



FinDev Canada's 2025 Climate-related Disclosure

Context

FinDev Canada is Canada’s development finance institution, established in 2018 to support sustainable and inclusive private sector growth in developing markets. Through a range of financial instruments, we finance and invest in commercially viable entities with the objective of generating both development impact and financial returns.

Climate and nature action is one of FinDev Canada’s core development impact goals alongside market development and gender equality. We recognize that climate change is a global systemic challenge that disproportionately affects developing countries, especially women and other vulnerable populations, and that to meet the urgency of the climate and nature crises and advance the goals of the Paris Agreement, climate and nature action must be scaled.

The Task Force on Climate-related Finance Disclosures (TCFD), established by the Financial Stability Board of the G20, provides a globally recognized framework to help the financial community identify, assess and disclose material climate-related risks and opportunities¹.

FinDev Canada’s 2025 Climate-related Disclosure outlines how climate-related considerations are integrated into our governance, strategy, risk management and metrics and targets, in line with the TCFD Framework, as required by the Government of Canada. The report focuses on the fiscal year concluded on December 31, 2025, and includes achievements from previous years that have contributed to our climate and nature action journey. It reflects our ongoing commitment to transparency and continuous improvement. Through this disclosure, we aim to provide stakeholders with clear information on how climate change is shaping our work — and how we are responding.

For more information regarding our climate-related objectives, refer to FinDev Canada’s **Climate Change Policy** and **Climate Change Strategy**, which outline how our climate ambition is advanced across our investment activities, operations and partnerships. These documents guide our efforts to integrate climate considerations into decision-making. Other supporting documents or disclosures include FinDev Canada’s **Approach to Development Impact, Environmental and Social Risk Policy**, and the annual **Operating Principles for Impact Management Disclosure**.

2025 Highlights

Climate and nature considerations are central to our investment approach, reflecting both development priorities and the risk they pose to long-term development and financial outcomes. Over the past year, FinDev Canada has increased the volume and proportion of climate finance in our portfolio, advanced on our approach to track and measure nature finance, and further matured our methodologies to identify, assess and manage climate related risks.

49%

of financing and investment commitments in the portfolio qualify as Climate Finance*

13 of the 17

new transactions signed in 2025 align with SDG13 Climate Action

8 of the 13

Climate Action transaction closed in 2025 align with SDG5 Gender Equality

The GAIA Climate Loan Fund reached first close with

USD600M

¹Published in 2017, the TCFD recommendations have become the global reference for climate-related financial disclosures. As of October 2023, the TCFD has fulfilled its remit and disbanded, and the IFRS Foundation has taken over the monitoring of the progress of companies’ climate-related disclosures.

Disclose the organization's governance around climate-related risks and opportunities.

FinDev Canada is a wholly-owned subsidiary of Export Development Canada (EDC), established under the Canadian Business Corporations Act (CBCA). We are governed by a Board of Directors (Board) responsible for the oversight of FinDev Canada's activities and operations. The Chair of FinDev Canada's Board is EDC's President and CEO, and the Board includes both EDC Board members and independent members with expertise and experience relevant to our business and target markets.

Since our inception in 2018, FinDev Canada has embedded climate mitigation and adaptation as core components of our development impact approach, with an investment strategy focused on sectors supporting a low-carbon and climate-resilient economy, including renewable energy, sustainable agriculture, and forestry.

In 2021, FinDev Canada formalized this approach through the adoption of our inaugural **Climate Change Policy** and **Climate Change Strategy**, which established the initial framework for integrating climate considerations into investment process and operational decision-making. The 2021 Strategy included the target to increase climate-related investments to at least 35% of the portfolio by 2025, measured against the MDB / IDFC Common Principles for Climate Change Mitigation and Adaptation Finance Tracking.

In 2024, FinDev Canada updated its development impact framework, introducing a **Development Impact Policy** and a **Development Impact Approach**. This update elevated climate as a strategic priority and expanded its scope to explicitly include nature, resulting in a revised impact goal: Climate and Nature Action.

