



2020 GREEN BOND IMPACT REPORT



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A MESSAGE FROM OUR CFO KEN KEMBER

Welcome to EDC's 2020 report on the performance of its Green Bond program. As I write this we are midway through 2020, and the entire world, to varying degrees, is dealing with a health and economic crisis that may be without precedent. The COVID-19 pandemic has caused the upheaval of millions of lives and livelihoods. From where we stand now, it's difficult to tell if we are through the worst, or when the recovery will happen.

But as challenging as this global crisis has been, our hope of course, is that it will be a short-term event. This report is concerned with matters that are more long-term in nature: a business philosophy and an investment strategy to address another issue that has global impact — climate change.

In 2014, six years ago, EDC issued its first green bond. This made us the first Canadian financial institution to issue such a bond, and the first export credit agency in the world to do so. Since then we have issued four more. Together, these bonds have raised the equivalent of over two billion dollars, in a combination of US and Canadian denominations. The funds raised have financed transactions in a wide variety of industries and technologies. All of these transactions have addressed at least one of two goals: cleaner and safer air, water or soil; or the mitigation of climate change. We estimate that more than six million tonnes of carbon emissions will be avoided through the projects funded by these investments. Put another way, it's like taking about 1.3 million passenger cars off the road.

EDC's commitment to this program is aligned with the Government of Canada's own commitment to address climate change. It also reflects the deeply held belief within our organization that financial companies like ours can, and must, do more to help promote the culture and practices of responsible and sustainable business. EDC aims to be a champion of progress and a catalyst for change.

Green Bonds are a strategic component of our funding program and we appreciate how investors have responded to our efforts. Developments in sustainable finance and green bond issuance are happening quickly, and we are working hard to keep pace. Beyond our walls, EDC's efforts are getting recognition; last year we were invited by the International Capital Markets Committee (ICMA) to a one-year term of membership on the Advisory Council of the Green Bond Principles and Social Bond Principles.

As the short-term impacts of the pandemic crisis begin to abate, EDC will remain committed to its long-term objectives: helping more Canadian companies to go, grow and succeed internationally, while promoting sustainable and responsible business practices as we help our clients transition to a low-carbon and climate-resilient economy. One of the pandemic's many lessons is that economic progress is a delicate and precious thing, easily threatened by factors that (on the surface) have little to do with interest rates or spread sheets. If we can now understand the link between human health and the economy, surely we can see the clear connection between the health of our planet and our economic future.

For this reason, more than any other, EDC remains committed to the long-term growth of our Green Bond program and the transactions it supports.

Thank you for your interest, and we look forward to working together, sustainably and responsibly, for a better and healthier planet.

PROMOTER OF RESPONSIBLE AND SUSTAINABLE BUSINESS

By upholding — and demanding — high standards of responsibility and sustainability, we aim to be champions of progress and catalysts for change.

CSR Vision and Framework

Our Corporate Sustainability and Responsibility (CSR) vision is to help Canadian companies become internationally recognized as leaders in sustainability and responsibility, giving them the competitive advantage they need to succeed. Our vision establishes common ground for working with our customers to build their business and create a stronger, more equitable society.

We've developed a strategic CSR framework to guide our efforts. Each of the framework's four pillars – Business Integrity, Environment and People, Our Workplace, and Our Communities – has specific priorities and key performance indicators for tracking progress. We've also mapped our framework to the six United Nations Sustainable Development Goals (SDGs) that are most relevant to our business and where we can have the greatest impact.

In 2019, we focused more intently on the Business Integrity and Environment and People pillars, based on our belief that we could do more, and move faster, to address key issues and become more transparent. While we've made considerable progress, more work is needed to keep pace with stakeholder expectations and remain at the leading edge of global standards. As such, we plan to maintain our focus on these two pillars in 2020, most notably by bringing to life our new Financial Crime Policy and implementing commitments we've made with respect to climate change, human rights and transparency.



PROTECTING THE ENVIRONMENT AND PEOPLE

As a financial institution supporting the export activities of Canadian companies, we have a responsibility to assess and manage the environmental and social risks of our customers. Through our relationships, we strive to ensure that the companies we support abide by regulations and seek to uphold best practices.

EDC's environmental and social risk review and due diligence policies and practices are aligned with and informed by our international commitments, including relevant guidelines at the [Organisation for Economic Co-operation and Development \(OECD\)](#) for export credit agencies. For project finance transactions (those where we commit to financing international projects such as wind farms and mines), we also apply the [IFC Performance Standards](#) on environmental and social sustainability and the [Equator Principles \(EP\)](#).





