounts as of Q4 2021 (representing approximately 0.05% of the 18% decrease from the previous year).
  - Corrections made to projects where the emissions avoided were incorrectly reported in prior year *(see 'Corrections to previous reporting' section for more details)*.
    - Removal of the Transport for London project from green bond 4, as the project only became operational in May 2022 (representing approximately 0.06% of the 18% decrease from the previous year.)
    - Correction of Shuaa Energy 2 in green bond 5. Emissions avoided were incorrectly reported from 2019 to 2020 (representing approximately 13% of the 18% decrease from the previous year).

CONTRIBUTING TO BEST PRACTICES

In 2021, for the third consecutive year, EDC was re-appointed to the Advisory Council of the Green Bond Principles, Social Bond Principles and Sustainable Bond Principles Executive Committee of the International Capital Market Association.

GHG IMPACTS OF GREEN BONDS 4 AND 5

The estimates below take into account the benefits of the assets that are operational.

GREEN BOND 4

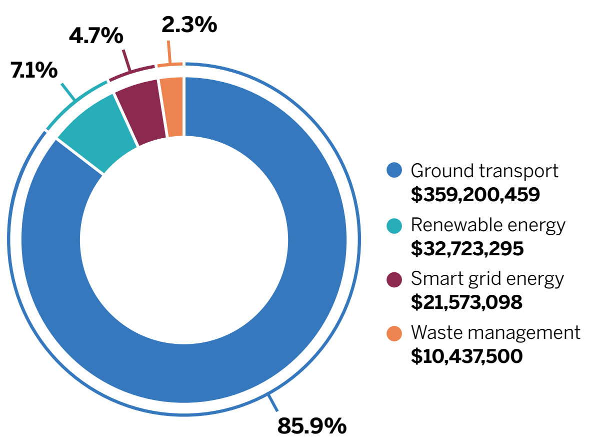
Issuer	EDC
Ratings	AAA stable (Moody's)/AAA Stable (S&P)
Format	SEC Registered
Size	CAD$500 M
Issue date	September 5, 2017
Maturity date	September 1, 2022
Coupon	1.8% (semi-annual)
ISIN	CA30216BGV86

For this report, we have focused on GHG emissions with respect to our renewable energy, public ground transport, emissions abatement and smart grid energy infrastructure transactions. We have estimated the annual amount of GHG emissions avoided and/or reduced from our green assets to be approximately 2.018 million tonnes of CO_2-equivalent.

The breakdown by sector is as follows:

- Renewable energy assets: 0.0184 million tonnes CO_2 (0.913% of total)
- Smart grid energy infrastructure: 2 million tonnes CO_2 (99.087% of total)

Projects funded by sector



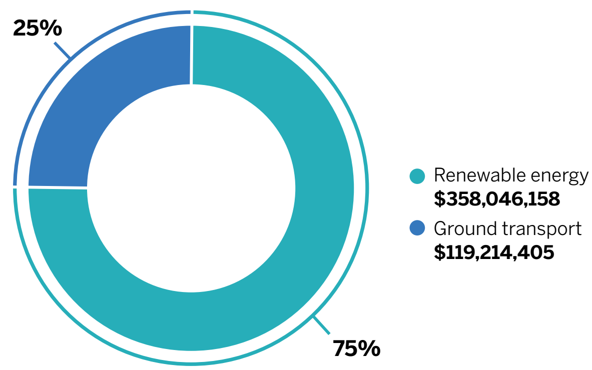
Total may not add up to the CAD$500M bond issued as the sector breakdown values are in US$.

GREEN BOND 5

Issuer	EDC
Ratings	AAA stable (Moody's)/AAA Stable (S&P)
Format	SEC Registered
Size	CAD$500 M
Issue date	July 31, 2019
Maturity date	July 31, 2024
Coupon	1.65% (semi-annual)
ISIN	CA30216BHL95

For this report, we have focused on GHG emissions with respect to our renewable energy assets. We have estimated the annual amount of GHG emissions avoided and/or reduced to be approximately 2.621 million tonnes of CO_2-equivalent.

Projects funded by sector



Total may not add up to the CAD$500M bond issued as the sector breakdown values are in US$.

GREEN LOAN ASSETS SUPPORTED BY EDC GREEN BONDS

As of November 30, 2021[1]

