EDC Sustainable Finance Framework

Canada

EDC
TAKE ON THE WORLD

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Introduction

The need to work towards a more sustainable, equitable world has never been greater. With the urgency of climate change and the perseverance of historical social injustices, we see the market embracing, even demanding, better environmental, social and governance (ESG) practices.

Export Development Canada (EDC) has an important role to play in advancing a trade ecosystem which helps reduce Canada's trade gap, while also supporting the responsible use of global natural resources, the delivery of positive environmental impacts for climate and nature and increasing equitable outcomes for people.

Sustainable finance is one of our primary tools when it comes to this type of investment and spans relevant support across several of our existing programs, such as cleantech and inclusive trade, and the potential to support targeted business through the issuance of sustainable bonds under this Framework.

Purpose of EDC's Sustainable Finance Framework

EDC's Sustainable Finance Framework (the "Framework") outlines EDC's approach for classifying transactions as sustainable. It provides visibility on how we track and report on what we consider sustainable financing and helps support our progress against our ESG objectives. This Framework is an important element in supporting the overall sustainability of our portfolio towards net zero by 2050.

It is also foundational to help EDC's customers transition more effectively, build their competitive advantage and innovate. It allows us to be more intentional with risk so we can use the full breadth of our risk appetite to provide support that might not otherwise be available to exporters.

Specifically, the Framework:

- Defines the scope, criteria thresholds and definitions used to determine whether transactions classify as eligible sustainable finance at EDC;
- Provides a governance process that enables the monitoring, tracking and reporting of EDC's sustainable finance-related business activities;
- Provides a market-aligned approach, and where applicable, a science-based approach to assess credibility;
- Outlines credible activities as potential opportunities for customers to explore as they develop and execute their own sustainability goals; and
- Outlines EDC's approach to issuing Sustainable Bonds, in accordance with the International Capital Markets Association's ("ICMA") Green Bond Principles (2021), Social Bond Principles (2021), and the Sustainability Bond Guidelines (2021) as they related to, use of proceeds, project selection, management of proceeds and reporting.

This Framework will be applicable as of January 1, 2025, onwards. Annually, EDC will review the Framework to ensure alignment with market developments and update as needed. This updated Framework combines and replaces EDC's Sustainable Bond Framework (April 2022) and previous Sustainable Finance Framework (November 2023).

Sustainable finance eligibility

Scope

EDC's Sustainable Finance Framework applies to transactions in each of EDC's business streams, including financing (corporate lending, structured and project finance and mid-market lending), loan guarantees, equity and investments. This Framework is also intended to guide issuances of Green, Social, Sustainability and Transition Bonds (collectively referred to as "Sustainable Bonds"). Additional requirements for bond eligible business are outlined later in this document.

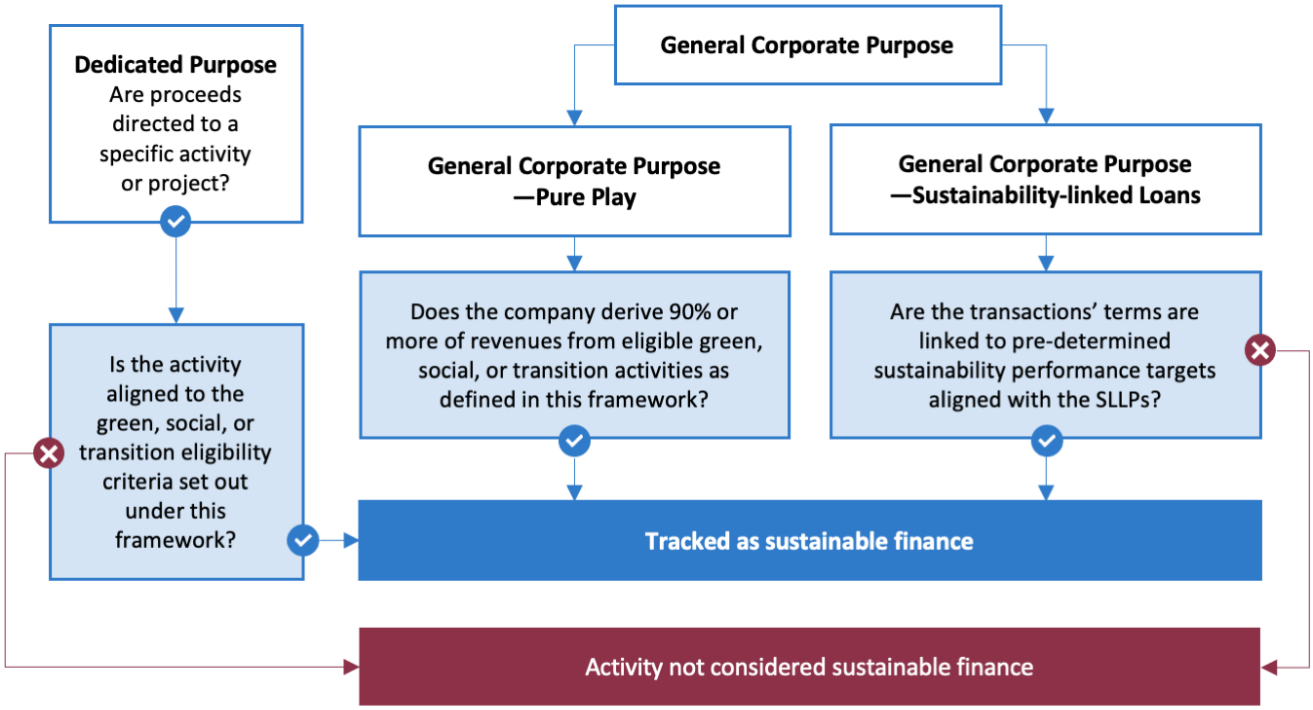
Determining eligibility

A transaction may be considered sustainable finance if it aligns to one of the following pathways described below:

Dedicated purpose: Transactions may qualify as sustainable finance if 100% of EDC's capital provided is directed towards eligible green, social and/or transition activities listed in Tables 1-3 in the following section.

General corporate purpose—pure play: Transactions may qualify as sustainable finance if the customer generates 90% or more of its revenue from eligible green, social and/or transition activities listed in Tables 1-3 in the following section.

General corporate purpose—sustainability-linked loans: Transactions may qualify as sustainable finance if the transactions' terms are linked to pre-determined sustainability performance targets aligned with the most current APLMA/LMA/LSTA[1] Sustainability-linked Loan Principles (SLLPs[2]).



[1] Asia Pacific Loan Market Association, Loan Market Association, and Loan Syndications and Trading Association respectively.
[2] Demonstrated through a credible independent external review, made available to EDC.

Eligible green, social and transition activities

Tables 1-3 outline the green, social and transition activities of EDC's customers used to determine eligibility for dedicated purpose and general corporate purpose support as defined above. EDC may collect additional information or evidence to support any assessment of a transaction against the described activities.

These tables have been developed with reference to relevant industry guidelines such as the ICMA Green & Social Bond Principles, the Green Loan Principles, the IFC Biodiversity Finance Reference Guide, and existing taxonomies such as the Climate Bonds Taxonomy.

Where possible, eligible activities or technologies are mapped to a corresponding UN Sustainable Development Goal (s) ("SDGs").

In the case of transactions supporting novel or nascent technologies not reflected in the technical criteria below, on a case-by-case basis, EDC may consider the activity's alignment to existing categories. Such exceptional considerations will not be eligible for inclusion in a bond issuance. Any such considerations would be reflected in future updates to EDC's Framework.

