



# RI TRANSPARENCY REPORT

## 2016

Luxembourg Microfinance and Development Fund

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2016 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
🔍	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	🔒	n/a							✓
OO 08	Segregated mandates or pooled funds	🔒	n/a							✓
OO 09	Breakdown of AUM by market	✓	Private							✓
OO 10	Additional information about organisation	✓	Private							✓
OO 11	RI activities for listed equities	🔒	n/a							✓
OO 12	RI activities in other asset classes	✓	Public							✓
OO 13	Modules and sections required to complete	✓	Public							✓

Strategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	✓	Public							✓
SG 02	Publicly available RI policy or guidance documents	✓	Public						✓	
SG 03	Conflicts of interest	✓	Public							✓
SG 04	RI goals and objectives	✓	Public							✓
SG 05	Main goals/objectives this year	✓	Private							✓
SG 06	RI roles and responsibilities	✓	Public							✓
SG 07	RI in performance management, reward and/or personal development	✓	Private							✓
SG 08	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 09	Promoting RI independently	✓	Public				✓			
SG 10	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
SG 11	ESG issues in strategic asset allocation	✓	Private	✓						
SG 12	Long term investment risks and opportunity	✓	Private	✓						
SG 13	Allocation of assets to environmental and social themed areas	✓	Private	✓						
SG 14	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
SG 15	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
SG 16	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
SG 17	Innovative features of approach to RI	✓	Private							✓
SG 18	Internal and external review and assurance of responses	✓	Private							✓

Direct - Inclusive Finance				Principle							General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	7	
IFD 01	Mission and investment objective	✓	Private								✓
IFD 02	Governance, management structures and processes	✓	Private								✓
IFD 03	Social targets	✓	Private								✓
IFD 04	Percentage in equity, debt and guarantees	✓	Private								✓
IFD 05	Percentage in microfinance and/or SME finance	✓	Private								✓
IFD 06	Geographical spread of microfinance investments	✓	Private								✓
IFD 07	Tracking microfinance investees portfolio	✓	Public	✓							
IFD 08	Support financial services beyond credit, compulsory savings and/or compulsory insurance	✓	Public	✓							
IFD 09	Support the introduction of services tailored to the 'poor', 'very poor' and 'low income'	✓	Private	✓							
IFD 10	Technical assistance to investees	✓	Private	✓							
IFD 11	Public endorsement of the Client Protection Principles	✓	Public		✓						
IFD 12	Provide training and assistance for investees implementing the Client Protection Principles	✓	Private		✓						
IFD 13	Include the Client Protection Principles in investment policies	✓	Public		✓						
IFD 14	Investment in local currency	✓	Public			✓					
IFD 15	Average maturity of debt investments	✓	Public			✓					
IFD 16	Average holding period of equity investments	🔒	n/a			✓					
IFD 17	Terms and conditions	✓	Public			✓					
IFD 18	Tools for social performance reporting	✓	Public				✓				
IFD 19	Retail institutions have independent financial/social rating and/or social audit	✓	Public				✓				
IFD 20	Due diligence on and monitoring and reporting of corporate governance among investees	✓	Public				✓				
IFD 21	Training or assistance for investees on corporate governance	✓	Private				✓				
IFD 22	Percentage of investees where board seats are held	🔒	n/a				✓				
IFD 23	Procedure to integrate environmental issues in investment decision processes	✓	Public				✓				
IFD 24	Anti-corruption and whistle-blowing policies	✓	Private				✓				
IFD 25	How mission and investment objectives are communicated to stakeholders	✓	Private					✓			
IFD 26	Investors and/or the public provided with information aligned with industry standards	✓	Public					✓			
IFD 27	Transparency of pricing, terms and conditions among investees	✓	Public					✓			
IFD 28	How social performance of investees affects decision making and portfolio	✓	Public						✓		

	management												
IFD 29	Staff incentives linked to social performance measures	✓	Private							✓			
IFD 30	Collecting data regarding social outcomes of investees work	✓	Private							✓			
IFD 31	Incentivise investees to track social performance	✓	Private							✓			
IFD 32	Collaborative initiatives your organisation has supported or participated in	✓	Public								✓		
IFD 33	Encouraging investees to participate in collaborative initiatives	✓	Private								✓		
IFD 34	Encouraging your investees to participate in initiatives which contribute to the development of industry benchmarks	✓	Private								✓		

# Luxembourg Microfinance and Development Fund

## Reported Information

### Public version

### Organisational Overview

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Basic Information

OO 01	Mandatory	Gateway/Peering	General
-------	-----------	-----------------	---------

### OO 01.1 Select the category which best represents your primary activity.

- ☐ Non-corporate pension or superannuation or retirement or provident fund or plan
- ☐ Corporate pension or superannuation or retirement or provident fund or plan
- ☐ Insurance company
- ☐ Foundation
- ☐ Endowment
- ☐ Development finance institution
- ☐ Reserve - sovereign or government controlled fund
- ☐ Family office
- ☒ Other, specify

Investment Fund

### OO 01.2 Additional information. [Optional]

LMDF is a fully regulated Luxembourg incorporated SICAV (Part II of the law).