Green bond #	Counterparty name	Type of transaction	Green bond sector	Sector clarification	Volume (US$)	GHG emissions avoided (tCO_2e/year)
4	Greenpac Mill LLC	Refinancing	Waste management	Recycling	10,437,500	N/A[2]
4	MapleCo1 Ltd.	Financing	Smart grid energy infrastructure	Smart meters	21,573,098	2,000,000
4	Polesine S.A.	Refinancing	Renewable energy	Wind	32,723,295	18,437
4	Transport for London[4]	Financing	Public ground transport	Rail	395,200,459	0[3]
5	AWF Fin Co Pty Ltd	Financing	Renewable energy	Wind	59,794,085	182,604
5	Bombardier Inc. – Mass Transit	Corporate loan	Public ground transport	Rail	58,213,995	N/A[5]
5	Boreas	Financing	Renewable Energy	Wind	63,590,192	519,293
5	Buitengaats C.V. and others	Financing	Renewable energy	Wind	53,997,996	411,229
5	GoldLinQ	Refinancing	Public ground transport	Light rail	30,212,367	N/A[2]
5	LS Australia Renewable	Financing	Renewable	Solar	64,544,774	0[3]
5	Nordsee One GmbH	Refinancing	Renewable energy	Wind	47,927,992	845,000
5	Porterbrook Rail Finance Limited	Refinancing	Public ground transport	Rail	30,788,043	N/A[5]
5	Shuaa Energy 2	Financing	Renewable energy	Solar	68,191,119	662,396

[1] For our green bond impact reporting, EDC has historically reported for the fiscal year with a November 30 cut-off (one month prior to the fiscal year-end of December 31). For 2021 we have retained this reporting period for consistency with prior years.

[2] Emissions avoided for these projects were not available.

[3] Emissions avoided are zero tonnes CO_2e, as these projects were not operational in 2021.

[4] Only GBP £312.5 million out of GBP £500 million principal outstanding were included in green bond 4.

[5] Amount of emissions avoided for these projects cannot be quantified. These are general purpose loans for transportation/rail companies which provide a positive environmental benefit as they promote public rail transit.

CORRECTIONS TO PREVIOUS REPORTING

In 2022, we conducted an independent third-party review of the emissions model that underpins our reporting. As part of the review, we identified that GHG emissions should not be included as GHG emissions avoided until a project is operational. With this clarification, we recognized that the following three projects were incorrectly reported due to their timing of becoming operational and have made some updates to previously reported values:

- **MapleCo1 Ltd.:** Emissions avoided were incorrectly reported from 2018 to 2020. Correct amount of emissions avoided during that timeframe was zero tonnes CO_2e as the project was not operational until the end of 2020.
- **Transport for London:** Emissions avoided were incorrectly reported from 2018 to 2020. Correct amount of emissions avoided during that timeframe was zero tonnes CO_2e, as the project was not operational until 2022.
- **Shuaa Energy 2:** Emissions avoided were incorrectly reported from 2019 to 2020. Correct amount of emissions avoided during that timeframe is not available as the project became operational in 2020 by a phased approach, the details of which were not available to EDC.

For details on these previously-reported values, please consult our prior reports:

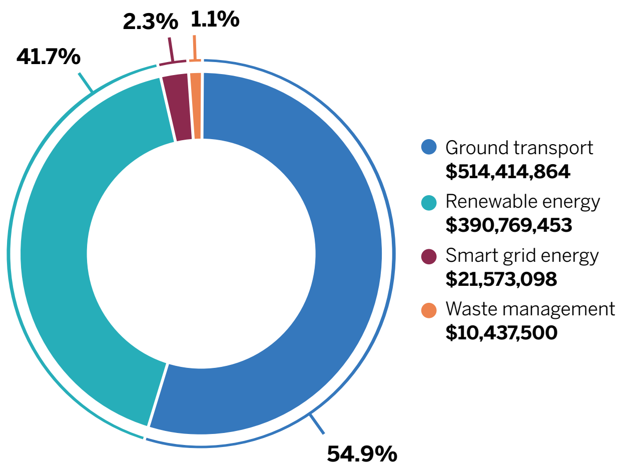
- 2020 Integrated Annual Report (page 65 - 67)
- 2020 Green Bond Impact Report (fiscal 2019 report)
- 2019 Green Bond Impact Report (fiscal 2018 report)

GREEN BOND AGGREGATE KPIs (KEY PERFORMANCE INDICATORS)

		RENEWABLE ENERGY			ENERGY EFFICIENCY
Total outstanding green issuance (US$)	**Green issuance committed and disbursed, accounted for in impact reporting[1] (US$)**	**Annual renewable energy produced (MWh)**	**Renewable capacity constructed or rehabilitated (MW)**	**Annual GHG emissions avoided (tCO_2e)**	**Annual GHG emissions avoided (tCO_2e)**
937,194,915	937,194,915	5,871,021	2,674	2,638,959	2,000,000

[1] *From issuer reports*

Use of proceeds by sector



Total may not add up to the total dollar value of bonds issued as the sector breakdown values are in US$.

ABOUT EXPORT DEVELOPMENT CANADA

Who are we?

Export Development Canada (EDC) is a financial Crown corporation dedicated to helping Canadian businesses make an impact at home and abroad. EDC has the financial products and knowledge Canadian companies need to confidently enter new markets, reduce financial risk and grow their business as they go from local to global. Together, EDC and Canadian companies are building a more prosperous, stronger and sustainable economy for all Canadians.

For more information and to learn how we can help your company, call us at 1-800-229-0575 or visit www.edc.ca.

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