Table 1: Eligible green categories

ELIGIBLE GREEN CATEGORIES	Eligible green activities / technologies	Exclusions
Renewable energy 	The acquisition, development, manufacturing, fabrication, construction, operation, transmission, distribution and maintenance of renewable energy assets (i.e., equipment, components, infrastructure and facilities), including: • Offshore and onshore wind. • Solar facilities, including solar photovoltaic and concentrated heat and power generation (where more than 85% of electricity is generated from solar energy sources). • Energy storage facilities including Battery Energy Storage Systems (BESS) (co-located with renewable power or standalone), pumped hydro, advanced compressed air energy storage (A-CAES), and run-of-river hydropower with artificial reservoir. • Bioenergy production from waste biomass whose sources may include agriculture and forestry residues, RSPO[3]-certified palm oil residues, or wastewater and sewage sludge.	• Application of renewable energy technology in processes from the fossil fuel industry • Bioenergy production that competes with food production, takes place on land with high biodiversity, or depletes carbon pools in soils • Bioenergy production using peat, palm oil and non-certified feedstock • Bioenergy production using

[3] Roundtable on Sustainable Palm Oil

	• Bioenergy production from non-waste feedstock that are fully certified from sustainable sources[4] with: i) lifecycle emissions up to 100 grams of CO_2e/kWh for electricity generation; or ii) in the case of biofuel production, projects that achieve substantial lifecycle emissions reductions of at least 65%[5] lower than the noted fossil-fuel baseline.[6]
	• Marine renewables such as tidal and wave power facilities, ocean thermal energy conversion and salinity gradients.
	• Green hydrogen and ammonia generation facilities using electrolysis powered by low-carbon energy.[7]
	• Geothermal energy facilities with lifecycle emissions intensity less than 100g CO_2/kWh.
	• Run-of-river[8] hydropower.
	• For hydropower facilities operational after 2019[8]: lifecycle carbon intensity is below 50 gCO2e/kWh or power density is greater than 10 W/m^2.
	• For hydropower facilities operational before 2019[8]: lifecycle carbon intensity is below 100 gCO2e/kWh or power density is greater than 5 W/m^2.
	• Refurbishment, operation or maintenance of existing hydroelectric facilities, provided the size of the dam or reservoir is not increased and meets the hydropower criteria above. If the project increases the size of the dam or reservoir, it is subject to a new environmental and social impact assessment by a credible body where there is no significant risk, controversies or expected negative impact identified by the assessment.
	• Waste-to-energy projects including the following:
	  • Landfill gas capture from closed or decommissioned landfills with 75% or more gas capture efficiency;
	  • Incineration of municipal solid waste for energy generation with recyclables, especially plastics, separated prior to
		agriculture waste feedstock including animal fats and oil, animal processing by-products, as well as animal manure from industrial-scale livestock operations
		• Wastewater and sewage sludge that is derived from fossil fuel operations
		• Ocean thermal projects with fossil fuel backup (not including power monitoring, operating and maintenance equipment, as well as resilience or protection measures/restart capabilities)
		• Transmission lines directly connected or dedicated to fossil fuel power
		• Gas capture projects based on active landfills
		• Landfill gas capture for flaring

[4] For biofuel feedstock production, credible sustainable certification schemes include the ISCC Plus; Bonsucro (for sugarcane); Round Table on Responsible Soy (RTRS); Forest Stewardship Council (FSC) or Programme for the Endorsement for Forest Certification (PEFC) (for wood and wood pellets).

[5] Pre-2021 installations with 60% lifecycle emission reduction below the fossil fuel baseline and pre-2015 installations with 50% lifecycle emissions reduction below the baseline.

[6] Fossil fuel baselines for biofuel production facilities: i) biofuels (for transportation) - 94 gCO2e/MJ; ii) bioliquids (production of electricity) - 183 CO2e/MJ; and iii) bioliquids (production of heat) - 80 CO2e/MJ.

[7] With product output representing a 70% reduction from fossil fuel-derived grey hydrogen and ammonia or well-to-gate LCA, for H2: 3.4kg-CO2e/kg-H2,and for NH3: 0.87kg-CO2e/kg-NH3.

[8] For all new hydropower projects regardless of size, an environmental and social impact assessment by a credible, third-party body is required per project. There should be no significant risk, controversies or large-scale irreversible and significant negative impact identified by the assessment.

	energy conversion, where carbon intensity is below 100 gCO2e/kWh.
	• Nuclear power plants[9] (including Small- and Micro-Modular Reactors), specifically:
	  • Development and operation of new nuclear power plants, or,
	  • Refurbishment of existing nuclear power plants, including dedicated supporting infrastructure to increase lifetime or capacity, or,
	  • Research and development of advanced technologies for nuclear power generation and the secure management/storage of radioactive waste, or,
	  • Measures supporting the deployment of nuclear energy for electricity and heat generation:
	  • General measures: includes but is not limited to nuclear fuel processing, refining, conversion, fuel fabrication, EPC (Engineering, Procurement, and Construction), maintenance, testing, consulting, safety design and strategies, and mechanical hardware.
	  • Specific components and systems: Structures and improvements, reactor equipment, fuel storage racks, fuel handling equipment, reactor protection system, turbine generator, valves and pumps, steam generator, reactor pressure vessel and internals, electrical equipment, heat rejection system, simulator.
	• Transmission and distribution infrastructure on trajectory to full decarbonization where trajectory to full decarbonization is defined as either:
	  • (A) more than 67% of newly connected generation capacity in the system meets the definition of Renewable Energy, over a rolling five-year average period; or
	  • (B) the average system grid emissions factor is below the threshold value of 100 g CO2e/kWh measured on a product carbon footprint basis, over a rolling five-year average period.	

[9] All nuclear power projects will be undertaken in jurisdictions that have regulations and regulatory enforcement mechanisms to address site selection, the safe operation of nuclear power facilities, and the safe management of radioactive waste from nuclear power facilities. Qualifying projects will also be subject to jurisdictional or entity-level policies to ensure the responsible sourcing of uranium, and qualifying jurisdictions will have in place processes to pursue viable options for the secure, long-term storage of high-level radioactive waste.

	• Renewable energy[10] projects that replace baseload generation to avoid surpassing the grid's limit.	
Energy efficiency 	Activities that increase energy efficiency and/or reduce energy consumption or greenhouse gas ("GHG") emission intensity[11], including: • Manufacture and installation of energy efficient equipment and technologies (e.g., LED lighting, non-fossil fuel powered heating, ventilation, air conditioning/cooling (HVAC) systems). • Manufacture and installation of equipment, technology or software aimed at improving energy efficiency, such as smart meters and peak demand management technology, energy performance monitoring equipment and other hardware and software solutions aimed at reducing power consumption, such as power saving features, machine learning and artificial intelligence applications. • Energy management infrastructure, equipment and systems, such as smart grid technology, including wide area monitoring system components, advanced and smart meters, monitoring and control automation devices and big data or computing platforms. • Energy efficient batteries. • Energy efficient electric powered district heating and cooling systems, powered by either at least 50% renewable energy or at least 50% waste heat from non-fossil fuel operations. • Retrofit of renewable energy power plants to make them more energy efficient. • Cogeneration and combined heat and power plants that are powered by concentrated solar power, solar thermal or biomass waste.[12] • Micro-grids providing power solutions for remote and/or off-grid communities, campuses and businesses that are powered by renewables[13] and with fossil fuel back-up limited to less than 15%. • Modernization of broadband networks moving from copper to fibre optic or hybrid fibre coaxial and retrofitting legacy networks.	• Energy-efficient technologies designed or intended for processes that are inherently carbon intensive or primarily powered by fossil fuels, including: i) oil or gas-fired boilers, cogeneration and CHP units; and ii) production processes in heavy industries such as cement, steel, aluminum • Batteries or other storage technologies dedicated to fossil fuel production • Energy efficiency improvements to transmission lines directly connected or dedicated to fossil fuel power • Waste heat from fossil fuel production or operations • Cogeneration and combined heat and power plants that

[10] As defined under the "Renewable Energy" category of the Framework.
[11] Where possible, reductions in energy consumption or GHG emissions intensity achieved by the activities under this category will be demonstrated by a credible third-party assessment.
[12] With feedstock as defined under the "Renewable Energy" category of the Framework.
[13] As defined under the "Renewable Energy" category of the Framework.

