Disclosure Statement

Operating Principles for Impact Management

October 26th, 2026

FinDev Canada is a founding signatory to the Operating Principles for Impact Management (the "Impact Principles"). The Impact Principles provide a reference point against which the impact management systems of asset owners and managers may be assessed, ensuring that impact considerations are integrated throughout the investment lifecycle.

This disclosure statement affirms that FinDev Canada's financing and investment activities, including (a) impact management systems; (b) policies and practices; and (c) financing services (including debt, equity, asset management, and blended finance instruments) are managed in alignment with the Impact Principles. Total assets under management are **US$ 1,776 million*** as of December 31, 2025.



Lori Kerr, Chief Executive Officer



Stéphanie Émond, Chief Impact Officer

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* Total assets under management refers to the value of outstanding financing and equity transactions for both their funded as well as committed yet unfunded amounts.

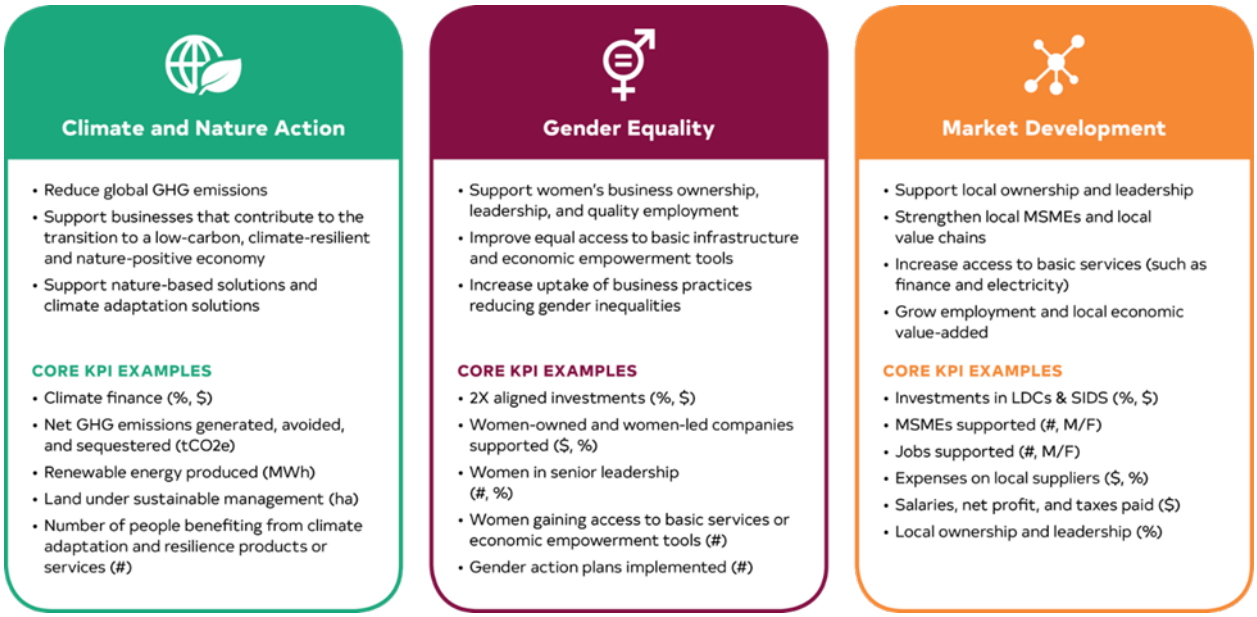
PRINCIPLE 1

Define Strategic Impact Objective(s), Consistent with the Investment Strategy

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

- FinDev Canada is Canada's bilateral development finance institution (DFI), established in 2018. We support development through the private sector by providing financing, investment, and blended finance solutions, as well as technical assistance and knowledge, to contribute to sustainable and inclusive growth in emerging markets and developing economies in alignment with the United Nations Sustainable Development Goals (SDGs) and Paris Agreement commitments. FinDev Canada has a geographic focus on Latin America, the Caribbean, the Indo-Pacific and Sub-Saharan Africa.
- Our Development Impact Policy (Impact Policy) sets out our strategic impact objectives in support of our corporate strategy. It is operationalized through our Approach to Development Impact ("Impact Approach"), a document that details our key development impact objectives, as well as our strategic intent and approach for making impactful investments.
