

Verifier Statement

Independent Verification Report

Prepared for FinDev Canada: February 2, 2024

Introduction

As a signatory of the Operating Principles for Impact Management (the Impact Principles)¹, FinDev Canada engaged BlueMark to undertake an independent verification of the alignment of FinDev Canada’s impact management (IM) system with the Impact Principles. FinDev Canada’s assets under management covered by the Impact Principles (Covered Assets) totals \$726 million², for the year ending December 2023.

Summary assessment conclusions

BlueMark has independently verified FinDev Canada’s extent of alignment with the Impact Principles. Key takeaways from BlueMark’s assessment are as follows:

Principle 1: FinDev Canada has a clearly defined impact strategy, guided by three impact goals of climate and nature action, gender equality, and market development that are supported by research. The Development Impact Framework lays out clear pathways for each of the overarching impact goals as well as how outputs/outcomes could be measured.

Principle 2: FinDev Canada employs a portfolio-level dashboard and common impact metrics to manage the achievement of impact across its portfolio. FinDev Canada has implemented both short- and long-term incentive programs, incorporating annual portfolio-level targets which directly influence variable compensation.

Principle 3: FinDev Canada has a clear additionality framework, through which it aims to create jobs, promote women’s economic empowerment, and contribute to financing businesses in emerging markets. To further align, FinDev Canada should more consistently track their engagement activities during the management period, including the results of their activities.

Principle 4: FinDev Canada has a structured ex-ante impact assessment, including the Development Impact tool, which is used to assign impact scores to prospective investments. To further align, FinDev should consider potential negative impacts or impact risks in due diligence and pursue plans to set impact targets across all transactions.

Principle 5: FinDev Canada has a comprehensive E&S due diligence process in which the team assigns risk categorizations, identifies key risks and potential mitigants, drafts ESAPs, and benchmarks E&S performance against relevant standards.

Principle 6: FinDev Canada monitors impact performance for each of its investments at least annually, with standardized data collection templates and annual impact reviews. To further align, FinDev Canada should consistently monitor impact performance relative to targets set ex-ante and pursue plans to assess and validate the impact outcomes of their investments.

Principle 7: FinDev Canada is currently in the process of developing an “impact at exit” report template. To further align, FinDev Canada should develop a Responsible Exit Framework that outlines its strategic approach to sustaining impact.

Principle 8: FinDev Canada reviews impact performance on a regular basis through annual reviews for each investment and is in the process of updating its Development Impact policy based on lessons learned to date. To further align, FinDev Canada should explicitly incorporate a review of unintended impacts and ensure consistent documentations of lessons learned.

¹ Principle 9 states that signatories “shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact 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.”

² Assets under management figure as reflected in BlueMark’s Client Intake Survey as of January 2024. BlueMark’s assessment did not include verification of the AUM figure.

Verifier Statement

Independent Verification Report

Prepared for FinDev Canada: February 2, 2024

Assessment methodology and scope

FinDev Canada provided BlueMark with the relevant supporting documentation for the policies, processes, and tools related to the IM system applicable to the Covered Assets. The scope of BlueMark’s work was limited to processes in place related to the Covered Assets as of January 2024. BlueMark’s assessment of the IM system included an evaluation of both the system itself and supporting documentation, as well as the consistency of the draft disclosure statement with the IM system. BlueMark believes that the evidence obtained in the scope of its assessment is sufficient and appropriate to provide a basis for our conclusions.³

BlueMark’s full assessment methodology, based on its professional judgment, consisted of:

1. Assessment of the IM system in relation to the Impact Principles, using BlueMark’s proprietary rubric, and examining processes and policies against the following criteria:
 - *Compliance* of the IM system with a threshold level of practice;
 - *Quality* of the IM system’s design in terms of its consistency and robustness; and
 - *Depth* of sub-components of the system, focused on completeness
2. Interviews with FinDev Canada staff responsible for defining and implementing the IM system;
3. Testing of selected FinDev Canada transactions to check the application of the IM system; and
4. Delivery of detailed assessment findings to FinDev Canada, outlining areas of strong alignment and recommended improvement, as well as BlueMark’s proprietary benchmark ratings on the extent of alignment to each of the Impact Principles.

Permissions

This statement, including our conclusions, has been prepared solely for FinDev Canada in accordance with the agreement between our firms, to assist FinDev Canada in fulfilling Principle 9 of the Operating Principles for Impact Management. We permit FinDev Canada to disclose this statement in its entirety online, or to furnish this statement to other interested parties to demonstrate FinDev Canada’s alignment with the Operating Principles for Impact Management. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than FinDev Canada for our work or this statement except where terms are expressly agreed between us in writing.

About BlueMark

BlueMark, a Delaware-registered public benefit company, is a leading provider of impact verification services in the impact investing market. BlueMark was founded with a mission to “strengthen trust in impact investing” and to help bring more accountability to the impact investment process. BlueMark has conducted this verification with an independent and unconflicted team experienced in relevant impact measurement and management issues. BlueMark has implemented a Standard of Conduct requiring our employees to adhere to the highest standards of professional integrity, ethics, and objectivity in their conduct of business activities.

BlueMark has office locations in London, UK; New York, NY; Portland, OR; and San Francisco, CA and is headquartered at 915 Battery St, San Francisco, CA 94111, USA. Its outside investors include S&P Global, Temasek Trust Capital, Blue Haven Initiative, Gunung Capital, Tsao Family Office, Ford Foundation and Radicle Impact. For more information, please visit www.bluemark.co.

³ The scope of BlueMark’s assessment procedures does not include the verification of the resulting impacts achieved. BlueMark’s assessment is based on its analyses of publicly available information and information in reports and other material provided by FinDev Canada. BlueMark has relied on the accuracy and completeness of any such information provided by FinDev Canada. The assessment results represent BlueMark’s professional judgment based on the procedures performed and information obtained from FinDev Canada.