

Canada



2023 SUSTAINABLE BOND IMPACT REPORT

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Message from the CFO

When this report is published in 2024, it'll mark a full decade since EDC issued our first green bond in 2014. That's 10 years of directing funding from ESG-focused investors to impactful projects around the world—a role that has become a true source of pride for our organization.

As CFO, I feel a responsibility to continue evolving and growing our bond program, so that we continue to increase its impact. And as I reflect on the headlines from this past year, I believe the need to fund projects that address environmental and social issues has never been higher.

It was the hottest year on record, with extreme weather, like floods, tropical cyclones, wildfires, and extreme heat and drought, affecting every corner of the world. Major armed conflicts also brought human rights issues to the fore and increasing inflation exacerbated economic challenges.

Against this backdrop, Canada made significant announcements that signalled its commitment to addressing these issues. At COP28 in Dubai, it announced the Oil and Gas Emissions Cap Framework, the latest of more than 140 climate measures implemented as part of the [2030 Emissions Reduction Plan](#).

On the human rights front, Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* came into effect, and the government released its action plan to achieve the objectives of the *United Nations Declaration on the Rights of Indigenous Peoples Act*.

As Canada's export credit agency, EDC also remained committed to progress in our environmental and social practices in 2023. We dedicated resources to centralize actions and responsibilities related to EDC's sustainable finance strategy.

As part of that strategy, we released our first Sustainable Finance Framework to give greater visibility into how we track and report on our sustainable business. We also provided a record \$12 billion in support for cleantech businesses, which surpassed—two years early—the \$10-billion target we'd set for 2025.

On the social front, EDC facilitated \$2 billion in business within our inclusive [trade portfolio](#), updated our [Human Rights Policy](#) and kicked off a saliency exercise to identify and prioritize the areas of our business that present the most significant human rights risks.

While no new sustainable bonds were issued in 2023, we did make improvements to our reporting infrastructure, all with a view to increasing transparency and staying current with international best practices. We secured a qualified, independent external vendor to review the assets tied to our sustainable bonds and—for the first time in the history of our bond program—provided limited assurance on the use of proceeds. We plan to continue providing this assurance in future impact reports. We also assembled and formalized an internal Sustainable Bond Working Group to facilitate the issuance, management and reporting of sustainable bonds under EDC's Sustainable Bond Framework.

Looking forward, we plan to issue our next green bond in 2024 (market conditions permitting). Green bonds remain the cornerstone of



our sustainable bond program and an important part of our net zero by [2050 strategy](#). By using this financial tool to generate funds for clean transportation, renewable energy, energy efficiency, pollution prevention, and sustainable water management, EDC and our investors can have a quantifiable impact on the climate crisis.

We've also started to build out the portfolio for a potential social bond, which would include financing for equity-deserving groups, like women and Indigenous Peoples. This bond is likely to be the first issuance under the new categories in our expanded bond framework. A transition bond will likely come further down the road, and in this new bond category, EDC's well-placed to lead the way, given our intimate knowledge of the Canadian energy ecosystem and the clean technologies that are already driving the transition here.

Thank you for your interest in EDC's contribution to a greener and more equitable global economy.

A handwritten signature in black ink that reads "Scott Moore". The signature is written in a cursive, slightly slanted style.

Scott Moore
*Executive Vice-President, Finance
and Chief Financial Officer*

EDC'S 2023 SUSTAINABLE BOND IMPACT REPORT

At Export Development Canada (EDC), we hold the fundamental belief that good environmental, social and governance (ESG) practices are key to our organization's sustainability, to the long-term success of Canadian companies, and to Canada's international competitiveness and continued prosperity.