	• Mobile network upgrades from older technologies to the latest technologies, such as 5G or 4G LTE.	powered by coal, oil or natural gas • Microgrids with fossil fuel back-up more than 15%
Pollution prevention and waste management 	Construction, development, operation, acquisition and maintenance of systems, technologies and equipment that support pollution prevention and control, including: • Recycling processes and infrastructure[14] that support the source segregation of waste and includes the following: i) processing of mixed residual waste to produce feedstock for waste-to-energy projects where the majority of recyclables are segregated before energy conversion; ii) processing of recyclable waste such as steel, aluminum or glass; iii) processing of food, green or garden waste to produce compost for agricultural, municipal or consumer applications; iv) processing of inorganic sludge; v) electronic-waste recycling; vi) mechanical recycling of plastic; vii) chemical recycling of plastics only in cases where the lifecycle emissions of the recycled plastic is lower than primary fossil fuel stock and end-use application is not intended for single-use consumer products; and viii) recycling of batteries. • Improve measures and technologies to reduce air pollution and improve air quality, such as the installation of smokestack scrubbers, process upgrades and sensors to monitor or test emissions control or compliance. • Carbon capture removal technology such as direct air capture and biogenic capture, including Bioenergy with Carbon Capture and Storage (BECCS).	• Recycling of electronic waste without robust waste management processes to mitigate associated risks • Prevention of air pollution that directly results from fossil fuel production • Prevention of air pollution that directly results from technologies that are inherently reliant on fossil fuels as an energy source • GHG emissions reductions in fossil fuel production and/or distribution facilities, or in heavy industries such as steel, aluminum and cement

[14] Where waste collection vehicles are considered, such vehicles will meet the direct emissions threshold specified in the "Clean Transportation" category below.

Environmentally sustainable management of living natural resources and land use, and nature-based solutions  	Activities related to using natural resources in a way that enhances the resilience of ecosystems and the benefits they provide, including: **Forestry** • Activities that increase and/or support afforestation and reforestation using native tree species that are well-adapted to site conditions with a sustainable management plan in place that is certified by a recognized third-party certification.[15] • Certified sustainably managed forestry with zero deforestation that achieve or are aiming for 100% certification by a recognized third-party certification. **Agriculture** • Sustainably managed agriculture, that is certified by a recognized third-party certification.[16] • Techniques and technologies that improve resource use efficiency and promote sustainable crop agriculture, such as advanced irrigation technologies (e.g., high-efficiency drip, flood or pivot irrigation), climate-resilient seeds and crops,[17] organic pesticides and herbicides, fertilizer such as manure and compost as well as other novel fertilizers, no-till farming systems and crop rotation, satellite farming or site-specific crop management that enables data-driven agriculture management to improve efficiency of resources (e.g., remote sensing and GIS equipment). • R&D and production of alternative proteins or nutritional ingredients with i) evidence of lifecycle GHG emissions being significantly lower than meat counterparts; and ii) production that procures raw materials from certified sustainable sources. • Urban agriculture production, such as vertical farming, hydroponics and aeroponics that are coupled with implementation of strong energy efficiency measures and renewable energy procurement. • Livestock management projects that reduce methane gas or GHG emissions such as manure management with biodigesters.	• Industrial livestock management projects and projects that use animal by-products apart from manure • Manufacture, purchase or distribution of inorganic, synthetic fertilizers, pesticides or herbicides • Agricultural units that include livestock production units • Equipment that runs directly on fossil fuels such as those powered by diesel[20] • Techniques and technologies implemented on livestock production units • Biodigesters or livestock management projects using agriculture waste feedstock including animal fats and oil, animal processing by-products, as well as animal manure from industrial-scale livestock operations

[15] Such as the Forest Stewardship Council ("FSC"), the Programme for the Endorsement of Forest Certification ("PEFC") Sustainable Forest Initiative ("SFI"), or the American Tree Farm System. A third-party certification is not required for smallholders.
[16] Such as Canada Organic, USDA Organic, UTZ, or Rainforest Alliance.
[17] Based on vulnerability assessments and adaptation plans to identify and respond to the relevant climate risks.
[20] Not including equipment or technologies operated or deployed from diesel fueled equipment such as tractors.

	Aquaculture • Environmentally sustainable fishery and aquaculture that is 100% certified by a recognized third-party certification.[18] • Ecological restoration and aquatic biodiversity conservation of coastal, marine, freshwater and watershed environments, including wetlands. **Conservation, restoration and protection from deterioration** • Remediation of contaminated sites (including supporting environmental professional services, such as the collection[19] and treatment of contaminated soil) that are not associated with the Borrower's own activities. • Nature and biodiversity conservation, including achieving favourable conservation status of natural and semi-natural habitats and species, or preventing their deterioration. • Rewilding through creating and restoring habitats for wildlife & biodiversity, including developing biodiversity corridors and regreening of urban spaces.	
Green buildings and infrastructure 	• Green buildings certified by a recognized third-party certification.[21] • Refurbishment of commercial, residential or public buildings which results in energy savings of 30% or more over baseline energy consumption (pre-retrofit). • Buildings that have achieved, based on third-party assessment, GHG emissions performance or primary energy demand (PED) in the top 15% in their city, province/state or country.	• Development or acquisition of industrial facilities designed or intended for activities that are ineligible per the Framework criteria • Buildings designed for the purpose of extraction, storage, transportation or manufacture of fossil fuels
Clean transportation	Acquisition and/or upgrade, development, manufacturing, construction, operation and maintenance of dedicated low-carbon transport assets, including:	• Systems and infrastructure dedicated to the transportation of

[18] Such as Marine Stewardship Council, Aquaculture Stewardship Council, Global G.A.P for Aquaculture, or Best Aquaculture Practices.
[19] Where waste collection vehicles are considered, such vehicles will meet the direct emissions threshold specified in the "Clean Transportation" category below.
[21] Such as LEED, with a minimum of 'Gold', BOMA Best with a minimum of 'Gold', BREEAM with a minimum of 'Excellent', ENERGY STAR (85 or above), Toronto Green Standard (v2) Tier 2 or higher.

	• Energy efficient private transport: i) electric or hydrogen vehicles with zero direct emissions; or ii) hybrid vehicles (with CO_2 emission thresholds of <75 gCO_2/km or 120.70 gCO_2/mile[22]). • Energy efficient public transport: i) electrified or hydrogen powered passenger rail, trams or buses with zero direct emissions; or ii) hybrid passenger rail, trams or buses with CO_2 emissions threshold of up to 50 gCO_2/passenger-km (pkm) or 80.47 gCO_2/p-mi. • Energy efficient freight transport: i) electrified or hydrogen freight rail with zero direct emissions; or ii) freight rail with direct emissions threshold below 25 gCO_2/tonne-km or 40.23 gCO_2/tonne-mi. • Transportation infrastructure dedicated to supporting the operation of energy-efficient private and public transport defined above, including expansions and capacity improvements of metro/train networks and station upgrades, traffic and public transport control centres and terminals, bus rapid transit infrastructure such as dedicated lanes, depots and bus stops, electric charging stations and hydrogen fueling stations. • Information, Communication and Technology ("ICT") systems that improve asset utilization such as car-sharing schemes.[23] • Specialized parts or components exclusively intended for the above-mentioned low-carbon transportation such as EV batteries and battery components.[24] • Public walking and cycling infrastructure and cycling schemes. • Zero direct emissions miscellaneous vehicles such as cranes, forklifts and excavators, or waste collection vehicles with direct emissions intensity threshold of below 25 gCO_2/km.	fossil fuels or fossil fuels blended with alternative fuels • Efficiency improvements involving conventional fossil fuel combustion engines • Freight rail where the share of fossil fuel freight transported is more than 25% in mass • Parking facilities (even if charging and alternative fuel infrastructure are included) • New construction of roads and retrofits to existing road infrastructure and road bridges • Fossil fuel filling stations and other assets which prolong the life and/or facilitate the use of fossil fuel powered transport • Components wholly dedicated to or intended for internal combustion engine and compressed natural gas vehicles and supply chain

[22] Emission estimation based on the methodology by Worldwide Harmonized Light Vehicle Test Procedure.
[23] This excludes ride-hailing services.
[24] Where a production facility or an asset makes parts for both conventional and low-carbon vehicles, a pro-rata approach will be followed to identify the proportion of investments dedicated for eligible low-carbon transportation.