In parallel, FinDev Canada has initiated the update of the Climate Change Strategy. Throughout this process, management engaged with its Board on multiple occasions, sharing progress made, learnings, and key considerations informing the future direction of the strategy.

Both the Development Impact Policy and Climate Change Policy are approved by the Board of Directors, while the Development Impact Approach and the Climate Change Strategy are approved and implemented by Management.

Integration within risk management frameworks and quarterly reporting

Climate-related opportunities and risks are embedded within FinDev Canada's Enterprise Risk Management Framework:

- ➔ Climate-related opportunities are recognized within the Strategic Risk Management Framework (SRMF) under Development Impact Risk, defined as 'the risk that FinDev Canada conducts its business activities in a way that does not align with its development impact objectives, or that outcomes from its development impact objectives and commitments cannot be adequately evidenced.'
- ➔ Climate-related risk is recognized as a financial risk, within the Financial Risk Management Framework (FRMF), defined as 'the risk of financial impacts to FinDev Canada from the increasing severity and frequency of climate-related extremes, acute events or chronic changes (physical risks), or from the process of adjustment towards a low-carbon economy (transition risks).' Climate risk is also recognized as an operational risk within the Operational Risk Management Framework (ORMF), under environmental and social risk, defined as 'the risk associated with contributing to or being connected with activities or investments that exacerbate climate change and its adverse impacts, including through increased GHG emissions, reduced resilience or maladaptation, in connection with the transactions that FinDev Canada supports.'

The SRMF, FRMF and ORMF are reviewed and approved by the Board of Directors, ensuring oversight of both strategic opportunities and risk exposures related to climate and nature.

Board oversight and reporting

The Board of Directors provides oversight of climate and nature-related risks and opportunities through its approval of policies, risk frameworks, setting performance targets, as well as through regular reporting.

On an annual basis, management proposes climate finance targets aligned with longer-term portfolio objectives. These targets are reviewed and approved by the Board of Directors and subsequently reflected in corporate objectives as well as in FinDev Canada's performance-based compensation plan. On a quarterly basis, the Board receives climate-related reporting through FinDev Canada's portfolio and pipeline update, which include climate-related metrics such as climate finance volumes and progress against portfolio targets, as well as through the Integrated Risk Report (IRR), which includes key risk indicators and thresholds for climate-related risk elements. These reporting mechanisms enable the monitoring of climate and nature considerations at the portfolio-level, alongside broader strategic, operational and financial risks.

Management and operational processes

At the organisational level, responsibility for climate and nature-related risks and opportunities is shared across Investments teams — reporting into the Chief Investment Officer — and the Development Impact, Environment, Social & Climate Risk and Impact Strategies & Thought Leadership teams, reporting into the Chief Impact Officer. These functions work in coordination to support the origination of climate and nature finance opportunities, assess associated risks, and monitor performance across the portfolio.

Climate and nature considerations are integrated throughout the investment lifecycle — from origination and due diligence through to approval and portfolio monitoring. The Investments team leads the identification and development of opportunities aligned with climate & nature finance objectives. These are assessed by the Development Impact team for their contribution to climate mitigation, adaptation, resilience and nature outcomes, while the Environmental, Social and Climate Risk team evaluates exposure to physical and transition risks, and nature-related risks.

These assessments are documented and incorporated into investment recommendations submitted to the Investment Committee, chaired by the CEO, and where required, to the Board of Directors, for approval.

Once a financing or investment transaction is closed, client performance is monitored as part of portfolio management activities, including through annual reviews and the tracking of progress against climate commitments, where appropriate. FinDev Canada also monitors portfolio-level exposure to climate physical risks and continues to strengthen its approach in this area.

Over time, FinDev Canada has deepened the integration of climate and nature considerations into investment decision-making, portfolio construction and portfolio management, reflecting their increasing relevance as both development and financial drivers. This remains an area of continued focus.

Disclose, where material, the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.