OO 02	Mandatory	Peering	General
-------	-----------	---------	---------

### OO 02.1 Select the location of your organisation's headquarters.

Luxembourg

### OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- ☒ 1
- ☐ 2-5
- ☐ 6-10
- ☐ >10

### OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

2

OO 03	Mandatory	Descriptive	General
-------	-----------	-------------	---------



**OO 03.1**

Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

☐ Yes

☒ No

**OO 04**

**Mandatory**

**Gateway/Peering**

**General**

**OO 04.1**

Indicate the year end date for your reporting year.

31/12/2015

**OO 04.2**

Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.

	trillions	billions	millions	thousands	hundreds
Total AUM			22	104	000
Currency	EUR				
Assets in USD			24	097	909

**OO 06**

**Mandatory**

**Descriptive**

**General**

**OO 06.1**

To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

☒ Publish our asset class mix as percentage breakdown

	Internally managed (%)	Externally managed (%)
Listed equity	0	0
Fixed income	0	0
Private equity	0	0
Property	0	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0

Farmland	0	0
Inclusive finance	90	0
Cash	10	0
Other (1), specify	0	0
Other (2), specify	0	0

☐ Publish our asset class mix as broad ranges

**OO 06.2**

Publish our asset class mix as per attached image [Optional].

### Gateway asset class implementation indicators

OO 12	Mandatory	Gateway	General
-------	-----------	---------	---------

**OO 12.1**

Select internally managed asset classes where you implemented responsible investment into your investment decisions and/or your active ownership practices (during the reporting year)

- ☒ Inclusive finance  
☐ Cash  
☐ None of the above

OO 13	Mandatory	Gateway	General
-------	-----------	---------	---------

**You will need to make a selection in OO 13.1 only if you have any voluntary modules that you can choose to report on.**

**OO 13.1**

You are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list below.

#### Core modules

- ☒ Organisational Overview  
☒ Strategy and Governance

#### RI implementation directly or via service providers

Direct - Other asset classes with dedicated modules

**OO i**

Inclusive Finance

Inclusive Finance

☒ Closing module

# Luxembourg Microfinance and Development Fund

## Reported Information

### Public version

### Strategy and Governance

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Responsible investment policy

SG 01

Mandatory

Core Assessed

General

SG 01.1

Indicate if you have an investment policy that covers your responsible investment approach.

☒ Yes

SG 01.2

Indicate the components/types and coverage of your policy.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input type="checkbox"/> Formalised guidelines on environmental factors <input checked="" type="checkbox"/> Formalised guidelines on social factors <input type="checkbox"/> Formalised guidelines on corporate governance factors <input checked="" type="checkbox"/> Asset class-specific guidelines <input type="checkbox"/> Sector specific RI guidelines <input type="checkbox"/> Screening / exclusions policy <input type="checkbox"/> Other, specify (1) <input type="checkbox"/> Other, specify(2)	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

SG 01.3

Indicate what norms have you used to develop your RI policy.

- ☐ UN Global Compact Principles
- ☐ UN Guiding Principles on Business and Human Rights
- ☐ Universal Declaration of Human Rights
- ☐ International Bill of Human Rights
- ☐ International Labour Organization Conventions
- ☐ United Nations Convention Against Corruption
- ☐ OECD Guidelines for Multinational Enterprises
- ☐ Other, specify (1)
- ☐ Other, specify (2)
- ☐ Other, specify (3)
- ☒ None of the above

**SG 01.4**

Provide a brief description of the key elements of your investment policy that covers your responsible investment approach [Optional].

The fund focuses on promising MFIs which have a positive social impact. Promising MFIs are institutions which have a proven business model, have reached or are close to reaching financial sustainability and have a strong social vision and mission focused on positive impact for the ultimate clients. We focus mainly on Tier 2 MFIs, those at an intermediate stage of maturity, which have strong social aims. The fund does not directly engage with the end-clients of the MFIs (micro-entrepreneurs, small savers and insurance policy holders) as this activity requires local presence and local knowledge and is best done by locally implanted MFIs.

The fund invests in developing countries in Africa, Asia and Latin America. The decision to invest will be based less on the overall level of development of the country in question, but rather more on the merits of the individual cases, i.e. the potential benefit for the local population and the prospects of autonomy for the MFI.

Due diligence looks at quantitative and qualitative criteria including the Institutional structure of the MFI, its social profile (social mission, targeted clients, product offering, quality of established links with customers, etc.) and its financial robustness.