- The Development Impact Policy is an integral part of the overarching policy framework of the corporation and is complemented by our Gender Equality Policy, Climate Change Policy, and Environmental & Social Risk Policy.
- Strategic impact objectives are defined at the portfolio level and are embedded in our corporate strategy. These objectives are aligned with the challenges prevailing in emerging markets and developing economies in the regions we serve and the United Nations Sustainable Development Goals (SDGs).
- FinDev Canada prioritizes three impact goals: (1) climate and nature action, (2) gender equality and (3) market development. Each of the three is underpinned by a set of portfolio-wide key performance indicators (KPIs) (Figure 1).

FIGURE 1: FINDEV CANADA'S DEVELOPMENT IMPACT GOALS



- At the portfolio level, we define development impact targets. These are translated into annual targets based on a share of transactions that meet specific impact criteria *(for more details, please refer to Principle 2),* ensuring that as our investment portfolio grows, so does the scale of our intended impact.
- The assessment and management of environmental, social, climate, and governance risks is fully integrated into our investment approach and considered alongside intended development impact *(for more details, please refer to Principle 5)*.
- We examine how our investments perform against expected impact and identify factors driving success, allowing us to strengthen the credibility and effectiveness of our strategic impact objectives over time. Further detail on how impact objectives are implemented, measured, and monitored is provided under subsequent Impact Principles.

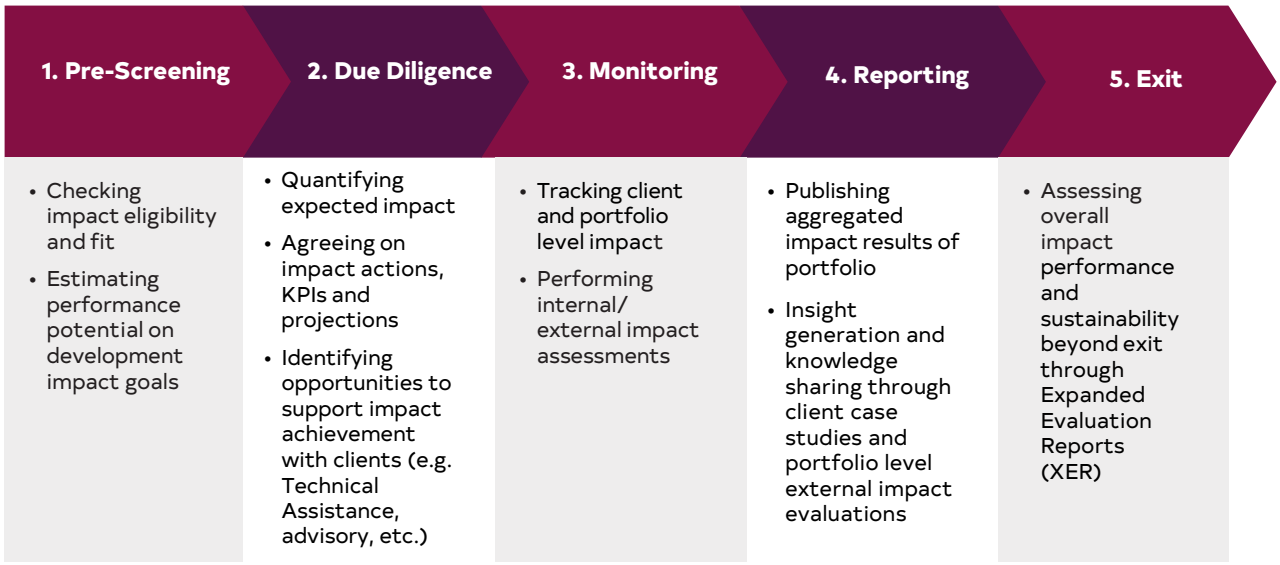
PRINCIPLE 2

Manage Strategic Impact on a Portfolio Basis

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

- Our Impact Approach guides our investment decisions and results reporting, supported by procedures to integrate impact considerations throughout the investment lifecycle. Figure 2 illustrates **how development impact is integrated at each stage of the investment process**.

