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Sustainalytics Second Party Opinion

EDC Sustainable Finance Framework

11 February 2026

Framework owner and location:
Export Development Canada
Ottawa, Canada

Sector:
Financial Services

Overall Assessment

Sustainability Contribution

Principles Alignment

Aligned

Green Bond Principles 2025
Social Bond Principles 2025
Sustainability Bond Guidelines 2021
Green Loan Principles 2025
Social Loan Principles 2025

Contribution to SDGs

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Assessment Summary

Export Development Canada has developed the EDC Sustainable Finance Framework dated January 2026, under which it intends to issue bonds, originate loans and guarantees, and make equity investments exclusively in pure play entities to fund projects across regions worldwide, including the Americas, Indo-Pacific and Europe. We have assessed the overall Sustainability Contribution of the Framework as **Strong**, based on the average Sustainability Contribution of the Framework's 25 use of proceeds categories. As per our methodology, we have applied equal weighting across categories.

Pollution prevention and waste management; Sustainable water and wastewater management; Climate change adaptation; Circular economy adapted products can substantially support recycling, improve water management, and build climate resilience respectively. Environmental expenditures may also include low-carbon electricity generation, including nuclear energy, though nuclear waste disposal remains unresolved in some jurisdictions. In addition, EDC may finance zero-emission and low-carbon transport vehicles, energy efficiency projects targeting buildings, sustainable forestry and biodiversity conservation. EDC may also finance critical mineral extraction and processing, and components for low-carbon technologies, though these activities remain emission-intensive and exert environmental pressures, as well as carbon capture and storage (with uncertainty regarding durable emissions reductions), waste-to-energy as an interim alternative to landfilling, and bioenergy and biofuel projects, including those using livestock-related feedstocks from non-industrial scale operations with associated emissions. MSME financing and Indigenous empowerment loans offered without subsidized rates are expected to deliver moderate social benefits. Essential services and basic infrastructure projects can meaningfully advance economic empowerment for vulnerable groups. Food security financing is expected to deliver substantial social benefits by addressing food loss and malnutrition.

We have assessed the Framework as **Aligned** with the Green Bond Principles 2025, Social Bond Principles 2025, Sustainability Bond Guidelines 2021, Green Loan Principles 2025 and Social Loan Principles 2025.

This Second Party Opinion provides our point-in-time independent opinion of the Framework as at the Evaluation Date above and serves as an update to our previous Second Party Opinion dated 16 January 2025. Our assessments of Sustainability Contribution and Principles Alignment are based on our Assessment Framework for Use of Proceeds Instruments (also see Annex 1: Assessment Framework Overview). Our opinion also considers additional information that the Framework owner provided up to the Evaluation Date, as well as public and non-public information.

Breakdown per Use of Proceeds Category

We have assessed the overall Sustainability Contribution of the Framework as **Strong**, based on the average Sustainability Contribution of the Framework's use of proceeds categories. As per our methodology, we have distributed weight equally across categories, as shown below.

Category	Sustainability Contribution Level	Weight
Renewable Energy	Neutral · Moderate · **Significant** · Strong	4.00%
Energy Efficiency	Neutral · Moderate · **Significant** · Strong	4.00%
Pollution Prevention and Waste Management	Neutral · Moderate · Significant · **Strong**	4.00%
Environmentally Sustainable Management of Living Natural Resources, Land Use, and Biodiversity	Neutral · Moderate · **Significant** · Strong	4.00%
Green Buildings and Infrastructure	Neutral · Moderate · **Significant** · Strong	4.00%
Clean Transportation	Neutral · Moderate · **Significant** · Strong	4.00%
Sustainable Water and Wastewater Management	Neutral · Moderate · Significant · **Strong**	4.00%
Climate Change Adaptation	Neutral · Moderate · Significant · **Strong**	4.00%
Circular Economy Adapted Products, Production Technologies and Processes	Neutral · Moderate · Significant · **Strong**	4.00%
Affordable Basic Infrastructure	Neutral · Moderate · **Significant** · Strong	4.00%

Category	Sustainability Contribution Level	Weight
Access to Essential Services: Health and Education	Neutral · Moderate · **Significant** · Strong	4.00%
Economic Inclusion & Participation	Neutral · **Moderate** · Significant · Strong	4.00%
Economic Inclusion & Participation: Indigenous Peoples	Neutral · **Moderate** · Significant · Strong	4.00%
Food Security and Sustainable Food Systems	Neutral · Moderate · Significant · **Strong**	4.00%
Carbon Capture, Utilization, Storage and Transport	Neutral · **Moderate** · Significant · Strong	4.00%
Low-Carbon Intensity Fuels	Neutral · Moderate · Significant · **Strong**	4.00%
Hydrogen	Neutral · Moderate · **Significant** · Strong	4.00%
Natural Gas for Power and Heating	Neutral · **Moderate** · Significant · Strong	4.00%
Steel Manufacturing	Neutral · Moderate · **Significant** · Strong	4.00%
Cement Manufacturing	Neutral · Moderate · **Significant** · Strong	4.00%

Category	Sustainability Contribution Level	Weight
Aluminium Manufacturing	Neutral · Moderate · **Significant** · Strong	4.00%
Mining and Extractive Sectors	Neutral · **Moderate** · Significant · Strong	4.00%
Aerospace	Neutral · **Moderate** · Significant · Strong	4.00%
Shipping Ports Infrastructure	Neutral · Moderate · Significant · **Strong**	4.00%
Airports	Neutral · Moderate · **Significant** · Strong	4.00%

Issuer Overview and Sustainability Strategy

Export Development Canada is Canada's export credit agency and a Crown corporation that provides financial services and products, including loans, guarantees, equity and insurance, to Canadian exporters and investors. EDC was founded in 1944 and is headquartered in Ottawa, Canada. In 2024, EDC served more than 27,000 companies, facilitated CAD 123.4 billion (USD 89.1 billion) in business and trade volume (equivalent to 2.8% of Canada's GDP) and supported 475,800 full-time jobs in Canada.[1]

EDC's 2030 strategy focuses on four key environmental and social priorities across its lending and operations: i) leading with core values; ii) prioritizing customer needs; iii) focusing on future-oriented sectors; and iv) making a meaningful impact.

EDC prioritizes financing of projects that enhance resource efficiency, promote clean technology and renewable energy, remediate air, water and soil, as well as investments in energy efficiency, smart grids, clean transportation, and sustainable water and waste management. In 2024, clean technologies accounted for CAD 9.7 billion (USD 7 billion) in facilitated business, supporting environmental impact reduction across industries. Advanced manufacturing, including aerospace, had an exposure of CAD 9.25 billion (USD 6.67 billion). Traditional resource industries, such as mining and metals, received CAD 11.11 billion (USD 8.02 billion), while forestry received CAD 3.86 billion (USD 2.78 billion), with a focus on sustainable practices aligned with global standards. EDC also expanded its Investment Matching Program, increasing available capital matches to CAD 25 million (USD 17.4 million). EDC further reduces its own environmental impact by reducing emissions from electricity and natural gas use, business travel and paper consumption, and by implementing measures to decrease water use and minimize waste at its headquarters.[2]

EDC's board of directors, supported by various committees, oversees ESG initiatives and guides the overall strategy. Meanwhile, the Senior Vice-President Customer Experience and Chief Legal Officer chairs the Enterprise Sustainability Committee, which oversees strategic and climate initiatives and monitors progress toward EDC's net-zero commitment. In addition, EDC publishes an annual integrated report outlining its ESG performance, strategy and policies, climate-related risks and progress, governance framework and sustainable finance initiatives.[3]

[1] EDC, "EDC 2024 Integrated Annual Report", (2024), at: https://www.edc.ca/content/dam/edc/en/corporate/corporate-reports/annual-reports/edc-2024-annual-report.pdf.
[2] Ibid.
[3] Ibid.

Principles Alignment

We have assessed the EDC Sustainable Finance Framework as follows:

Green Bond Principles 2025 – **Aligned**

Social Bond Principles 2025 – **Aligned**

Sustainability Bond Guidelines 2021 – **Aligned**

Green Loan Principles 2025 – **Aligned**

Social Loan Principles 2025 – **Aligned**

EDC intends to issue green, social, sustainability and transition bonds (collectively, the "Sustainable Bonds"), originate green and social loans and guarantees (the "Sustainable Loans"), make equity investments in pure play entities, as well as other transactions under the Framework.[4] EDC will ensure no double counting of projects financed with proceeds from the Sustainable Bonds and Sustainable Loans.

Principles Alignment Detailed Evaluation

Use of Proceeds

Aligned

Alignment with core requirements

- The Framework describes eligibility criteria appropriately.
- The Framework identifies relevant target populations for social projects.
- All expenditures are expected to provide clear environmental or social benefits.

Project Evaluation and Selection

Aligned

Alignment with core requirements

- The Framework describes a governance process for the evaluation and selection of eligible projects.
- The Framework communicates the environmental, social or sustainability objectives of eligible projects.
- The Framework describes a process to identify and manage perceived environmental and social risks associated with eligible projects.

Additional considerations

- EDC has committed to the following practices, which go beyond the core requirements:
  - EDC describes how eligible projects support its overarching sustainability objectives and strategy.

[4] The Framework allows for the origination of general corporate purpose sustainability-linked loans and labelled equity transactions, which are not covered under the scope of the Sustainalytics' Second Party Opinion. As such, Sustainalytics' assessment is limited to the issuance of labelled use of proceeds bonds and loans under the Framework.

- EDC's risk management approach is informed by the IFC Performance Standards and the Environmental and Social Review Directive (ESRD) along with the Equator Principles and OECD Common Approaches.
- EDC has developed the Framework's eligibility criteria with reference to relevant industry guidelines, such as the IFC Biodiversity Finance Reference Guide and the Climate Bonds Standard.
- EDC indicates the SDGs to which it expects to contribute through eligible projects.
- The Framework excludes financing for activities directly related to arms, defence and military, tobacco, gambling and adult entertainment.

Management of Proceeds

Aligned

Alignment with core requirements

- The Framework describes a governance structure for the management of proceeds.
- For Sustainable Bonds, the Framework describes the processes and systems that will be used to track the proceeds. In the case of Sustainable Loans and equity investments, EDC will require borrowers and investee entities to adhere to such processes.
- The Framework describes the intended temporary placement for the balance of unallocated proceeds, in the case of Sustainable Bonds.
- In the event of multi-tranching, EDC will only label tranches that are exclusively allocated to green or social projects.

Additional considerations

- EDC will manage the proceeds from the financing using a portfolio approach for Sustainable Bonds.
- For Sustainable Loans, EDC has policies in place to ensure that the proceeds are directed by the borrowers towards eligible projects. Moreover, in the case of loans, there will be full allocation at disbursement and there will be no residual proceeds for temporary allocation by the borrower.
- EDC has committed to the following practices, which go beyond the core requirements:
  - In the case of Sustainable Bonds, the temporary proceeds will be allocated to cash and cash equivalents in accordance with EDC's liquidity policy.
  - EDC will allocate proceeds within 24 months of issuance.
  - EDC has communicated that it will obtain a limited assurance report from a third party for its allocation of proceeds.

Reporting	**Aligned**

Alignment with core requirements

- EDC will provide an annual allocation report until full allocation of proceeds and renew it in case of material changes until maturity.
- For loan instruments, the borrowers are expected to provide allocation reporting upfront. For project finance loans, the borrowers are expected to provide upfront allocation reports in the form of disbursement requests in a schedule provided in the loan documents.
- EDC will extend revolving credit facilities to pure play companies only and will consider each disbursement request by borrowers as a form of upfront allocation reporting.

Additional considerations

- EDC has committed to the following practices, which go beyond the core requirements:
  - EDC will publish a category-level allocation report for bond issuances.
  - For Sustainable Bond issuances, EDC will report on the qualitative and quantitative impacts of projects using relevant metrics, where feasible.
  - The Framework indicates at least one indicative impact metric for each category.
  - For Sustainable Bond issuances, EDC will publish allocation and impact reports on its website through its Integrated Annual Report or Sustainable Bond report. For Sustainable Loans, the borrowers are expected to report to EDC on the quantitative and qualitative impact of projects using relevant metrics.

Sustainability Contribution

EDC intends to use the proceeds from instruments issued under the Framework to finance and refinance, in whole or in part, existing and future projects that are expected to lead to environmental and social benefits across various regions worldwide, including the Americas, Indo-Pacific and Europe.

EDC may also invest the equity of entities that derive at least 90% of either their revenue or assets from green or social activities that comply with the eligibility criteria in the Framework. Although project- and activity-based lending generally results in more direct environmental or social benefits and ensures compliance with the criteria in the framework, equity investment in pure play companies is a commonly accepted approach that can be expected to generate positive impacts.

We have assessed the overall Sustainability Contribution of the Framework as **Strong**, based on the average Sustainability Contribution of the Framework's use of proceeds categories.

Sustainability Contribution

Sustainability Contribution per Use of Proceeds Category

Renewable Energy

We have assessed the Sustainability Contribution of the Renewable Energy category as **Significant**.

Expenditures related to energy generation from renewable sources including solar, wind, marine, geothermal and hydropower, as well as the production of green hydrogen are critical to reducing energy sector emissions and supporting the sector's decarbonization. Bioenergy projects may also include waste feedstock including animal manure from non-industrial scale livestock operations that have significant associated emissions. Funding will also be directed to waste-to-energy (WtE) facilities, which in the short term provide an interim solution in regions where full recycling is not yet feasible. While nuclear projects will only be financed in jurisdictions with strong regulatory oversight, there is uncertainty regarding the long-term safety and security of the waste generated for nuclear projects in certain regions. Overall, these expenditures are projected to significantly advance the transition to low-carbon energy systems.

Category Expenditures

Expenditure	Description
Offshore and onshore wind	▸ 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. ▸ For offshore wind power facilities, fossil fuel backup is not limited to operational continuity.
Solar facilities	▸ Solar photovoltaic and concentrated solar power (CSP) facilities. ▸ Fossil fuel backup for CSP projects will be limited to 15%.
Battery energy storage	▸ Energy storage facilities including: i) Battery Energy Storage Systems (BESS) co-located with renewable power or standalone; ii) pumped hydropower; iii) advanced compressed air energy storage (A-CAES); and iv) run-of-river hydropower with artificial reservoir. ▸ BESS, pumped hydropower, and A-CAES are either directly connected to: i) renewable electricity sources; or ii) a grid that is on a pathway to decarbonization. For hydropower, EDC may finance both run-of-river hydropower with an artificial reservoir as well as those without a reservoir, with an EIA conducted for both types of projects.
Bioenergy production from wastewater and sewage sludge	▸ Bioenergy production from waste biomass whose sources may include wastewater and sewage sludge, through anaerobic production and other methods with emissions intensity below 100 g CO_2e/kWh.
Bioenergy production from waste biomass	▸ Bioenergy production, including biofuel, from waste biomass whose sources may include agriculture and forestry residues, and RSPO-certified[5] palm oil residues. ▸ Life cycle GHG emissions intensity will be below 100 g CO_2e/kWh or the GHG emissions savings from the use of biomass are at least 80% lower compared to the fossil-fuel baseline. ▸ Animal manure from non-industrial scale farms may be used as feedstock. ▸ Waste from non-RSPO-certified palm oil operations will be excluded.
Bioenergy from non-waste feedstock	▸ Bioenergy production from non-waste feedstock that are fully certified from sustainable sources with: i) life cycle emissions up to 100 g CO_2e/kWh for electricity generation; or ii) in the case of biofuel production, projects that achieve substantial life cycle emissions reductions of at least 80% lower than the noted fossil-fuel baseline. ▸ 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] Roundtable on Sustainable Palm Oil (RSPO), at: https://rspo.org/

	▸ Pre-2021 installations with 60% life cycle emission reduction below the fossil fuel baseline and pre-2015 installations with 50% life cycle emissions reduction below the baseline. ▸ Fossil fuel baselines for biofuel production facilities: i) biofuels (for transportation) – 94 g CO_2e/MJ; ii) bioliquids (production of electricity) – 183 g CO_2e/MJ; and iii) bioliquids (production of heat) – 80 g CO_2e/MJ.
Marine renewables	▸ Marine renewables, including tidal and wave power facilities, ocean thermal energy conversion and salinity gradients. ▸ For facilities relating to tidal power, wave power, OTEC and salinity gradients. Fossil fuel backup is not limited to operational continuity.
Green hydrogen and ammonia generation	▸ Green hydrogen and ammonia generation facilities using electrolysis powered by renewable energy, as defined under this category.
Geothermal energy generation	▸ Geothermal energy facilities with life cycle emissions intensity less than 100 g CO_2/kWh.
Run-of-river hydropower generation	▸ Run-of-river hydropower. ▸ 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.
Hydropower generation	▸ For hydropower facilities operational after 2019: life cycle carbon intensity is below 50 g CO_2e/kWh or power density is greater than 10 W/m^2. ▸ For hydropower facilities operational before 2019: life cycle carbon intensity is below 100 g CO_2e/kWh or power density is greater than 5 W/m^2. ▸ As above, an environmental and social impact assessment by a credible, third-party body is required and there should be no significant risk, controversies or large-scale irreversible and significant negative impact identified.
Refurbishment of hydropower plants	▸ 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 - Landfill gas capture	▸ WtE projects including landfill gas capture from closed or decommissioned landfills with 75% or more gas capture efficiency.

	▸ Landfills will be i) closed or decommissioned since 2020; or ii) operational in countries or regions that lack waste management infrastructure. Processes are in place to control and monitor methane emissions from the landfill and leakages from the landfill gas collection and utilization facilities. ▸ Gas capture projects based on active landfills and landfill gas capture for flaring is excluded from financing.
Waste-to-energy projects - Incineration of municipal solid waste (MSW)	▸ WtE projects including incineration of MSW for energy generation with recyclables, especially plastics, separated prior to energy conversion, where carbon intensity is below 100 g CO_2e/kWh.
Nuclear power generation	▸ New and existing nuclear power generation assets, including small and micro modular reactors. ▸ The countries where nuclear projects are financed are signatories to the Nuclear Non-Proliferation Treaty (NPT). However, financing would not be limited to those facilities that have been commissioned for long lived radioactive waste storage and disposal. ▸ Financing will be limited to jurisdictions with: i) strong governance and regulatory oversight for addressing site selection, operational safety, radioactive waste management and decommissioning; ii) secure, long-term storage of high-level radioactive waste; iii) no evidence of unsafe operations in the last 10 years; and iv) in the case of evidence of unsafe operations, evidence that the underlying causes have been remedied. ▸ Regulatory mechanisms would also include decommissioning, as a relevant standard per the IAEA's safety standards.
Transmission and distribution (T&D) of electricity	▸ T&D infrastructure dedicated to connecting renewables to the grid or where the grid is on a trajectory to full decarbonization defined as either: i) more than 67% of newly connected generation capacity in the system is below 100 g CO_2e/kWh, measured on a product carbon footprint basis, over a rolling five-year average period; or ii) the average system grid emissions factor is below the threshold value of 100 g CO_2e/kWh, measured on a product carbon footprint basis at the time of financing.

Additional details:

- Exclusions: i) application of renewable energy technology in processes from the fossil fuel industry; ii) bioenergy production that competes with food production, takes place on land with high biodiversity or depletes carbon pools in soils; iii) bioenergy production using peat, palm oil and non-certified feedstock; iv) bioenergy production using agriculture waste feedstock, including animal fats and oil and animal processing byproducts from both small- and

industrial-scale livestock operations and animal manure from industrial-scale livestock operations; v) wastewater and sewage sludge that is derived from fossil fuel operations; vi) ocean thermal projects with fossil fuel backup (not including power monitoring, operating and maintenance equipment, as well as resilience or protection measures/restart capabilities); and vii) transmission lines directly connected or dedicated to fossil fuel power.