		• Facilities manufacturing ancillary parts such as seats, frames etc. that are not specialized for low-carbon transportation
Sustainable water and wastewater management 	Activities that improve quality, reliability and conservation of water, including: • Infrastructure and technologies that help collect, treat, recycle, or reuse water, including desalination plants[25] that are either: i) powered by low-carbon sources such as renewables[26;] or ii) have an average carbon intensity of electricity used at or below 100 gCO2e/kWh. • Water conservation initiatives, such as water metering, monitoring, and reporting, active leakage control, pressure management, digitalization and automation. • Water capture and storage infrastructure, including storm water management systems, aquifer storage, rainwater harvesting systems. • Water distribution infrastructure, such as pipelines, pumping stations and drains, gravity-fed canal systems. • Watershed management activities (linked to improved land management, agricultural practices, and sanitation) to improve water quality and reduce sedimentation in downstream ecosystems (for example, reefs).	• Treatment of wastewater from fossil fuel operations • Equipment or methods dependent on fossil fuels • Integrated Water and Power Plant (IWPP) with fossil fuel power
Climate change adaptation 	Activities that reduce the negative impact of climate change, including: • Infrastructure, equipment, components, and services to increase resilience against physical impacts of climate change, such as sea level change, extreme weather events and natural disasters (e.g., flood mitigation barriers and wildfire mitigation and management). • Information support systems and communications technology, including satellite systems, such as climate	• Climate change adaptation infrastructure projects without vulnerability assessment and adaptation plan

[25] Desalination plants must have appropriate waste management plans for brine disposal.
[26] As defined under the "Renewable Energy" category of the Framework.

	observation, monitoring technologies for GHG emissions and early warning systems.	
Circular economy adapted products, production technologies and processes 	Activities that preserve value in the form of energy, labour, and/or materials, including: • Procurement of 100% secondary (recycled or reused waste) materials[27] (e.g., fabrics, metals, fibres, glass, wood, and mechanically recycled plastics) as an input in manufacturing and industrial processes, excluding the production of non-medical, single-use plastic products. • Production, development, and manufacturing of products and packaging that can be recycled or composted where the feedstock is from recycled/reused waste or sustainably sourced raw materials as demonstrated by a recognized third-party certification.[28] • Production of new resource-efficient or low carbon products as demonstrated by a recognized third-party certification.[29] • Production of aluminum-based consumer products where 90% or more of input is scrap or recycled aluminum. • Production of plastics that meets all the following criteria: i) production with at least 90% of recycled[30,] renewable, or bio-based input; and ii) at least 90% is not intended for single use consumer products; and iii) all products are recyclable. • Minerals-based materials recovery or recycling in mining and industrial materials processes, post-production. • Repair activities that result in products performing their original use with very minimal or without any further pre-processing. • Increasing the capacity utilization of a product or asset during its useful life (e.g., through sharing[31] and/or predictive maintenance).	• Collection, treatment or disposal of hazardous waste • Circular economy adapted products, production technologies and processes that are used to extract fossil fuels and/or processes that are inherently reliant on fossil fuels

[27] As demonstrated by a recognized third-party certification such as: the Recycled Claim Standard ("RCS"), Global Recycled Standard ("GRS"), SCS Global Recycled Content Certification, or Green Circle Certification.
[28] Such as Fairtrade Canada, Rainforest Alliance, Canada Organic, USDA Organic, or Roundtable on Responsible Soy.
[29] Such as RSB, SCS Global Certification, or Green Circle Certification.
[30] Including either mechanically or chemically recycled plastics, whereby the lifecycle emissions of those upstream chemically recycled plastics are lower than those of virgin plastics and have robust waste management processes at the source.
[31] This excludes sharing business models such as car-sharing or home-sharing schemes.

Table 2: Eligible social categories

Eligible social categories	Eligible social activities / technologies	Exclusions
Affordable basic infrastructure  	Activities related to the development, construction, expansion, or improvement of basic infrastructures: • Free-of-cost public access to clean drinking water. • Free-of-cost public access to sanitation and sewage treatment. • Access to clean and affordable energy through grid development or expansion to areas where access is clearly inadequate or does not exist.[32] • Access to reliable and affordable telecommunication networks for groups at heightened risk of vulnerability or marginalization where access is inadequate or does not exist.[33] • Affordable housing, including shelters, halfway homes, and community housing for low-income[34] individuals and families or equity-seeking groups[35] with measures in place to ensure affordability, such as rent caps or rent control.	• Transmission infrastructure connected to a dedicated fossil fuel power plant • Activities related to the development, construction, expansion, or improvement of integrated water and power plants (IWPP) that use fossil fuels, as well as desalinization plants with dedicated on-site fossil fuel power
Access to essential services: health & education 	Activities related to the construction, development, operation, acquisition and maintenance of publicly available healthcare and education services at no cost for all, or subsidized for low-income or equity-seeking groups, including: • Public, non-profit hospitals, clinics, mental health facilities, elder care facilities, facilities for people with disabilities. • Public schools, universities, colleges, libraries, and early childhood education centres.	

[32] "Clearly inadequate" areas are defined as areas where electricity access is unstable, including those where there are repeated power cuts, voltage/power fluctuations or unsafe transmission infrastructure based on a credible research/study.
[33] "Clearly inadequate" areas are defined as areas where internet access is unstable/intermittent or less than 3G.
[34] Low-income defined by i) official government definitions in areas where the projects operate; or ii) in the absence of such definitions, household income that is below 80% of the median income level.
[35] EDC defines equity-seeking groups as: women, Indigenous peoples, Black and other racialized communities, persons with disabilities, and members of the 2SLGBTQI+ community.

Economic inclusion & participation
 
	Activities related to driving equitable access to resources, services, and work environments, including:
	• Support to Micro, Small and Medium Enterprises ("MSMEs")[36] that:
	  • Are majority (at least 50%) owned by Indigenous[37] peoples or other equity-seeking groups.
	  • MSMEs that face significant adversity because of a natural disaster or pandemic.
	  • MSMEs that provide jobs for low-income individuals or equity-seeking groups as part of a credible or government job creation program.
	• Supply chain financing to MSMEs that are: i) majority (at least 50%) owned by equity-seeking groups; and are ii) non-tier 1 suppliers.
	• Investments through EDC's Inclusive Trade Investments Program that meet the program criteria, including but not limited to:
	  • Canadian companies owned and/or strategically led at the C-suite level by diverse person(s) (who identify as a member of an equity seeking group),
	  • Diverse members of the C-suite have equity ownership that is consistent with other C-suite members.
	• Financial services to Indigenous nations and/or community owned, economic development corporations or businesses that:
	  • Support social programs and economic opportunities for community members.
	  • Enable Indigenous ownership and equity participation in economic projects or assets located in traditional territories and/or First Nations reserves, recognizing the often unique legal and business requirements of Indigenous businesses.
	  • Support and build export capacity for Indigenous communities and businesses.
	• Employment generation and job training programs, such as capacity building and upskilling/re-skilling initiatives for
		• MSME loans that finance involvement in fossil fuel exploration, production and distribution, child or forced labour as well as the activities as per EDC's Exclusionary Criteria defined in the section below

[36] EDC defines Micro/Small segment companies as those with less than $10M CAD in annual revenue, and Medium segment companies as those with $10M CAD to $300M CAD in annual revenue.
[37] Defined as First Nations, Inuit and Métis Peoples across Canada.