FIGURE 2: FINDEV CANADA'S DEVELOPMENT IMPACT MANAGEMENT PROCESS



- At the pre-screening stage, we assess the potential development impact of an investment opportunity against all three development impact goals. The assessment is based on the investment's alignment to our impact goals and the impact need(s) in the respective sector/country. At due diligence, we dive deeper to review how a prospective investment has the potential to **contribute towards our impact goals** (*for more details, please refer to Principle 4*). Later, at the asset monitoring stage, we track clients' actual performance against initial estimates, as well as aggregate core impact KPIs to better understand our portfolio's overall performance.
- For each investment we build **results matrices** to capture the anticipated change in specific impact outputs and outcomes. These are then updated with actual results during the monitoring phase. This allows us to validate the achievement of our clients' impact objectives using an evidence-based approach.
- At the portfolio level, we set **targets** based on the volume of investments that meet development impact criteria, specifically transactions that advance Gender Equality (2X Criteria[1]) and Climate and Nature Action (Climate Finance[2]). These targets are part of the **performance-based compensation program** for all employees. An internal impact dashboard enables the team to track portfolio results in real time.

[1] The 2X Challenge is a global DFI-led initiative that aims to mobilize substantial capital towards women's economic empowerment. To qualify under it, investments need to meet specific criteria, which has emerged as the standard criteria for gender-lens investing. See: https://www.2xchallenge.org/2xcriteria

[2] As per the MDB/IDFC Common Principles for Climate Change Mitigation & Adaptation Finance Tracking.

- Our impact management processes are driven and supported by an in-house Impact Enablement team with expertise in development impact, environmental, social, and climate risk, technical assistance, and impact data. This team is responsible for evaluating and monitoring investment and portfolio level impact performance throughout the investment lifecycle, developing impact and risk methodologies, processes, and tools, and collaborating closely with the Investments team and the wider organization to ensure impact considerations are integrated into all our processes.

PRINCIPLE 3

Establish the Manager's Contribution to the Achievement of Impact

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

- FinDev Canada aspires to offer both financial and non-financial value to our clients, based on the premise that, as a DFI supporting development through the private sector, we should contribute beyond what is available in the market without crowding out the private sector.
- The additionality of each investment —financial and non-financial — is assessed at pre-screening and during due diligence and described in internal investment recommendation memos. We developed an **Additionality Framework** that establishes criteria for the determination of additionality.
- For **financial additionality**, we describe to what extent FinDev Canada's investment helps provide:
    - improved availability of financing that is not offered by the private sector or at least not in sufficient quantities, and
    - improved terms and conditions suitable to clients' needs and not offered otherwise by the private sector.
- For **non-financial additionality**, we describe to what extent we help clients:
    - enhance their knowledge and skills,
    - improve working conditions for their employees and/or across their supply chain,
    - empower women they employ and/or in their customer base/portfolio/supply chain,
    - transition to a low-carbon economy and be resilient to climate change, and
    - raise their ESG management capacity to mitigate risks of negative ESG impacts.
- We contribute to non-financial additionality through various mechanisms, from supporting our clients through informal advisory with our subject matter experts, conducting trainings, supporting the development of action plans, and offering formal Technical Assistance where a need is identified, as appropriate.
- Through our Technical Assistance (TA) Facility, we aim to enable our clients to advance development impact outcomes, mitigate risks, and strengthen business performance. In particular, we support our clients advancing their practices and performance on gender equality, climate and nature action, and responsible business practices (e.g., ESG and climate risk management). We also contribute to market-level initiatives through our TA facility, supporting the development of tools, training, knowledge, and other resources that can strengthen the development finance ecosystem and further support our clients in strengthening their practices.
- To help identify and prioritize capacity building opportunities in Gender Equality and Climate and Nature Action, we developed TA menus that outline strategic thematic interventions. The Gender Action TA Menu includes interventions aligned with the 2X Criteria, and the Climate Action TA Menu includes interventions in mitigation, adaptation, and strives to support clients integrate recommendations from the Taskforce on Climate-Related Financial Disclosures (TCFD). These efforts have been bolstered by expanded funding towards Technical Assistance facility in 2025, enabling the scaling of TA offerings and projects, and increased TA team capacity to continue delivering value to our clients.