Analytical Commentary

Investments in low-carbon energy are critical for the energy transition and decarbonization of the energy sector. GHG emissions from the global energy sector reached an all-time high of 37.8 Gt/CO_2e in 2024 and just 5.7% of global energy supply stemmed from renewable sources such as solar, wind, hydro, geothermal and ocean in 2023.[6,7] However, the share of renewable energy generation must increase to 90% by 2050 per the IEA Net Zero by 2050 Scenario to meet internationally agreed-upon climate goals.[8,9]

Expenditures related to solar, wind, geothermal and hydropower projects that have life cycle GHG emissions intensities below the technology-agnostic threshold of 100 g CO_2e/kWh will contribute to the goal of limiting the global temperature rise to 2°C.[10,11] For offshore wind power facilities, however, the Framework does not restrict fossil fuel use to operational continuity measures, such as power monitoring, resilience measures or restart capabilities. In addition, financing of green hydrogen can play a major role in decarbonizing hard-to-abate sectors, such as heavy industry, transport and power, by offering a clean energy carrier where other renewable alternatives may be unfeasible.

In addition, BESS will connect directly to renewables or grids that are on a decarbonization pathway. However, there is uncertainty on the emissions threshold of the grid. Collectively, these expenditures are expected to contribute significantly to mitigating renewable energy intermittency, reducing peak-demand stress and improving both grid reliability and grid flexibility, overall, as required for an effective decarbonized electricity system.[12]

Electricity generation from bioenergy and the production of biofuels under the Framework will result in substantial GHG emissions savings compared to fossil fuel baselines, however, the feedstock may include animal manure from non-industrial scale livestock operations. Although animal manure as feedstock may mitigate methane emissions from manure in the short term, it does not address the upstream impacts of animal husbandry.[13,14]

[6] International Energy Agency, "Global Energy Review 2025, CO2 Emissions", at: https://www.iea.org/reports/global-energy-review-2025/co2-emissions.
[7] International Energy Agency, "Renewables", at: https://www.iea.org/energy-system/renewables.
[8] Ibid.
[9] International Energy Agency, "Net Zero Roadmap", (2024), at: https://www.iea.org/reports/net-zero-roadmap-a-global-pathway-to-keep-the-15-c-goal-in-reach/a-renewed-pathway-to-net-zero-emissions.
[10] Silva, M. et al., (2019), "Life cycle GHG emissions of renewable and non-renewable electricity generation technologies", Ostfold Research, at: https://reinvestproject.eu/wp-content/uploads/2019/11/OR_RE-INVEST_Life-cycle-GHG-emissions-of-renewable-and-non-renewable-electricity.pdf.
[11] International Energy Agency, "Energy Technology Perspective", (2017), at: https://iea.blob.core.windows.net/assets/a6587f9f-e56c-4b1d-96e4-5a4da78f12fa/Energy_Technology_Perspectives_2017-PDF.pdf.
[12] International Energy Agency, "Grid-scale Storage", at: https://www.iea.org/energy-system/electricity/grid-scale-storage.
[13] European Biogas Association, "Beyond energy – monetising biomethane's whole-system benefits", (2023), at: https://www.europeanbiogas.eu/publication/beyond-energy-monetising-biomethanes-whole-system-benefits/.
[14] Magnolo, F., et al., "Biomethane from manure in the RePowerEU: A critical perspective on the scale-up of renewable energy production from the livestock sector", Energy Research & Social Science, (2024), at: https://edepot.wur.nl/676991.

Landfill gas-to-energy projects provide an interim solution to reduce the environmental impact of existing landfills and to curb methane emissions, depending on system design and operational effectiveness.[15] In this context, such projects are expected to contribute moderately to reducing emissions from waste generation.

The Framework also allows for financing of WtE facilities with life cycle emissions intensity below 100 g CO_2e/kWh. To reduce the emissions intensity of such projects, waste streams will be segregated before incineration and fossil fuel-based inputs will be excluded. Though WtE can reduce landfill volumes and methane emissions, it may also divert materials that could otherwise be recycled, shifting focus from circular economy principles that prioritize minimizing waste. In countries that lack adequate recycling infrastructure, where open dumping is still prevalent, WtE can serve as an interim solution offering a short-term alternative to landfilling; however, EDC may also finance such projects in countries where effective waste management systems already exist. In this context, these projects are expected to make a moderate contribution to improving waste management practices.

Investments in nuclear power will be limited to jurisdictions with strong regulatory oversight, a proven safety record, and that have taken concrete steps towards long-term radioactive waste management. However, certain projects may be financed in regions where permanent long-term waste disposal facilities have not yet been commissioned and remain at the preliminary stage, creating some uncertainty regarding the long-term safety and security of the waste generated. Nonetheless, such expenditures are expected to modestly contribute to zero emission energy generation.

Collectively, these expenditures are expected to significantly contribute to the global energy transition and the decarbonization of the energy sector.

Energy Efficiency

We have assessed the Sustainability Contribution of the Energy Efficiency category as **Significant**.

Expenditures under this category include the financing of energy-efficient solutions for buildings, and electricity transmission and distribution infrastructure. However, there is a lack of clarity regarding the threshold for global warming potential (GWP) of the refrigerants used in the heat pumps. Expenditures also include cogeneration from waste feedstock, including animal manure from non-industrial livestock operations, which is considered an interim solution owing to high life cycle emissions associated with animal husbandry. EDC may also finance upgrades to mobile networks from older to newer technologies. While energy efficiency is not the primary objective of these projects, they are expected to deliver some energy efficiency gains. Overall, the expenditures are expected to significantly advance the shift to a low-carbon economy.

[15] United States Environmental Protection Agency, "Benefits of Landfill Gas Energy Projects", at: https://www.epa.gov/lmop/benefits-landfill-gas-energy-projects.

Category Expenditures	
Expenditure	Description
Development, manufacture and installation of energy-efficient equipment	▸ The development, manufacture, installation and maintenance of activities that increase energy efficiency and/or reduce energy consumption or greenhouse gas emission intensity, including energy-efficient equipment and technologies that represent or enable the replacement of existing systems with a more efficient alternative, such as LED lighting, non-fossil fuel powered heating, ventilation, air conditioning/cooling (HVAC) systems and energy-efficient batteries. ▸ 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. ▸ The manufacture or installation of heat pumps, meeting regulatory requirements, may be considered: ▸ The financed heat pumps are not limited to those that use refrigerants with a Global Warming Potential (GWP) less than 675. ▸ Refrigerant management system addressing leakage and recovery plans will be in place for all heat pumps.
Installation and maintenance of equipment, technology or software for reducing power consumption	▸ Equipment, technology or software that improve energy efficiency or reduce power consumption, such as smart meters and peak demand management technology, energy performance monitoring equipment, power saving features, machine learning and artificial intelligence applications.
Efficient transmission and distribution	▸ Technologies that enable more efficient transmission, distribution and energy management infrastructure, such as smart grid components, wide area monitoring system, advanced and smart meters, monitoring and control automation devices, and big data or computing platforms.
District heating and cooling systems	▸ Electricity 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	▸ Retrofit of renewable energy power plants.
Cogeneration and combined heat and power plants	▸ Cogeneration and combined heat and power plants powered by: i) concentrated solar power; ii) solar thermal; or iii) bioenergy from certified biomass waste with life cycle GHG emissions intensity below 100 g

	CO_2e/kWh. Waste feedstock may include animal manure from non-industrial scale farms.
Micro-grids	▸ Micro-grids that provide power solutions for remote and/or off-grid communities, campuses and businesses, powered by renewable energy as defined under the Renewable Energy category and with fossil fuel backup limited to less than 15%.
Modernization of telecommunication networks	▸ Modernization of broadband networks moving from copper to fibre optic or hybrid fibre coaxial and retrofitting legacy networks.
Mobile network upgrades	▸ Mobile network upgrades from older technologies to the latest technologies, such as 5G or 4G LTE.

Additional details:

- Exclusions: i) energy-efficient technologies intended for processes that are inherently carbon-intensive, primarily powered by fossil fuels, such as oil or gas-fired boilers, cogeneration and CHP units; and production processes in heavy industries, such as cement, steel and aluminium; ii) batteries or other storage technologies dedicated to fossil fuel production; iii) energy efficiency improvements to transmission lines directly connected or dedicated to fossil fuel power; iv) waste heat from fossil fuel production or operations; v) cogeneration and combined heat and power plants that are powered by coal, oil or natural gas; and vi) microgrids with fossil fuel backup of more than 15%.

Analytical Commentary

Global energy efficiency improved by only 1% between 2023 and 2024.[16] Accelerating energy efficiency improvements can reduce CO_2 emissions by more than one-third by 2030, compared to 2024, and help reach net zero emissions by 2050.[17] Regarding district heating, approximately 90% of heat production supplied to the network is run on fossil fuels worldwide. This presents opportunities to efficiently integrate low-emission energy sources into the heating energy mix and decarbonize heating networks.[18] To align with the IEA's net zero emissions scenario, CO_2 emissions intensity of district heat production needs to reduce by at least 20% by 2030 compared to 2022.[19] Similarly, heat pumps are a critical technology for the decarbonization of heat, and the IEA estimates that heat pumps have the potential to reduce carbon emissions globally by at least 500 million tonnes in 2030, an amount equivalent to the carbon emissions from all European cars in 2022.[20]

The Framework's expenditures related to technologies and equipment dedicated to improving the energy efficiency of buildings, such as LED lights and HVAC, strongly contribute to energy efficiency in buildings by optimizing and reducing energy consumption in building stock.

[16] IEA, "Energy Efficiency", (2024), at: https://iea.blob.core.windows.net/assets/f304f2ba-e9a2-4e6d-b529-fb67cd13f646/EnergyEfficiency2024.pdf.
[17] Ibid.
[18] IEA, "District Heating", at: https://www.iea.org/energy-system/buildings/district-heating.
[19] Ibid.
[20] IEA, "The Future of Heat Pumps", (2022), at: https://www.iea.org/reports/the-future-of-heat-pumps.

Although electric heat pumps will be supported by a refrigerant management plan, there is a lack of clarity regarding the GWP of the refrigerants used. Improving efficiency in electrical transmission grids will contribute to decarbonizing the electricity grid, reducing the intermittency of renewable energy and facilitating the integration of renewable energy into the grid.

Additionally, energy monitoring and control systems help optimize energy use and contribute to energy efficiency. Although smart gas meters financed can help reduce gas consumption in the short term, they do not support the long-term decarbonization goal, as they do not facilitate the transition to electrification.

Regarding district heating, its decarbonization potential is largely untapped.[21] EDC's financing of heating and cooling production from waste heat captures excess thermal energy from industrial processes, reducing the need for energy generation. Similarly, investments in district heating and cooling distribution networks, where more than 50% of heat distributed is from renewable sources, support low-carbon objectives.[22] These expenditures strongly contribute to the energy efficiency of heating and cooling systems.

Financing cogeneration or production of heating or cooling from waste biomass may include animal manure from non-industrial livestock farming. Although animal manure as feedstock may mitigate methane emissions from manure in the short term, relying on animal manure indirectly sustains demand for livestock farming, associated with high life cycle emissions and water use.[23,24]

Modernization of broadband networks from copper to fibre optic or from 3G to 5G technology is likely to improve energy efficiency. These upgrades primarily aim to expand capacity and increase data speeds, though efficiency gains may be a secondary objective of these projects. As such, these expenditures are expected to make a moderate contribution towards improving energy efficiency.

Collectively, investments under this category are expected to significantly contribute to reducing energy consumption and supporting the low-carbon transition.

[21] IEA, "District Heating", at: https://www.iea.org/energy-system/buildings/district-heating.
[22] European Commission, "District heating/cooling distribution", at: https://ec.europa.eu/sustainable-finance-taxonomy/activities/activity/301/view.
[23] European Biogas Association, "Beyond energy – monetising biomethane's whole-system benefits", (2023), at: https://www.europeanbiogas.eu/publication/beyond-energy-monetising-biomethanes-whole-system-benefits/.
[24] Magnolo, F., et al., "Biomethane from manure in the RePowerEU: A critical perspective on the scale-up of renewable energy production from the livestock sector", Energy Research & Social Science, (2024), at: https://edepot.wur.nl/676991.

Pollution Prevention and Waste Management

We have assessed the Sustainability Contribution of the Pollution Prevention and Waste Management category as **Strong**.

Investments will focus on waste reduction, recycling and composting, which directly reduce landfill volumes and support a circular economy. Plastic recycling may use mechanical or chemical processes, where life cycle GHG emissions of chemical recycling are lower than those of fossil-based options. All recycling activities involving e-waste and plastics will also be supported by robust waste management systems. The synthesis of feedstock for waste-to-energy facilities, however, may offer only modest environmental benefits. Nonetheless, taken together, these expenditures are expected to make a strong contribution to improving waste management practices and reducing greenhouse gas emissions.

Category Expenditures

Expenditure	Description
Construction, development, operation, acquisition and maintenance of facilities for sorting, recycling and composting non-hazardous waste	▸ Recycling and composting processes and infrastructure that enable source-segregated waste management, including; i) mixed residual waste for feedstock in waste-to-energy projects; ii) processing of food, green or garden waste compost for agricultural, municipal or consumer applications where the majority of recyclables are segregated before incineration takes place; iii) recyclable waste, such as steel, aluminium or glass; iv) processing of inorganic sludge; v) electronic waste recycling, which will be accompanied by a robust waste management system; and vi) batteries. ▸ Biowaste for composting excludes forestry or agriculture residues, including animal waste from both industrial and non-industrial operations. ▸ Mechanical and chemical recycling of plastics (where mechanical recycling is not feasible). Life cycle emissions of the recycled plastic will be lower than those of primary fossil-based plastic, and the end-use application will not be intended for single-use consumer products. Recycling of single-use plastic and plastic-to-fuel conversion is excluded. ▸ Waste collection vehicles will adhere to the emissions threshold specified in the Clean Transportation category.

Analytical Commentary

In 2020, approximately 2.1 billion tonnes of municipal solid waste was generated globally, and this amount is projected to rise by 56%, reaching 3.8 billion tonnes by 2050, driven by population and economic growth.[25] Of the total waste generated, 30% is sent to landfills, 13% is processed in waste-to-energy facilities and 19% is directed to recycling centres, while the remaining portion is either dumped or openly burned. In addition, approximately 300 million to 500 million tonnes of

[25] United Nations Environment Programme, "Global Waste Management Outlook 2024", (2024), at: https://wedocs.unep.org/handle/20.500.11822/44939.

hazardous waste is produced annually worldwide,[26] posing serious risks to both human health and the environment.[27] Improving waste management practices has the potential to reduce global GHG emissions by 15-25%, highlighting the importance of recycling measures.[28]

Financing under this category may include material recovery from non-hazardous waste, waste recovery, sorting and recycling, composting of biowaste and waste reduction initiatives that may help in directly reducing waste disposed in landfills. These activities enhance overall resource efficiency and promote more sustainable waste management practices. However, producing feedstock for waste-to-energy facilities offers only modest environmental benefits.

EDC may also finance recycling facilities for processing various waste streams, including electronic waste and mechanical or chemical plastic recycling, where the life cycle GHG emissions of chemical recycling are lower than those of fossil-based alternatives. All recycling activities involving e-waste and plastics will be supported by robust waste management systems.

Collectively, investments under this category are expected to strongly contribute to improvements in waste management practices and to GHG emissions reduction.

Environmentally Sustainable Management of Living Natural Resources, Land Use, and Biodiversity

We have assessed the Sustainability Contribution of the Environmentally Sustainable Management of Living Natural Resources, Land Use, and Biodiversity category as **Significant**.

Expenditures under the category include certified forestry and sustainable agriculture projects, including afforestation with locally adapted species to strengthen ecosystem resilience. Certified aquaculture and sustainable agriculture practices aim to improve soil health, reduce chemical inputs, enhance resource efficiency and lower emissions intensity, though the extent of these improvements may vary. Expenditures related to alternative proteins can reduce GHG emissions and rely on less land and water than meat from livestock production, though certification requirements for raw materials remain unclear. Livestock management measures, such as manure treatment with anaerobic digesters, can mitigate methane emissions but still sustain livestock production, which carries high life cycle emissions and water use. Overall, these expenditures are expected to make a significant contribution to biodiversity conservation and sustainable agricultural and aquaculture production.

Category Expenditures

Expenditure	Description
Afforestation and reforestation	▸ Activities that increase or support afforestation and reforestation using native tree species that are well-adapted to site conditions with a certified

[26] Martínez, HJ et al., (2022), "The world-wide waste web", Nature Communications, at: https://pmc.ncbi.nlm.nih.gov/articles/PMC8964736/.
[27] Environmental Protection Agency, "Health and Ecological Hazards Caused by Hazardous Substances", (2024), at: https://www.epa.gov/emergency-response/health-and-ecological-hazards-caused-hazardous-substances.
[28] United Nations Environment Programme, "Global Waste Management Outlook 2024", (2024), at: https://wedocs.unep.org/handle/20.500.11822/44939.

	sustainable management plan. Expenditures that involve certification by a recognized third-party, including the: i) Forest Stewardship Council (FSC);[29] ii) Programme for the Endorsement of Forest Certification (PEFC);[30] iii) Sustainable Forest Initiative (SFI);[31] or iv) American Tree Farm System.[32] A third-party certification is not required for smallholder operations. ▸ The financed projects ensure that management of forests will not result in degradation of land with high carbon stock (e.g. wetlands, peatlands and continuously forested areas). ▸ In the case of smallholder farms, no conversion will take place in habitats that are: i) particularly vulnerable to biodiversity loss; ii) of high conservation value; or iii) in areas set aside for restoration, in accordance with national law.
Certified sustainably managed forestry	▸ Certified sustainably managed forestry. ▸ EDC aims for 100% certification under the FSC, PEFC, SFI or American Tree Farm System. ▸ The forests will use tree species that are well adapted to the site conditions.
Certified agriculture facilities and sustainable agriculture techniques	▸ Sustainably managed agriculture certified under Canada Organic,[33] USDA Organic,[34] Rainforest Alliance[35] or other equivalent certifications. ▸ 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), organic pesticides and herbicides, fertilizer (e.g. manure and compost as well as other novel fertilizers), no-till farming systems and crop rotation, satellite farming and site-specific crop management that enables data-driven agriculture management to improve efficiency of resources (e.g. remote sensing and GIS equipment). ▸ Such techniques will be implemented on farms that: i) have environmental management measures addressing soil health, minimizing chemical inputs, improving resource efficiency and reducing farm-level emissions; ii) have not converted high conservation value areas (e.g. forests, wetlands, grasslands) for agricultural use; and iii) do not use hazardous fertilizers or pesticides. ▸ The following are excluded from financing: i) manure for use in biodigesters from large-scale livestock operations; ii) agricultural units that

[29] Forest Stewardship Council, at: https://fsc.org/en/what-the-fsc-labels-mean.
[30] Programme for the Endorsement of Forest Certification, at: https://pefc.org/standards-implementation/standards-and-guides.
[31] Sustainable Forest Initiative: https://forests.org/standards/.
[32] American Tree Farm System: https://www.treefarmsystem.org/.
[33] Canada Organic, at: https://inspection.canada.ca/organic-products/standards/eng/1300368619837/1300368673172.
[34] USDA organic, at: https://www.ams.usda.gov/grades-standards/organic-standards.
[35] Rainforest Alliance, at: https://www.rainforest-alliance.org/resource-item/2020-sustainable-agriculture-standard-farm-requirements/#.

	include livestock production; iii) techniques and technologies implemented on livestock production; iv) manufacture, purchase or distribution of inorganic or synthetic fertilizers, herbicides or pesticides; and v) equipment running directly on fossil fuels.
Low-carbon greenhouses and urban agriculture production	▸ Expenditures include: i) resource- and energy-efficient greenhouse agriculture; and ii) low-carbon urban agriculture production powered by low-carbon energy with a GHG emissions intensity below 100 gCO_2e/kWh, such as vertical farming, hydroponics and aeroponics.
R&D and production for alternative proteins	▸ R&D for alternative proteins or nutritional ingredients produced from certified sustainable sources with evidence of life cycle GHG emissions being significantly lower than meat counterparts.[36] ▸ Expenditures will involve the use of raw materials from certified sustainable sources.
Livestock management projects	▸ Livestock management projects that reduce methane gas or GHG emissions such as manure management with biodigesters. ▸ EDC will ensure that: i) manure for use in biodigesters will not be derived from large-scale livestock operations; ii) livestock management projects at industrial-scale livestock facilities will not be financed; and iii) the manufacture, purchase or distribution of inorganic or synthetic fertilizers, herbicides or pesticides will be excluded from financing.
Environmentally sustainable fishery and aquaculture	▸ Expenditures include environmentally sustainable fishery and aquaculture certified under schemes, including Marine Stewardship Council,[37] Aquaculture Stewardship Council,[38] Global G.A.P for Aquaculture,[39] Best Aquaculture Practices,[40,41] or equivalent. ▸ Financing and application of technologies that support sustainable aquaculture practices on farms certified to the above-mentioned schemes.
Aquatic biodiversity conservation and restoration	▸ Ecological restoration and aquatic biodiversity conservation of coastal, marine, freshwater and watershed environments, including wetlands. ▸ For wetland conservation and restoration, the area must have a restoration plan that follows Ramsar Convention principles or that is in line with the overall objectives of Ramsar Convention principles.