	low-income individuals or equity-seeking groups, or where jobs are lost due to renewable energy transition. • Provision of financial services, including microfinance, to low-income or equity-seeking groups with financial advantages (e.g., flexible or lenient payment terms and interest rates below market rate) and responsible lending practices in place.[38]	
Food security and sustainable food systems 	• Financing and support to smallholder farmers[39] in countries or regions with an explicit need to tackle food security or food loss.[40] Examples include technical capacity building or training to increase the nutritional quality of agricultural product. • Projects aimed at reducing food loss and waste, such as investment in infrastructure and facilities such as warehouses or vehicles[41] that improve food storage, conservation and distribution, or enhance connectivity in the food chain to avoid food losses in countries or regions with an explicit need to tackle food security or food loss. • Developing access to nutrition programs that address malnutrition for groups at heightened risk of vulnerability or marginalization, in areas with an explicit need to tackle food security[42] and which will be made affordable to all regardless of ability to pay.	• Projects involving livestock for industrial-scale meat processors or producers
Loans to registered social enterprises and not-for-profit organizations	• Provision of loans to registered social enterprises /non-profit organizations with the explicit purpose of supporting disadvantaged communities and equity-seeking groups.	• Lending to religious and political institutions

[38] Responsible lending practices will be in place to understand the borrowers' financial situation, help ensure that the borrowers understand the terms of the loan to mitigate risks for the borrowers and avoid predatory lending.
[39] Smallholder farmers as defined by the FAO as those who manage less than 10 hectares of farming area, at: http://www.fao.org/family-farming/detail/en/c/273864/
[40] The explicit need to tackle food security or food loss in these countries or regions must be supported by a credible source.
[41] Aligned to regional emission standards.
[42] As informed by the Committee on World Food Security CFS Voluntary Guidelines on Food Systems and Nutrition (VGFSyN) and the Integrated Food Security Phase Classification (IPC).

Table 3: Eligible transition categories

For the purposes of this Framework, transactions shall be classified as sustainable finance under the "Transition" label if the lead obligor of the transaction satisfies either of the following conditions as aligned to the scoping criteria described above:

- **Dedicated purpose:** Obligor establishes a public-facing, time-bound climate goal or commitment aligned climate goal, and at the time of signing, undertakes the following commitments if not already established:
  - **Risks & opportunities:** Incorporates risk management strategies[43] to identify, assess and mitigate transition risks, ensuring resilience to changing circumstances;
  - **Targets:** Establishes science-based interim and/or long-term targets to achieve net-zero emissions; and
  - **Disclosure:** Publishes an annual public report on the progress of transition.
- **General corporate purpose – pure play:** Obligor generates 90% or more of its revenue from the provision of technologies supporting the transition of carbon intensive sectors as reflected in the Eligible Transition Activities in Table 3 below.

Eligible transition categories	Eligible transition activities / technologies	Exclusions
Carbon capture utilization, storage and transport ("CCUST") 	• Acquisition, development, construction, installation, operation and maintenance of carbon capture, utilization, storage and transport (CCUST) infrastructure and technologies for the purpose of decarbonizing carbon intense activities and with long-term carbon storage. • Research and development of CCUST technology and related capabilities, such as supporting CO_2 utilization and conversion, including but not limited to: feedstock applications, mineral carbonation, microbes/microalgae, advanced materials, etc.	• CCUS for the purpose of Enhanced Oil Recovery ("EOR") activities
Low-carbon intensity fuels 	Activities related to the research, development, manufacturing, equipment, and distribution of low carbon fuels, including: • Production of ethanol, renewable diesel, co-processing of biocrude, sustainable aviation fuel, synthetic fuel and renewable natural gas, from waste as well as non-waste feedstock,[44] compliant with the Department of Natural Resources Canada's ("NRCan") Clean Fuels Program carbon intensity thresholds defined as follows: lifecycle	• Hydrogen production using solid fossil fuels such as coal • Steam methane reforming without CCUS

[43] Aligned with best practices and frameworks such as TCFD, ISSB, TPT, etc.

[44] In accordance with the requirements of the Clean Fuels Program, eligible projects will demonstrate how they use existing provincial and federal regulatory frameworks and best practices to ensure feedstock sustainability and how biomass feedstocks will be grown and harvested in a sustainable manner.

	carbon intensity of eligible liquid clean fuels equal to or below 50 gCO_2e/MJ, carbon intensity of eligible gaseous clean fuels equal to or below 36 gCO_2e/MJ. • Production of low carbon marine fuels such as renewable electricity based marine fuels in the form of e-methanol[45], electricity for use in batteries, biodiesel and bio-methane and bunkering infrastructure for Liquified Natural Gas as marine fuel in alignment with the International Marine Organization's goal and Poseidon Principles trajectory. • Infrastructure to support the integration of low carbon intensity fuels as defined under this category for energy-intensive applications including storage, transportation (e.g., pipeline) and fueling systems.	
Hydrogen	Activities related to, the research, development, production, distribution, the related infrastructure, equipment, components, or the usage of, blue or turquoise hydrogen[46], including: • R&D and/or technology developer/provider (reforming and carbon capture, electrolysis, novel technologies across the hydrogen value chain, etc.) • Feedstock acquisition (renewable and biomass feedstocks) • Equipment and components to produce low carbon hydrogen (such as electrolysers, electrodes, membranes, etc.) • Construction/installation/acquisition of carbon capture and storage (CCS) towards hydrogen production • Production (infrastructure and/or operations) • Conversion and reconversion (ammonia, liquid organic hydrogen carrier, methanol, liquid hydrogen) • Electrification of processes and operations (retrofits, revamps, modifications, and other necessary infrastructure) • Conditioning (compression, purification, liquefaction)	

[45] E-methanol is the product of a chemical process based on green hydrogen and biogenic CO_2.
[46] Hydrogen value chain activities must maintain a lifecycle carbon intensity of no more than 3 kg CO2e per kg H2. For projects utilizing fossil fuel-based feedstocks, a commitment to achieving net zero emissions by 2050 is required at the time of EDC's support.

	• Transportation and distribution (infrastructure and/or operations: pipelines, trucks, rail, ship, port infrastructure etc.) • Storage (infrastructure and operation) • End Use (fuel for transportation, feedstock for industry: steel, cement, chemicals, high-temperature processes, heat for industry and buildings).	
Natural gas (midstream and downstream)	Production of power and/or heat generation: • For the retrofit of existing facilities: i) lifecycle GHG intensity of less than 240 gCO_2e/kWh; and ii) evidence of methane leakage measurements or estimates from its supply chain (if any). • For new facilities: i) lifecycle GHG intensity of less than 100 gCO_2e/kWh; and ii) there is an intent to switch away from coal or oil, or to deliver services for seasonal peaks, storage or high-temperature heat for industries; iii) evidence of methane leakage measurements or estimates from its supply chain (if any).	• New or existing gas-fired projects with no carbon capture and/or blending with low-carbon gases (or with lifecycle emissions intensity of 410-650 gCO_2e/kWh)

Steel manufacturing	• Manufacture of steel in blast furnace with emissions intensity below 1.36 tCO_2e/t[47] of steel and, in addition, following a credible decarbonization pathway where one of the following criteria is met:
	  • expected lifetime emissions intensity is below 0.71 tCO_2e/t[48] of steel, or
	  • the facility is expected to be in alignment with the Transition Pathway Initiative's (TPI) decarbonization pathway throughout its lifetime.
	• Steel manufacture through Direct Reduced Iron (DRI) using renewable energy, natural gas or grey hydrogen with Electric Arc Furnace (EAF).
	• Retrofit of blast furnace facilities with low-carbon feedstock (biochar) and/or CCUS resulting in an emissions intensity lower than 1.36 tCO_2e/t[49] of steel product.
		• New blast furnace route without carbon capture and storage

[47] Aligned with TPI's 2026 below 2-degree benchmark scenario for the steel sector for 2027. This threshold will be updated on a continuous basis to ensure alignment with TPI's benchmark scenario for the relevant year at the time of financing.
[48] A steel production facility must demonstrate it falls under the pathway by meeting the threshold at the halfway point of lifetime of the facility. 0.71 tCO_2e/t is the TPI value for the year 2039 for the steel sector, assuming a plant lifetime of 30 years.
[49] Aligned with TPI's 2026 below 2-degree benchmark scenario for the steel sector for 2027. This threshold will be updated on a continuous basis to ensure alignment with TPI's benchmark scenario for the relevant year at the time of financing.

