

1. Background

FinDev Canada is Canada's bilateral Development Finance Institution (DFI). We support development through the private sector by providing financing, investment, and blended finance solutions, as well as technical assistance and knowledge, to support sustainable and inclusive growth in emerging markets and developing economies in alignment with the United Nations Sustainable Development Goals and Paris Agreement commitments. Having a dual mandate to achieve both development impact and financial sustainability, FinDev Canada is guided by three impact goals of climate and nature action, gender equality, and market development.

FinDev Canada recognizes that climate change is a global systemic issue that will have significant impacts on people, the environment and the global economy, with disproportionate impacts on women in developing countries. Both climate mitigation and adaptation activities must be scaled to achieve the objectives of the Paris Agreement and limit global warming to 1.5°C above preindustrial levels. The global pandemic represents an opportunity to build back better and accelerate the transition towards low-carbon and climate-resilient development.

Climate action is Goal 13 of the 17 United Nations Sustainable Development Goals (SDGs), and is integral to all dimensions of inclusive and sustainable development.

2. Goal

The goal of this policy is to promote climate mitigation and adaptation through FinDev Canada's investments and operations. It is an integral part of FinDev Canada's overarching policy framework.

3. Policy statement

Climate mitigation and adaptation is one of FinDev Canada's core development impact priorities. FinDev Canada will continue to implement an investment approach that is aligned with the objectives of the Paris Agreement and consistent with a net zero greenhouse gas emissions pathway. It will also support its clients in enhancing their climate mitigation and adaptation practices.

Gender Equality is fully embedded in FinDev Canada's climate change approach. As a gender lens investor, FinDev Canada will promote women's economic empowerment and gender equality throughout its investments, including in climate finance transactions.

FinDev Canada will lead by example by ensuring that its own institutional and governance practices are aligned with international best practices on climate action. It will strive to be an agent of change in the investment community, notably on climate and gender-smart investing.

4. Adoption and implementation

This policy is adopted by FinDev Canada's Board of Directors and takes effect on July 1st, 2021. The implementation of this policy will be articulated in FinDev Canada's climate change strategy.

CONTROL SHEET

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APPROVAL, REVIEW AND REVISION HISTORY

Version	Approved/Reviewed/ Revised/Rescinded	Date	Comments
1.0	Approved by Board*	May 12, 2021	*Approved May 12, 2021, took effect July 1st, 2021

APPENDIX - DEFINITIONS

Paris Agreement: first binding agreement bringing nations into a common cause to undertake ambitious efforts to combat climate change and adapt to its effects. Its goal is to limit global warming to well below 2, preferably to 1.5 degrees Celsius, compared to pre-industrial levels.¹

Net-zero: to achieve the objectives of the Paris Agreement, global GHG emissions should reach net zero by 2050. More and more countries, regions, cities and companies are establishing net-zero emissions targets, which means that any remaining human-caused GHG emissions which cannot be further reduced are balanced by absorbing an equivalent amount from the atmosphere.²

Climate change mitigation: reduction in emissions of GHGs into the atmosphere or absorption of GHGs from the atmosphere, to mitigate the acceleration of climate change.

Climate change adaptation: reduction in the vulnerability of human or natural systems to climate change risks, to adapt to the consequences of climate change.

¹United Nations Framework Convention on Climate Change (UNFCCC), *The Paris Agreement*, 2021.

²World Resource Institute (WRI), *What Does "Net-Zero Emissions" Mean*, 2020.