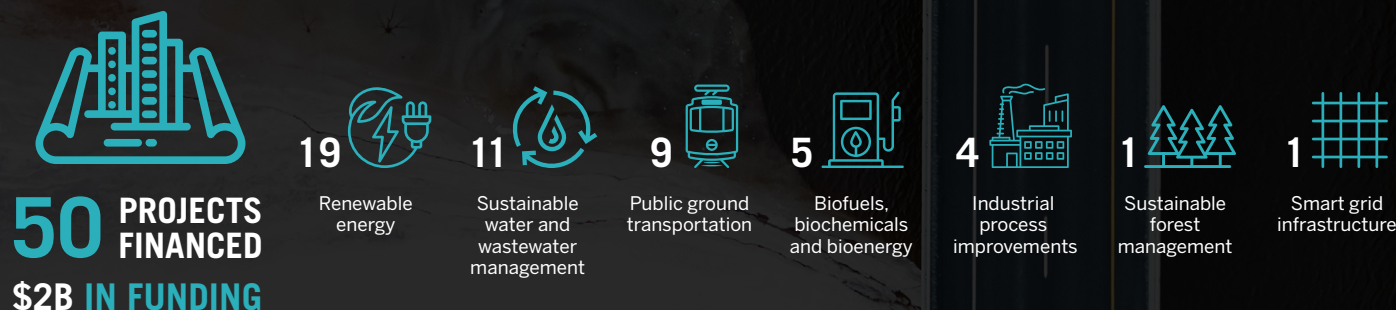
This deep-rooted commitment to sustainability, combined with large-scale financing capabilities, positions EDC to be an important source of capital for the innovative companies and projects that are addressing major global issues, like the climate crisis and systemic social inequity.

Sustainable bonds, as outlined in this report, are important tools that EDC uses to raise the capital needed to support those transactions. And the impact of those funds over the years has been significant.

EDC first started issuing green bonds in 2014, making it the first Canadian financial institution to do so. Since then, successive bonds have financed nearly 50 transactions with approximately CAD \$2 billion in funding across a range of sectors, all contributing to environmental protection or the mitigation of climate change.

In 2022, we evolved our bond program, moving from a Green Bond Framework to a Sustainable Bond Framework. The new framework continues to cover green bonds, while adding criteria to support the issuance of social bonds and transition bonds under its evolved structure. The goal of this evolution is to enable greater financial flexibility within the program to support projects and companies engaged in a wider range of social and transitional activities.

Historical performance of the green bond program



UPDATES TO THE SUSTAINABLE BOND PROGRAM IN 2023

In 2023, EDC made a number of improvements to the program's reporting infrastructure, all with a view to increasing transparency and staying current with international best practices:

- We brought in an independent practitioner, PricewaterhouseCoopers LLP (PwC), to perform limited assurance engagement on the allocation of use of proceeds by sector in accordance with the Sustainable Bond Framework;
- Established a Sustainable Bond Working Group to facilitate the issuance, management and reporting of sustainable bonds under EDC's Sustainable Bond Framework; and
- Developed a two-year roadmap to strengthen our sustainable bond impact reporting by increasing alignment with the [International Capital Market Association's Harmonized Framework](#).



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

USE OF PROCEEDS BY SECTOR



49%

\$244,876,499
Renewable energy

ASSURED



30.6%

\$152,961,840
Sustainable water and
wastewater management

ASSURED



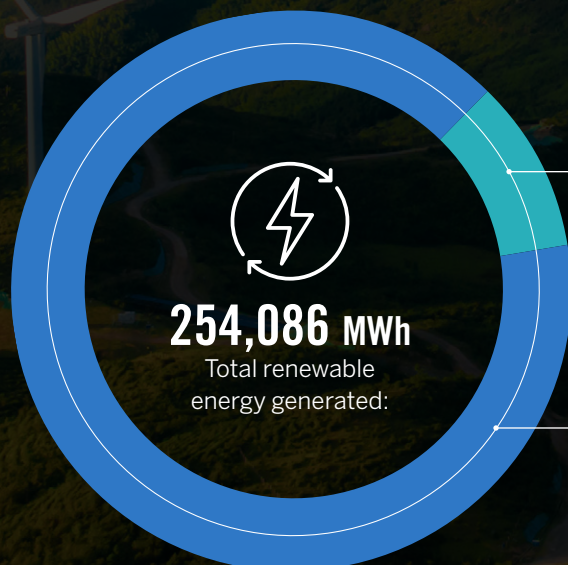
20.4%

\$102,161,661
Public ground transport

ASSURED

PricewaterhouseCoopers LLP (PwC), our independent auditor, performed limited assurance on the use of proceeds by sector. This is indicated with a **ASSURED** on this page. Additional detail is available in [PwC's Assurance Statement](#).

IMPACT METRICS



24,979 MWh
Solar



229,106 MWh
Wind



6%

Reduced leakage makes for a more sustainable water infrastructure with less waste.