[36] Average life cycle emissions of meat varieties in kg CO_2e/kg, specifically for: i) beef (beef herd) is 99.5; ii) lamb and mutton is 39.7; iii) beef (dairy herd) is 33.3; iv) farmed prawns is 26.9; v) cheese is 23.9; vi) farmed fish is 13.6; vii) pork is 12.3; and viii) poultry is 9.9.
EU Platform on Sustainable Finance, "Technical Working Group", (2022), at: https://finance.ec.europa.eu/system/files/2022-03/220330-sustainablefinance-platform-finance-report-remaining-environmental-objectives-taxonomy-annex_en.pdf.
[37] Marine Stewardship Council, at: https://www.msc.org/standards-and-certification/developing-our-standards.
[38] Aquaculture Stewardship Council, at: https://asc-aqua.org/business/get-certified/.
[39] Global G.A.P for Aquaculture, at: https://www.globalgap.org/what-we-offer/solutions/ifa-aquaculture/.
[40] Best Aquaculture Practices, at: https://www.bapcertification.org/Standards.
[41] For aquaculture projects, EDC may finance one or more stages of the supply chain, including hatcheries, feedlots, farms and processing plants. Where financing is provided to standalone farms, hatcheries or feedlots, BAP certification will be required. Processing operations will be certified to BAP 2 Stars or above. In cases where financing is provided solely to feedlots, only feedlots whose output is dedicated to BAP-certified farms will be eligible for financing.

	▸ The financed activities exclude control measures for species, including hunting, culling, trapping or poisoning of vertebrate pests. ▸ Financed activities will not result in degradation of land with high carbon stock.
Remediation of contaminated sites	▸ Remediation of contaminated sites, including supporting environmental professional services, such as the collection and treatment of contaminated soil. ▸ The remediation activities will not be carried out by borrowers that caused the pollution from their own activities or by third parties that provide remediation services for these borrowers (acting on behalf of them). ▸ A remediation, pollution monitoring and restoration plan is in place. ▸ Any hazardous or non-hazardous waste or contaminated soils extracted or otherwise produced by the remediation activity is subject to appropriate collection, transport, treatment, recovery or disposal by an authorized operator, in accordance with legal requirements and care is taken to prevent any mixing of excavated contaminated soils and non-contaminated soils. ▸ Where waste collection vehicles are financed, such vehicles will meet the direct emissions threshold specified under the Clean Transportation category.

Nature and biodiversity conservation and rewilding	▸ Nature and biodiversity conservation activities, such as achieving favourable conservation status of natural and semi-natural habitats and species as well as preventing their deterioration.
	▸ Rewilding through creating and restoring habitats for wildlife and biodiversity, such as developing biodiversity corridors.
	▸ Regreening of urban spaces where the tree species will be well adapted to the site condition.
	  ▸ Financing will exclude: i) use of herbicides or insecticides; ii) activities related to culling, trapping or poisoning of vertebrate pests; iii) commercial forests with no certifications; and iv) activities that result in degradation of land with high carbon stock.
	  ▸ For wetland conservation and restoration, the area must have a restoration plan that follows Ramsar Convention principles or that is in line with the overall objectives of Ramsar Convention principles.

Analytical Commentary

Globally, biodiversity is declining at a rate that is 10 to 100 times higher than the natural baseline, largely due to human impacts such as land degradation, deforestation, habitat fragmentation, pollution, invasive species and climate change.[42, 43] It is estimated that extreme weather events have cost the global economy more than USD 2 trillion over the past decade.[44] Drought and flood risks are projected to further increase as the global temperature rises, illustrating the need for adaptation measures targeting infrastructure and water supply. Climate-resilient infrastructure plays a key role in supporting communities and businesses to continue functioning and better mitigate climate-related risks to their assets.[45] Similarly, climate-resilient agricultural practices are vital to meeting the projected 50-60% surge in global food demand between 2019 and 2050 amidst the increasing risks to agricultural systems posed by climate change.[46]

EDC may finance afforestation and reforestation projects that will be accompanied by sustainable management plans to ensure that forest areas are managed responsibly to maintain biodiversity, productivity and regeneration capacity. The use of tree species that are well adapted to local conditions will improve the stability and resilience of forest ecosystems. The sustainable forest management projects under the Framework will be certified to FSC,[47] PEFC,[48] SFI[49] or the American Tree Farm System.[50] Such projects will strongly contribute to maintaining biodiversity, productivity and regeneration capacity. Remediation projects that are accompanied by remediation, pollution monitoring and restoration plans to prevent any mixing of excavated contaminated soils and non-contaminated soils are expected to support the restoration of degraded ecosystems.

Projects related to aquaculture and agriculture production will also be supported by certifications, which generally address soil health, minimizing chemical inputs, efficient resource use and emissions intensity, however, not all of them do so comprehensively, as the extent to which they address these aspects varies.

Expenditures may include R&D (lab-grown meats) and distribution of alternative protein (insect-based; plant-based) with lower life cycle GHG emissions than meat counterparts.[51] Though there is lack of clarity on certification standards for raw materials, these expenditures have the potential to

[42] IPBES, "2019 Global Assessment Report on Biodiversity and Ecosystem Services", (2019), at: https://files.ipbes.net/ipbes-web-prod-public-files/inline/files/ipbes_global_assessment_report_summary_for_policymakers.pdf.
[43] WHO, "Biodiversity", at: https://www.who.int/news-room/fact-sheets/detail/biodiversity.
[44] Oxera, "The economic cost of extreme weather events", (2024), at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2024/04/infrastructure-for-a-climate-resilient-future_c6c0dc64/a74a45b0-en.pdf.
[45] OECD, "Infrastructure for a Climate-Resilient Future", (2024), at: https://www.oecd.org/en/publications/infrastructure-for-a-climate-resilient-future_a74a45b0-en.html.
[46] Falcon, W. et al., "Rethinking Global Food Demand for 2050", Population and Development Review, (2022), at: https://www.researchgate.net/publication/362572729_Rethinking_Global_Food_Demand_for_2050.
[47] Forest Stewardship Council, at: https://fsc.org/en/what-the-fsc-labels-mean.
[48] Programme for the Endorsement of Forest Certification, at: https://pefc.org/standards-implementation/standards-and-guides.
[49] Sustainable Forest Initiative: https://forests.org/standards/.
[50] American Tree Farm System: https://www.treefarmsystem.org.
[51] Average life cycle emissions of meat varieties in kg CO2e/kg, specifically for: i) beef (beef herd) is 99.5; ii) lamb and mutton is 39.7; iii) beef (dairy herd) is 33.3; iv) farmed prawns is 26.9; v) cheese is 23.9; vi) farmed fish is 13.6; vii) pork is 12.3; and viii) poultry is 9.9.
EU Platform on Sustainable Finance, "Technical Working Group", (2022), at: https://finance.ec.europa.eu/system/files/2022-03/220330-sustainable-finance-platform-finance-report-remaining-environmental-objectives-taxonomy-annex_en.pdf.

diversify available protein-rich food products, reduce emissions and conserve land and water.[52,53] As such, the expenditures are expected to moderately contribute to reducing production-related emissions.

EDC may also finance livestock management projects that include anaerobic digesters utilizing manure from non-intensive livestock operations as feedstock. Such systems can reduce emissions by capturing methane that would otherwise be released during conventional manure storage. However, these technologies function primarily as an interim mitigation solution, as their use may indirectly sustain demand for livestock farming, which is associated with high life cycle emissions, substantial land use impacts and significant water consumption.[54,55]

Collectively, expenditures under this category are expected to significantly contribute to supporting global biodiversity conservation, enhancing ecosystem resilience and advancing sustainable agricultural practices.

Green Buildings and Infrastructure

We have assessed the Sustainability Contribution of the Green Buildings and Infrastructure category as **Significant**.

EDC may finance the acquisition, development, construction and refurbishment of certified residential or commercial buildings. Buildings within the top 15% of the local building stock in terms of energy performance may also be financed. Expenditures also include renovations that meet a 30% minimum level of energy improvements within three years of financing. However, the Framework does not require buildings to be zero emissions ready, which poses a risk of fossil fuel lock in, especially relevant for new buildings. Collectively, expenditures under this category are expected to significantly contribute to the decarbonization of the buildings sector.

Category Expenditures

Expenditure	Description
Construction and acquisition of certified green buildings	▸ The design, purchase or construction of green buildings, including timber buildings that are certified to standards such as LEED with a minimum of 'Gold';[56] BOMA Best with a minimum of 'Gold';[57] BREEAM with a minimum of 'Excellent';[58] ENERGY STAR (85 or above);[59] Toronto Green Standard (v2)

[52]Good Food Institute, "Environmental impacts of alternative proteins", at: https://gfi.org/resource/environmental-impacts-of-alternative-proteins/.
[53] WBCSD, "Alternative proteins: essential for restoring nature in the US and beyond", (2024), at: https://www.wbcsd.org/news/alternative-proteins-essential-for-restoring-nature-in-the-us-and-beyond/nature-in-the-us-and-beyond.
[54] European Biogas Association, "Beyond energy – monetising biomethane's whole-system benefits", (2023), at: https://www.europeanbiogas.eu/publication/beyond-energy-monetising-biomethanes-whole-system-benefits/.
[55] Magnolo, F., et al., "Biomethane from manure in the RePowerEU: A critical perspective on the scale-up of renewable energy production from the livestock sector", Energy Research & Social Science, (2024), at: https://edepot.wur.nl/676991.
[56] LEED: https://www.usgbc.org/leed.
[57] BOMA Best: https://bomabest.org/.
[58] BREEAM: https://breeam.com/about/how-breeam-works.
[59] ENERGYSTAR: https://www.energystar.gov/.

	Tier 2 or higher.[60]
Refurbishment of buildings	▸ Refurbishment of commercial, residential or public buildings that results in energy savings of 30% or more over baseline energy consumption within three years post-retrofit.
Construction and acquisition of top performing buildings	▸ Buildings that have achieved GHG emissions performance or primary energy demand (PED) in the top 15% in their city, province, state or country, based on a third-party assessment.
Additional details:	
▸ Buildings designed for the purpose of extraction, storage, transportation or manufacture of fossil fuels are excluded.	

Analytical Commentary

Investments in green buildings continue to be critical for decarbonizing the global buildings sector and are essential for meeting climate objectives, such as achieving net zero by 2050.[61] In 2022, building operations accounted for 30% of global final energy consumption and 26% of energy-related greenhouse gas emissions.[62] Through the adoption of energy-efficient designs, sustainable materials and low-emission technologies, green buildings play a pivotal role in mitigating these environmental impacts by significantly reducing operational emissions and promoting climate-resilient infrastructure.[63] Buildings that minimize operational emissions and are highly energy-efficient will play a vital role in the decarbonization of the global buildings sector.

The Framework's eligibility criteria for the construction and acquisition of residential and commercial buildings target those constructed before, on or after 1 January 2024 that have, or will achieve, at least one of the specified green building certification levels, or those that are in the top 15% of the local building stock in terms of energy or emissions performance. However, the Framework does not require buildings to be zero-emissions ready, leaving them exposed to the risk of fossil fuel lock-in, which is particularly relevant for new buildings, specifically those constructed after 1 January 2024. Additionally, EDC may finance the refurbishment of buildings that are expected to achieve at least a 30% improvement in energy performance within three years after refurbishment. Collectively, the expenditures under the category are expected to significantly contribute to the decarbonization of the buildings sector.

[60] Toronto Green Standard: https://www.toronto.ca/city-government/planning-development/official-plan-guidelines/toronto-green-standard/.
[61] UNEP, "Why making buildings greener is crucial to countering climate change", (2024), at: https://www.unep.org/news-and-stories/story/why-making-buildings-greener-crucial-countering-climate-change.
[62] IEA, "Buildings", at: https://www.iea.org/energy-system/buildings.
[63] Huynh, C., (2021), "How green buildings can help fight climate change", US Green Building Council, at: https://www.usgbc.org/articles/how-green-buildings-can-help-fight-climate-change.

Clean Transportation

We have assessed the Sustainability Contribution of the Clean Transportation category as **Significant**.

Expenditures under this category include private and public zero-emission and low-carbon vehicles across road and rail transport, zero emission cranes and forklifts, as well as associated low- carbon and active mobility infrastructure. Expenditures may also include manufacturing of components exclusively intended for low-carbon transportation, and information and communications technology (ICT) solutions that enhance transport efficiency and modal shift. Overall, expenditures under this category are expected to make a meaningful contribution to the transition toward zero emission transport systems.

Category Expenditures

Expenditure	Description
Private and public zero emission and low-carbon transport	▸ Acquisition, upgrade, development, manufacturing, construction, operation and maintenance of: ▸ Zero-emission or hydrogen-powered passenger vehicles, passenger and freight rail, trams or buses ▸ Hybrid vehicles with emissions intensity at or below: i) 75 gCO_2/km for passenger vehicles; ii) 50 gCO_2/pkm for passenger rail, trams and buses; and iii) 25 gCO_2/tkm for freight rail with fossil fuel freight capped at 25% by mass. ▸ The emissions intensity thresholds of hybrid passenger vehicles will be based on the Worldwide Harmonized Light Vehicle Test Procedure, using real-world driving data to replicate actual driving conditions. ▸ Cranes, forklifts and excavators with zero direct emissions.
Infrastructure supporting low-carbon transportation and personal mobility	▸ Low-carbon private and public transport infrastructure, such as metro and train network expansions, station upgrades, traffic and public transport control centres, bus rapid transit systems, electric charging stations and hydrogen fuelling stations. ▸ Active mobility infrastructure, such as walking and cycling lanes as well as municipal bike sharing schemes.
Construction and operation of transport systems and digital solutions	▸ ICT that enhances asset utilization, flow and modal shift across all transport modes such as car-sharing schemes, excluding ride-hailing services.
Zero-emission	▸ Development of components specifically designed for low-carbon

vehicles and associated parts	transportation, such as EV batteries and its components. ▸ Excludes facilities manufacturing ancillary parts, such as seats and frames, not specialized for low-carbon transportation.

Additional details:

- Excludes: i) construction of roads and parking facilities, including private vehicle parking at railway stations; ii) fossil fuel-based transportation, supporting infrastructure and transportation dedicated to fossil fuel transport; iii) fossil fuel filling stations and other assets that prolong the life and/or facilitate the use of fossil fuel-powered transport; iv) new construction and existing road infrastructure retrofits; v) tank containers that transport fossil fuels or fossil fuels blended with alternative fuels; and vi) efficiency improvements involving conventional fossil fuel combustion engines.

Analytical Commentary

The transport sector accounted for 37% of CO_2 emissions from end-use sectors in 2022 and relied on oil products for nearly 91% of its final energy use.[64,65] Road transport was the largest contributor, generating 73% of global transport emissions in 2022, followed by aviation, shipping and rail. To achieve climate neutrality by 2050, emissions from transport must decline by 25% by 2030, which will require scaling up the electrification of vehicles and the use of low-emission fuels. With global transportation volumes projected to double by 2050 from the 2015 baseline, investments in zero emission vehicles and related infrastructure are critical to decarbonizing the transport sector.[66]

Eligible expenditures include passenger and freight zero emission transport across road and rail, including buses, rails, trams, cranes, excavators and forklifts. These expenditures are critical to achieving low-carbon transportation. EDC may also finance hybrid and other low-carbon vehicles in line with the Framework's eligibility criteria. However, as these vehicles continue to rely partly on fossil fuels, zero emission alternatives remain a more effective solution for reducing transportation-related emissions.

Expenditures will also be directed to infrastructure for zero emission and low-carbon transportation across road and rail as well as personal mobility. This includes projects such as metro or train networks, station upgrades, traffic and public transport control terminals, bus rapid transit infrastructure, electric charging stations and hydrogen fuelling stations.

Lastly, deploying ICT across all vehicle types is also expected to improve operational efficiency and facilitate the transition to low-carbon mobility.

Collectively, expenditures in this category are expected to significantly contribute to the adoption of zero emissions transport and the decarbonization of the transport sector.

[64] UN Environment Programme Finance Initiative, "Climate Risks in the Transportation Sector", (2024), at: https://www.unepfi.org/wordpress/wp-content/uploads/2024/05/Climate-Risks-in-the-Transportation-Sector-1.pdf.
[65] IEA, "Transport", (2023), at: https://www.iea.org/energy-system/transport.
[66] World Economic Forum, "7 Reasons Why Global Transport is so Hard to Decarbonize", 2021, at: https://www.weforum.org/agenda/2021/11/global-transport-carbon-emissions-decarbonise/.

Sustainable Water and Wastewater Management

We have assessed the Sustainability Contribution of the Sustainable Water and Wastewater Management category as **Strong.**

Expenditures under this category include water treatment facilities, energy-efficient desalination plants powered by low-carbon energy, urban drainage systems with appropriate management plans, as well as water use efficiency and storage projects. Although the desalination plants' energy intensity level may not fall below 4 kWh/m^3, they will nonetheless deliver meaningful improvements. For all applicable projects, water leakage assessments will be conducted to identify and minimize losses. These investments are expected to deliver substantial improvements in water and wastewater management.

Category Expenditures

Expenditure	Description
Development of water and wastewater management infrastructure	▸ Infrastructure and technologies that help collect, treat, recycle or reuse water, including desalination plants. ▸ All projects will: i) have a management plan to monitor discharges into receiving waters; and ii) adhere to applicable local and national regulations. ▸ Sewage sludge and other byproducts of wastewater treatment will be further treated via anaerobic digestion or alternative methods. ▸ Desalination plants will meet the following criteria: i) facilities will be powered by renewable energy or use electricity from the grid with an average carbon intensity lower than 100 g CO_2e/kWh; and ii) an appropriate waste management plan will accompany for brine disposal. ▸ Excludes plants that are directly connected to or powered by fossil fuel energy; and ii) integrated water and power plant (IWPP) with fossil fuel power. ▸ Urban drainage systems that are supported by a flood risk mitigation plan to identify flood-prone areas and required stormwater infrastructure. ▸ Water supply and treatment infrastructure, such as pipelines, pumping stations, drains and gravity-fed canal systems.
Development of water use efficiency improvements	▸ Water conservation initiatives, including water metering, monitoring and reporting, active leakage control, pressure management, digitalization and automation.
Water storage	▸ Water capture and storage infrastructure, including storm water

infrastructure	management systems, aquifer storage and rainwater harvesting systems.

Additional details:

- All projects under this category will undergo a water leakage assessment to identify potential areas for improvement in water leakage reduction.
- All projects will be aligned to EDC's rigorous environmental and social risk management framework or, where applicable, the Environmental and Social Review Directive, to ensure that any controversies or potential environmental and social impacts are effectively mitigated.
- Excludes equipment or methods dependent on fossil fuels.