Climate and nature considerations are integrated into FinDev Canada's development finance approach, reflecting both their central role in development outcomes and the risks they pose to financial performance. This approach is implemented across two complementary dimensions: portfolio-level activities and institutional practices.

At the portfolio level, we:

- Allocate capital toward climate mitigation, adaptation, resilience, and nature-related solutions across priority sectors;
- Integrate climate and nature considerations into all investment decisions; and
- Assess exposure to climate-related risks.

At the institutional level, we:

- Strengthen internal practices, tools, and governance to support climate-informed decision-making;
- Mobilize private capital and collaborate with partners to scale climate and nature finance; and
- Contribute to the development of market standards and approaches, including in adaptation, resilience and nature finance.

Portfolio-level

FinDev Canada allocates capital to private-sector entities — businesses, projects, financial institutions and investment funds — that support the transition to low-carbon, climate-resilient, and nature-positive economies. Through debt and equity financing, as well as blended finance solutions, we support investments that contribute to GHG emissions avoidance, reduction or sequestration, strengthen adaptation and resilience, and promote the sustainable use of natural resources. Notably, we do not provide investments or financing for fossil fuel activities in accordance with FinDev Canada's list of excluded activities.

In addition to providing financial solutions, FinDev Canada can also engage with clients through action plans and technical assistance, to enable them to strengthen climate and nature performance. This can include support to:

- Measure and disclose greenhouse gas emissions;
- Develop and implement decarbonization and resilience strategies; and
- Integrate climate and nature considerations into governance and decision-making.

Priority sectors to finance and invest in to advance climate and nature outcomes include renewable energy and other sustainable infrastructure, as well as climate smart agriculture and forestry. We recognize that climate change and biodiversity loss are inextricably linked and mutually reinforcing and that the interconnectedness between climate and nature underscores the role that nature-based solutions can have in addressing climate change and vice versa.

FinDev Canada's approach has historically emphasized scaling climate mitigation finance. While this remains a core focus, we also seek ways to advance adaptation, resilience, and nature finance. We can use blended finance, concessional capital, and technical assistance to de-risk investments, crowd-in private capital, and enable commercially viable climate and nature solutions, including those in underserved and climate-vulnerable markets.

For example, the **GAIA Climate Loan Fund**, launched in 2025 and founded by FinDev Canada, MUFG Bank and the Green Climate Fund, managed by Climate Fund Managers, supports climate mitigation and adaptation projects through long-term financing solutions, including local currency lending, foreign exchange solutions and targeted technical assistance. The platform addresses persistent barriers to climate investment and demonstrates how structured vehicles can mobilize institutional capital while supporting bankable climate projects in emerging markets.

Similarly, FinDev Canada's investment in **EcoEnterprises Partners IV** supports nature-based solutions in Latin America by providing tailored financing — such as mezzanine debt and equity — to small and medium-sized enterprises operating in sectors such as regenerative agriculture, sustainable forestry, circular systems, blue economy and ecotourism. These investments contribute to biodiversity conservation while supporting local economic development.

These activities contribute directly to development outcomes in the markets where FinDev Canada operates, many of which are highly exposed to climate impacts and nature loss. They help improve the reliability and affordability of services, protect productive assets, and support businesses in transitioning toward lower carbon and more resilient operating models. In doing so, they can also strengthen the long term financial performance of clients.

Climate risk context and approach

In addition to identifying opportunities to advance positive climate and nature outcomes, FinDev Canada also assesses the physical and transition risks associated with its investments, continuing to strengthen its approach in line with recognized disclosure and risk management frameworks.

Given our geographic and sectoral focus, FinDev Canada is more exposed to climate-related physical risks than transition risks. Our priority geographies — Asia Pacific, Latin America and the Caribbean, and Sub-Saharan Africa — are highly vulnerable to climate hazards and often face constraints in adaptive capacity. At the same time, our sectoral focus on renewable energy and other sustainable infrastructure, and climate-smart agriculture and forestry, provides exposure to activities that are generally less carbon-intensive and well positioned in the transition to a low-carbon economy.

