

Climate Change Policy

April 10, 2025



Contents

	Acronyms.....	3
	Glossary of Technical Terms	4
1	Background and introduction	5
2	Objectives and scope of the Policy	6
3	ATIDI's Climate Change commitments and responsibilities	6
4	Climate risk assessment framework.....	8
5	Mainstreaming climate processes into ATIDI businesses	9
6	Reporting requirements	9
7	Exceptions	9
8	Complaints and accountability	9
9	Approval and revisions.	10
10	Governance Framework.....	10
11	Disclosure and Effective Date	10



Acronyms

No	Acronym	Name
1	ATIDI	African Trade & Investment Development Insurance
2	ESG	Environmental, Social, and Governance
3	UNFCCC	United Nations Framework Convention on Climate Change
4	GHG emissions	Greenhouse Gas emissions
5	NDC	Nationally Determined Contributions
6	GHG Protocol	Greenhouse Gas Protocol



Glossary of Technical Terms

No	Technical Term	Definition
1	Adaptation	Adaptation refers to changes in processes, practices and structures to moderate potential damages or to benefit from opportunities associated with climate change.
2	Climate resilience	Climate resilience refers to the ability to prepare for, recover from, and adapt to the impacts of climate change
3	Climate risks	Climate related risks are created by a range of hazards. Some are slow in their onset (such as changes in temperature and precipitation leading to droughts, or agricultural losses), while others happen more suddenly (such as tropical storms and floods).
4	Decarbonization	Decarbonization refers to the removal or reduction of carbon dioxide output into the atmosphere.
5	Just transition	A just transition is ensuring that no one is left behind or pushed behind in the transition to low-carbon, climate resilient and environmentally sustainable economies and societies
6	Low-carbon pathway	Low-carbon development is a new development pattern that aims to reduce CO2 emissions while not affecting economic growth and prioritizing resilient actions.
7	Mitigation	Mitigating climate change means reducing the flow of heat-trapping greenhouse gases into the atmosphere.
8	Net zero emissions	Net zero means cutting carbon emissions to a small amount of residual emissions that can be absorbed and durably stored by nature and other carbon dioxide removal measures, leaving zero in the atmosphere.
9	Physical risks	Physical risks resulting from climate change can be acute (driven by an event such as a flood or storm) or chronic (arising from longer-term shifts in climate patterns), presenting increasing financial risks including damage to assets, interruption of operations, and disruption to supply chains.
10.	Scope 1 emissions	Direct emissions from owned or controlled sources
11.	Scope 2 emissions	Indirect emissions from the generation of purchased energy
12.	Scope 3 emissions	All indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.
13.	Transition risks	Transition risks are those associated with the pace and extent at which an organization manages and adapts to the internal and external pace of change to reduce greenhouse gas emissions.



1 Background and introduction

- 1.1** The African Trade and Investment Development Insurance (ATIDI) is a multilateral international financial institution established to support development in Africa through improvement and facilitation of access to financing for trade and investments, support the increase of foreign direct investments and the expansion of participant countries' foreign trade and intra-African trade.
- 1.2** ATIDI's mandate, as outlined in its Treaty, is to “provide, facilitate, encourage and otherwise develop the provision of, or the support for, insurance, including coinsurance and reinsurance, guarantees, and other financial instruments and services, for purposes of trade, investment and other productive activities in African States in supplement to those that may be offered by the public or private sector, or in cooperation with the public or private sector.”
- 1.3** ATIDI is cognizant of environmental and social circumstances in its operating environment. In this regard, the organization has put in place an Environmental, Social and Governance (ESG) Policy in July 2023. Recognizing the devastating effect of climate change, and the fact that populations in ATIDI member countries are particularly severely affected, ATIDI has committed to develop a climate change policy that will seek to mitigate the effects of climate change.
- 1.4** The preparation of this Climate Change Policy is cognizant of the global climate change framework, which is governed by the United Nations Framework Convention on Climate Change (UNFCCC), and the 2015 Paris Agreement. Most African countries have ratified the Paris Agreement, and submitted Nationally Determined Contributions, demonstrating their commitment to reduce Greenhouse Gas (GHG) emissions, and take requisite actions, including firm legal or policy implementation decision, to increase their ability to adapt to the adverse impacts of climate change and foster climate resilience. This may result in a change in the investment environment. The extent may vary depending on whether the NDC GHG emissions reduction target chose a low-carbon pathway, or net-zero emissions pathway, and further, based on how progressively this is implemented. ATIDI's business framework will be aligned to support the climate priorities of its members states, and other key stakeholders.



2 Objectives and scope of the Policy

ATIDI aims to pursue a low carbon climate resilient business model through reduction of internal GHG emissions, supporting transition to low emissions, strengthening resilience and enhancing abilities to adapt to climate impacts through its business solutions, in line with the Paris Agreement.