Analytical Commentary

Approximately 26% of the global population lacks access to safe drinking water, and around one-quarter experience extremely high levels of water stress, consuming more than 80% of the annual renewable freshwater supply in their region.[67] Additionally, approximately 20% to 50% of distributed water is lost due to leakages and ageing infrastructure.[68] In 2022, an estimated 268 billion m^3 of household wastewater was generated globally, of which only 58% was safely collected, treated and discharged. The remaining wastewater was released untreated, contaminating water bodies and endangering human health, highlighting the importance of investing in efficient and sustainable water and wastewater management systems, and infrastructure.[69,70]

EDC may finance projects aimed at improving water quality, including water and wastewater treatment facilities, urban drainage systems as well as water use efficiency improvement measures. Storage infrastructure projects may also be financed. Eligible wastewater treatment facilities will adhere to EDC's environmental and social risk management framework. All water collection, treatment and supply projects will also undergo water leakage assessments to identify and address water losses, thereby reducing the volume of water that must be extracted, treated and pumped. These expenditures are expected to strongly contribute to reducing water loss and promoting sustainable water resource management.

EDC may also finance desalination plants powered by low-carbon electricity or renewables. Given the energy-intensive nature of the desalination process, such projects are expected to incorporate energy efficiency measures, rely on low-carbon sources to support decarbonization of such infrastructure and ensure appropriate brine disposal. However, the Framework does not establish specific energy intensity thresholds for eligible plants. Nonetheless, based on the low-carbon power sources and brine disposal, the plants are expected to deliver meaningful improvements in clean water access through low-carbon processes, particularly in regions lacking freshwater sources.

[67] UNESCO, "Imminent risk of a global water crisis, warns the UN World Water Development Report 2023", at: https://www.unesco.org/en/articles/imminent-risk-is globalwater-crisis-warns-un-world-water-development-report-2023.
[68] AbuEltayef H. et al., "Addressing non-revenue water as a global problem and its interlinkages with sustainable development goals", The International Water Association, 2024, at: https://iwaponline.com/wpt/article/18/12/3175/98008/Addressing-non-revenue-water-as-a-global-problem.
[69] UN Water, "Progress on the proportion of domestic and industrial wastewater flows safely treated", (2024), at: https://www.unwater.org/sites/default/files/2024-08/SDG6_Indicator_Report_631_Progress-on-Wastewater-Treatment_2024_EN_0.pdf.
[70] UNESCO, "The United Nations World Water Development Report 2024: water for prosperity and peace", (2024), at: https://www.unesco.org/reports/wwdr/en/2024/s.

Overall, the investments under the category are expected to substantially improve water and wastewater management in the financed region.

Climate Change Adaptation

We have assessed the Sustainability Contribution of the Climate Change Adaptation category as **Strong**.

Expenditures under this category include the financing of projects to build resilience against physical impacts of climate change as well as information support systems and communication technologies to mitigate climate change risks. All expenditures will be accompanied by a vulnerability assessment and adaptation plan, wherever applicable. In addition, all structural climate change adaptation projects will be subject to regular monitoring. Overall, expenditures under this category are expected to strongly contribute to climate change adaptation and mitigation efforts.

Category Expenditures

Expenditure	Description
Increasing resilience against impact of climate change	▸ 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. ▸ Examples include installation of flood mitigation barriers and wildfire mitigation and management.
Information support systems and communication technology	▸ Information support systems and communications technologies, including satellite systems, such as climate observation systems, emissions monitoring technologies, and early warning systems.

Additional details:

- EDC will ensure that all infrastructure projects under this category are supported by a vulnerability assessment and an adaptation plan that integrates a response plan to the conclusions and findings of the vulnerability assessment.
- All structural climate change adaptation projects are additionally subject to regular monitoring over their lifespan.

Analytical Commentary

Climate change adaptation is vital to reduce human and natural systems' vulnerability to worsening hazards, such as wildfires, floods and hurricanes.[71] As catastrophic climate impacts are increasing in frequency and extremity, more efforts in adaptation measures are critical in limiting future costs.[72] According to the UN, developing countries need an average of USD 387 billion in annual climate adaptation finance by 2030 (from 2021), while least developed countries and small island developing states need an average of USD 41 billion in annual finance.[73] Even though international public finance flows for climate adaptation have increased since 2022, there is still a large finance gap for climate adaptation.[74]

Vulnerability assessments followed by adaptation plans for all financed climate change adaptation projects coupled with continual monitoring for structural climate change adaptation projects ensure that these investments effectively address physical climate risks. EDC's investments in information support systems and communication technology are also expected to support adaptation to climate hazards. EDC will ensure that the financed activities do not support assets that obstruct other environmental objectives and therefore avoid significant environmental harm from the targeted adaptation goals.

Overall, expenditures in this category are expected to strongly contribute to strengthening financed countries' resilience and adaptability to climate change.

Circular Economy Adapted Products, Production Technologies and Processes

We have assessed the Sustainability Contribution of the Circular Economy Adapted Products, Production Technologies and Processes category as **Strong**.

EDC may finance the reuse and repair of products, as well as the use of recycled or secondary materials, where recycling projects are supported by robust waste management systems, and will exclude the production of single-use plastic products. Such projects can substantially reduce waste generation and reliance on virgin natural resources. EDC may also finance sharing or service-based models, such as pay-per-use arrangements, which can support environmental objectives by extending product lifespans. However, limited clarity on eligible product types constrains the assessment of their overall contribution. Overall, these expenditures are expected to substantially contribute to reducing resource consumption and mitigating GHG emissions.

[71] WWF, "Is climate change increasing the risk of disasters?", (2025), at: https://www.worldwildlife.org/stories/is-climate-change-increasing-the-risk-of-disasters.
[72] UNEP, "Adaptation Gap Report 2024", at: https://www.unep.org/cep/news/blogpost/adaptation-gap-report-2024.
[73] Ibid.
[74] Ibid.

Category Expenditures	
Expenditure	Description
Procurement of secondary materials	▸ Procurement of secondary materials or 100% recycled materials (e.g. fabrics, metals, glass, recycled plastic) that may be used as inputs in manufacturing or industrial processes. ▸ Materials will not be procured to produce non-medical, single-use plastic products.
Manufacture of recyclable products	▸ Production, development and manufacturing of products that can be recycled or composted where the feedstock is from recycled/reused waste or sustainably sourced raw materials certified to: Fairtrade Canada,[75] Rainforest Alliance,[76] Canada Organic,[77] USDA Organic[78] or Roundtable on Responsible Soy.[79] ▸ Manufacturing of single-use plastic products is excluded.
Low-carbon products	▸ Production of certified new resource-efficient or low-carbon products from 100% secondary or bio-based inputs that are certified to RSB,[80] SBP or equivalent.[81]
Waste recycling and recovery	▸ Production of aluminium-based consumer products where 90% or more of input is scrap or recycled aluminium. ▸ Production of plastics where: i) at least 90% of input is recycled,[82] renewable or bio-based; ii) at least 90% is not intended for single-use consumer products; and iii) all products are recyclable. ▸▸ In cases where chemical recycling of plastics will be financed: i) the output will have life cycle emissions lower than that of virgin plastic; ii) the process will be accompanied by robust waste management procedures to mitigate risks of the resulting hazardous waste; and iii) plastic-to-fuel conversion will be excluded. ▸ Minerals-based materials recovery or recycling in mining and industrial materials processes, post-production. The mines will have environmental and social impact assessments associated with them. ▸ Repair activities that result in products performing their original use with very minimal or without any further pre-processing.

[75] Fairtrade Canada: https://fairtrade.net/ca-en.html.
[76] Rainforest Alliance: https://www.rainforest-alliance.org/for-business/certification/.
[77] Canada Organic: https://canada-organic.ca/en/what-we-do/organic-101.
[78] USDA Organic: https://www.ams.usda.gov/services/organic-certification.
[79] Roundtable on Organic Soy: https://responsiblesoy.org/?lang=en.
[80] Roundtable on Sustainable Biomaterials: https://rsb.org/.
[81] Sustainable Biomass Program: https://sbp-cert.org/.
[82] Including either mechanically or chemically recycled plastics, whereby the life cycle emissions of those upstream chemically recycled plastics are lower than those of virgin plastics and have robust waste management processes at the source.

Asset sharing and life cycle optimization	▸ Increasing the capacity utilization of a product or asset during its useful life e.g. through sharing and/or predictive maintenance. ▸ Sharing business models, such as car-sharing or home-sharing schemes, are excluded from financing.

Analytical Commentary

The majority of materials that enter the economy is sourced from virgin inputs, with secondary inputs (recycled, recovered or reused) representing 7.2% in 2023.[83] This leads to significant emissions, as the extraction and processing of virgin raw materials account for about 55% of global GHG emissions and more than 90% of total biodiversity loss and water stress. As urbanization and industrialization accelerate, resource use is expected to increase by 60% from 2020 levels by 2060, which would result in a corresponding increase in environmental impact.[84]

Projects that support the reuse, repair or the use of recycled or secondary materials, are expected to substantially reduce waste and reliance on natural resources. Recycling projects will be supported by robust waste management systems and EDC will adopt robust considerations related to plastic recycling to mitigate risks associated with hazardous material byproducts.

In contrast, expenditures for shared economy models (such as leasing and subscription-based) extend product use. However, the lack of clarity on product type, manufacturing processes and sustainability of inputs, reduces assurance of their environmental benefits.

Collectively, expenditures under the category are expected to make a strong contribution to the transition toward a circular economy.

Affordable Basic Infrastructure

We have assessed the Sustainability Contribution of the Affordable Basic Infrastructure category as **Significant**.

Expenditures under this category include clean water and sanitation infrastructure, as well as energy and telecommunication infrastructure and services. While energy and telecommunication projects are limited to regions with inadequate access, the Framework does not restrict water and sanitation projects to be financed in such areas. Projects related to water and sanitation will ensure free, public access to such infrastructure. The Framework also includes some affordability measures for energy and telecom services, though there is some uncertainty regarding the degree of affordability offered. Expenditures may also include housing targeted at vulnerable populations that are low-income while ensuring affordability through measures such as capped rent or subsidies. However, given the range of housing programmes financed and the affordability measures applied, the degree of affordability remains unclear. Nevertheless, these expenditures

[83] Circle Economy Foundation, "The Circularity Gap Report 2024", (2024), at: https://www.circularity-gap.world/2024.
[84] UNEP, "Global Resources Outlook", (2024), at: https://www.unep.org/resources/Global-Resource-Outlook-2024.

are expected to make a significant contribution to reducing inequalities in accessing basic infrastructure.

Category Expenditures

Expenditure	Description
Public access to safe drinking water	▸ Free-of-cost public access to clean drinking water. ▸ Development of infrastructure aimed at improving access to free-of-cost clean drinking water at public-access facilities. ▸ The Framework excludes the financing of sewage treatment and sanitation facilities under this category. ▸ Subsurface injection systems would be covered through environmental due diligence and incorporated into the technical requirements.
Basic sanitation and sewage infrastructure	▸ Free-of-cost public access to sanitation and sewage treatment. ▸ Development of infrastructure aimed at improving access to free of-cost sewage treatment and sanitation facilities. ▸ The Framework excludes the financing of sewage treatment and sanitation facilities. ▸ Subsurface injection systems would be covered through environmental due diligence and incorporated into the technical requirements.
Affordable energy access for underserved areas	▸ Affordable energy to areas where access is clearly inadequate or does not exist. ▸ "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. ▸ The projects financed will exclude transmission grids directly connected to fossil fuel power plants.
Reliable, affordable telecom networks support	▸ Reliable and affordable telecommunication networks for groups at heightened risk of vulnerability or marginalization, where access is inadequate or does not exist. ▸ 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.
Affordable basic housing	▸ Affordable housing, including shelters, halfway homes and community housing for low-income or equity-seeking groups, with affordability measures such as rent caps or rent control. ▸ Target populations include: i) low-income as defined by government thresholds or, where unavailable, as below 80% of the area's median

	income; and ii) equity-seeking groups defined as women, Indigenous peoples, Black and other racialized communities, persons with disabilities, and members of the 2SLGBTQI+ community

Additional details:

- Exclusions are: i) transmission infrastructure connected to a dedicated fossil fuel power plant; and ii) 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.

Analytical Commentary

Access to services such as water, electricity and telecommunications remains highly unequal worldwide, with rural and least developed regions facing the greatest challenges. Globally, 26% of the population, or about 2 billion people, lack access to safe drinking water and 46% do not have access to proper sanitation services.[85] As of 2021, 675 million people lacked electricity access, 80% of whom lived in Africa.[86] Similarly, 93% of people in high-income countries are connected to the internet versus 27% in low-income countries,[87] and 15% of rural populations in the least developed countries reside in no-network zones.[88] In Canada, 11.6% of households were in core housing need in 2022, with significantly higher rates among Indigenous and racialized populations.[89] In this context, financing essential infrastructure such as water, sanitation, energy, telecommunications and affordable housing is key to reducing persistent access gaps for marginalized populations.

EDC may finance drinking water and sanitation infrastructure intended to improve service availability and affordability, including infrastructure that enables free public access to clean drinking water and projects to expand sanitation services. However, the Framework does not specify the countries where such financing will be directed towards. As a result, expenditures may not only be allocated to underserved regions or populations with substantially unmet needs.

EDC may finance energy infrastructure and services in areas with unstable electricity access, including repeated outages, voltage fluctuations or unsafe transmission systems, as supported by a credible external study. Though the Framework does not specify the countries where financing will take place, EDC's clear definition of 'inadequate access' is expected to identify those with the highest unmet needs. The Framework similarly defines 'inadequate telecommunications access' as intermittent service or less than 3G connectivity, which is expected to ensure targeting of underserved areas. On affordability, EDC intends to ensure energy services are affordable, though the scope of these measures remains unclear. In contrast, telecommunication services will be offered at subsidized rates.

[85] World Health Organization, (2023), "Progress on household drinking water, sanitation and hygiene 2000-2022", at: https://cdn.who.int/media/docs/default-source/wash-documents/jmp-2023_layout_v3launch_5july_low-reswhowebsite.pdf?sfvrsn=c52136f5_3&download=true.
[86] IEA, "Basic energy access lags amid renewable opportunities, new report shows", (2023), at: https://www.iea.org/news/basic-energy-access-lags-amid-renewable-opportunities-new-report-shows.
[87] ITU, "Global Internet use continues to rise but disparities remain, especially in low-income regions", at: https://www.itu.int/en/mediacentre/Pages/PR-2024-11-27-facts-and-figures.aspx#:~:text=Facts%20and%20Figures%202024%20shows,makes%20life%20even%20more%20challenging.
[88] ITU, "Digital Inclusion for All", at: https://www.itu.int/en/mediacentre/backgrounders/Pages/digital-inclusion-of-all.aspx.
[89] Maytree Foundation, (2024), "Below the Surface: What the latest Canadian Housing Survey data tells us about housing need", at: https://maytree.com/publications/below-the-surface-what-the-latest-canadian-housing-survey-data-tells-us-about-housing-need/.

Expenditures related to affordable housing are targeted towards low-income individuals and marginalized populations, such as women, Indigenous peoples, Black and other racialized communities, although among these populations, EDC may not always prioritize low-income households. Prioritization of these households could yield a higher social impact, given their disproportionately high unmet housing needs and persistent access barrier. Affordability mechanisms may include measures such as rent control or subsidized rates, but the specific measures vary per the regulatory or programme requirements of the countries where financing takes place. Although there is ambiguity around the breadth and scope of affordability mechanisms present across all possible programmes that may be included, such financing is expected to significantly improve access to affordable housing for the target populations.

Overall, expenditures under the category are expected to make a significant contribution to improving equitable access to basic infrastructure in the financed regions.

Access to Essential Services: Health and Education

We have assessed the Sustainability Contribution of the Access to Essential Services: Health and Education category as **Significant**.

Expenditures under this category include public education, healthcare and elderly care facilities. EDC may also finance digital learning equipment and critical medical and diagnostic equipment for such facilities. Such financing may be directed toward countries where access to these services is broadly met. However, EDC will limit financing to public facilities that provide free or subsidized services to target populations, such as low-income and equity-seeking groups. This approach meaningfully targets populations that typically experience low access to these services. In addition, by offering services free of charge or at subsidized rates, the financing supports affordability, although the degree of affordability remains unclear. Overall, the financed activities are expected to contribute meaningfully to expanding access to healthcare and educational services across the financed regions.

Category Expenditures

Expenditure	Description
Public education infrastructure	▸ Public and government-subsidized schools, universities, colleges, libraries, early childhood education centres and training centres. ▸ Charter Schools in the US will not be financed under the Framework.
Digital learning equipment and technology	▸ Digital learning equipment and technology for public and government-subsidized education programmes. This includes models, simulators, IT infrastructure, remote learning tools and conferencing equipment, which will be financed under this expenditure.
Public and non-profit health	▸ Public, non-profit hospitals, clinics, mental health facilities, elderly care facilities, and facilities for people with disabilities at no cost for all or

facilities	subsidized for low-income persons, equity-seeking groups or elderly population.
Public health, education, and care infrastructure	▸ Manufacturing and provision of critical medical and diagnostic equipment to public and government-subsidized healthcare facilities or subsidized for low-income or equity-seeking groups.

Additional details:

- The target populations for the expenditures include: i) low-income persons defined by: a) official government definitions in areas where the projects operate; or b) in the absence of such definitions, household income that is below 80% of the median income level; ii) equity-seeking groups include women, Indigenous peoples, Black and other racialized communities, persons with disabilities, and members of the 2SLGBTQI+ community; and iii) persons with disabilities.
- For elderly care services, the target population aligns with the UN definition of over 60 years of age.

Analytical Commentary

Public investment in education declined in many countries following the COVID-19 pandemic, particularly among low- and lower-middle income economies.[90] Between 2020 and 2022, around 41% of these countries reduced real education spending, with an average decline of 13.5%.[91] At the same time, global aid to education fell from 9.3% of total development assistance in 2019 to 7.6% in 2022.[92] These trends have contributed to learning losses, delayed recovery and growing inequalities in education access. While global health spending rose to 10.3% of GDP in 2021,[93] this growth was largely concentrated in high-income countries, and low-income countries represented just 0.6% of global health expenditure.[94] In Canada, while public spending on education and health remains comparatively high — with education expenditure at approximately 4.9% of GDP in 2022 [95] and health spending projected to reach 12.7% of GDP by 2025[96] — both systems continue to face structural pressures. In education, growing reliance on private alternatives in some provinces has raised equity concerns, while the healthcare sector faces capacity constraints due to staffing shortages, aging infrastructure and persistent wait times for essential services.[97] Although 9.2% of Canadians reported unmet healthcare needs in 2022, the rate was significantly higher among persons with disabilities, with 45.7% reporting at least one unmet healthcare need.[98]

EDC intends to finance public education facilities, including digital learning equipment for such

[90] UNESCO, "Global education monitoring report 2022: gender report, deepening the debate on those still left behind", at: https://unesdoc.unesco.org/ark:/48223/pf0000381329.
[91] World Bank, "Education Finance Watch 2022", at: https://thedocs.worldbank.org/en/doc/5c5cdd4c96799335e263023fa96db454-0200022022/related/EFW-2022-Dec21.pdf.
[92] World Bank, "Education Finance Watch 2024", at: https://documents1.worldbank.org/curated/en/099102824144527868/pdf/P50097819250a00ce1812018168df2deaa3.pdf.
[93] World Health Organization, "Global spending on health: Coping with the pandemic", at: https://iris.who.int/server/api/core/bitstreams/315654f8-7dd6-442f-bc8d-01c30a29d669/content.
[94] World Health Organization, "Tracking universal health coverage 2023 global monitoring report", at: https://iris.who.int/server/api/core/bitstreams/3d4572d2-30a5-4cf0-bf73-0062d677bbf0/content.
[95] CEIC Data, " Canada CA: Government Education Spending Canada", (2022), at: https://data.worldbank.org/indicator/SE.XPD.TOTL.GD.ZS?locations=CA.
[96] Canadian Institute for Health Information, "NHEX trends, 2025-Snapshot", (2025), at: https://www.cihi.ca/en/national-health-expenditure-trends/nhex-trends-reports/nhex-trends-2025-snapshot.
[97] Canadian Centre for Policy Alternatives, "The Shifting Educational Funding Landscape in Ontario and Quebec", at: https://www.policyalternatives.ca/news-research/the-shifting-educational-funding-landscape-in-ontario-and-quebec/.
[98] Statistics Canada (2024), "Canadians with Disabilities: Access to Health Care Services", at: https://www150.statcan.gc.ca/n1/daily-quotidien/250224/dq250224b-eng.htm.

facilities and government-subsidized education programmes. Although targeting may include countries where access to education is largely met, financing will be limited to public facilities that offer free access or subsidized rates for identified target populations. This approach meaningfully targets groups that typically face disproportionately lower access to educational resources, including equity-seeking groups and low-income individuals. While with respect to affordability, the level of subsidization is not clearly defined, creating some uncertainty related to the degree of service affordability, these expenditures are nonetheless expected to significantly improve access to education for underserved groups.