Leakage reduction as measured against a 2017/18 baseline

Bond asset descriptions

Counterparty name	Short Description ¹		
Porterbrook Rail Finance Limited	EDC participated in refinancing debt with one of the United Kingdom's largest rolling stock operating companies to support general operational activities.	The borrower owns approximately one-quarter of the national passenger rolling stock in the U.K. and has been recognized as a GRESB infrastructure leader for 2022 in transportation, achieving a score of 100/100.	Canadian exporter/investor supported: Porterbrook Rail Finance Limited is partly owned and managed by Alberta Investment Management Corp.
Bombardier Inc. – Mass Transit	EDC participated in a syndication providing financing for the sale of trains to a mass transit rail system in Europe. In 2022, the borrower transported more than 260 million passengers and 110 million tons of goods in an environmentally friendly manner to their destination across 5,000 kilometres of rail.	100% of the borrower's traction current comes from renewable energy sources.	Canadian exporter/investor supported: The locomotives were sold to ÖBB Personenverkehr Aktiengesellschaft in 2017 by the Austrian subsidiary of Quebec-based Bombardier Transportation.
AWF Fin Co Pty Ltd²	EDC participated in a club deal providing project financing for the development and operation of a 243-megawatt (MW) onshore wind farm in Australia. The project began construction in 2015.	The turbines are connected to a dedicated 21-km, 132-kV transmission line and a terminal station that can generate enough energy to power the equivalent of 120,000 homes.	Canadian exporter/investor supported: The Ontario Public Service Employees Union Pension Trust is a major investor in this wind farm project.
Nordsee One GmbH	EDC participated in a syndication to finance the operation of a 332-MW offshore wind farm in the North Sea. The project consists of 54 Senvion 6.15-MW wind turbine generators that produce approximately 1.2 billion kilowatt hours of energy per year.	Completed in December 2017, the project powers approximately 400,000 average households and will save more than one million tonnes of CO ₂ (carbon dioxide) compared to a conventional coal-fired plant.	Canadian exporter/investor supported: Ontario-based Northland Power is the majority owner of Nordsee One GmbH.
Arenales concentrated solar plant (CSP)	EDC participated in a club deal to project finance the acquisition of two 50-MW operational concentrated solar power (CSP) plants in Western Europe.	The CSPs have been operational since 2013.	Canadian exporter/investor supported: The Ontario Teachers' Pension Plan and the Public Sector Pension Investment Board are joint owners of the project.
LS Australia FinCo1 Pty Ltd	EDC provided project financing to support the construction, installation, and operation of a 174-MW solar farm in Australia. The project consists of bifacial photovoltaic solar modules, inverter stations, an onsite substation, a 100-metre transmission line, as well as internal access tracks and perimeter fencing.	Construction of the project began in 2019. The project will power the equivalent of 72,500 homes and save 348,000 metric tonnes of carbon emissions.	Canadian exporter/investor supported: Ontario-based Canadian Solar was the supplier of solar panels for this project.
Buitengaats C.V.	EDC participated in a club deal to refinance a 600-MW offshore wind project located in the North Sea. The wind project has been in operation since 2017.	The project will generate 2.6-terawatt hours of electricity generated per year, enough sustainable energy to power 785,000 households.	Canadian exporter/investor supported: Ontario-based Northland Power is the majority owner of the Buitengaats C.V. wind farm.
United Utilities Water Limited	EDC participated in a bilateral term facility to be used for general corporate purposes by a water utility company based in the U.K. The borrower distributes 1.8 billion litres of water per day to 3.2 million homes and 200,000 businesses in the U.K. The borrower has a well-defined, medium-term investment plan that's focused on emissions reduction, digitization, and sustainability, aligned with their net zero 2030 plan.	In the most recent assessment from the Environment Agency (EA), the borrower was recognized as an industry leading utilities company and awarded the maximum four stars for the second year running.	Canadian exporter/investor supported: United Utilities is part of EDC's Connections Financing program, through which EDC builds financial relationships with international companies that present substantial supply chain opportunities for Canadian companies.

¹ Project information in the asset descriptions is pulled from the public websites of the borrowers.

² Loan was repaid to EDC in December 2023 and was replaced by Arenales CSP.