With an investment horizon of 1–25 years, climate-related risks may materialize across short (< 5 years), medium (5–15 years) and long term (> 15 years) timeframes. Some clients — particularly in the agriculture sector — are already experiencing climate-related disruptions. These dynamics are expected to increasingly influence financial performance through their impact on asset quality, sectoral dynamics and long-term growth prospects.

Institutional level

At the institutional level, FinDev Canada continues to strengthen our internal capabilities, partnerships and market engagement required to scale climate and nature finance and improve investment outcomes.

Strengthening internal practices and tools

FinDev Canada has continued to develop its internal approaches to integrating climate and nature considerations into investment opportunities and risk processes. This includes advancing methodologies for climate risk assessment — both physical and transition — as well as strengthening its approach to nature finance and biodiversity-related considerations.

Mobilizing private capital and partnerships

Beyond collaborating on individual transactions, FinDev Canada engages with peer development finance institutions, investors and partners to mobilize capital toward climate and nature action. This includes structuring pioneering platforms, such as the GAIA Climate Loan Fund, that can serve as a blueprint for blended finance vehicles, as well as participating in initiatives such as the Adaptation and Resilience Investors Collaborative (ARIC), which seeks to advance investment approaches and practical solutions for financing climate resilience in developing markets.

Contributing to industry knowledge

FinDev Canada also contributes to the development of practices and knowledge to support the growth of climate and nature finance. For example, in collaboration with The Biodiversity Consultancy, we worked on a publication for practical insights for DFIs and investors, to scale nature finance. We also supported Climate Policy Initiative to develop a publication on investing at the nexus of gender and nature.

Through these institutional efforts, FinDev Canada seeks to promote best practices not only for our own portfolio, but also for the broader ecosystem for climate and nature finance.

Risk Management

Disclose how the organization identifies, assesses and manages climate-related risks.

FinDev Canada assesses climate related physical and transition risks for all transactions. In 2022, we developed our climate related physical risk assessment approach for new investment and financing transactions. This approach is based on the assessment of context specific climate-related physical risks for each transaction. The inherent risk, based on the hazard, exposure and vulnerability, is first evaluated. Then, risk adaptation measures of counterparties are factored to obtain the residual climate risk for each transaction.

Since 2023, FinDev Canada also assesses climate related transition risks for all new transactions. Our transition risk assessment approach is based on the TCFD categories of transition risk and is currently performed at a high-level. Particular attention is being paid to counterparties with large portfolio concentrations in high-emitting sectors.

At the portfolio-level, we have begun developing dashboards and internal reporting to enhance our understanding of geographic and sectoral concentrations of climate risk, as well as systemic exposures, in order to better inform investment strategies. Looking ahead, FinDev Canada aims to leverage scenario analysis to assess how these exposures and potential impacts may evolve under different climate scenarios and time horizons.

FinDev Canada continues to develop its climate risk assessment approach, with the objective to enhance our risk assessment at the transaction level, improve climate risk monitoring at the aggregate portfolio level, and deepen climate risk management into our investment process. In 2025, we undertook a review of approaches to climate risk management at the transaction and portfolio levels of peer organizations to help inform the further development of our methodologies.

Over time, FinDev Canada is strengthening its capacity to assess and manage climate risk not only at the individual transaction level, but also across the portfolio. This includes enhanced analysis of sectoral and geographic exposures, and the progressive integration of climate considerations into broader financial risk management frameworks.

Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities, where such information is material.

As of December 31, 2025, FinDev Canada had no direct exposure to carbon-intensive assets. Climate finance represented 49% of its portfolio, measured in accordance with the MDB/IDFC Common Principles for Climate Mitigation and Adaptation Finance Tracking. This exceeds the 35% target established in the inaugural climate change strategy for 2025.

Portfolio Emissions

FinDev Canada reports gross financed (generated) greenhouse gas (GHG) emissions attributable to its investees and, where relevant, sequestered emissions associated with forestry related investments separately (Table 1). These components are disclosed independently and are not combined into a single net portfolio emissions metric, consistent with current international reporting practices.