Similarly, EDC may finance public healthcare and elderly care facilities, as well as essential medical and diagnostic equipment for such facilities. However, these expenditures may also be made in countries where access to healthcare services is broadly available. Further, the Framework does not clearly establish criteria for assessing unmet needs, particularly with respect to elderly care services. Nevertheless, financing will be directed toward public facilities that provide services free of charge or at subsidized rates for target populations, including persons with disabilities, low-income persons and equity-seeking groups. While the degree of subsidization remains unclear, creating some ambiguity regarding the overall level of affordability of services, financing prioritizes populations that are more likely to experience gaps in access to healthcare and long-term care services and are expected to generate significant social benefit.

Overall, expenditures under this category are expected to generate meaningful social benefits by improving access to education, essential healthcare, and elderly care services for underserved and vulnerable populations.

Economic Inclusion & Participation

We have assessed the Sustainability Contribution of the Economic Inclusion & Participation category as **Moderate**.

EDC intends to finance loans to micro, small, and medium enterprises (MSMEs), though the Framework's broad MSME definition may also allow larger firms to qualify for financing under the category. Nonetheless, directing financing toward women-owned MSMEs and those affected by disasters is expected to make a social contribution by improving access for groups facing financial constraints. The lending provisions do not include affordability measures to lower borrowing costs, such as concessional rates, though EDC's support for MSMEs through guarantee agreements with financial institutions can improve access to finance. In addition, EDC's equity investments in export-focused Canadian companies led by underrepresented groups are not limited to MSMEs. Expenditures may also include programmes that enhance employability for groups lacking access to resources or skills, offered free of charge or at subsidized rates. Overall, these expenditures are expected to make a moderate contribution to expanding financial access and supporting more equitable participation for the target populations.

Category Expenditures

Expenditure	Description

Financing for MSMEs	▸ Provision of loans to MSMEs, including those that: i) are majority owned (at least 50%) by equity-seeking groups; ii) face significant adversity because of a natural disaster or pandemic; or iii) provide jobs for low-income individuals or equity-seeking groups as part of a credible or government job creation programme. ▸ The Framework defines micro- and small companies as those with less than CAD 10 million (USD 7.32 million) in annual revenue, and medium-size companies with CAD 10 million (USD 7.32 million) to CAD 100 million (USD 73.17 million) in annual revenue. ▸ The loan provisions include benefits in the form of separate loan guarantee solutions to increase MSMEs' access to capital.
Supply chain financing for MSMEs	▸ Supply chain financing to support procurement from MSMEs that are: i) at least 50% owned by equity-seeking groups; and are ii) non-tier-1 suppliers. ▸ MSMEs that are majority-owned (at least 50%) by equity-seeking groups and comprise non-tier-1 suppliers with a demonstrable need for capital. ▸ Loan provisions will include benefits in the form of separate loan guarantee solutions to increase access to capital. In addition, procurement terms may include financial benefits, such as longer-term contracts.
Skill development programmes	▸ Programmes will include technical or job training, upskilling or reskilling, and capacity building training targeted at: i) low-income individuals; ii) equity-seeking groups; and iii) workers who have lost their jobs because of the energy transition. ▸ The programmes will be offered to the target groups free of cost or at subsidized rates to ensure affordability and accessibility. ▸ Employment opportunities provided as part of such projects will exclude activities related to oil and gas.
Equity investments for Canadian exporting companies	▸ Equity investments to Canadian exporting companies under the Inclusive Trade Investments Program (ITIP).[99] ▸ The qualifying companies include: i) Canadian companies owned and/or strategically led at the C-suite level by diverse person(s) (i.e. those who identify as a member of an equity-seeking group); or ii) companies where diverse members of the C-suite have equity ownership that is consistent with other C-suite members. ▸ The investee companies may not be limited to MSMEs.
Additional details:	

[99] EDC's Inclusive Trade Investments Program supports Canadian export businesses that are owned or led by members of equity-seeking groups. EDC, "EDC Inclusive Trade Investments Program (ITIP)", at: https://www.edc.ca/en/solutions/financing/investments/inclusive-trade-investments-program.html.

- EDC has responsible lending practices in place to avoid the risk of predatory lending.
- The Framework defines the following: i) low-income individuals as per the official government definitions in areas where the projects are financed or, in the absence of such definitions, where household income is below 80% of the median income level; and ii) equity seeking groups as women, Indigenous peoples, Black and other racialized communities, persons with disabilities, and members of the 2SLGBTQI+ community.
- EDC excludes the financing of MSMEs involved in activities that have a negative social or environmental impact, such as child or forced labour, fossil fuel operations, tobacco, firearms, gambling and adult entertainment.

Analytical Commentary

MSMEs are the main drivers of employment generation and a significant contributor to economic development in emerging economies. SMEs represent approximately 90% of businesses and more than 50% of global employment, contributing up to 40% of GDP in emerging economies.[100] However, access to finance remains a key constraint to the growth of MSMEs due to their lack of collateral or insufficient credit history. Addressing these financial barriers can allow MSMEs to contribute more robustly to economic development and job creation in developing economies.[101]

EDC intends to provide loans to MSMEs, targeting enterprises that are majority-owned by equity-seeking groups, including women; MSMEs affected by emergencies or disasters; and those providing jobs to low-income individuals or equity-seeking groups. Expenditures may also include supply chain financing provided to MSMEs that are majority-owned by equity-seeking groups and are non-tier 1 suppliers, to support their participation as suppliers. While EDC's definition of MSMEs is broader than those used by credible international organizations such as the IFC, this approach still focuses on enterprises commonly facing barriers in accessing finance. With respect to affordability, the loan provisions do not include affordability measures that would meaningfully lower borrowing costs for MSMEs, such as concessional interest rates.[102] However, EDC's support for MSMEs through guarantee agreements with financial institutions can improve their access to financing. For supply chain financing, EDC intends to incorporate advantageous benefits into the procurement arrangement, although there is lack of clarity on the type of such benefits, creating ambiguity on the degree of financial impact they may create. Therefore, these expenditures are expected to make a modest contribution to improving access to formal finance for the target MSMEs.

Expenditures also include financing of programmes that improve employability and enhance skill development for specific target groups that lack access to resources or skills. These groups may be low-income individuals, equity-seeking groups and workers affected by the energy transition. EDC will ensure that these programmes are offered either free of charge or at subsidized rates to the target populations. Such programmes are expected to significantly contribute to enhancing

[100] World Bank, "Small and Medium Enterprises (SMEs) Finance", at: https://www.worldbank.org/en/topic/smefinance.
[101] IMF, "Financing Barriers and Performance of Micro, Small, and Medium Enterprises (MSMES)", (2024), at: https://www.elibrary.imf.org/view/journals/002/2024/271/article-A002-en.xml.
[102] As a Crown corporation, EDC's loans do not offer such measures that could directly compete with private lenders.

access to employability and economic inclusion for the target populations.

EDC also intends to make equity investments in Canadian exporting companies under ITIP. Although these investments are not restricted to MSMEs, allowing larger, well-capitalized companies to qualify, EDC's investments can meaningfully support companies that may lack equitable access to funding for international business growth given the focus on companies owned or strategically led by underrepresented groups in Canada, such as women, Indigenous peoples, Black Canadians and people with disabilities. As such, these expenditures are expected to make a modest contribution to enhancing access to finance for diverse-led Canadian exporters.

Overall, expenditures under this category are expected to moderately enhance access to financing for MSMEs, low-income and equity-seeking groups, thereby supporting socio-economic development.

Economic Inclusion & Participation: Indigenous Peoples

We have assessed the Sustainability Contribution of the Economic Inclusion & Participation: Indigenous Peoples category as **Moderate**.

Eligible expenditures include the provision of loans to Indigenous-led companies and the financing of businesses or projects that support job placement, economic participation, and equity-ownership or revenue-sharing opportunities in Indigenous communities. The financing of companies under the category is not limited to MSMEs, but the focus on supporting entities that are Indigenous-owned or that advance social and economic outcomes for Indigenous peoples can help direct capital towards groups that face structural barriers to economic participation. However, the absence of a size-based criterion means that financing may also be directed to larger entities that may not face comparable barriers to accessing capital. In addition, loans do not include affordability features, reducing the potential social contribution. As such, these expenditures are expected to make a moderate contribution to advancing economic empowerment in Indigenous communities across Canada.

Category Expenditures

Expenditure	Description
Financing of Indigenous-led companies	▸ Provision of loans to companies that are at least 50% owned by Indigenous peoples. ▸ Financing is not limited to MSMEs as defined under the Framework. ▸ Loan provisions do not include any affordability measures.
Financing companies that aim to empower Indigenous	▸ Financial services to support: ▸ Community-owned enterprises established by Indigenous nations that drive local economic development.

communities	► Projects that enable meaningful Indigenous participation, such as co-ownership or equity participation, revenue, income and/or royalty sharing and employment generation. ► Financial services do not include any affordability mechanisms.
Additional details:	
► Responsible lending practices are in place to avoid the risk of predatory lending.	

Analytical Commentary

Indigenous peoples in Canada continue to face systemic barriers to skills development and employment, as well as limited access to capital and financial resources.[103] These constraints hinder participation in the broader economy and perpetuate income disparities.[104] The employment rate for Indigenous peoples aged 25 to 64 is 61%, compared with 74% for non-Indigenous Canadians in the same age bracket.[105] Meanwhile, SMEs that are majority-owned by Indigenous peoples represent only 1-1.5% of all SMEs in Canada[106] and are 1.9 times more likely to report facing barriers to accessing finance than the national average.[107] Additionally, about 41% of Indigenous-owned SMEs have primary decision-makers with a high school diploma or lower, compared with 29.6% among all SMEs.[108] Financing programmes that support skills development and employability, as well as financing for Indigenous-led SMEs, can unlock significant economic potential and foster inclusive growth.

EDC will provide loans to Indigenous-owned companies, although the threshold for the size of borrowers may not be limited to MSMEs. In addition, the MSME definition under the Framework is broader than what is generally considered credible. Expenditures may also include the provision of financial services for community-owned economic development corporations that promote job placement and economic participation of Indigenous peoples, including through equity-ownership or revenue-sharing arrangements in projects based in traditional territories or First Nations reserves. Given that EDC's lending is not limited to MSMEs, its financing may also be directed to larger entities that may not face comparable barriers to accessing capital. Nevertheless, EDC's focus on businesses that are Indigenous-owned or that directly advance social and economic outcomes in Indigenous communities is expected to yield modest social contribution by improving economic participation of groups that face the highest barriers to financial and economic inclusion. However, the loans and financial services will not be offered at concessional rates or with any other affordability mechanisms that would reduce the borrowing costs and ease barriers to accessing finance. As such, these expenditures are expected to make a moderate contribution to

[103] The National Indigenous Economic Development Board, "Indigenous Economic Progress Report", (2024), at: https://www.niedb-cndea.ca/resources/indigenous-economic-progress-report/.
[104] Ibid.
[105] Employment and Social Development Canada, "Evaluation of the Skills and Partnership Fund", (2024), at: https://www.canada.ca/content/dam/esdc-edsc/documents/corporate/reports/evaluations/skills-partnership-fund/evaluation-skills-partnership-fund-en.pdf.
[106] Government of Canada, "Adàwe: Export experiences of Indigenous entrepreneurs", (2023), at: https://international.canada.ca/en/global-affairs/corporate/reports/chief-economist/inclusive/2023-09-indigenous.
[107] Government of Canada, "Atāmitowin: Identifying and overcoming challenges facing Indigenous exporters", (2024), at: https://international.canada.ca/en/global-affairs/corporate/reports/chief-economist/inclusive/2024-09-indigenous.
[108] Government of Canada, "SME Profile: Ownership demographics statistics 2022", at: https://ised-isde.canada.ca/site/sme-research-statistics/en/research-reports/sme-profile-ownership-demographics-statistics-2022.

advancing economic empowerment in Indigenous communities across Canada.

Food Security and Sustainable Food Systems

We have assessed the Sustainability Contribution of the Food Security and Sustainable Food Systems category as **Strong**.

Expenditures include the provision of loans to smallholder farmers that typically face limited access to formal financial services, although the lending provisions do not include affordability measures. EDC may also finance training programmes for smallholder farmers, provided free of charge or at subsidized rates. In addition, expenditures may include the development of food security infrastructure and provision of food and nutritional supplements in regions facing clear food security and malnutrition challenges, as identified by the Integrated Food Security Phase Classification. For affordability, the nutrition programmes financed under this category will ensure access to food for vulnerable groups in areas facing food shortages or related challenges, regardless of their ability to pay. Overall, these expenditures are expected to make a strong contribution to improving food security for target populations.

Category Expenditures

Expenditure	Description
Lending to and capacity building and training programmes for smallholder farmers	▸ Provision of loans to smallholder farmers. There are no affordability mechanisms in place for such loans. ▸ Implementation of technical training programmes focused on training to promote the adoption of practices that improve the nutritional quality of agricultural output. These programmes will be offered for free or at subsidized rates. ▸ All lending and training programmes are targeted at individual smallholder farmers in line with the UN Food and Agriculture Organization's definition.[109]
Development of infrastructure to prevent food loss	▸ Financing infrastructure and facilities that reduce food loss and waste (e.g. warehouses that improve storage and conservation, and vehicles for food transport, where the vehicles align with regional emissions standards). These projects will be financed in countries or regions with an explicit need to tackle food security or food loss, as identified by the Integrated Food Security Phase Classification.[110]

[109] FAO, "Smallholders and Family Farmers", at: http://www.fao.org/family-farming/detail/en/c/273864/.
[110] Integrated Food Security Phase Classification, "IPC Technical Manual Version 3.1", at: https://www.ipcinfo.org/ipc-manual-interactive/.

Food and nutritional programmes	▸ Implementation of nutritional programmes, such as the provision of food and nutritional supplements, to address malnutrition for groups at heightened risk of vulnerability or marginalization. Implementation will take place in areas with an explicit need to tackle food security as per the Integrated Food Security Phase Classification.[111] ▸ Products and services will be affordable to all, regardless of the ability to pay.

Analytical Commentary

Global rates of food insecurity and malnutrition are high, driven by conflict, natural disasters, extreme weather and economic instability.[112] The World Food Programme estimates that more than 300 million people are currently experiencing acute food insecurity, nearly double the number in 2019.[113] Smallholder farmers are particularly vulnerable due to limited access to resources, unfair wages, climate shocks and market fluctuations, all of which undermine the stability of their livelihoods.[114] In 2020, an estimated USD 330 billion in investments was needed to end hunger by 2030. However, as of 2024, an additional USD 540 billion was required to meet that goal.[115] In light of these challenges, building resilient and equitable food systems is key to addressing this global crisis.

EDC may extend financing to smallholder farmers as defined by the Food and Agriculture Organization, with such targeting prioritizing borrowers that experience some barriers to accessing financing. However, the loan provisions do not include affordability measures that would meaningfully reduce financial barriers and improve access to finance for smallholder farmers. Therefore, these expenditures are expected to make only a modest contribution to improving access to formal finance for smallholder farmers.

In addition, financing may support the delivery of training and capacity building for smallholder farmers. EDC does not exclusively target food-insecure countries, but the training programmes will be offered free of charge or at subsidised rates to ensure equitable access for smallholder farmers. Such expenditures are expected to significantly contribute to more sustainable food systems.

Expenditures under this category may also include the development of food infrastructure aimed at reducing post-harvest losses and the provision of food and nutritional supplements, focusing on regions facing clear food security and malnutrition challenges based on the Integrated Food Security Phase Classification.[116] In addition, the nutrition programmes financed under the category will ensure access to food for vulnerable groups in areas with an explicit food shortage or challenges, regardless of their ability to pay. Given this, these expenditures are expected to make a

[111] Integrated Food Security Phase Classification, "IPC Technical Manual Version 3.1", at: https://www.ipcinfo.org/ipc-manual-interactive/.
[112] World Food Programme, "WFP 2025 Global Outlook", (2024), at: https://docs.wfp.org/api/documents/WFP-0000162840/download/?_ga=2.215530263.1079922972.1760533061-538257594.1760533060.
[113] World Food Programme, "A global food crisis", at: https://www.wfp.org/global-hunger-crisis.
[114] Kumar, D., (2024), "Industry government collaboration on agritech can empower global agriculture", World Economic Forum, at: https://www.weforum.org/stories/2024/04/heres-how-we-protect-smallholder-farmers-and-food-security/.
[115] FAO, "Ending Hunger is possible: An income-generating approach through value addition", (2024), at: https://www.unido.org/sites/default/files/unido-publications/2024-11/Ending%20Hunger%20is%20Possible.pdf.
[116] Integrated Food Security Phase Classification, "IPC Technical Manual Version 3.1", at: https://www.ipcinfo.org/ipc-manual-interactive/.

strong contribution to addressing issues related to food security and malnutrition.

Overall, funding under this category is expected to make a strong contribution to strengthening food security and alleviating food supply constraints in the countries of financing.

Carbon Capture, Utilization, Storage and Transport

We have assessed the Sustainability Contribution of the Carbon Capture Utilization, Storage and Transport category as **Moderate**.

EDC may finance carbon capture, utilization, storage and transport technologies specifically applied in facilities from hard-to-abate sectors, provided the facilities meet the Transition Pathway Initiative's (TPI) emissions thresholds and decarbonization pathway in line with keeping the global temperature rise to below 2°C. Expenditures may also include research and development related to such technologies, including direct air capture (DAC) of CO_2. However, there remains substantial uncertainty regarding technological readiness. Collectively, these expenditures are expected to moderately contribute to the reduction of GHG emissions.

Category Expenditures

Expenditure	Description
Carbon Capture, Utilization, Storage and Transport (CCUST)	▸ CCUST technologies, specifically applied to hard-to-abate industrial sectors, including cement, steel, aluminium, hydrogen, chemicals, glass, paper and pulp, agriculture, mining and power generation, where the capture efficiency is at least 90% and CO_2 is either permanently stored or utilized in products with at least 90% net abatement. ▸ CCUST will only be applied for hard-to-abate industrial emitters, where the facilities meet the following sector-specific criteria: i) emissions intensity thresholds are as per TPI's below-2°C scenario benchmark for the relevant year; and ii) follow TPI's decarbonization pathway aligned with the below-2°C scenario.[117] ▸ For transport of CO_2: i) appropriate leakage detection and monitoring systems will be in place to minimize CO_2 leakages during transport; and ii) captured CO_2 will be transported to a permanent CO_2 storage site. If the CO_2 originates from hard-to-abate industrial facilities, the facilities will meet the CBI's or EU Taxonomy's sector-specific emissions intensity thresholds and will follow decarbonization pathways aligned with TPI's below-2°C scenario or equivalent. ▸ For permanent underground storage of CO_2: i) measuring, reporting and verification plans will be in place, including an assessment of whether the geological formation of the storage area is suitable for CO_2 storage; and ii) leakage detection and monitoring systems will be in place to prevent CO_2

[117] TPI, "All Sectors", at: https://www.transitionpathwayinitiative.org/corporates/.

leakages from the underground formation.
Additional details:
▸ CCUST infrastructure will not be applied for coal mining and fossil fuels extraction, refining and distribution. ▸ Neither the transport nor the storage of CO_2 will be dedicated to carbon captured from fossil fuel activities. The captured, stored or transported CO_2 will not be transported or used for enhanced oil recovery.