	• Research and development expenditures for smelting reduction and direct electrolysis.	

Cement manufacturing	• Production facilities with emissions intensity below 0.514 tCO_2e/t[50] of cementitious product and following a credible decarbonization pathway where one of the following criteria is met:
	  • expected lifetime emissions intensity is below 0.423 tCO_2e/t[51] of cementitious product; or
	  • the facility is expected to be in alignment with TPI's decarbonization pathway throughout its lifetime.
	• Retrofit measures, such as improvements in thermal and electric efficiency, switch to renewable energy,[52] reduction of clinker-cement materials and CCS/CCUS that are expected to result in an emissions intensity lower than 0.514 tCO_2e/t [53] of cementitious product.
		• Financing of energy efficiency, alternative fuel usage and/or clinker substitution projects without known direct CO_2 emissions intensity

Aluminum manufacturing	• Aluminum manufacturing facilities with specific emissions intensity thresholds (emissions intensity below 6.06 tCO_2e/t[54] of aluminum) and following a credible decarbonization pathway where one of the following criteria is met:
	  • expected lifetime emissions intensity is below 2.95 tCO_2e/t[55] of aluminum, or
	  • the facility is expected to be in alignment with TPI's decarbonization pathway throughout its lifetime.
	• Retrofit measures resulting in GHG emissions below 6.06 tCO_2e/t[56] of aluminum, such as deploying novel anode technologies, use of renewable energy, retrofit of old smelters and improvement in thermal efficiency.	

[50] Aligned with TPI's 2026 below 2-degree benchmark scenario for the cement sector for 2027. This threshold will be updated on a continuous basis to ensure alignment with TPI's benchmark scenario for the relevant year at the time of financing.
[51] A cement production facility must demonstrate it falls under the pathway by meeting the threshold at the halfway point of lifetime of the facility. 0.423 tCO_2e/t is the TPI value for the year 2036 for the cement sector, assuming a plant lifetime of 25 years.
[52] Specifically, the renewable energy sources defined under the "Renewable Energy" category of this Framework.
[53] Aligned with TPI's 2026 below 2-degree benchmark scenario for the cement sector for 2027. This threshold will be updated on a continuous basis to ensure alignment with TPI's benchmark scenario for the relevant year at the time of financing.
[54] Aligned with TPI's 2026 below 2-degree benchmark scenario for the aluminium sector for 2027. This threshold will be updated on a continuous basis to ensure alignment with TPI's benchmark scenario for the relevant year at the time of financing.
[55] An aluminium production facility must demonstrate it falls under the pathway by meeting the threshold at the halfway point of lifetime of the facility. 2.95 tCO2e/t is the TPI value for the year 2039, assuming a plant lifetime of 30 years.
[56] Aligned with TPI's 2026 below 2-degree benchmark scenario for the aluminum sector for 2027. This threshold will be updated on a continuous basis to ensure alignment with TPI's benchmark scenario for the relevant year at the time of financing.

Mining and extractive sectors	• Specific measures for the decarbonization of mining operations that include the following:
	  • Electrification of equipment
	  • Measures aimed at improving the energy efficiency of mining sites
	  • Deploying renewable energy[57]
	  • Deploying technologies that reduce the water usage of mining operations.
	• Support for existing or new projects[58] dedicated to the extraction of rare earth minerals and materials essential to the global energy transition, including (but not limited to) Cobalt, Copper, Graphite, Lithium, Nickel, Rare Earth Elements (REE's), high-purity Iron, and Uranium.
		• Extraction of fossil fuels
		• Expenditures related to mine reclamation and closure

Aerospace	• Support for the purchase of/investment in commercial aircrafts with:
	  • i) conventional propulsion systems with known fuel-efficiency over baseline technology and with a plan to increase the use of Sustainable Aviation Fuels (SAF) such as through long-term purchase agreements (where the increase in SAF use aligns with a recognized decarbonization trajectory for the financed portfolio or the company's fleet); or
	  • ii) low-carbon propulsion system or modified gas turbine engine (such as hybrid- and turbo-electric, battery electric or fuel-cell powered).	

Shipping ports infrastructure	• Port infrastructure such as bunkering infrastructure for low-carbon fuels (biofuels, hydrogen, ammonia, and methanol) and shore power (Alternative Maritime Power (AMP) infrastructure or cold-ironing systems, such as high voltage grid, transformers, power distribution system, control panel and frequency converter) where the infrastructure is in a region with grid carbon intensity of 200 gCO_2e/kWh or more, the financing will be accompanied with plans to install onsite renewable energy.	

[57] Specifically, the renewable energy sources defined under the "Renewable Energy" category of this Framework.
[58] Aligned to the ICMA Green Enabling Projects Guidelines.

	• Marshalling port infrastructure, including assembly areas, specifically dedicated for building and deploying offshore wind turbines.	

Airports	• Activities related to support of low-carbon airport infrastructure, including:
	  • Electric or renewable energy powered ground support equipment
	  • Hydrogen/ low-carbon/ electric charging or refueling infrastructure
	  • Programs for better air traffic management	

Exclusionary criteria.

EDC will not allocate sustainable financing to customers operating in the following areas:

- Arms, defense and military;
- Tobacco;
- Gambling; and
- Adult entertainment.

The process for vetting eligible transactions is outlined in the Governance section of the Framework.

Governance

Identification, screening and monitoring

Responsibility over the sustainable finance portfolio, including the screening, identification, validation, monitoring and reporting of transactions within it, will lie with the Environmental, Social & Governance (ESG) teams. These teams work in close collaboration with the relevant lines of business to support the screening of transactions, ensure the validity of all assessments against the Framework and determine how to best support EDC's sustainable finance customers.

The responsible teams will also work closely with all other ESG teams under the senior vice-president level, to ensure the alignment of the Framework and sustainable finance portfolio to EDC's broader ESG objectives and commitments. Please refer to the following sections on Reporting and Risk Management for more information.

See page 27 for more details about Project Selection and Evaluation Process for the Sustainable Bonds, including the governance of the Sustainable Bond Working Group (SBWG).

Reporting

Overview

EDC is committed to enhancing accuracy and transparency in our sustainable finance reporting.

Our reporting process for sustainable finance will involve:

- Collecting relevant data from both internal and external sources;
- Reviewing each transaction that qualifies as sustainable finance against our eligibility criteria;
- Ensuring business teams review all relevant data;
- Storing and maintaining records of eligibility in a dedicated database;
- Using this data to inform internal reporting and objective setting; and,
- Informing external reporting as part of EDC's Bond Report for our investors.

Metrics and reporting basis

The following table summarizes the reporting basis that will be used and the Frameworks that will be leveraged against each of the eligible Sustainable Finance categories covered under this Framework.

Sustainable finance category	Description	Applicable frameworks	Reporting basis
Dedicated purpose	Transactions where proceeds are directed towards eligible green, social and/or transition activities	EDC Sustainable Finance Framework	EDC's total committed loan amount; EDC's total guaranteed amount; EDC's total investment amount; to each eligible category.
General corporate purpose – pure play	Financial support extended to customers whose core business comprises eligible green, social and/or transition activities	EDC Sustainable Finance Framework	EDC's total committed loan amount; EDC's total guaranteed amount; EDC's total investment amount; to each eligible category.
General corporate purpose – sustainability-linked	Designated transactions where the arrangement terms are tied to the borrower's achievement of pre-determined sustainability targets	APLMA/LMA/LSTA Sustainability-linked Loan Principles EDC Sustainable Finance Framework	EDC's total committed loan amount; EDC's total guaranteed amount.