PRINCIPLE 4

Assess the Expected Impact of Each Investment, Based on a Systematic Approach

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

- A **development impact tool** helps us estimate and quantify the expected development impact for each of our transactions and to assess expected impact within our portfolio and across investment typologies. A governance framework guides the tool's maintenance and its periodic updates.
- At the pre-screening stage, using both quantitative and qualitative data, each opportunity is assessed based on **the development impact dimensions of a country's development needs and a transaction's alignment with our impact goals**. To assess the development need dimension, the tool incorporates a variety of economic and social indicators, such as the Economic Complexity Index[3], the Social Institutions and Gender Index[4] and the Global Adaptation Index[5]. To assess a transaction's impact alignment to our goals, at this early stage, we use readily available information of the company's business model, practices and reach.
- At due diligence, we build on the initial assessment by introducing **additional quantitative and qualitative data**. This includes a review of a company's expected economic performance and an estimation of the transactions' positive impact on the investment's area of influence (e.g. country or region).
- We undertake a **baseline assessment of gender equality in client operations**, to identify opportunities to strengthen gender outcomes as part of our engagement with the client. To do this, we leverage existing gender mainstreaming and assessment tools, such as the 2X Criteria and the Women's Empowerment Principles Gender Gap Analysis Tool[6], which are both widely used in the development finance sector and accessible to all private sector entities. **Gender-related risks** are also considered as part of these evaluations and explored in more depth through our E&S review process (see Principle 5).
- We **assess climate change opportunities and risks** associated with every transaction. For climate change opportunities, we assess the climate change mitigation and adaptation potential of clients. For climate change risks, we apply an approach developed with the Adaptation & Resilience Investors Collaborative and aligned with the TCFD recommendations.
- In our analysis, we **distinguish between a company's current and future performance**. This allows us to assess where a client may be today versus their expected future state – based on projected activities and/or

[3] The economic complexity index is a measure of the productive capabilities of economic systems developed by Hidalgo and Haussman (2009).

[4] The Social Institution and Gender Index (SIGI) measures discriminatory social institutions in key areas that affect women's and girls' lives.
[5]The Global Adaptation Index measures a country's vulnerability to climate change and its readiness to adapt

[6] The Women's Empowerment Principles Gender Gap Analysis Tool (WEPs Tool) is a business-driven tool designed to help companies from around the world assess gender equality performance across the workplace, marketplace, and community. See https://weps-gapanalysis.org

additional impact commitments – and to evaluate the degree of stretch to achieve these improved outcomes and the associated risks of not achieving them. We recognize that some clients will be stronger on certain development impact areas than others; some will be further ahead on their development impact journeys while others might be just starting.

- When the degree of stretch is high, or when there is clear room to support the client in expanding its current practices to deepen potential development impact, together with them and often alongside other DFIs, we **develop action plans with time-bound targets**. Wherever reasonable, we draw on our Technical Assistance Facility to support our clients in achieving these targets.
- Detailed development impact assessments, supported by action plans and targets where relevant, alongside ESG related concerns and other risks, are presented in the investment recommendation memos. The anticipated development impacts of a transaction are captured in a **theory of change**, summarizing how it contributes to FinDev Canada's impact goals and the SDGs. A results matrix is developed, outlining the key performance indicators (KPIs) that will be tracked to measure progress on the intended development impact. The KPIs selected for each transaction must be strategically relevant, of sufficient quality and availability, and promote a balance of transaction-specific and portfolio-wide indicators to enable the aggregation of data and assessment of performance at the portfolio level. The results matrices form the basis for performing our annual impact reviews at the monitoring stage and facilitate the evaluation of overall impact performance.
- We also consider significant **risk factors that could disrupt potential development impact** through our environmental and social risk, climate risk and business integrity review processes (*for more details, please refer to Impact Principle 5*).
- To ensure **alignment with generally accepted industry standards**, FinDev Canada's impact measurement approach draws on reporting standards such as the Harmonized Indicators for Private Sector Operations (HIPSO), the 2X Criteria and the Global Impact Investing Network (GIIN)'s Impact Reporting and Investment Standards Plus (IRIS+). We also encourage and participate in the harmonization of impact measurement approaches including the Joint Impact Model[7] and the Joint Impact Indicators[8].