Analytical Commentary

Heavy industries such as steel, cement and chemicals are energy- and emission-intensive, accounting for approximately 20% of final energy consumption globally and more than one-sixth of direct energy sector CO_2 emissions, including industrial process emissions.[118] Such sectors also remain among the most challenging to decarbonize, as many of their emissions stem from high-temperature processes and chemical reactions that currently lack scalable low-carbon alternatives.[119] Carbon capture, utilization, and storage (CCUS) technologies offer a pathway for reducing emissions that are unavoidable or difficult to eliminate through conventional means. However, the current scale of CCUS deployment remains limited, with only 0.1% of global emissions, or approximately 50 million tonnes of CO_2, captured annually.[120] This is far below the 1 gigatonne of CO_2 in annual carbon capture target needed to reach net zero emissions by 2050.[121]

The Framework allows financing for CCUST technologies, as well as related research and development expenditures, limited to facilities that currently meet and are expected to continue to meet sector-specific emissions intensity thresholds under TPI's below 2°C benchmark scenario. Carbon capture and storage (CCS)) is an emerging technology, faces engineering and operational complexities, along with challenges in implementation and scale-up.[122] In light of this, the long-term efficacy of CCS in delivering substantial, durable emissions reductions remains uncertain. The technology can also create the risk of a carbon lock-in. Research and development expenditures under the category may also include those associated with DAC solutions, which are currently at an advanced R&D stage and are highly energy-intensive, meaning their contribution to carbon removal is dependent on the carbon intensity of the grid powering these technologies.[123]

Collectively, investments under this category are expected to moderately contribute to GHG emissions reduction.

[118] IEA, "Achieving Net Zero Heavy Industry Sectors in G7 Members", (2022), at: https://iea.blob.core.windows.net/assets/c4d96342-f626-4aea-8dac-df1d1e567135/AchievingNetZeroHeavyIndustrySectorsinG7Members.pdf.
[119] NRCD, "NRDC: Lightening Emissions in Heavy Industry - Reducing CO2 in Cement, Concrete, Steel, and Aluminium Can Help Keep Us on a Path to 1.5 Degrees", (2022), at: https://www.nrdc.org/sites/default/files/industrial-decarbonization-20221206-r.pdf.
[120] World Resources Institute, "7 Things to Know About Carbon Capture, Utilization and Sequestration", (2025), at: https://www.wri.org/insights/carbon-capture-technology
[121] IEA, "Carbon Capture Utilisation and Storage", at: https://www.iea.org/energy-system/carbon-capture-utilisation-and-storage#tracking.
[122] Intergovernmental Panel on Climate Change, "Climate Change 2023 Synthesis Report", (2023), at: https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_LongerReport.pdf.
[123] World Resources Institute, "6 Things To Know About Direct Air Capture:", (2025), at: https://www.wri.org/insights/direct-air-capture-resource-considerations-and-costs-carbon-removal.

Low-Carbon Intensity Fuels

We have assessed the Sustainability Contribution of the Low-Carbon Intensity Fuels category as **Strong**.

Expenditures under this category support the production of biofuels and renewable fuels that deliver substantial GHG emissions reductions relative to fossil fuel baselines, including ethanol, renewable diesel, sustainable aviation fuels and renewable hydrogen-based marine fuels. While certain biofuel pathways may utilize animal manure from non-industrial livestock operations, potentially reducing short-term methane emissions, such feedstocks do not address the broader upstream impact of animal husbandry. EDC may also finance renewable natural gas through landfill gas capture that can support decarbonization in sectors facing challenges in electrification, though it provides only an interim solution to reduce the environmental impact of existing landfills. Meanwhile, marine fuel expenditures are limited to renewable hydrogen and hydrogen-based synthetic fuels produced via electrolysis powered by renewable electricity, which is expected to result in low life cycle emissions and support the decarbonization of the transport sector. Overall, these expenditures are expected to make a strong contribution to advancing global decarbonization objectives.

Category Expenditures

Expenditure	Description
Biofuels production	▸ 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. The life cycle carbon intensity will be up to 50 g CO_2e/MJ for liquid fuels and up to 36 g CO_2e/MJ for gaseous clean fuels, following the thresholds established in the Clean Fuels Program of Natural Resources Canada.[124] ▸ Biofuels feedstock may be derived from the following: i) waste biomass, sources of which may include agriculture and forestry residues and RSPO-certified palm oil residues.; and ii) non-waste feedstock that are fully certified to the ISCC Plus, Bonsucro (for sugarcane), RTRS, FSC or PEFC (for wood and wood pellets). ▸ Animal manure from non-industrial scale farms may be used as feedstock. ▸ Renewable natural gas will be produced from landfill gas capture where: i) gas capture efficiency is 75% or more; ii) landfill is closed or has been decommissioned since 2020; and iii) methane emissions from the landfill and leakages from the landfill gas collection and utilization facilities are subject to control and monitoring procedures.

[124] Natural Resources Canada, "Clean Fuels Program – Building New Domestic Production Capacity", at: https://natural-resources.canada.ca/sites/nrcan/files/energy/clean/CFP%20Applicant%27s%20Guide.pdf.

Synthetic fuels	▸ Production of synthetic fuels that may be bio- or hydrogen-based synthetic fuels, where such fuels meet the eligibility criteria for biofuels and green hydrogen as defined under the Renewable Energy category.
Marine fuels	▸ Production of low-carbon marine fuels, such as renewable electricity-based marine fuels in the form of e-methanol,[125] electricity for use in batteries,[126] biodiesel and bio-methane and bunkering infrastructure for bio liquified natural gas as marine fuel in alignment with the International Marine Organization's goal and Poseidon Principles trajectory.
Associated infrastructure for biofuels, synthetic and marine fuels	▸ 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 fuelling systems.

Analytical Commentary

Biofuels and low-carbon fuels are essential for decarbonizing hard-to-abate sectors, such as shipping, aviation and heavy industry, where electrification is limited. In net zero scenarios, these fuels could supply approximately 10% of road transport, 15% of aviation and 35% of shipping fuel demand by 2035, highlighting their growing role across these sectors.[127] Biofuels can also deliver substantial life cycle GHG reductions. Depending on feedstock and production pathways, emissions from biofuels can be 30-70% lower than conventional gasoline and up to 80-90% lower when derived from waste and residue feedstocks.[128] By replacing conventional fossil fuels with renewable or low-carbon alternatives, such as advanced biofuels, renewable natural gas or hydrogen, these fuels can significantly cut life cycle CO_2 emissions, support the transition to cleaner energy systems and contribute to broader climate objectives in sectors where electrification is currently constrained.[129]

EDC may finance the production of biofuels, including ethanol, renewable diesel, co-processing of biocrude and sustainable aviation fuels that will result in substantial GHG emissions savings compared to fossil fuel baselines. However, the feedstock for such fuels may also include animal manure from non-industrial scale livestock operations. Although animal manure as feedstock may mitigate methane emissions from manure in the short term, it does not address the upstream impact of animal husbandry.[130,131]

Renewable natural gas production projects, including those utilizing landfill gas or organic waste streams, can provide an interim solution to reduce methane emissions by capturing and upgrading biogenic gas that would otherwise be released to the atmosphere. However, the

[125] E-methanol is the product of a chemical process based on green hydrogen and biogenic CO_2.
[126] This refers to battery powered propulsion systems on vessels replacing fossil fuel engines and using electricity generated from renewables/with renewable charging.
[127] IEA, "Delivering Sustainable Fuels – Executive Summary", at: https://www.iea.org/reports/delivering-sustainable-fuels/executive-summary.
[128] IEA, "Sustainable Recovery: Fuels", at: https://www.iea.org/reports/sustainable-recovery/fuels.
[129] IEA, "Low-emissions Fuels", at: https://www.iea.org/energy-system/low-emissions-fuels.
[130] European Biogas Association, "Beyond energy – monetising biomethane's whole-system benefits", (2023), at: https://www.europeanbiogas.eu/publication/beyond-energy-monetising-biomethanes-whole-system-benefits/.
[131] Magnolo, F., et al., "Biomethane from manure in the RePowerEU: A critical perspective on the scale-up of renewable energy production from the livestock sector", Energy Research & Social Science, (2024), at: https://edepot.wur.nl/676991.

magnitude of the emissions reductions varies and depends on factors such as feedstock selection, capture efficiency and system design.[132] Nevertheless, renewable natural gas can support decarbonization in hard-to-electrify sectors, such as heavy-duty transport, industrial processes, and heat and power generation.

The Framework limits investments in marine fuels to hydrogen and hydrogen-based synthetic fuels produced via water electrolysis powered by renewable energy. The life cycle emissions intensity of this production method is largely dependent on the carbon intensity of the electricity used. By relying on renewable energy, the marine fuels are expected to be associated with low life cycle emissions and can play a crucial role in decarbonizing the transport sector.

Collectively, expenditures under the category are expected to make a strong contribution to supporting global decarbonization objectives.

Hydrogen

We have assessed the Sustainability Contribution of the Hydrogen category as **Significant**.

EDC may finance activities across the blue and turquoise hydrogen value chain, provided facilities meet a life cycle carbon intensity threshold of 3 kg CO_2e/kg of H_2 and, where fossil feedstocks are used, commit to achieving net zero emissions by 2050. These methods can support decarbonization, as an interim solution, in hard-to-abate sectors where electrification is not feasible. However, these methods' reliance on fossil fuels and sensitivity to upstream methane emissions introduce uncertainty regarding long-term climate performance and the potential for carbon lock-in. In addition, for blue hydrogen, the use of CCS further contributes to uncertainty around durable emissions reductions. Overall, these expenditures are expected to make a significant contribution to decarbonization efforts.

Category Expenditures

Expenditure	Description
Production and storage of hydrogen	▸ The research, development, production, distribution, conditioning and storage of and infrastructure, equipment, components or use of blue or turquoise hydrogen. ▸ Hydrogen value chain activities must maintain a life cycle carbon intensity of no more than 3 kgCO_2e/kg H_2. Projects utilizing fossil fuel-based feedstocks will have a commitment to achieve net zero emissions by 2050. ▸ The Framework excludes the financing of hydrogen that is supplied for fossil fuel operations, such as extraction, production and refining. ▸ The financed storage facility will be fully dedicated to the storage of blue or turquoise hydrogen that meets the Framework's criteria.

[132] United States Environmental Protection Agency, "Benefits of Landfill Gas Energy Projects", at: https://www.epa.gov/lmop/benefits-landfill-gas-energy-projects.

Additional details:

- Activities related to the production of grey hydrogen are excluded.

Analytical Commentary

Hydrogen is expected to play a critical role in global decarbonization, particularly in hard-to-abate sectors, where direct electrification is limited, such as heavy industry and long-distance transport.[133] In this context, blue and turquoise hydrogen offer significant global environmental benefits in the context of decarbonization when compared to traditional grey hydrogen. Blue hydrogen, produced from natural gas with CCS, can reduce CO_2 emissions by 25-38% compared to grey hydrogen, with emissions ranging from 7.6 kg CO_2e/kg of H_2 to 9.3 kg CO_2e/kg of H_2, depending on the production route.[134] Meanwhile, turquoise hydrogen, generated through methane pyrolysis, results in even lower emissions – about 6.1-8.3 kg CO_2e/kg H_2 – and produces solid carbon instead of CO_2, which can be more easily sequestered.[135] Blue and turquoise hydrogen produced with CCS are projected to contribute up to 28% of global hydrogen production by 2050,[136] helping to decarbonize hard-to-abate sectors, such as heavy industry and long-distance transport.

The Framework includes financing across the blue and turquoise hydrogen value chain, including R&D, production, distribution, storage and associated infrastructure. EDC will limit financing to facilities that maintain a life cycle carbon intensity of no more than 3 kg CO_2e/kg of H_2 and will require facilities using fossil fuel-based feedstocks to commit to achieving net zero emissions by 2050. Blue and turquoise hydrogen can serve as an interim solution by supporting decarbonization in hard-to-abate sectors, where direct electrification or other renewable alternatives may be unfeasible.[137] However, their climate performance depends heavily on upstream methane management and ongoing reliance on fossil fuels, creating a lock-in risk.[138] For blue hydrogen specifically, the use of CCS introduces additional uncertainties, as CCS faces engineering and operational complexities, as well as challenges related to implementation and scale-up.[139] In light of these factors, the long-term efficacy of CCS in delivering substantial and durable emissions reductions remains uncertain, further contributing to a potential carbon lock-in.

Overall, the expenditures under the category are expected to significantly contribute to advancing industrial decarbonization.

[133] IEA, "Hydrogen", at: https://www.iea.org/energy-system/low-emissionfuels/hydrogen.
[134] Royal Society of Chemistry, "Climate change performance of hydrogen production based on life cycle assessment", at: https://pubs.rsc.org/en/content/articlehtml/2024/gc/d3gc02410e.
[135] Ibid.
[136] Renewable and Sustainable Energy Reviews, "Turquoise hydrogen and waste optimization: A Bi-objective closed-loop and sustainable supply chain model for a case in Mexico", (2024), at: https://www.sciencedirect.com/science/article/abs/pii/S1364032124000522.
[137] IDTechEx, "Blue hydrogen production and markets 2023-2033: technologies, forecasts, players", at: https://www.idtechex.com/fr/research-report/blue-hydrogen-production-and-markets/922.
[138] ScienceDirect. "Will blue hydrogen lock us into fossil fuels forever?", (2021), at: https://www.sciencedirect.com/science/article/pii/S2590332221006047.
[139] Intergovernmental Panel on Climate Change, "Climate Change 2023 Synthesis Report", (2023), at: https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_LongerReport.pdf.

Natural Gas for Power and Heating

We have assessed the Sustainability Contribution of the Natural Gas category as **Moderate**.

EDC may finance facilities for power and heat generation from natural gas, provided retrofits maintain a life cycle GHG emissions intensity below 240 g CO_2e/kWh and new facilities remain below 100 g CO_2e/kWh. These will include design features enabling the use of renewable and/or low-carbon gaseous fuels. These expenditures have the potential to support a transition to lower carbon power and heat where full electrification or renewable alternatives may not be feasible. However, reliance on natural gas and sensitivity to upstream methane emissions create the potential for a carbon lock-in. Overall, these expenditures are expected to moderately contribute to decarbonization and energy transition objectives.

Category Expenditures

Expenditure	Description
Power and heat generation from natural gas	▸ The acquisition, development or construction of facilities dedicated to the production of power and heat generation from natural gas, through: ▸ Retrofit of existing facilities with life cycle GHG emissions intensity less than 240 g CO_2e/kWh. ▸ The capacity of the refurbished gas plant must not exceed its pre-refurbishment capacity by more than 15%, and the facility must be designed to operate using renewable and/or low-carbon gas. ▸ New facilities with life cycle GHG emissions intensity less than 100 g CO_2e/kWh, with an intent to switch from coal or oil, or to deliver services for seasonal peaks, storage or high-temperature heat for industries. ▸ Newly installed production capacity must not exceed the capacity of the replaced facility by more than 15%, and the new facilities must be designed to use renewable and/or low-carbon gaseous fuels. ▸ The facilities financed under this category are cogeneration plants, generating both heat and power. ▸ All investments under the category will: i) include the installation of leakage detection and repair equipment to reduce methane leakage, and ii) measure and reduce methane leakage from the supply chain, as feasible.

Additional details:

- To address the risk of a lock-in, both retrofitted and new facilities will align with either one of the following criteria: i) the facility switches to full use of renewable and/or low-carbon gaseous fuels by December 2035; or ii) the facility has a decarbonization plan that is aligned with TPI's

below 2°C scenario. Although there is reliance on technological pathways that are not proven at scale, such as CCS.

Analytical Commentary

Coal is the largest source of electricity generation in the world, accounting for 35% of total power generation in 2024.[140] Investments in facilities that produce power and heat from natural gas have the potential in some contexts to contribute to decarbonization by displacing higher-emitting coal plants, which typically emit more than 750 g CO_2e/kWh.[141] Natural gas-fired power plants offer some carbon advantage over coal and offer greater operational flexibility, enabling them to complement variable renewable energy sources and support grid stability during the transition.[142]

The Framework allows for the financing of facilities dedicated to power and heat generation from natural gas. EDC will limit financing to facilities that maintain a life cycle GHG emissions intensity below 240 g CO_2e/kWh for retrofits and below 100 g CO_2e/kWh for new facilities, with design features enabling the use of renewable and/or low-carbon gaseous fuels. In addition, the production capacity will not exceed the pre-refurbishment or replaced facility by more than 15%. All facilities will also incorporate methane leakage detection and repair systems, and measurement and reduction of supply chain methane emissions. While such expenditures can support a transition to lower carbon power and heat, natural gas is a fossil fuel. Reliance on it can create carbon lock-in, limiting long-term decarbonization potential.[143] Methane emissions across production and supply chains pose additional climate risks, with the actual climate benefit depending on effective mitigation of these emissions.[144] As such, these expenditures are expected to moderately contribute to industrial decarbonization and energy transition objectives.

[140] IEA, "Global Energy Review 2025, Electricity", at: https://www.iea.org/reports/global-energy-review-2025/electricity.
[141] IEA, "Average CO_2 intensity of power generation from coal power plants, 2000-2020", at: https://www.iea.org/data-and-statistics/charts/average-co2-intensity-of-power-generation-from-coal-power-plants-2000-2020.
[142] World Journal of Advanced Research and Reviews, "Optimization of natural gas power plants with solar and wind energy for reduced carbon emissions", (2025), at: https://journalwjarr.com/sites/default/files/fulltext_pdf/WJARR-2025-0543.pdf.
[143] Energy Now, "Is Natural Gas a Fossil Fuel Trap or a Bridge to Clean Energy?", (2024), at: https://energynow.com/2024/06/is-natural-gas-a-fossil-fuel-trap-or-a-bridge-to-clean-energy/.
[144] IEA, "Global Methane Tracker 2025: Understanding methane emissions", (2025), at: https://www.iea.org/reports/global-methane-tracker-2025/understanding-methane-emissions.

Steel Manufacturing

We have assessed the Sustainability Contribution of the Steel Manufacturing category as **Significant**.

Expenditures under this category include the manufacture of primary steel in blast furnaces and electric arc furnaces (EAF) using direct reduced iron (DRI), provided the facilities currently meet the TPI's below 2°C benchmark scenario and are expected to follow the scenario throughout their lifetime or have a lifetime emissions intensity that meets TPI's threshold at the midpoint of their lifetime. Emission-reduction technologies may be deployed at these furnaces, although specific technologies are not fully defined and may include novel solutions, such as CCS. EDC may also finance secondary steel production in EAFs using steel scrap feedstock, as well as retrofit measures to align with TPI's below 2°C benchmark. R&D activities are expected to contribute to reducing carbon use in the production process, although the extent of reductions is uncertain. Collectively, these expenditures are expected to significantly contribute to the transition to a low-carbon economy.

Category Expenditures

Expenditure	Description
Manufacture of primary steel	▸ Manufacture, processing, development, production of low-carbon steel and related infrastructure, in blast furnaces according to the following criteria: i) emissions intensity per tonne of steel below 1.32 tCO_2e/t of steel, which is TPI's below-2°C benchmark value for 2028,[145] and ii) alignment with TPI's below 2°C decarbonization pathway throughout the facility's lifetime or where its lifetime emissions intensity per tonne of steel meets the threshold value at the halfway point of its lifetime. ▸ Manufacturing of steel through EAF using DRI.
Manufacture of secondary steel	▸ Manufacturing of steel through EAF using steel scrap feedstocks.
Retrofitting of blast furnace facilities	▸ Retrofitting of blast furnace facilities with low-carbon feedstock (biochar) and/or CCUST resulting in an emissions intensity per tonne of steel product that is aligned with TPI's below-2°C benchmark scenario for the relevant year at the time of financing.
Research and development	▸ R&D expenditures for smelting reduction and direct electrolysis.