Considerations for sustainable bonds

Use of proceeds:

An amount equal to the net proceeds of each Sustainable Bond will be used to finance or re-finance, in part or in full, new and/or existing Eligible Green, Social and/or Transition Assets, which include loans to, or investments in, organizations, businesses and projects that meet the criteria in the Eligible Categories as described above (each an "Eligible Asset"). Each Eligible Asset is intended to support (i) the achievement of the UN Sustainable Development Goals ("SDGs") and, where applicable, (ii) the transition to a lower carbon economy. In particular, EDC has identified the following specific SDGs that are most relevant to EDC's business, including the Eligible Assets:

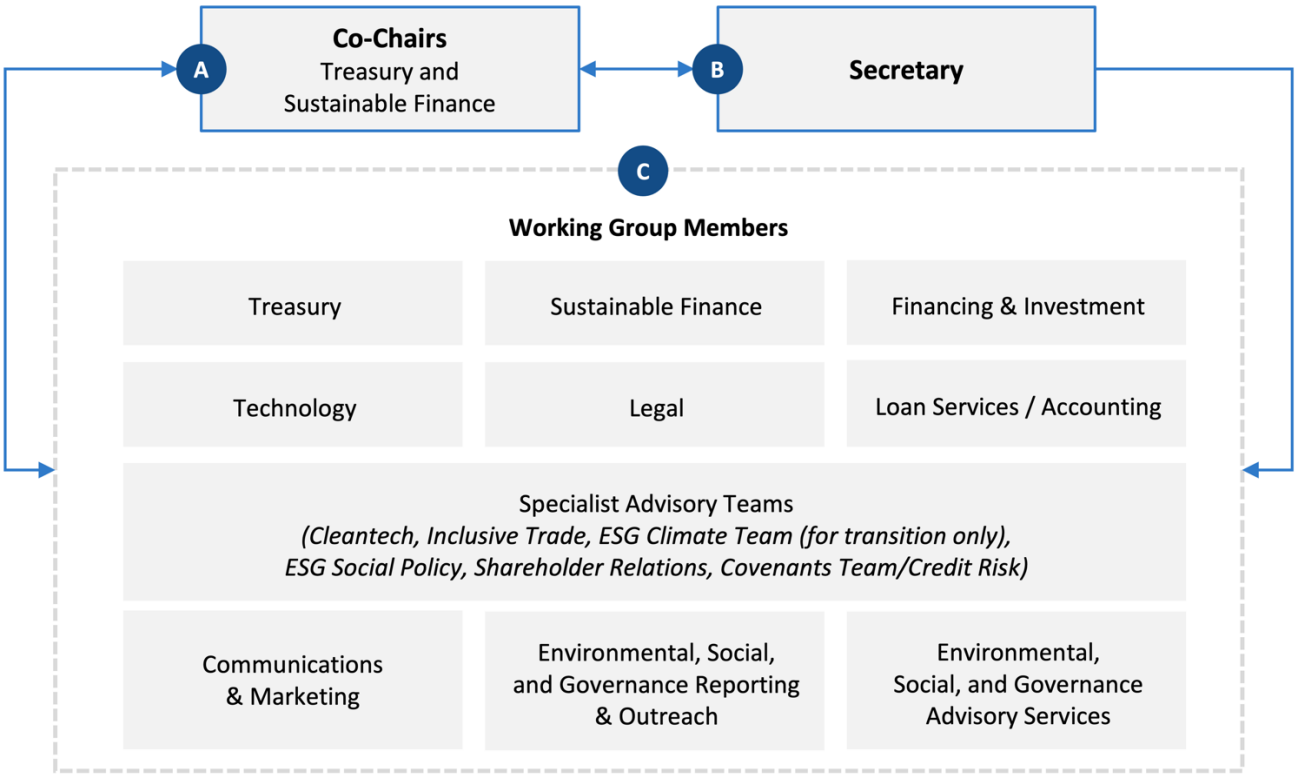
Project selection and evaluation process

EDC has established a Sustainable Bond Working Group (the "SBWG") composed of representatives from EDC specialist teams including Finance, Underwriting, Treasury, Legal, Sustainable Finance, ESG Reporting and Loans Services.

When selecting assets for Sustainable Bonds, the SBWG reviews information about the assets. The representatives from the SBWG, will be responsible for: reviewing and validating transactions for the pool of bond eligible assets on a quarterly basis. Additionally, on an annual basis the SBWG will:

- Validate the annual reporting for investors;
- Review the post-issuance external verification report and resolve any arising issues; and
- Monitor ongoing issues and evolving market practices to advance the program.

The high-level governance structure of the SBWG is as follows:



Management of proceeds

Proceeds from Sustainable Bonds will be allocated to Eligible Assets upon issuance.

EDC's asset portfolios will be dynamic with Eligible Assets maturing and new Eligible Assets being added. Sustainable Bond proceeds will be managed using a portfolio approach. Green, Social, Sustainable and Transition portfolios will be managed separately.

EDC will monitor the aggregate amount of Eligible Assets in EDC's portfolios on a quarterly basis to ensure each is equal to or greater than the aggregate of the applicable Sustainable Bond proceeds.

If the aggregate amount raised by a Sustainable Bond is greater than the total amount of Eligible Assets in EDC's applicable portfolio, EDC will hold the excess amount in cash or liquid securities in accordance with the Corporation's Liquidity policy and procedures until the amount can be allocated to Eligible Assets. EDC intends to allocate proceeds against any issuance within 24 months.

If an Eligible Asset no longer qualifies according to the eligibility criteria or if the underlying Eligible Asset is repaid or divested, an amount equal to the asset size will be deducted from the applicable portfolio. As part of the quarterly exercise and if considered necessary, EDC will use its best efforts to substitute any Eligible Assets that no longer qualify or remove impaired loans, as soon as practical from a pool of qualifying substitution assets.

EDC will track the use of proceeds of Sustainable Bonds using internal information systems. EDC will establish a sustainable loan tracking sheet to record specific Eligible Asset information and regularly monitor the status of each Eligible Asset. Representatives from the SBWG will oversee this process, which will be reviewed annually by auditors.

Allocation reporting

EDC will report publicly on the use of Sustainable Bond proceeds within one year of issuance and annually thereafter in its Integrated Annual Report ("IAR") or Sustainable Bond Report. The report will include the following information and will be readily available on the corporate website:

- The value of Sustainable Bonds outstanding;
- Aggregate amounts of proceeds allocated to each Eligible Category; and
- The balance of unallocated proceeds at the time of reporting.

Impact reporting

Where feasible, the report will include qualitative and/or quantitative environmental and social performance indicators. Performance indicators may change from year to year and may include one or more of the following:

Eligible green categories	Potential impact metrics for green assets
Renewable energy	• Estimated annual renewable energy produced (MWh). • Renewable capacity constructed or rehabilitated (MW). • Estimated annual GHG emissions avoided (in tCO_2e).
Energy efficiency	• Amount of energy saved (MWh). • Estimated annual GHG emissions avoided (in tCO_2e).
Pollution prevention and waste management	• Waste diverted from landfill (kg). • Number of recycling projects financed.
Environmentally sustainable management of living natural resources and land use	• Total surface financed (hectares). • Number of agricultural projects financed.
Green buildings and infrastructure	• Total gross floor area of green real estate (m^2). • Estimated annual GHG emissions avoided (in tCO_2e).
Clean transportation	• Estimated annual GHG emissions avoided (in tCO_2e). • New clean transportation infrastructure built (km).
Sustainable water and wastewater management	• Volume of water saved/reduced/ treated (m^3). • Total population served by the system.
Climate change adaptation	• Estimated reduction in land-loss from inundation and/or coastal erosion in km^2. • Estimated reduction in the number of wildfires, and/or in the area damaged by wildfires in km^2. • Annual GHGs removed from direct air capture and biogenic capture (in tCO_2e).
Circular economy adapted products, production technologies and processes	• Recycled or reusable materials (tonnes). • Eco-efficient and/or circular economy adapted products, production technologies and processes.