This Climate Change Policy therefore:

- (i) Defines ATIDI' roles and responsibility to address climate risks and respond to the GHG emissions reduction commitments.
- (ii) Sets the requirement and procedure for managing risks from climate impacts in order to enhance resilience of business solutions.
- (iii) Stipulates the procedures for managing GHG emissions related transitions linked to ATIDI's business model and portfolio, and the measurement, reporting and tracking of emissions from the business processes and supply chain.
- (iv) Puts in place mechanisms for ATIDI to monitor the climate risks and GHG emissions and integrate appropriate considerations into the underwriting process.

This Policy shall apply to all of ATIDI's business.

3 ATIDI's Climate Change commitments and responsibilities

- 3.1** In line with the ESG Policy, ATIDI will increase its support for climate conscious solutions including climate resilience in sectors affected by physical risks, enhance support to investments that reduce GHG emissions, while implementing the measurement, reporting, and tracking of business and supply chain emissions.

Commitment to address physical risks and Impacts

- 3.2** Climate change manifests through hazards that bring about risks such as drought, floods, cyclones, and other extreme weather events. The potential increase in the frequency and severity of climate risks suggests that there are likely impacts on ATIDI business in certain sectors including power generation, waste, agriculture, forestry, mining, transport and infrastructure, and manufacturing. In order to protect itself from risks resulting from severe physical climate risks, ATIDI will Integrate climate-related risks and opportunities into its risk assessment processes, to inform decision-making for business transactions.

Commitment to manage transition risks

- 3.3** The evolving commitment by African countries to shift their economies to a low-carbon, or net-zero emissions economic model may result in transition of business priorities. ATIDI will implement an integrated approach to mitigate transition risks which include change in GHG emissions policies, fiscal policies, market shifts, technology changes and reputational risks.



3.4 The pace of changes to the ATIDI business model in response to transition risks is expected to be progressive and aligned with attitudes of African member states, as well as the need to support the resilience-focused development needs of the African continent based on a low-carbon pathway. ATIDI will periodically assess trends in order to determine the significance of the transitional risk.

Commitment on measurement, reporting and tracking business and supply chain GHG emissions

3.5 As a business organization, ATIDI is also cognizant that there are GHG emissions linked to or resulting from its business activities. These are categorized as Scope 1, 2 or 3 emissions, which depends on how they are linked to different aspects of ATIDI's business model. ATIDI will undertake an inventory of all Scope 1 and 2 emissions related to the business operations for the base year 2023 and generate accurate and comprehensive information using applicable methodologies. ATIDI will further undertake an inventory of the relevant Scope 3 emissions occurring within its value chain. Importantly under Scope 3, ATIDI will prioritize assessment of insurance-associated emissions which are core to insurance business value chain¹. ATIDI will put in place appropriate mechanisms enabling the sourcing of material and available data that is necessary to calculate insurance-associated emissions. A GHG Emissions Handbook has been developed as part of the Strategy to guide this process.

3.6 The continued assessment of the ATIDI GHG footprint is important to enable alignment with global industry practice, and standards as per the GHG Protocol². ATIDI will continuously assess the relevance of various sources of emissions to ATIDI within Scope 1, 2 and 3. Strategies will be adopted and progressively reviewed to ensure appropriate and continued reduction relevant Scope 1, 2 and 3 GHG emissions.

3.7 Accurate and transparent data collection, recording and disclosure are necessary for GHG emissions. ATIDI has developed a Handbook that will provide guidance on the inventory of Scope 1, 2 and 3 emissions. ATIDI will adopt the highest standards of disclosure and ensure that all material emissions in each category are accurately identified, and inventory undertaken in the most comprehensive manner possible.

3.8 ATIDI will encourage its clients operating in carbon-intensive sectors to monitor their GHG emissions and implement clear emissions reduction targets.

¹ See: *Global GHG Accounting and Reporting Standard for the Insurance Industry* ("Insurance-Associated Emissions Standard, Partnership for Carbon Accounting Financials (PCAF), 2022.

² <https://ghgprotocol.org/corporate-standard>



Commitment on fossil fuels

- 3.9** ATIDI recognizes that adequate access to energy is essential for social and economic development in Africa. Most African countries face a lack of access to modern, affordable and reliable energy services. Whilst there is an urgent need to meet the continent's energy needs in order to unlock its development potential, a just and orderly phase down in the production and use of fossil fuels is recognised by most African countries as important towards a just transition. From a just energy transition perspective, Africa must ensure a gradual shift from conventional to renewable energy sources in order to meet growing energy demand.
- 3.10** Bearing in mind that the energy transition process takes time, and to help Africa take steps to transition to cleaner energy while responding to the challenge of climate change, ATIDI commits to:
- a) not support any new coal-fired power plants, including related activities such as prospecting, exploration, mining, processing and trading of coal.
 - b) increase its support for viable sources of renewable energy, including hydropower, bioenergy, wind, solar and geothermal resources.
 - c) continue to pursue an integrated approach to supporting the energy sector. Priority will be accorded to projects in the renewable energy sector in the event of underwriting capacity constraints. The ultimate aim in the long term will be to support only transactions that are consistent with the country's NDC .