[145] Aligned with TPI's below 2°C benchmark scenario for the steel sector for 2028. This threshold will be updated on a continuous basis to ensure alignment with the TPI's benchmark scenario for the relevant year at the time of financing.

Additional details:

- The Framework excludes the following: i) new blast furnaces without CCS; and ii) EAF powered by thermal coal energy.

Analytical Commentary

The iron and steel sector was responsible for 8% of global energy-related emissions in 2022.[146] To achieve net zero emissions by 2050, the sector needs to rapidly substitute coal with low-carbon electrification.[147] In comparison to the blast furnace route, technologies such as those related to DRI and EAF have an emissions reduction potential between 72% and 91%.[148]

EDC may finance the manufacture of primary steel in blast furnaces and EAF using DRI, where the emissions intensity per tonne of steel aligns with TPI's below-2°C benchmark scenario. These facilities are expected to remain aligned with TPI's below-2°C decarbonization pathway throughout their lifetime or have a lifetime emissions intensity that meets TPI's threshold at the midpoint of their lifetime. EDC has identified technologies that are expected to achieve future emissions reductions, although there is a lack of clarity regarding specific technologies, which may include novel solutions such as CCS. CCS is an emerging technology that faces engineering and operational complexities, along with challenges in implementation and scale-up.[149] As such, the long-term efficacy of CCS in delivering substantial, durable emissions reductions remains uncertain, and it has the potential to create the risk of carbon lock-in.

EDC may also finance secondary steel production at EAF facilities using 100% scrap steel, although the EAF facility may not be powered solely by renewables or low-carbon electricity.

The retrofitting of blast furnace facilities with low-carbon feedstock (biochar) or CCUS is expected to result in an emissions intensity aligned with TPI's below-2°C scenario benchmark value for the year in which financing occurs. There is uncertainty, however, as to whether and how the assets to be financed will remain in alignment with the below-2°C scenario over time. Nonetheless, investments in these assets can be expected to significantly contribute to decarbonizing the steel manufacturing process.

Expenditures may also include R&D for smelting reduction and direct electrolysis aimed at lowering process emissions and advancing pathways toward near-zero-carbon steel production. While R&D related to such technologies has the potential to support future decarbonization, the extent of carbon reductions remains uncertain.

Collectively, expenditures under this category are expected to play a significant role in advancing industrial decarbonization.

[146] World Economic Forum, "Steel industry net-zero tracker", (2023), at: https://www3.weforum.org/docs/WEF_Net_Zero_Tracker_2023_STEEL.pdf.
[147] IEA, "Steel", (2023), at: https://www.iea.org/energy-system/industry/steel#tracking.
[148] A. Sasiain Conde, K. Rechberger, A. Spanlang et al., "Decarbonization of the steel industry. A techno-economic analysis, Matériaux & Techniques", at: https://www.mattech-journal.org/articles/mattech/full_html/2021/03/mt210047/mt210047.html.
[149] Intergovernmental Panel on Climate Change, "Climate Change 2023 Synthesis Report", (2023), at: https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_LongerReport.pdf.

Cement Manufacturing

We have assessed the Sustainability Contribution of the Cement Manufacturing category as **Significant**.

EDC may finance the production of low-carbon cement at facilities that currently meet TPI's below-2°C sector-specific emissions thresholds and are expected to remain aligned with TPI's below-2°C decarbonization trajectory throughout their lifetime or have lifetime emissions intensity per tonne of cementitious product that meets the threshold at the midpoint of their lifetime. EDC has identified technologies that are expected to achieve future emissions reductions, although there is limited clarity regarding the specific technologies involved, which may extend to novel solutions such as CCS. In addition, expenditures may include retrofits to achieve alignment with TPI's below-2°C scenario benchmark. Collectively, the expenditures are expected to significantly contribute to the transition to a low-carbon economy.

Category Expenditures

Expenditure	Description
Manufacture of cement	▸ Manufacture of cementitious product, where the manufacturing facilities: i) have emissions intensity below 0.507 tCO_2e/t of cementitious product, i.e. TPI's below-2°C scenario benchmark value for 2028;[150] and ii) are expected to align with the TPI's below-2°C scenario decarbonization pathway throughout their lifetime or have lifetime emissions intensity per tonne of cementitious product that meets the threshold value at the halfway point of their lifetime.
Retrofit of cement facilities	▸ Retrofit measures resulting in GHG emissions below 0.507 tCO_2e/t of cementitious product,[151] such as improvements in thermal and electric efficiency; switch to renewable energy as defined under the Framework; reduction of clinker-cement materials and CCS or CCUS that are expected to result in an emissions intensity per tonne of cementitious product lower than the TPI's below-2°C benchmark scenario for the cement sector for the relevant year at the time of financing.

Additional details:

- Excludes financing of energy efficiency, alternative fuel use and/or clinker substitution projects without known direct CO_2 emissions intensity.

[150] Aligned with TPI's below 2°C benchmark scenario for the cement sector for 2028. This threshold will be updated on a continuous basis to ensure alignment with the TPI's benchmark scenario for the relevant year at the time of financing.
[151] Ibid.

Analytical Commentary

Materials such as cement, steel, aluminium and chemicals are indispensable to modern economies,[152] yet their production accounts for a substantial share of global industrial emissions. For instance, cement alone contributes 6% of global CO_2 emissions.[153] The cement sector presents a significant carbon lock-in risk due to long-lived, capital-intensive and high-emission facilities, as well as the limited commercial viability and technological maturity of many low-carbon alternatives.[154] Transitioning production to meet low-carbon intensity thresholds, such as those defined by industry tools (e.g. the CBI) or regulatory frameworks (e.g. the EU Taxonomy), helps drive decarbonization in sectors that are traditionally hard to abate.

Expenditures under the category include the production of low-carbon cement. The production facilities will be required to meet sector-specific emissions thresholds aligned with TPI's below-2°C scenario benchmark and continue to align with TPI's below-2°C decarbonization pathway throughout their lifetime or have lifetime emissions intensity per tonne of cementitious product that meets the threshold at the midpoint of their lifetime. EDC has identified technologies that are expected to achieve future emissions reductions. However, there is limited clarity regarding the specific technologies that may be financed, which may include novel solutions such as CCS. CCS remains an emerging technology that faces engineering and operational complexities, implementation barriers and challenges in scaling up.[155] In light of this, the long-term efficacy of CCS in delivering substantial, durable emissions reductions remain uncertain, creating risk of a carbon lock-in.

In addition, financing may include retrofitting measures for cement manufacturing facilities, such as deploying renewable energy and reducing clinker-cement materials. The retrofits are expected to result in an emissions intensity below 0.507 tCO_2e/t of cementitious product, which aligns with TPI's below-2°C scenario benchmark value for 2028. There is uncertainty, however, as to whether and how the assets to be financed will remain in alignment with the below-2°C scenario over time. Nonetheless, investments in these assets can be expected to significantly contribute to decarbonizing the cement manufacturing process.

Overall, expenditures under this category are expected to play an important role in advancing industrial decarbonization and significantly support the transition to a low-carbon economy.

[152] McKinsey, "Global Materials Perspective 2024", at: https://www.mckinsey.com/industries/energy-and-materials/our-insights/global-materials-perspective.
[153] World Economic Forum, "Here's how steel and cement could help turn climate change on its head", (2022), at: https://www.weforum.org/stories/2022/05/steel-and-cement-can-drive-the-decade-of-action-on-climate-change-this-is-how/.
[154] Energy Transitions Commission, ""Mission Possible: Reaching Net-Zero Carbon Emissions From Harder-to-Abate Sectors By Mid-Century", (2018), at: https://www.energy-transitions.org/wp-content/uploads/2020/08/ETC_MissionPossible_FullReport.pdf.
[155] Intergovernmental Panel on Climate Change, "Climate Change 2023 Synthesis Report", (2023), at: https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_LongerReport.pdf.

Aluminium Manufacturing

We have assessed the Sustainability Contribution of the Aluminium Manufacturing category as **Significant**.

EDC may finance the manufacture of low-carbon aluminium. The manufacturing facilities must currently demonstrate alignment with TPI's below-2°C sector-specific emissions thresholds and remain aligned with TPI's below-2°C decarbonization pathway throughout their lifetime or have lifetime emissions intensity per tonne of aluminium that meets the threshold at the midpoint of their lifetime. EDC has identified technologies that are expected to achieve future emissions reductions, although there is a lack of clarity regarding the specific technologies, which may include novel solutions such as CCS. Expenditures may also include retrofits that enable alignment with TPI's below-2°C scenario benchmark. Collectively, the expenditures are expected to significantly contribute to the transition to a low-carbon economy.

Category Expenditures

Expenditure	Description
Aluminium production	▸ Manufacture of low-carbon aluminium, where the manufacturing facilities: i) have current emissions intensity below 5.91 tCO_2e/t of aluminium, i.e. TPI's below-2°C scenario benchmark value for 2028;[156] ii) are expected to align with TPI's below-2°C decarbonization pathway throughout their lifetime or have lifetime emissions intensity per tonne of aluminium that meets the threshold at the midpoint of their lifetime; and iii) use technological levers, such as CCS, to drive emissions reductions.
Retrofitting of aluminium production facilities	▸ Retrofit measures resulting in GHG emissions below 5.91 tCO_2e/t of aluminium,[157] such as deploying novel anode technologies, use of renewable energy, retrofit of old smelters and improvement in thermal efficiency.

Analytical Commentary

Aluminium is an important input widely used across transportation, construction, packaging and renewable energy technologies.[158] However, primary aluminium production is among the most carbon- and energy-intensive industrial process, as the sector represents 2-3% of global CO_2 emissions.[159] Moreover, aluminium production generates large volumes of byproducts and waste, such as red mud, a highly alkaline and potentially toxic residue. Production also emits air pollutants (including sulphur- and fluoride-based compounds) and wastewater, which pose risks to water, soil and ecosystem health.[160] Transitioning aluminium production toward lower carbon

[156] Aligned with TPI's below 2°C benchmark scenario for the aluminium sector for 2028. This threshold will be updated on a continuous basis to ensure alignment with the TPI's benchmark scenario for the relevant year at the time of financing.
[157] Ibid.
[158] European Aluminium, "Innovative, Circular & Low-Carbon Products Thanks to Aluminium," at: https://european-aluminium.eu/about-aluminium/aluminium-in-use/
[159] International Energy Agency, "Aluminium", (2023), at: https://www.iea.org/energy-system/industry/aluminium.
[160] UK GBC, "Environmental Impacts of Aluminium & Bauxite Mining", at: https://ukgbc.org/our-work/topics/embodied-ecological-impacts/aluminium/.

pathways, such as by using renewable electricity and inert anode technologies, as well as higher rates of recycling, is critical to decarbonizing the sector.[161]

Expenditures under the category include the production of low-carbon aluminium, for which the manufacturing facilities must currently meet TPI's below-2°C scenario sector-specific emissions thresholds and are expected to continue to align with TPI's below 2°C decarbonization pathway throughout their lifetime or have lifetime emissions intensity per tonne of aluminium that meets the threshold at the midpoint of their lifetime. EDC has identified technologies that are expected to achieve future emissions reductions. However, there is a lack of clarity regarding the specific technologies that might be leveraged during the manufacturing processes, which can include novel or emerging solutions, such as CCS, which faces engineering and operational complexities, along with challenges in implementation and scale-up.[162] In light of this, the long-term efficacy of CCS in delivering substantial, durable emissions reductions remains uncertain, and it can create the risk of carbon lock-in.

In addition, financing may include retrofits to aluminium production facilities, such as deploying novel anode technologies, use of renewable energy, retrofit of old smelters and improvement in thermal efficiency. The retrofits are expected to result in an emissions intensity below 5.91 tCO_2e/t of aluminium, which aligns with TPI's below-2°C scenario benchmark value for 2028. There is uncertainty, however, as to whether and how the assets to be financed will remain in alignment with the below-2°C scenario over time. Nonetheless, investments in these assets can be expected to significantly contribute to decarbonizing the aluminium manufacturing process.

Overall, the expenditures under the category are expected to play a significant role in advancing industrial decarbonization.

Mining and Extractive Sectors

We have assessed the Sustainability Contribution of the Mining and Extractive Sectors category as **Moderate**.

Expenditures under the category include measures that support the decarbonization of mining operations, as well as the extraction and processing of ores containing critical minerals and rare earth elements (REEs) that are necessary enablers of green assets such as EVs, solar PV and wind turbines, and nuclear energy. Eligible facilities are expected to be supported by a credible decarbonization strategy to mitigate the risk of a carbon lock-in. While decarbonization efforts can reduce emissions and resource use at the mine level, they occur in an industry that is highly carbon-intensive and associated with significant environmental and social risks. Similarly, although the critical minerals extraction and processing support low-carbon technologies, these activities heavily rely on energy- and emission-intensive operations and exert substantial

[161] IRENA, "Reaching Zero with Renewables: Aluminium Industry", (2025), at: https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2025/Apr/IRENA_TEC_Reaching_zero_with_renewables_aluminum_2025.pdf.
[162] Intergovernmental Panel on Climate Change, "Climate Change 2023 Synthesis Report", (2023), at: https://www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_LongerReport.pdf.

environmental pressures, including biodiversity loss, water contamination and waste generation. Given these constraints, expenditures under the category are expected to make a moderate contribution to supporting decarbonization goals.

Category Expenditures

Expenditure	Description
Measures for enabling decarbonization of mining facilities	▸ Measures aimed at decarbonizing mining operations, such as: i) electrification of equipment; ii) measures aimed at improving the energy efficiency of mine sites; iii) deployment of renewable energy as defined in the Framework; and iv) deployment of technologies that reduce the water use of mining operations.
Critical minerals extraction	▸ Extraction and processing of ores containing critical minerals and other REEs[163] that are fully dedicated to: ▸ Energy storage systems used in EVs. Eligible minerals include lithium, nickel, cobalt and manganese. ▸ High-efficiency traction motors for EVs and generators for wind turbines. Rare earth minerals include neodymium, praseodymium, dysprosium and terbium. ▸ EV charging hardware and lightweight vehicle chassis components for EV. Minerals include copper and bauxite ore (containing aluminium). ▸ Solar PV energy generation. Eligible minerals include silicon. ▸ Nuclear energy generation.[164] Eligible minerals include copper, nickel, cobalt, zinc and uranium.

Additional details:

- All eligible facilities under the category will have: i) emissions reduction targets and follow a credible decarbonization strategy; and ii) processes for identifying, monitoring and addressing environmental and social impacts associated with the financed enabling projects. Facilities having adverse environmental and social impacts or unaddressed controversies will be excluded under the Framework.

Analytical Commentary

Investments in low-carbon energy are critical for the global energy transition, as electricity and heat generation were responsible for approximately 44% of global CO_2 emissions from fuel combustion in 2022.[165] Expanding renewable and low-carbon energy sources, such as solar and wind, which produce zero direct emissions, is essential to decarbonizing power systems and

[163] Rare earth elements (REE) are a group of 17 elements, including the 15 elements of the lanthanide series on the periodic table of elements together with the transition metals scandium and yttrium.
Government of Canada, "Rare earth elements facts", at: https://natural-resources.canada.ca/minerals-mining/mining-data-statistics-and-analysis/minerals-metals-facts/rare-earth-elements-facts/20522.
[164] Nuclear energy projects will be as per the Renewable Energy category under the Framework.
[165] IEA, "Grid-scale Storage", at: https://www.iea.org/energy-system/electricity/grid-scale-storage.

meeting rising global electricity demand. Global renewable power capacity is rapidly expanding: renewable electricity capacity grew by 585 GW in 2024, bringing the total to about 4,448 GW; solar and wind together made up nearly all of that growth.[166] Nuclear energy also plays a key role in the transition. It offers a reliable, dispatchable and low-carbon source of electricity that enhances grid stability.[167] Furthermore, the transport sector accounted for more than one-third of CO_2 emissions from end-use sectors in 2023, with road transport alone contributing more than 15% of global energy-related emissions.[168] Achieving net zero emissions in the transport sector by 2050 will require scaling up the electrification of vehicles, a pivotal step toward decarbonizing road transport.[169]

Expenditures may include measures aimed at supporting the decarbonization of mining facilities, such as through the deployment of renewable energy and technologies that reduce water use, electrification of equipment and other energy efficiency improvements. Such interventions can lower operational emissions and resource use at the site level, but they deliver efficiency gains in an industry that is carbon-intensive and structurally dependent on fossil fuels. As a result, such expenditures are expected to make only a modest contribution to broader decarbonization objectives.

EDC may also finance the extraction and processing of ores containing critical materials dedicated to enabling low-carbon technologies, including: i) EVs that typically use lithium-ion batteries (cathodes and anodes); ii) solar PVs and wind turbines that require silicon and REEs, respectively; and iii) nuclear power generation, which relies on copper, nickel, cobalt, zinc, uranium and other minerals. The mining sector is highly emission-intensive, responsible for 2-7% of global GHG emissions,[170] and is associated with other environmental and social risks, such as land disturbance, significant water use and pollution, as well as community impact, such as displacement and disrupted livelihoods.[171,172] But the extraction and processing of critical minerals is still necessary in the green transition.

Eligible facilities will be required to have emission-reduction targets supported by a credible decarbonization strategy that leverages technological solutions. In addition, eligible facilities will be required to implement processes for identifying, monitoring and addressing environmental and social impact. Mining facilities associated with a significant adverse environmental and social impact that is not adequately addressed or with unresolved controversies are excluded under the Framework.

EDC's due diligence process will require periodic environmental and social impact assessments verified by a third party, covering the following: i) known environmental and social risks for mining operations, along with any additional environmental and social risks material to the respective

[166] ESG News Survey, "Renewables Made Up 92.5% of Global Power Expansion in 2024, Says New IRENA Report", (2025), at: https://esgnews.com/renewables-made-up-92-5-of-global-power-expansion-in-2024-says-new-irena-report/.
[167] IAEA, "International Day of Clean Energy: Why Nuclear Power", (2024), at: https://www.iaea.org/newscenter/news/international-day-of-clean-energy-why-nuclear-power
[168] IEA, "Transport", 2023, at: https://www.iea.org/energy-system/transport.
[169] IEA, "Road transport", 2023, at: https://www.iea.org/reports/road-transport.
[170] Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development, "Decarbonization of the Mining Sector: Scoping study on the role of mining in nationally determined contributions", (2024), at: https://www.iisd.org/system/files/2024-08/igf-decarbonization-mining-sector.pdf.
[171] Institute for Environmental Research and Education, " How Does Mining Affect Environment?", (2025), at: https://iere.org/how-does-mining-affect-environment/.
[172] Environmental Literacy Council, "How Does Mining Affect Local Populations?" (2024), at: https://enviroliteracy.org/how-does-mining-affect-local-populations/.

operations, such as those related to occupational health and safety, effluents, tailings management, Indigenous peoples' rights, biodiversity, and child labour; and ii) closure and rehabilitation plan for such mining facilities.[173] For the extraction of uranium specifically, the financing will be limited to operations that meet the following criteria: i) strong safety track record with no significant incidents in the past 10 years; ii) strong regulations governing site selection, operational safety and radioactive waste management, along with effective monitoring and enforcement of such regulations; and iii) do not supply uranium to the nuclear defence industry. Although the adoption of such practices under credible third-party standards may potentially provide higher assurance regarding mine-level sustainability performance, such measures do not eliminate impacts entirely. The extraction and processing of ores used in low-carbon technologies are highly energy- and emission-intensive, as they heavily rely on diesel-powered equipment and fossil fuel-based electricity for hauling, crushing and refining activities.[174] Extraction and processing also have a substantial environmental impact, including land disturbance, biodiversity loss, water use and contamination, and waste generation.[175]

As such, despite their role in enabling low-carbon technologies, such expenditures are expected to make a modest contribution to industrial decarbonization.