[7] See https://www.jointimpactmodel.org/

[8] See https://indicators.ifipartnership.org/indicators/joint-impact-indicators-jii/

PRINCIPLE 5

Assess, Address, Monitor, and Manage Potential Negative Impacts of Each Investment

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage negative impact risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' negative impact risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

- FinDev Canada is committed to applying rigorous ESG and climate risk assessment and monitoring approaches throughout the lifecycle of our engagement with clients. During initial screening, we review the client's activities against our List of Excluded Activities, which prohibits investment in particularly high-risk sectors and contexts**. Initial environmental and social (E&S), climate, and business integrity (BI) risk assessments, which consider inherent client, location-based, sector or market-specific risks, are also conducted** at the pre-screening stage.

- At due diligence, our E&S team reviews a **client's E&S performance, including related to human rights,** to identify potential risks and/or areas for improvement, a process based on our E&S Risk Policy. The policy draws on the IFC Performance Standards on Environmental and Social Sustainability[9], the most widely used set of E&S standards in the development finance sector, as well as its Interpretation Note on Financial Intermediaries[10] and its Environmental, Health and Safety Guidelines[11], where appropriate. Additional benchmarks may be applicable depending on a transaction's risk profile, sector, or operating context, for example the Center for Financial Inclusion's Principles of Client Protection[12], or commodity-specific certifications[13] when cited as a major component of a client's E&S risk management approach. We also consider additional **risk factors that could disrupt potential development impact**, including **climate-related risks,** and **gender-related risks** such as gender-based violence and harassment for workers, communities, and clients. Climate risks are assessed, in accordance with the IFC Performance Standards. In addition, FinDev Canada's Climate Risk Team conducts a dedicated Climate Risk assessment for each transaction, as part of due diligence, focusing specifically on climate-related physical and transition risks.

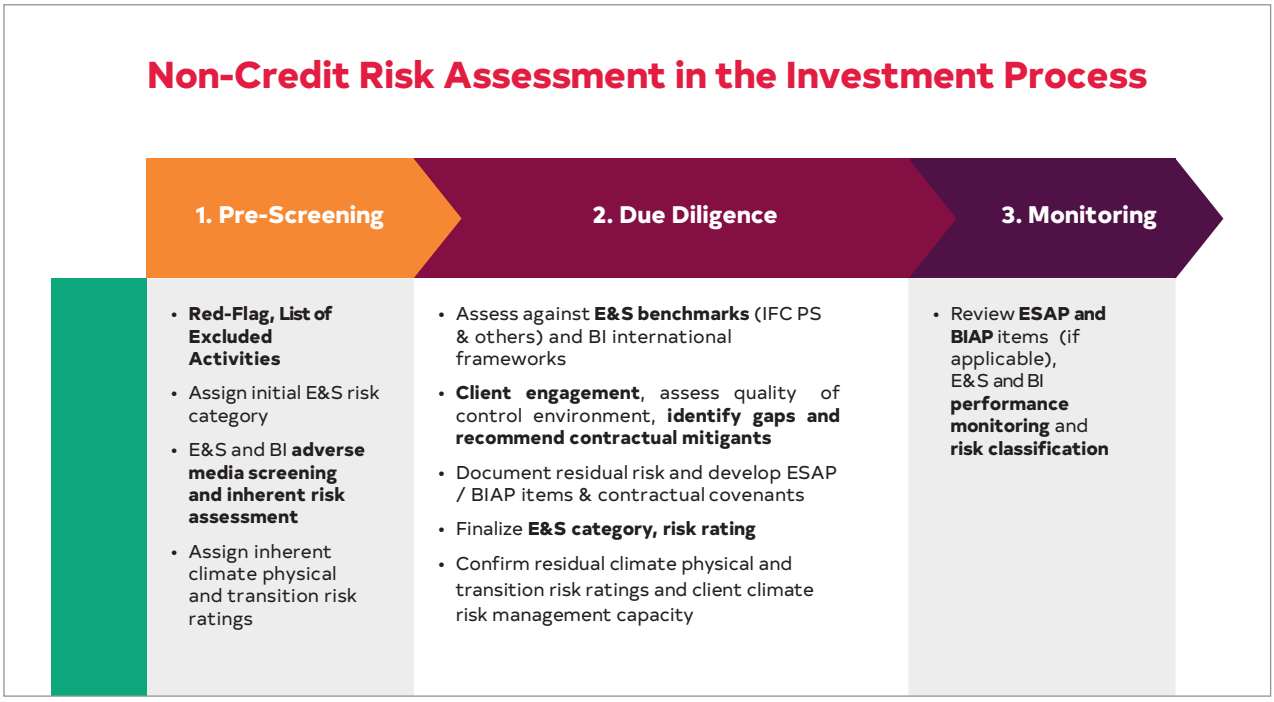
- Also at due diligence, our BI team reviews **the risk management systems a client has in place to manage exposure to internal BI risks** related to governance, corruption, fraud, money laundering and terrorist financing and sanctions exposure. The team considers the client's operating environment, business model, capacity and governance mechanisms, as well as the likelihood of risks occurring, their impacts (including on positive development impacts or environment and social performance), and may propose areas for improvement. Reviews are guided by international reference frameworks on the development and maintenance of effective BI risk management systems, the evolving financial crime regulatory landscape and expectations related to business ethics, transparency and accountability. Each transaction is assigned BI risk ratings using an internal BI risk tool. BI risk is monitored throughout the