EDC 2019 TASK FORCE ON CLIMATE RELATED FINANCIAL DISCLOSURES (TCFD)

EDC is proud to have been the first export credit agency and first Canadian Crown corporation to become a supporter of the TCFD recommendations. EDC's goal is to continue to evolve its understanding of its climate-related risks and opportunities.

EDC intends to be a leader in supporting Canadian companies as they innovate in response to the global drive to a lower carbon future. EDC believes that taking a proactive approach, supported by its *Climate Change Policy*, is critical to ensuring EDC and its customers are positioned strategically to respond to the rapidly evolving risks and opportunities resulting from the climate change challenge.

In this regard, an annual carbon intensity target has been developed for 2018–2023 to help to drive innovation and transition, as Canada works toward achieving net-zero emissions by 2050.

CARBON INTENSITY TARGET

In fulfilling its policy commitment to “measure, monitor and, commencing in 2020, set targets to reduce the carbon intensity of its lending portfolio”, EDC has developed an initial exposure-based approach to target-setting.

In 2019, with a focus on its financing portfolio(2), EDC set a target to reduce its exposure to the most carbon intensive sectors by 15 per cent over five years against a December 31, 2018 baseline. As a result of this reduction, the carbon intensive exposure of EDC’s financing portfolio at December 31, 2023 is targeted to reduce to \$18.9 billion(3), a decrease of approximately \$3.3 billion over the five-year period.

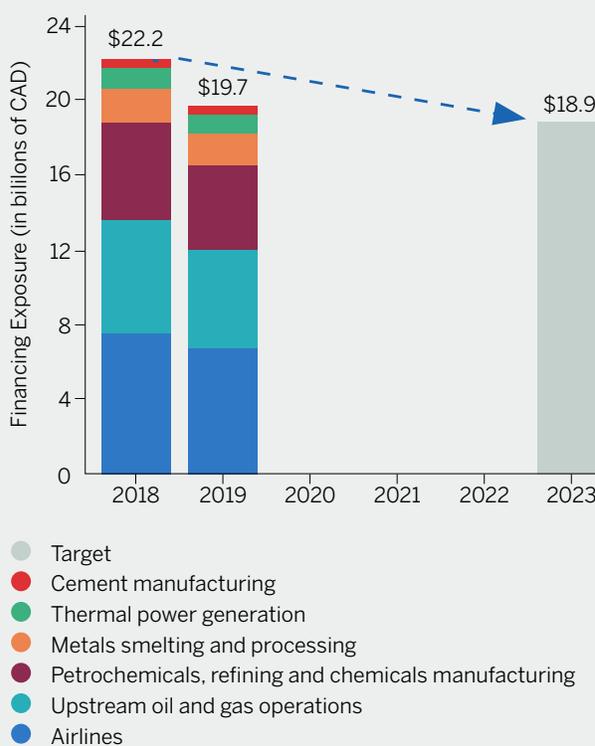
As demonstrated in Chart C, EDC has made initial progress toward achieving this target in 2019. EDC will provide target progress updates in its annual TCFD disclosure.

EDC is taking a proactive approach to the development of the targets impacting its business. EDC will further develop its approach to reducing the carbon intensity of its financing portfolio in a representative way, with a focus on ensuring a reduction in the financed emissions within the EDC portfolio. As EDC evolves its approach in the coming year, its target will continue to acknowledge the important role that carbon intensive sectors, such as oil and gas, need to play in the transition to a lower carbon and climate-resilient economy, consistent with the principles guiding EDC’s Climate Change Policy.

As a key element of this work, EDC is considering emerging GHG measurement and target-setting methodologies that are relevant to the financial sector, such as the Partnership for Carbon Accounting Financials and the Science-Based Target Initiative, as well as tools such as the Paris Agreement Capital Transition Assessment. EDC will continue to consult with experts and stakeholders on this matter and will provide a progress update in its 2020 climate-related disclosure.

Chart C

Progress toward achieving EDC’s carbon intensity target (restated to reflect foreign exchange rates(3))



(2) In this context, the financing portfolio comprises structured and project finance, as well as corporate finance loans.