Impact Metrics

In 2023, EDC made the decision to move away from the estimated “emissions avoided” impact metric for renewable energy, which we’ve used in past impact reports, and to start reporting the impact metrics shared directly with us by borrowers. Only when these metrics are not provided by borrowers, will EDC report estimated values.

For renewable energy, we’ve also adjusted our impact metrics to more accurately reflect the proportion of EDC’s support for a project. For example, a borrower will share the total amount of renewable energy produced by a green energy project, but EDC’s impact metric will only reflect the portion of that energy that corresponds with our loan share of the financing/refinancing, as well as the percentage allocation of the loan to the bond.

Green bond 5 assets, loan volumes and impact metrics (as of Dec. 31, 2023¹)

Counterparty name (Canadian exporter/ investor)	Type of transaction	Green category	Asset type	Country	Outstanding loan volume allocated to bond (CAD)	Impact metric			Reporting Period	Apportioned Impact ²
						Metric description	Units	Value		
Porterbrook Rail Finance Limited (Alberta Investment Management Corp)	Refinancing	Public ground transport	Rail	U.K.	\$29,987,886	N/A ³	-	-	-	-
Bombardier Inc. - Mass Transit (ÖBB Personenverkehr Aktiengesellschaft)	Corporate loan	Public ground transport	Rail	Austria	\$72,173,775	N/A	-	-	-	-
AWF Fin Co Pty Ltd⁴ (Ontario Public Service Employees Union Pension Trust)	Project financing	Renewable energy	Wind	Australia	-	Annual renewable energy generated	MWh ⁵	451,175	12 months (January-December 2022)	87,928 ⁶
Nordsee One GmbH (Northland Power)	Project financing	Renewable energy	Wind	Germany	\$31,301,616	Annual renewable energy generated	MWh	831,223	12 months (July 2022-June 2023)	21,063
Arenales CSP (Ontario Teachers' Pension Plan / Public Sector Pension Investment Board)	Project financing	Renewable energy	Solar	Spain	\$56,414,860	Annual renewable energy generated	MWh	126,091	12 months (January-December 2022)	454 ⁷
LS Australia FinCo1 Pty Ltd (Canadian Solar)	Project financing	Renewable energy	Solar	Australia	\$83,681,770	Annual renewable energy generated	MWh	76,013	9 months (January-September 2023) ⁸	24,526

1 Reporting period is consistent with our fiscal year-end of Dec. 31

2 Impact has been apportioned to EDC’s loan share of the financing/refinancing along with portion of the loan share to which bond proceeds were allocated. Apportioned impact (AE) was calculated using the following formula: AE = (EDC loan commitment/total (debt + equity)) x % of EDC loan commitment allocated to bond x total impact reported by borrower.

3 Impact metrics for these projects can’t be quantified. These are general purpose loans for transportation/rail companies which provide a positive environmental benefit as they promote public rail transit.

4 Loan was repaid to EDC in December 2023 and was replaced by Arenales concentrated solar plant.

5 Megawatt hour.

6 Apportioned impact metric has been prorated to reflect total renewable energy financed by EDC before asset was repaid in December 2023.

7 Apportioned impact metric has been prorated to reflect total renewable energy financed by EDC after asset was added to Green Bond 5 in December 2023.

8 12-month data wasn’t available at the time of reporting as asset was commissioned only in 2023.

Counterparty name (Canadian exporter/ investor)	Type of transaction	Green category	Asset type	Country	Outstanding loan volume allocated to bond (CAD)	Impact metric			Reporting Period	Apportioned Impact ²
						Metric description	Units	Value		
Buitengaats C.V. (Northland Power)	Project financing	Renewable energy	Wind	Netherlands	\$73,478,253	Annual renewable energy generated	MWh	2,378,000	12 months (July 2022- June 2023)	120,115
United Utilities Water Limited (EDC's Connections Financing customer)	Corporate loan	Sustainable water/ wastewater management	Water	U.K.	\$152,961,840	Leakage reduction percentage	%	6% ⁹	2022/2023 ¹⁰	-

⁹ As measured against a 2017/2018 baseline.

¹⁰ 2022 performance as reported in 2022 annual report.





Independent practitioner's limited assurance report on the select performance metrics contained in Export Development Canada's 2023 Sustainable Bond Impact Report

To the Board of Directors of Export Development Canada (EDC)

We have undertaken a limited assurance engagement on the following select performance indicators detailed below (the select performance metrics) for the year ended on December 31, 2023 as presented within EDC's 2023 Sustainable Bond Impact Report.