In 2025, for the first time, gross financed emissions exceeded sequestered emissions for the reporting year, reflecting changes in portfolio composition and the relative contributions of investments generating and sequestering emissions.

FinDev Canada also reports avoided emissions associated with eligible investments, including renewable energy projects. Avoided emissions represent the emissions that would have occurred in the absence of these projects and provide an indication of their contribution to decarbonization. In line with international best practices², avoided emissions are calculated and disclosed separately from financed emissions.

In 2025, FinDev Canada's renewable energy investments generated **4,539 GWh** of clean energy.

² For example: Science Based Targets initiative (2023) SBTi Corporate Net-zero Standard (p.31). [Net-Zero-Standard.pdf \(sciencebasedtargets.org\)](https://sciencebasedtargets.org/Net-Zero-Standard.pdf)

TABLE 1. FINDEV CANADA'S ATTRIBUTED FINANCED GENERATED, SEQUESTERED AND AVOIDED GHG EMISSIONS (TCO2E)

Categories	2018	2019	2020	2021	2022	2023	2024	2025	2018–2025 total
Generated emissions	252	1,325	1,998	3,051	3,631	14,694	17,835	21,600	64,387
Sequestered emissions	0	0	10,682	26,040	36,132	40,374	61,399	16,967	191,534
Avoided emissions	15,310	25,045	22,517	32,145	46,017	29,073	24,908	87,644	282,660

Note: 2023 & 2024 generated emissions have been restated from those reported in the 2024 Climate-Related Disclosure Report due to revisions to underlying revenue, emissions data, and sector classifications.

FinDev Canada measures generated, sequestered and avoided GHG emissions for each new investment and monitors these emissions annually during the investment period.

Generated emissions include scope 1 and scope 2 GHG emissions associated with our loans and investments and are calculated using:

- ➔ For loans and direct equity investments in private companies, the PCAF Global GHG Accounting and Reporting Standard for the Financial Industry (business loans and unlisted equity) is applied. These accounted for 24% of financed generated emissions in 2025.
- ➔ For indirect loans and investments in funds and financial intermediaries, internally developed methodologies aligned with the PCAF Standard are applied. These accounted for 76% of financed generated emissions in 2025.

Financed emissions are attributed to FinDev Canada based on our proportion of financing and cover 100% of loan and equity exposures.

In 2025, 69% of emissions data was reported by clients and investees, while 31% was estimated using the Joint Impact Model, resulting in a combined PCAF data quality score of 3.4 out of 5.

Operational Emissions

In addition to portfolio (financed) emissions, FinDev Canada measures and manages GHG emissions from its own operations on an annual basis, focusing on the most material sources.

In 2025, operational GHG emissions totalled 459 tCO₂e, equivalent to 3.16 tCO₂e per employee (Table 2)³

TABLE 2: FINDEV CANADA'S OPERATIONAL GHG EMISSIONS 2025

Total GHG Emissions (tCO ₂ e)	Source Activity	2025
Scope 1+2	Offices	
Scope 1	Natural gas	10
Scope 2	Electricity, Steam, District heat + DLW Cooling	49
Total scope 1 and 2 emissions		
Scope 3		
Category 6. Business travel	Flights, trains, car rentals, hotel stays	368
Category 7. Employee commuting	Car and transit commutes to office	32
Total scope 3 emissions		400
Total scope 1, 2 and 3 emissions		459

³ Operational emissions cover FinDev Canada's own operations for the reporting year and include Scope 1 (direct emissions), Scope 2 (purchased electricity/energy), and selected Scope 3 categories. Scope 3 categories disclosed this year include business travel and employee commuting. Operational emissions are disclosed separately from portfolio (financed) emissions. Emissions intensity per employee is calculated as total annual GHG emissions (tCO₂e) divided by the number of active employees as of December 31, 2025. GHG emissions include Scope 1, 2 and 3.