[9] See https://www.ifc.org/en/insights-reports/2012/ifc-performance-standards
[10] See https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_policy_interpretationnote-fi
[11] See https://www.ifc.org/en/insights-reports/2000/general-environmental-health-and-safety-guidelines
[12] See https://www.centerforfinancialinclusion.org/research/consumer-protection
[13] For example, Forest Stewardship Council's Forest Management Standard or Fair Trade.

transaction lifecycle at both the client and portfolio level, with quarterly portfolio-level reviews conducted analyzing BI risk trends and drivers.

- ESG assessment is embedded into our investment cycle, just like development impact — from pre-screening to due diligence, approval, monitoring and reporting (see fig. 4). Where appropriate, E&S and BI teams actively engage with clients to strengthen client practices, identifying opportunities for value addition and support through the use of environmental & social action plans ("ESAP") or BI action plans ("BIAP") and/or technical assistance to ensure ESG gaps are addressed appropriately.
- Once an investment is made, we continue to monitor its ESG performance and evaluate potential risks on an annual basis (or more frequently, if required), in accordance with transactional documentation requirements, including ESG performance reporting, ESG incident reporting and the delivery of required action plan items, as applicable**. FinDev Canada applies a dynamic risk classification approach** to facilitate regular assessments on ESG risks, throughout the transaction lifecycle.

FIGURE 4: ESG DUE DILIGE NCE & MONITORING



PRINCIPLE 6

Monitor the Progress of Each Investment in Achieving Impact Against Expectations and Respond Appropriately

The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact on each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

- Starting at due diligence, FinDev Canada will discuss and draft with a client **development impact and ESG reporting requirements and, where appropriate, support it with an action plan** which outlines expected annual activities and future milestones. Once the investment is approved, these commitments are written into a final contract with the client[14].

- Our monitoring activities integrate development impact and ESG considerations. The Impact, E&S, Climate Risk and BI teams collect and analyze relevant client data using monitoring reports and data collection systems. This information helps monitor an investment's progress against expectations and track performance, typically on an annual basis or more frequently if needed. A procedure is in place to assess the quality of impact data and track its lineage, ensuring data integrity is upheld throughout our analyses. During the monitoring phase, our development impact tool and results matrices are updated annually to reflect a transaction's progress towards development objectives and to quantify any deviations from expectations. As part of this monitoring exercise, each transaction is assigned a rating reflecting their progress status, allowing us to identify clients that may be veering off-track on their impact objectives and may require further engagement. We engage with clients as members of their Impact and ESG Committees and/or through one-on-one calls as appropriate.

- In the event that a client's performance is not aligned with impact or ESG expectations and/or contractual obligations, our approach is to engage with the client to understand the situation. We take a client centric approach, where they lead on a **remedial action plan**. We are committed to supporting our clients in achieving better outcomes while acknowledging that the journey to development impact is rarely straight and requires cooperation and adaptation to reach meaningful goals. In the event where underperformance is observed over a more extended period of time, we may add a client to an internal watchlist, prompting more formal tracking of performance and potentially other actions.