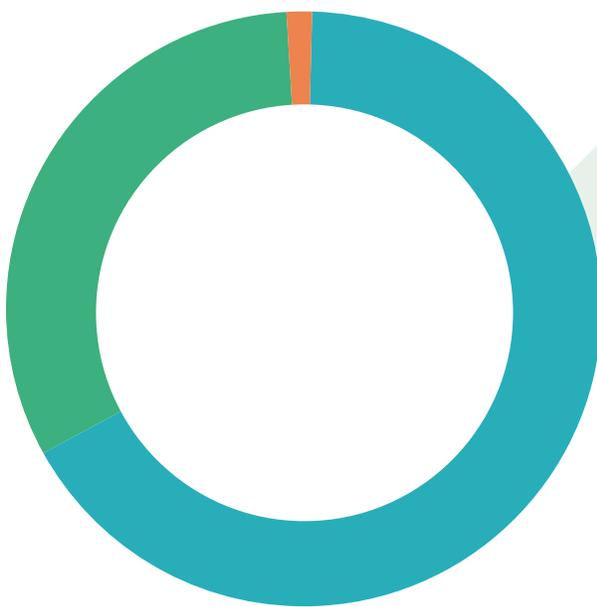
(3) EDC’s assets are primarily denominated in U.S. dollars; as such, exposure values presented have been restated to reflect the foreign exchange rates prevailing at the time the target was set.

GREEN BONDS

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

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

GHG Emissions Avoided by Sectors



RENEWABLE ENERGY

4,054,424 tCO₂/yr

66.9% GHG Emissions avoided

SMART GRID ENERGY INFRASTRUCTURE

2,000,000 tCO₂/yr

33.0% GHG Emissions avoided

OTHER

7,958 tCO₂/yr

0.1% GHG Emissions avoided

IT CORRESPONDS TO TAKING APPROXIMATELY 1,309,739 PASSENGER VEHICLES OFF THE ROAD, PER YEAR.

Total GHG Emissions Avoided

6,062,382 TCO₂/YR — AN INCREASE OF 46 PER CENT OVER THE PREVIOUS YEAR.

Calculation of the GHGs avoided or reduced is conducted in accordance with internationally-recognized emissions models and protocols, namely the GHG Protocol. Our estimates take into account the future annual anticipated impacts of the assets, once operational.

Where possible, the estimates have been prorated to capture the percentage of EDC support in relation to overall project cost. For this report, EDC has focused on GHG emissions with respect to its Renewable Energy, and Biofuels and Bioenergy transactions. EDC will continue to refine our approach as GHG accounting methodologies evolve.

GREEN BOND 3

Issuer
EDC

Ratings
Aaa Stable (Moody's)/
AAA Stable (S&P)

Format
SEC Registered

Size
US\$500 MM

Issue Date
1 June 2017

Maturity Date
1 June 2020

Coupon
1.625% (semi-annual)

ISIN
US30216BGU08

Greenhouse Gas (GHG) impact of Green Bond 3

Our estimates take into account the future annual anticipated impacts of the assets, once operational. For this report, EDC has focused on GHG emissions with respect to its Public Ground Transport and Renewable Energy transactions.

We have estimated the annual amount of GHGs avoided and/or reduced from our Green Assets to be approximately 0.395 million metric tonnes of CO₂-equivalent.

The breakdown of the GHGs by sector is as follows:

- Public Ground Transport assets: 0.0018 million metric tonnes (0.47% of the total);
- Renewable Energy: 0.394 million metric tonnes (99.52 % of total).

THIS CORRESPONDS TO TAKING APPROXIMATELY 85,527 PASSENGER VEHICLES OFF THE ROAD, PER YEAR.



- Public Ground Transportation **47% or \$243,689,761**
- Renewable Energy **31% or \$159,082,384**
- Waste/Water Management **22% or \$114,248,704**

GREEN BOND 4

Issuer
EDC

Ratings
Aaa Stable (Moody's)/
AAA Stable (S&P)

Format
SEC Registered

Size
CAD\$500 MM

Issue Date
September 2017

Maturity Date
1 September 2022

Coupon
1.80% (semi-annual)

ISIN
CA30216BGV86

Greenhouse Gas (GHG) impact of Green Bond 4

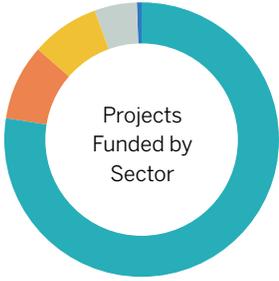
Our estimates take into account the future annual anticipated impacts of the assets, once operational. For this report, EDC has focused on GHG emissions with respect to its Renewable Energy, Public Ground Transport, Emissions Abatement and Smart Grid Energy Infrastructure transactions.