4 Climate risk assessment framework

- 4.1** A climate risk assessment framework and procedure for physical and transitional risks has been developed to support implementation of this policy.
- 4.2** ATIDI's climate risk assessment framework follows the following procedure:
- (1) Screening business transactions based on the framework focusing on physical and transition risks.
 - (2) Rating business transactions based on the screening score.
A score will be assigned to the screening criteria.
 - (3) Conducting climate risk due diligence. This will be undertaken using the ESG due diligence procedures.
 - (4) Making a determination on the transaction.



5 Mainstreaming climate processes into ATIDI businesses

- 5.1 The climate risk management process for ATIDI integrates into the ESG framework as part of the environmental component. The process of climate risk assessment will be mainstreamed with the ESG assessment.
- 5.2 ATIDI will continuously examine the impacts of the identified climate risks into the business solutions, including the underwriting procedures, and modify the products accordingly.
- 5.3 Required capacity building of staff will be provided to ensure understanding of climate risks and impact on business solutions as well as ATIDI GHG emissions and updated at all times.

6 Reporting requirements

- 6.1 ATIDI will report on the implementation of its climate change policy on an annual basis, using relevant applicable international standards. Disclosure of any information concerning a client will be subject to consent by the insured party and confidentiality considerations.
- 6.2 Reporting on ATIDI GHG emissions will be undertaken in line with the PCAF insurance industry-standards.³

7 Exceptions

- 7.1 After consideration of clause 4 above, ATIDI may decide to support a transaction with significant climate physical or transition risks where the project's contribution to development is considered strategic. In this case the following considerations will be taken into account, in line with ATIDI's guidelines for the assessment and approval of transactions with developmental impact of strategic nature:
 - a) Where it concerns physical risks, agreement shall be reached with the client regarding acceptable modifications to the project, informed by the climate risks assessment process, to enhance resilience of the project.
 - b) Where it concerns transition risks, such as transactions with intensive GHG emissions agreement may be reached with the client regarding their potential investment in voluntary carbon market schemes to offset all or part of the GHG emissions.

8 Complaints and accountability

- 8.1 Complaints and grievances relating to climate change aspects of transactions shall be addressed in accordance with the ESG Policy.

³ The Partnership for Carbon Accounting Financials (PCAF) Global GHG Accounting and Reporting Standard for the Insurance Industry ("Insurance-Associated Emissions Standard")



9 Approval and revisions

- 9.1** This Policy was approved by the Board of Directors on April 10, 2025. It shall be reviewed periodically by the management at least once in three years, with due approval of the Board of Directors.
- 9.2** The Board of Directors may approve revisions to the Policy before the period referred to above should a justifiable need arise.

10 Governance Framework

Accountable

The Board of Directors is accountable for this policy. This means approving ATIDI's climate change policy, strategy and action plan, ensuring that a robust risk management system is in place to responding to climate change risks and opportunities and ensuring a smooth transition to a low-carbon economy, and oversee the implementation of the climate change policy.

Responsible

The Management is responsible for this Policy. Management's role in assessing and managing climate-related risks and opportunities involves developing and reviewing ATIDI's climate change policy, strategy and action plan, ensuring the effectiveness of ATIDI's risk management system to addressing climate-related risks and opportunities, and ensuring the availability of resources, culture, knowledge and monitoring of progress in implementing the climate change policy.

11 Disclosure and Effective Date

- 11.1** Disclosure: This Policy may be disclosed on the ATIDI website or circulated to the public following its approval by the Board of Directors.
- 11.2** Effective Date: This Policy becomes effective on April 10, 2025.

Contacts

ATIDI Head Office

Kenya Re Towers 5th Floor
Off Ragati Road, Upperhill
P.O. Box 10620-00100
Nairobi, Kenya
T: +254 20 272 6999
M: +254 (0)722 205 006/7
E: info@atidi.africa

ATIDI Representative Offices

Benin

1st Floor, 102, Mikwabo Building
Lot 1151, Cadjehoun District
12th Precinct
04 P.O. Box1478 - Cotonou, Benin
T: + 229 97 09 47 85
E: benin@atidi.africa

Côte d'Ivoire

Corner of Boulevard de la
République and Avenue
Lambin,
Company House Building,
1st Floor North.
Abidjan, Côte d'Ivoire
T: +225 52 70 73 51
E: cotedivoire@atidi.africa

Tanzania

Tanzania Private Sector Foundation
Private Sector House, 2nd Floor
Plot 1288 Mwaya Road
Masaki, Msasani Peninsula
P.O. Box 11313
Dar es Salaam, Tanzania
M: +255 782 390 531
E: tanzania@atidi.africa

Uganda

3rd Floor, Tall Tower, Crested
Towers
Hannington Road, Kintu Road
Kampala, Uganda
T: +256 741 223 333
E: uganda@atidi.africa

Zambia

Citibank House, Ground Floor
Eastern Wing, Stand 4646
Elunda Office Park
Addis Ababa Roundabout
P.O Box 31303
Lusaka, Zambia
T: +260 211 227 745
M: +260 978 778 545
E: zambia@atidi.africa



ATIDI

African Trade & Investment
Development Insurance

Re-thinking risk. Enabling finance.

www.atidi.africa