[14] Clients are required to submit regular impact and ESG reports in addition to notification requirements related to material ESG incidents impacting the environment, workers and local communities or related to governance.

PRINCIPLE 7

Conduct Exits Considering the Effect on Sustained Impact

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

- FinDev Canada's approach to sustained impact begins at investment design and continues throughout the investment lifecycle. Expected development outcomes and associated risks are identified early and inform engagement with clients over time, supporting the durability of impact beyond FinDev Canada's involvement.
- When a transaction matures, we apply a structured impact evaluation process through our Expanded Evaluation Report (XER). The XER assesses the investment's overall performance vis-à-vis its intended development impact objectives by considering:
    - The extent to which intended development impact outcomes have been achieved and the likelihood that these outcomes will be sustained post-exit.
    - The broader operating context, including environmental, social, governance, and market conditions that may affect the continuation of impact.
    - How factors related to the design and execution of the investment may have influenced its impact performance.
- The XER evaluates each investment against criteria related to the strategic relevance, effectiveness, efficiency, and sustainability of its development impact, supporting learning, accountability, and an understanding of the likelihood of sustained impact over time. Learnings from these evaluations are used to strengthen the management of existing investments and inform the design of future investments. This feedback loop reinforces that exits and repayments are not treated as stand-alone events, but rather as an integral part of the organization's impact management process.

PRINCIPLE 8

Review, Document, and Improve Decisions and Processes Based on the Achievement of Impact and Lessons Learned

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

- We are building our transaction management system which will enable us to streamline and integrate reporting across Investments, Impact, E&S, Climate, BI and other areas of our operations. As an intermediate step, we developed an impact data solution with live dashboards that we currently use to review clients' performance, both at individual and portfolio levels. We update this information regularly and use it to inform our internal discussions, including those with the executive management and the Board.
- We aim to foster a culture of learning and improvement by holding regular learning sessions on impact topics with teams and across the wider organization. Our team members regularly participate in internal and external working groups to learn, collaborate and improve our tools, processes and methodologies.
- We complement our ongoing measurement and monitoring with periodic impact evaluations for deeper insights. In 2025, we conducted our first independent impact evaluation to examine gender-related outcomes across our investment portfolio. The learnings from this report have been integrated into our processes and have been shared publicly to promote collective learning across the development finance and impact investment community.
- FinDev Canada's Transparency and Disclosure Policy demonstrates our commitment to transparent disclosure of investment activities, including requirements to publish a comprehensive summary of Anticipated Development Impacts and E&S due diligence processes and findings, within 90 days of signing for all investments[15]. In addition, we have made available on our website an overview of our portfolio, which provides additional information on our investments and contributions to our development impact goals at both the portfolio and transaction level. We also publish client impact stories, which spotlight our clients impact achievements, activities, and learnings.
- Furthermore, we report FinDev Canada's generated, avoided, and sequestered GHG emissions in alignment with the attribution approach from the PCAF Standard[16]. This is included in FinDev Canada's annual Climate-related disclosure, which summarizes how the TCFD recommendations are implemented across FinDev Canada.
- We also publish an annual impact report, which provides a comprehensive overview of our achievements and lessons learned in relation to our development impact goals.

[15] See website for transaction disclosures https://www.findevcanada.ca/en/what-guides-us/transparency-policy-and-approach
[16] See https://www.findevcanada.ca/en/what-we-do/climate-change-approach

PRINCIPLE 9

Publicly Disclose Alignment with the Principles and Provide Regular Independent Verification of the Alignment

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

- This annual Disclosure Statement affirms FinDev Canada's alignment with the Impact Principles.
- In 2024, BlueMark, a leading provider of impact verification services in the impact investing market, performed an independent verification to assess the extent to which FinDev Canada's impact management system's tools and processes are aligned with the Impact Principles. Recommendations were provided to strengthen FinDev Canada's alignment with the highest standards of the Impact Principles, several of which have since been implemented across our impact management tools and processes. The results of the assessment have been published on our website[17].
- FinDev Canada remains committed to repeat the independent verification in 2027.

[17] See FinDev Canada-BlueMark_Verifier statement_Detailed assessment_2024