We have estimated the annual amount of GHGs avoided and/or reduced from our Green Assets to be approximately 2.026 million metric tonnes of CO₂-equivalent.

The breakdown of the GHGs by sector is as follows:

- Renewable Energy assets: 0.02 million metric tonnes (1.03% of the total);
- Public Ground Transport: 0.003 million metric tonnes (0.16% of total);
- Emissions Abatement: 0.002 million metric tonnes (0.14% of total);
- Smart Grid Energy Infrastructure: 2 million metric tonnes (98.67% of total);

THIS CORRESPONDS TO TAKING APPROXIMATELY 437,912 PASSENGER VEHICLES OFF THE ROAD, PER YEAR.



- Public Ground Transportation **77.85% or \$362,623,312**
- Smart Grid Energy Infrastructure **8.93% or \$41,577,975**
- Renewable Energy **7.86% or \$36,610,214**
- Waste Management **5.34% or \$24,866,071**
- Emissions Abatement **0.03% or \$128,683**

GREEN BOND 5

Issuer

EDC

Ratings

Aaa Stable (Moody's)/
AAA Stable (S&P)

Format

SEC Registered

Size

CAD\$500 MM

Issue Date

31 July 2019

Maturity Date

31 July 2024

Coupon

1.65% (semi-annual)

ISIN

CA30216BHL95

Greenhouse Gas (GHG) impact of Green Bond 5

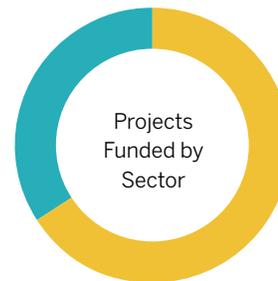
Our estimates take into account the future annual anticipated impacts of the assets, once operational. For this report, EDC has focused on GHG emissions with respect to its Renewable Energy.

We have estimated the annual amount of GHGs avoided and/or reduced from our Green Assets to be approximately 3.64 million metric tonnes of CO₂-equivalent.

The breakdown of the GHGs by sector is as follows:

- Renewable Energy assets: 3.64 million metric tonnes (100% of the total);

THIS CORRESPONDS TO TAKING APPROXIMATELY 786,300 PASSENGER VEHICLES OFF THE ROAD, PER YEAR.



- Renewable Energy
66% or \$291,208,740
- Public Ground Transportation
34% or \$147,292,580



GREEN LOAN ASSETS SUPPORTED BY EDC GREEN BONDS

Counterparty name	Green Bond sector	Sector Clarification	Volume*	GHGS Avoided [†]
GREEN BOND 3				
Bri Wind Farms 4 Limited	Renewable Energy	Wind	46,225,875	37,679
Terragon Environmental Technologies Inc	Waste Management	Waste-to-Energy, Water Treatment	174,586	N/A**
SDP FinCo Pty Ltd.	Water Management	Desalination	114,074,118	N/A**
Transport for London (partial – 37% allocated)	Public Ground Transport	Rail	185,116,623	1,878
(Caisse de Dépôt et Placement du Québec) London Array (Partial 13%)	Renewable Energy	Wind	72,067,169	125,951
Angel Trains Limited (multiple borrowers)	Public Ground Transport	Rail	58,573,138	N/A**
Lal Lal Wand Farms Fin Co Pty Limited (Northleaf Capital Partners)	Renewable Energy	Wind	40,789,340	230,369
GREEN BOND 4				
Transport for London (Partial – 63% allocated)	Public Ground Transport	Rail	317,560,707	3,197
NGR Finance Pty Ltd	Public Ground Transport	Rail	45,062,605	N/A**
RM2J inc.	Emissions Abatement	Fuel Efficiency Technology	128,683	2,883
Greenpac Mill LLC	Waste Management	Recycling	24,866,071	N/A**
MapleCo1 Ltd	Smart Grid Energy Infrastructure	Smart Meters	41,577,975	2,000,000
Polesine S.A.	Renewable Energy	Wind	36,610,214	20,880
GREEN BOND 5				
Buitengaats C.V. and others	Renewable Energy	Wind	64,469,119	1,200,000
GoldLinQ	Public Ground Transport	Light Rail	35,702,624	N/A**
Shuaa Energy 2 (Canadian Solar Inc.)	Renewable Energy	Solar	55,600,540	1,400,000
Porterbrook Rail Finance Limited (Alberta Investment Management Corp)	Public Ground Transport	Rail	53,375,961	N/A**
Bombardier Inc. - Mass Transit (ÖBB Personenverkehr Aktiengesellschaft)	Public Ground Transport	Rail	58,213,995	N/A**
AWF Fin Co Pty Ltd	Renewable Energy	Wind	67,569,079	185,937
Nordsee One GmbH	Renewable Energy	Wind	66,103,012	619,487
Commodore Leeward Member Holdings LLC	Renewable Energy	Wind	37,466,990	234,121