Eligible social categories	Potential impact metrics for social assets
Affordable basic infrastructure	• Number of additional people served by infrastructure type.
Access to essential services – health and education	• Number of hospitals and other healthcare facilities built or refurbished. • Number of patients served. • Number of education facilities funded (by type and location). • Number of students supported.
Economic inclusion & participation	• Number of financings provided. • Value of financing provided ($). • Number of businesses supported. • Number of jobs supported. • Number of people provided with skill development and/or vocational training.
Food security and sustainable food systems	• Number of financings provided. • Value of financing provided ($). • Number of businesses supported.
Loans to registered social enterprises and not-for-profit organizations	• Number of financings provided. • Value of financing provided ($). • Number of businesses supported.

Eligible transition categories	Potential impact metrics for transition assets
Carbon capture utilization and storage	• Estimated annual GHG emissions avoided/sequestered (in tCO_2e).
Low-carbon intensity fuels	• Estimated annual GHG emissions avoided (in tCO_2e). • Biofuel produced (kg or m^3).
Hydrogen	• Estimated annual GHG emissions avoided (in tCO_2e). • Biofuel produced (kg or m^3).
Natural gas (midstream and downstream)	• Estimated annual GHG emissions avoided (in tCO_2e)
Steel manufacturing	• Estimated annual GHG emissions avoided (in tCO_2e).
Cement manufacturing	• Estimated annual GHG emissions avoided (in tCO_2e).
Aluminum manufacturing	• Estimated annual GHG emissions avoided (in tCO_2e).
Mining and extractive sectors	• Estimated annual GHG emissions avoided (in tCO_2e). • Volume of water saved/reduced/ treated (m^3). • Percent of renewable energy deployed
Aerospace	• Estimated annual GHG emissions avoided (in tCO_2e).
Shipping ports infrastructure	• Estimated annual GHG emissions avoided (in tCO_2e).
Airport	• Number or percentage of electric ground support equipment • Number or percentage of Hydrogen/ low-carbon/ electric charging or refueling infrastructure • Impacts to ambient noise and/or air quality from better air traffic management • Estimated annual GHG emissions avoided (in tCO_2e).

Any disclosure related to individual transaction level or customer information will be subject to EDC's confidentiality obligations and the availability of information.

Risk management

As a financial institution, we recognize that identifying, managing and mitigating environmental and social (E&S) risks is intrinsic to our business. EDC's Environmental and Social Risk Management (ESRM) Policy Framework defines and structures our approach to these risks, through our policies, guidelines and procedures. It sets out EDC's commitment to ensuring that E&S risks are duly considered throughout the transaction process.

With a mandate to help Canadian businesses navigate, manage and take on risk to support their growth beyond Canada's borders, EDC knows that our business decisions and activities have the potential to impact the environment and local communities. We also understand the inter-linkages between E&S and risks, and that efforts to address them often require a multi-dimensional approach.

In considering the risks associated with a particular transaction, EDC assesses customers' activities across the value chain to identify both the likelihood of E&S impacts and the severity of any such potential impacts, then seeks to address identified issues. Our approach is informed by the IFC Performance Standards and, as articulated in the Environmental & Social Review Directive (ESRD), these, along with the Equator Principles and OECD Common Approaches, are the standards applied for project-related transactions.

Climate change, human rights, corporate governance and other non-credit-related risks can affect the sustainability and reputation of a business, the strength of stakeholder relationships, and the well-being of individuals and communities. Our Environmental and Social Risk Management (ESRM) Policy Framework guides how we approach this aspect of our business, and consists of:

- ESRM Policy
- Environmental and Social Review Directive
- Climate Change Policy
- Human Rights Policy
- Transparency and Disclosure Policy

With considerable input from various stakeholders, we review and revise our ESRM policies every three years to ensure they remain relevant and aligned with international frameworks. We published new Board-approved policies in March 2023, after responding to feedback received during extensive consultations in 2022. All policies are publicly available on our website.

External review

EDC has obtained an independent Second Party Opinion from Sustainalytics regarding its Sustainable Finance Framework, available on EDC.ca.

Framework amendments

EDC will review this Framework on an annual basis and look to incorporate any appropriate changes based on the evolution of market guidelines, frameworks, standards and principles. EDC will also actively monitor and review legal, regulatory, technological and economic developments, and best practices and trends in ESG.

Updates to qualifying sustainable finance activities and criteria will be subject to review by a qualified independent external reviewer. Any future updated version of this Framework that may exist will aim to either maintain or improve the then current levels of transparency and reporting disclosure requirements, including the corresponding review by the external reviewer and will be published on our website.

Contact for sustainable bonds

Please contact EDC's Treasury department at treasury@edc.ca, or reach out directly to Nancy Kyte at nkyte@edc.ca or 613-302-6329.

Disclaimer

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Due to the limitations and uncertainties in climate and sustainability science and risk reporting, we have relied on a variety of market practices, taxonomies, guidelines and standards, making good faith estimations and assumptions in developing this Framework. These climate and sustainability related concepts and practices change over time and, where used herein, are intended to refer to EDC's understanding of those terms as used in its internal policies, procedures and guidelines, and EDC accepts no responsibility or obligation to update or revise any of the statements in this document, although it may choose to do so to reflect such changes. This Framework may contain statements about future events and expectations that are forward-looking in nature. Such forward-looking statements may include those related to our vision, commitments, goals and targets to help Canada increase exports in a sustainable and responsible manner. These statements relate to, among other things, EDC's goals, commitments, targets, aspirations, and objectives and are based on our current beliefs, all of which may change over time. In particular, readers are cautioned not to place undue reliance on these statements as a number of risk factors and uncertainties could cause actual results to differ materially from the goals, commitments, targets, aspirations, and objectives expressed in such forward-looking statements. 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 (including our customers, financial institutions, enterprises and governmental and non-governmental organizations), 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. EDC does not undertake any obligation to update forward-looking statements. These and other factors may lead EDC to adapt our sustainable finance targets and reporting to reflect a changing climate and regulatory context.

This Framework is not intended to be, and should not be construed as, providing legal, regulatory, financial or other professional advice. It does not constitute an offer or invitation to sell or any solicitation of any offer to subscribe for or purchase or a recommendation regarding any securities. Nothing contained herein shall form the basis of any contract or commitment whatsoever, including to provide any product or service described in this Framework or to earmark any specific product or service for any particular purpose described in this Framework. This Framework has not been approved by any security regulatory authority. No person should rely on, take or refrain from taking, any action on this information, and readers should seek and obtain any requisite professional advice or other assistance as required in connection with the information herein.

No representation is made as to the suitability of any issuance of green, social, sustainability or transition bonds to fulfil environmental and sustainability criteria required by prospective investors. Each potential investor should determine for itself the relevance of the information contained or referred to in this Framework or the relevant bond documentation regarding the use of proceeds, and such investor's purchase should be based upon such investigation as it deems necessary. Each potential investor should be aware that instruments issued under this Framework may not satisfy the investor's expectations concerning environmental or sustainability benefits, and may result in adverse impacts. The distribution of this Framework and of the information it contains may be the subject of legal restrictions in some countries. Neither this Framework nor any other related material may be distributed or published in any jurisdiction in which it is unlawful to do so, except under circumstances that will result in compliance with any applicable laws and regulations. Readers who might come into possession of it are responsible for compliance with any applicable local or any applicable laws.

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