Aerospace

We have assessed the Sustainability Contribution of the Aerospace category as **Moderate**.

The Framework allows for the purchase and operation of conventional propulsion system aircraft for passenger and freight air transport certified to ICAO's CO_2 New Type Limit,[176] which is a globally recognized benchmark for reducing carbon emissions from new aircraft types. There is an intention to increase the use of SAF over time. However, in the absence of a quantitative mid-term target for the use of SAF, there is uncertainty around its uptake at a commercial scale, which poses a risk of a fossil fuel lock-in. Collectively, these investments under this category are expected to moderately contribute to the transition to low-emission transport systems.

Category Expenditures

Expenditure	Description
Low-carbon air transport	▸ Purchase, financing and operation of: ▸ Conventional propulsion system aircraft certified to ICAO's CO_2 New Type Limit. Aircraft will have the following: i) known fuel efficiency over baseline technology; and ii) a plan to increase the use of SAF, such as through long-term purchase agreements (where the

[173] Sustainalytics notes that the Framework excludes expenditures related to mine reclamation and closure.
[174] McKinsey, "Creating the zero-carbon mine", (2021), at: https://www.mckinsey.com/industries/metals-and-mining/our-insights/creating-the-zero-carbon-mine.
[175] IEA, "Sustainable and responsible development of minerals: The Role of Critical Minerals in Clean Energy Transitions", at: https://www.iea.org/reports/the-role-of-critical-minerals-in-clean-energy-transitions/sustainable-and-responsible-development-of-minerals.
[176] EASA, "Aircraft environmental standards", at: https://www.easa.europa.eu/en/domains/environment/eaer/technology-and-design/aircraft-environmental-standards.

	increase in SAF use aligns with a recognized decarbonization trajectory for the financed portfolio or the company's fleet). ► Low-carbon propulsion system aircraft or modified gas turbine engine (such as hybrid- and turbo-electric, battery electric or fuel-cell powered).
Additional details:	
► Purchase and operation of private, business or military aircraft, and the manufacture, repair, maintenance and upgrade of all types of aircraft are excluded from financing under the Framework.	

Analytical Commentary

The transport sector accounted for 37% of CO_2 emissions from end-use sectors in 2022 and relied on oil products for nearly 91% of its final energy use.[177,178] Road transport was the largest contributor, generating 73% of global transport emissions in 2022, followed by aviation, shipping and rail. To achieve climate neutrality by 2050, emissions from transport must decline by 25% by 2030, which will require scaling up the electrification of vehicles and the use of low-emission fuels. With transport volumes projected to double by 2050, investments in zero-emission vehicles and related infrastructure are critical to decarbonizing the transport sector.[179] In particular, scaling up low-carbon aircraft propulsion systems and sustainable aviation fuels will be essential to address aviation's climate footprint.[180]

The Framework allows for the financing of conventional propulsion system aircraft certified to ICAO's CO_2 New Type Limit. Additionally, the aircraft are required to use a minimum percentage of SAF in their operation, with the intention of increasing the use of SAF over time, such as through long-term agreements. However, in the absence of a mid-term quantitative target for SAF use, there is uncertainty around its use at a commercial scale, which presents a risk of continued reliance on fossil fuels. EDC also intends to finance low-carbon system aircraft or modified gas turbine engines, such as those that are turbo-electric or battery electric.

Collectively, the expenditures under the category are expected to make a moderate contribution to the decarbonization of the aviation industry.

[177] UN Environment Programme Finance Initiative, "Climate Risks in the Transportation Sector", (2024), at: https://www.unepfi.org/wordpress/wp-content/uploads/2024/05/Climate-Risks-in-the-Transportation-Sector-1.pdf.
[178] IEA, "Transport", (2023), at: https://www.iea.org/energy-system/transport.
[179] World Economic Forum, "7 Reasons Why Global Transport is so Hard to Decarbonize", 2021, at: https://www.weforum.org/agenda/2021/11/global-transport-carbon-emissions-decarbonise/.
[180] McKinsey, "Decarbonizing the aviation sector: Making net zero aviation possible", (2022), at: https://www.mckinsey.com/industries/aerospace-and-defense/our-insights/decarbonizing-the-aviation-sector-making-net-zero-aviation-possible.

Shipping Ports Infrastructure

We have assessed the Sustainability Contribution of the Shipping Ports Infrastructure category as **Strong**.

EDC intends to finance infrastructure for bunkering low-carbon fuels, as well as for shore power or cold-ironing systems. Expenditures may also include marshalling port infrastructure dedicated to constructing and deploying offshore wind turbines. Overall, expenditures under the category are expected to make a strong contribution to the transition to low-emission water transport.

Category Expenditures

Expenditure	Description
Infrastructure for vessel and port operations	▸ Infrastructure for bunkering low-carbon fuels, such as biofuels, hydrogen, ammonia and methanol. ▸ Infrastructure for shore power or cold-ironing systems, such as high voltage grid, transformers, power distribution system, control panel and frequency converter. In regions with a grid carbon intensity greater than 200 gCO_2e/kWh, EDC will require renewable energy deployment along with the port infrastructure. ▸ The infrastructure will also support ships running on conventional fuels. ▸ Excludes ships dedicated to the transport of fossil fuels, such as oil tankers or LNG carriers.
Marshalling port Infrastructure	▸ Infrastructure dedicated to constructing and deploying offshore wind turbines, including assembly areas.

Analytical Commentary

Maritime shipping carried more than 80% of global merchant trade by volume in 2023 and accounted for roughly 3% of global GHG emissions.[181] As global trade expands, emissions from international shipping are projected to rise by 90% to 130% by 2050 relative to 2008 levels, driven primarily by growing freight demand.[182] Further, without significant mitigation, ocean-going vessels could represent up to 17% of global anthropogenic CO_2 emissions by mid-century.[183] Maritime operations also generate air pollutants, such as particulate matter and nitrogen oxides, contributing to degraded air quality and posing health risks for port-adjacent and coastal communities.[184] In addition, conventional port infrastructure often disrupts coastal and marine ecosystems and threatens biodiversity by generating waste, air and water pollution, and by contributing to habitat loss.[185] Investments in enabling infrastructure, such as shore power, are

[181] UNCTAD, "Review of Maritime Transport 2024", at: https://unctad.org/publication/review-maritime-transport-2024.
[182] US Department of Transportation, "Decarbonizing the Maritime Shipping Industry: Starter Guide to Reducing Greenhouse Gas Emissions from Maritime Shipping", (2023), at: https://www.transportation.gov/sites/dot.gov/files/2023-09/OSTX-Momentum-Toolkit-Maritime-Shipping.pdf.
[183] Ibid.
[184] US Department of Energy, "Maritime Decarbonization", at: https://www.energy.gov/eere/maritime-decarbonization.
[185] Giovanni Satta. (2025), "Sustainable infrastructure & NbS: Green & Smart Ports", at: https://unece.org/sites/default/files/2025-05/Sustainable%20infrastructure.

therefore critical to supporting the sector's transition to cleaner operations.

EDC will finance infrastructure for bunkering low-carbon fuels, as well as shore power and cold-ironing systems, thereby contributing to the reduction of emissions from shipping and port operations. This infrastructure will support ships regardless of the nature of their propulsion system, including ships running on conventional fuels, whose transition to low-carbon fuels is required but remains uncertain. Additionally, expenditures under the category may include marshalling ports infrastructure dedicated to constructing and deploying offshore wind turbines.

Overall, these expenditures are expected to make a strong contribution to the transition to low-emission shipping.

Airports

We have assessed the Sustainability Contribution of the Airports category as **Significant**.

EDC intends to finance measures that support low-carbon airport operations such as the electrification of ground support equipment and electric, hydrogen or low carbon charging infrastructure for air-side ground support processes. Expenditures may also include tools and programmes that reduce emissions through better air traffic management. Such measures can deliver emissions reductions at the airport level, though they support the aviation sector, which is highly emissions-intensive and faces substantial lock-in risk. Nevertheless, the expenditures under this category overall are expected to make a significant contribution to the transition to low-emission air transport.

Category Expenditures

Expenditure	Description
Low-carbon air transport	▸ Infrastructure that supports low-carbon airport operations, such as: i) electric or renewable energy-powered ground support equipment; and ii) hydrogen, low-carbon or electric charging and refuelling infrastructure intended for air-side ground support processes (rather than land-side public use).
Air traffic management	▸ Programmes for better air traffic management, such as navigation tools, route planning technology and enhanced position equipment that are intended to enable better aircraft route planning to reduce fuel use or taxiing time for lower ground emissions.

Analytical Commentary

The transport sector accounted for 37% of CO_2 emissions from end-use sectors in 2022 and relied on oil products for nearly 91% of its final energy use.[186,187] Road transport was the largest contributor, generating 73% of global transport emissions in 2022, followed by aviation, shipping and rail. To achieve climate neutrality by 2050, emissions from transport must decline by 25% by 2030, which will require scaling up the electrification of vehicles and the use of low-emission fuels. With transport volumes projected to double by 2050, investments in zero-emission vehicles and related infrastructure are critical to decarbonizing the transport sector.[188]

The Framework includes expenditures that support low-carbon airport operations, such as the electrification of ground support equipment and low-carbon or electric charging infrastructure for air-side ground support operations. Expenditures may also include financing of measures and equipment that result in improved air traffic management to reduce fuel use and taxiing time, among other effects. Such projects can deliver some emissions reduction and energy efficiency improvements at the airport level, but they support aviation operations that are highly emission-intensive and can lead to a fossil fuel lock-in.

Overall, expenditures under the category are expected to significantly contribute to the transition to low-emission air transport.

[186] UN Environment Programme Finance Initiative, "Climate Risks in the Transportation Sector", (2024), at: https://www.unepfi.org/wordpress/wp-content/uploads/2024/05/Climate-Risks-in-the-Transportation-Sector-1.pdf.
[187] IEA, "Transport", (2023), at: https://www.iea.org/energy-system/transport.
[188] World Economic Forum, "7 Reasons Why Global Transport is so Hard to Decarbonize", 2021, at: https://www.weforum.org/agenda/2021/11/global-transport-carbon-emissions-decarbonise/.

Environmental and Social Risk Management

We have identified the following areas of environmental and social risk associated with the expenditures eligible under the Framework: i) land use and biodiversity loss from infrastructure projects; ii) emissions, effluents and waste generated from construction; iii) management and long-term disposal of radioactive waste from nuclear projects; iv) community relations and stakeholder participation; v) occupational health and safety; and vi) predatory lending and business ethics. EDC has the following policies and processes in place to identify and mitigate such risks.

E&S risk identified	Applicable policies, procedures and measures
Due diligence and risk management measures	► EDC has implemented an overarching Environmental and Social Risk Management (ESRM) Policy[189] that outlines the process, roles and responsibilities to manage environmental and social risks associated with its operations and lending activities. As part of a transaction review, EDC uses a risk-based approach to identify, manage and mitigate risks. Additionally, EDC assesses customers' activities, among other factors, to gauge the likelihood and severity of environmental or social impacts and determines mitigating measures. The ESRM Policy is informed by internationally accepted environmental and social risk management and disclosure practices and multilateral agreements that Canada has signed, including the Equator Principles[190] and the OECD Common Approaches.[191] ► EDC's Environmental and Social Review Directive[192] for project-related transactions categorizes projects into three levels based on potential adverse environmental and social effects. The categorization determines the nature and extent of information that EDC requires and the degree of review it conducts. The directive is aligned with the International Finance Corporation Performance Standards[193] for managing environmental and social risks, including those related to biodiversity, resource efficiency, communities and cultural heritage. The directive is also aligned with Canadian legislation, including the Export Development Act.[194] Additionally, the directive is informed by the Equator Principles, a risk management framework that establishes a minimum standard for project-related due diligence to support responsible risk decision-making.
Biodiversity loss and waste generated in large-scale construction	► To ensure that risks associated with biodiversity loss and waste generated during construction are managed and mitigated, EDC requires an environmental and social impact assessment for projects, as appropriate, which may entail engaging independent experts for high-risk projects.[195]
Management and long-term disposal of radioactive waste from nuclear projects	► 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 safe management of radioactive waste from nuclear power facilities, as

[189] EDC, "Environmental and Social Risk Management Policy". (2022), at: https://www.edc.ca/content/dam/edc/en/non-premium/environmental-social-risk-management-policy-2022.pdf.
[190] The Equator Principles, "About the Equator Principles", at: https://equator-principles.com/about-the-equator-principles/.
[191] OECD, "Environmental and Social due diligence": at: https://www.oecd.org/en/topics/sub-issues/environmental-and-social-due-diligence.html.
[192] EDC, "Environmental and Social Review Directive", (2022), at: https://www.edc.ca/content/dam/edc/en/non-premium/environmental-social-review-directive-2022.pdf.
[193] International Finance Corporation, "Performance Standards", at: https://www.ifc.org/en/insights-reports/2012/ifc-performance-standards.
[194] Government of Canada, "Export Development Canada – R.S.C., 1985, c. E-20", at: https://laws.justice.gc.ca/PDF/E-20.pdf.
[195] This has been communicated to Sustainalytics by EDC.

	per the Country Nuclear Power Profiles maintained by the International Atomic Energy Agency.[196] ► For all nuclear power projects, EDC will require a review of the environmental and social risks and impact by independent experts, in accordance with the relevant host country and international standards.
Community relations and stakeholder participation	► To mitigate and manage any adverse impact on communities, EDC requires, as part of the review process, management plans disclosing measures to avoid, reduce and mitigate risks to any affected community along with compensation for any adverse impact. Additionally, EDC's borrowers are required to partake in ongoing reporting to update affected communities. EDC also mandates that these measures align with the IFC Performance Standards.[197]
Occupational health and safety	► Regarding worker health and safety, EDC has a Due Diligence Framework on Human Rights, which outlines its due diligence process to identify and act on human rights-related risks and impact associated with transactions. Under the Due Diligence Framework, EDC tracks its borrowers' employee labour, working conditions and occupational health and safety.[198] In 2020, EDC adopted the Principles of Leverage and Remedy, setting an approach to leveraging its position to prevent and manage human rights impact arising from customer relationships and to provide remedies to mitigate such impact.[199]
Predatory lending and business ethics	► To prevent financial crimes and mitigate integrity risks, EDC has a Financial Crime Policy, which includes mandatory employee training on financial crime prevention and early-stage risk assessments to screen customers. If it identifies risks, EDC deploys enhanced due diligence with the assistance of subject matter experts, sometimes involving third-party experts for more comprehensive assessments. Additionally, risk escalation standards and ongoing monitoring of transactions and counterparties are in place to manage potential risks effectively. These measures aim to prevent money laundering, fraud, bribery, corruption or transactions involving sanctioned parties.[200] ► EDC also addresses risks associated with predatory lending through responsible financing practices, including robust credit assessments, borrower due diligence and transparency in loan terms to avoid over-indebtedness and support informed borrowing decisions.[201]

[196] IAEA, "Global Status and Development of Nuclear Power Programmes", at: https://cnpp.iaea.org/public/.
[197] Based on the information shared by EDC with Sustainalytics.
[198] EDC, "Due Diligence Framework: Human Rights", (2022), at: https://www.edc.ca/content/dam/edc/en/non-premium/human-rights-policy-2022.pdf.
[199] EDC, "EDC's Principles on Leverage and Remedy", at: https://www.edc.ca/content/dam/edc/en/corporate/corporate-social-responsibility/environment-people/principles-leverage-remedy.pdf.
[200] EDC, "Business integrity at EDC", at: https://www.edc.ca/en/about-us/esg/esg-governance/business-integrity.html.
[201] This has been communicated to Sustainalytics by EDC.

Annex 1: Assessment Framework Overview

The following is a brief overview of the Assessment Framework that we use to assess debt instruments and the frameworks that support them. Using this Assessment Framework, we provide two key signals in our Second Party Opinions: **Principles Alignment** and **Sustainability Contribution**.

Principles Alignment indicates a framework's alignment with the requirements of applicable sustainable debt market Principles.[202] This assessment is structured according to the four components of the Principles: Use of Proceeds, Project Evaluation and Selection, Management of Proceeds and Reporting. Principles Alignment is expressed at one of following levels:

- **Aligned:** Meets all requirements across the four components.
- **Partially Aligned:** Meets requirements on two or three of the four components.
- **Not Aligned:** Does not meet requirements on most or all of the four components.

In addition, we provide commentary on any shortcomings as well as best practices.

Sustainability Contribution provides a clear and comparable signal of the expected contribution of the use of proceeds to one or more environmental or social objectives. We assess each expenditure defined in a framework by looking at the activities, assets and projects that they finance. This assessment is carried out using a set of factors that we have identified as driving the expenditure's contribution to a primary objective as well as its avoidance of harm to other objectives. The assessment results in one of the four levels of Sustainability Contribution described in the table below.

We determine the average contribution of the expenditures within each use of proceeds category (as defined by the issuer) to produce an expected Sustainability Contribution for each category. We then aggregate across categories to determine the Sustainability Contribution of a framework overall. In most cases, weight is distributed equally across use of proceeds categories. However, we adjust the weighting if information regarding percentage allocation is provided by the issuer.

Level of Sustainability Contribution	Description
	The expenditure finances an activity that makes a strong contribution to an environmental or social objective. The activity is well aligned with credible standards; there are no significant lock-in risks; and the risk of negative impact to other sustainability objectives is low.
	The expenditure finances an activity that makes a significant positive contribution to an environmental or social objective while having minor shortcomings compared to a strong contribution. This is either because the activity falls somewhat short of credible standards; there is some risk of lock-in (in the case of some environmental activities); there is a risk of negative impact to other sustainability objectives; or there is some ambiguity in the criteria for the expenditure.

[202] These primarily include the Green Bond Principles and the Social Bond Principles, published by the International Capital Market Association (ICMA); and the Green Loan Principles and the Social Loan Principles, published by the Loan Syndications and Trading Association, the Loan Market Association, the Asia Pacific Loan Market Association (LSTA-LMA-APLMA), and the Association of Southeast Asian Nations (ASEAN).

	The expenditure finances an activity that represents a step towards an environmental or social objective but has substantial shortcomings compared to expenditures that make a strong contribution. Although the activity will result in benefit over a relevant baseline, either it falls substantially short of credible standards; there is significant risk of lock-in; there is significant ambiguity in the criteria; or there is a risk of significant negative impact to other sustainability objectives.
	The expenditure finances an activity that entails no net positive contribution to environmental or social objectives. Even in cases where there is some positive contribution to an objective, this is offset by shortcomings in other areas. Alternatively, the eligibility criteria may be unclear to the extent that contribution cannot be determined.

Scope of Work and Limitations

This Second Party Opinion provides a point-in-time independent opinion of the Framework as of the Evaluation Date. Our opinion may consider additional documentation and information that the Framework owner may have provided during the engagement, in addition to public and non-public information. The owner refers to the entity featuring as an issuer, borrower, special-purpose vehicle or any other entity as described in the Framework.

As part of this engagement, we communicated with representatives of the Framework owner, who acknowledge that: i) it is the sole responsibility of the Framework owner to ensure that the information provided is complete, accurate and up to date; ii) they have provided us with all of the relevant information; and iii) that all of the information has been provided in a timely manner.

This Second Party Opinion provides our opinion of the Framework and should be read in conjunction with that Framework. Any update of this Second Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and the Framework owner.

Our Second Party Opinion provides our opinion on the alignment of the Framework with current market standards and practice but provides no guarantee of alignment nor warrants alignment with future versions of any such standards. In addition, it does not guarantee the realized allocation of proceeds towards eligible activities.

No information provided in this Second Party Opinion shall be considered as being a statement, representation, warrant or argument in favour or against the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that the Framework owner may have made available to Sustainalytics for the purpose of this Second Party Opinion.

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