Select Performance Metrics

Performance indicator	2023 Value	Page on Report
Green Bonds use of proceeds by sector as of December 31, 2023 (in Canadian dollars and in percentage):		6
• Public ground transport	\$102,161,661 and 20.4%	
• Renewable Energy	\$244,876,499 and 49.0%	
• Sustainable water and wastewater management	\$152,961,840 and 30.6%	

Management's responsibility

Management is responsible for the preparation of the select performance metrics in accordance with the applicable criteria established in the EDC Sustainable Bond Framework published in February 2022 (applicable criteria). Management is also responsible for such internal control as management determines necessary to enable the preparation of the select performance metrics that is free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the select performance metrics based on the evidence we have obtained. We conducted our limited assurance engagement in accordance with Canadian Standard on Assurance Engagements (CSAE) 3000, *Attestation Engagements Other than Audits or Reviews of Historical Financial Information*. This standard requires that we plan and perform this engagement to obtain limited assurance about whether the select performance metrics are free from material misstatement.

A limited assurance engagement involves performing procedures (primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures) and evaluating the evidence obtained. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users of our report. The procedures are selected based on our professional judgment, which includes identifying areas where the risks of material misstatement, whether due to fraud or error, in preparing the select performance metrics in accordance with the applicable criteria are likely to arise.

Our engagement included, among others, the following procedures performed:

- Making inquiries of management to obtain an understanding of the overall governance and internal control environment relevant to the management, aggregation and reporting of the select performance metrics;

PricewaterhouseCoopers LLP

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- Understand the key systems, processes and controls for managing, recording and reporting the select performance metrics;
- Obtaining the internal listing of assets allocated into the eligible categories and confirming this was consistent with the proposed disclosures within the Sustainable Bond Impact Report on a sample basis; and
- Agreeing and testing the underlying data related to the select performance metrics on a sample basis.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement and, consequently, the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our independence and quality management

We have complied with the relevant rules of professional conduct/code of ethics applicable to the practice of public accounting and related to assurance engagements, issued by various professional accounting bodies, which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Canadian Standard on Quality Management 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, which requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that EDC's select performance metrics for the year ended December 31, 2023 is not prepared, in all material respects, in accordance with the applicable criteria.

Purpose of statement and restriction of use

The select performance metrics have been prepared in accordance with the applicable criteria prepared by EDC's management to report to Board of Directors. As a result, the select performance metrics may not be suitable for another purpose. Our report is intended solely for EDC. We acknowledge the disclosure of our report, in full only, by EDC at its discretion, to the Board of Directors without assuming or accepting any responsibility or liability to any other third party in respect of this report.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Toronto, Ontario
May 8, 2024

General Disclaimer and Information about Forward-looking statements

Certain statements included in this report constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995 and under Canadian securities laws, including statements on our strategy, plans, future financial and operating performance, or assumptions on other things that have not yet taken place. By their nature, forward-looking statements are not guarantees of future performance and involve risks, uncertainties and other factors that may cause actual results, performance or achievements of EDC to be materially different from those implied by such statements. EDC cautions that its assumptions may not materialize and that current economic conditions render such assumptions, although reasonable at the time they were made, subject to greater uncertainty. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

There are multiple factors that EDC may not be able to foresee and accurately predict, including many that are beyond our control. These factors include the availability of comprehensive and high-quality data, including data from our customers, economic and market trends, including changes in interest rates and the existence of a global market for sustainable and responsible Canadian exports, changes in applicable domestic and international laws, the need for active, continued participation of stakeholders, the development and deployment of new production methods and technologies, and our ability to internally deploy the resources necessary to provide further ESG-based services to our customers, among other unforeseen events or conditions.

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ABOUT EDC

Export Development Canada (EDC) is a Crown corporation dedicated to helping Canadian companies of all sizes succeed in global markets. We're Canada's export credit agency and a member of the Government of Canada's international trade portfolio, with offices and representations across Canada and around the world. Since 1944, we've equipped Canadian companies with the tools they need—the trade knowledge, connections and financial solutions, including loans, equity and insurance—to grow their business with confidence. Underlying our support is a commitment to sustainable, responsible and inclusive business, aimed at strengthening the way trade serves society and our planet.

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