* As at Q4 2019

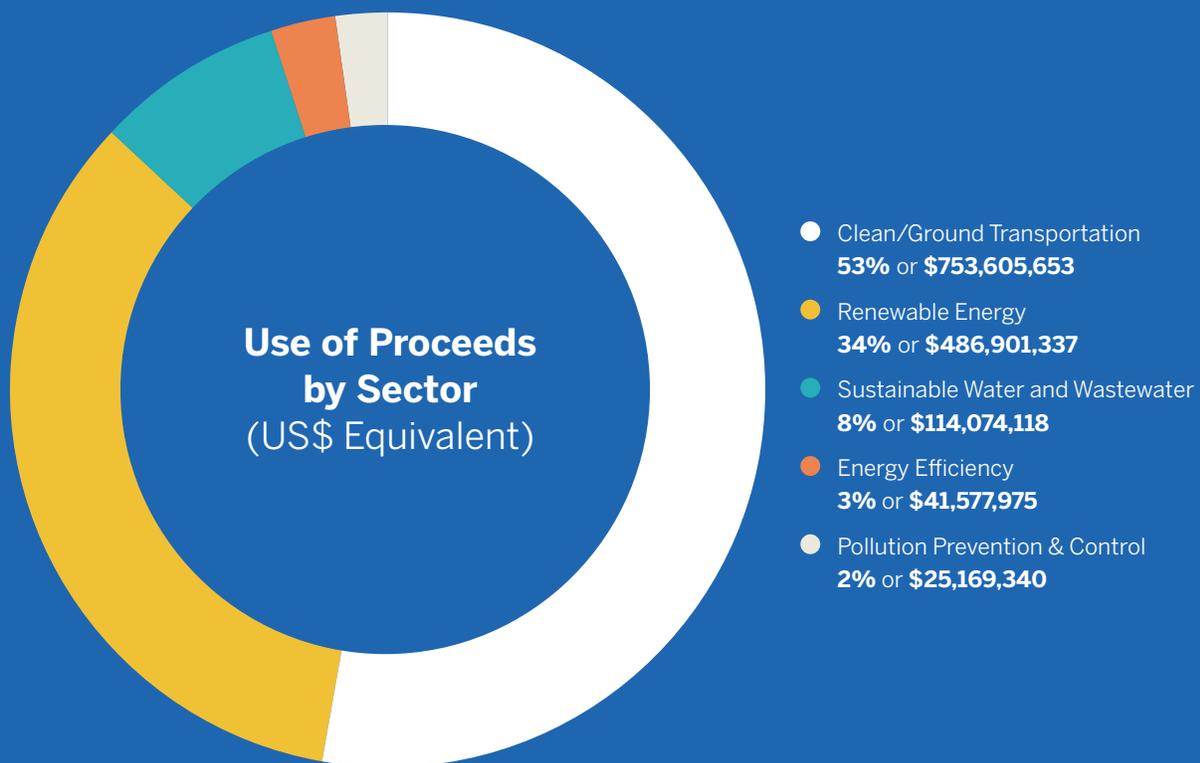
** Greenhouse gas emissions for this asset were either not available or not applicable.

† If applicable (in tonnes CO₂/year)

GREEN BOND AGGREGATE KPI'S

(KEY PERFORMANCE INDICATORS)

		Uncategorized climate benefits	Renewable energy			Energy Efficiency	Sustainable Transport
Total Outstanding Green Issuance	Green Issuance Committed and Disbursed. Accounted for in Impact Reporting (USD)	tCO ₂ e savings (if not reported by project category)	Annual renewable energy produced (MWh)	Renewable capacity constructed or rehabilitated (MW)	Annual GHG emissions avoided (tCO ₂ e)	Annual GHG emissions avoided (tCO ₂ e)	CO ₂ emissions reduced
\$1,421,328,423	\$1,421,328,423	2,883	11,214,373	4,594	4,054,424	2,000,000	5,075





Canada 


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