☐ No

**SG 02****Mandatory****Core Assessed****PRI 6****SG 02.1**

Indicate which of your investment policy documents (if any) are publicly available. Provide URL and an attachment of the document.

☒ Policy setting out your overall approach

URL

[http://www.lmdf.lu/wp-content/uploads/2015/07/Prospectus\\_LMDF\\_EN\\_2014.pdf](http://www.lmdf.lu/wp-content/uploads/2015/07/Prospectus_LMDF_EN_2014.pdf)

☒ Formalised guidelines on social factors

URL

[http://www.lmdf.lu/wp-content/uploads/2015/07/Prospectus\\_LMDF\\_EN\\_2014.pdf](http://www.lmdf.lu/wp-content/uploads/2015/07/Prospectus_LMDF_EN_2014.pdf)

☒ Asset class-specific guidelines

URL

[http://www.lmdf.lu/wp-content/uploads/2015/07/Prospectus\\_LMDF\\_EN\\_2014.pdf](http://www.lmdf.lu/wp-content/uploads/2015/07/Prospectus_LMDF_EN_2014.pdf)

☐ We do not publicly disclose our investment policy documents

**SG 02.2**

Additional information [Optional].

Please see our prospectus which covers our investment policy, guidelines on social factors and asset class specific guidelines. This is published on our website and hence available to the public. Further information is also available in our audited and unaudited reports.

SG 03	Mandatory	Core Assessed	General
-------	-----------	---------------	---------

SG 03.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
---------	---

☒ Yes

SG 03.2	Describe your policy on managing potential conflicts of interest in the investment process.
---------	---

In accordance with Luxembourg law the LMDF has a Conflicts of Interest policy which means that it identifies key issues which may give rise to a conflict of interest and considers the best ways to manage, monitor or disclose these conflicts if they arise. The policy is monitored by the Board on a regular basis.

☐ No

## Objectives and strategies

SG 04	Mandatory	Gateway/Core Assessed	General
-------	-----------	-----------------------	---------

SG 04.1	Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.
---------	---

- ☐ Quarterly or more frequently
- ☐ Biannually
- ☐ Annually
- ☒ Less frequently than annually
- ☐ Ad-hoc basis
- ☐ It is not reviewed

SG 04.2	Additional information. [Optional]
---------	------------------------------------

The Investment Strategy is periodically reviewed by the Fund's investment advisor and strategic changes proposed to the Fund's board of directors for approval.

## Governance and human resources

SG 06	Mandatory	Core Assessed	General
-------	-----------	---------------	---------

SG 06.1	Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.
---------	---

Roles present in your organisation
------------------------------------

- ☒ Board members or trustees
  - ☒ Oversight/accountability for responsible investment
  - ☐ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☒ Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
  - ☒ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ Other Chief-level staff or head of department, specify
- ☐ Portfolio managers
- ☒ Investment analysts
  - ☐ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ Dedicated responsible investment staff
- ☒ External managers or service providers
  - ☐ Oversight/accountability for responsible investment
  - ☒ Implementation of responsible investment
  - ☐ No oversight/accountability or implementation responsibility for responsible investment
- ☐ Investor relations
- ☐ Other role, specify
- ☐ Other role, specify

<b>SG 06.2</b>	For the roles for which you have RI oversight/accountability or implementation responsibilities, indicate how you execute these responsibilities.
----------------	---

Responsible Investment is key to our investment process. Monitoring that investments are in line with our investment procedure and ensuring that the social metrics, as detailed in our Social Performance Report (<http://www.lmdf.lu/wp-content/uploads/2015/07/LMDF-Social-Performance-Report-2010-2015.pdf>), are closely followed enables staff and directors to execute their oversight and implementation responsibilities. To give further transparency regarding our social performance, we include social metrics on our key performance indicators in our quarterly fund factsheets. Details of the social merits of each investment are brought before the board before any investment decisions are taken.

<b>SG 06.3</b>	Indicate the number of dedicated responsible investment staff your organisation has.
----------------	--

Number
--------

3

Promoting responsible investment
----------------------------------

<b>SG 08</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 4,5</b>
--------------	------------------	----------------------	----------------



**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

**SG 08.1**

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

**Select all that apply**

☒ Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- ☒ Basic
- ☐ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

LMDF is a signatory to the principles and reports annually on how we implement the seven principles into practice.

- ☐ AFIC – La Commission ESG
- ☐ Asian Corporate Governance Association
- ☐ Australian Council of Superannuation Investors
- ☐ BVCA – Responsible Investment Advisory Board
- ☐ CDP Climate Change
- ☐ CDP Forests
- ☐ CDP Water
- ☐ CFA Institute Centre for Financial Market Integrity
- ☐ Code for Responsible Investment in SA (CRISA)
- ☐ Council of Institutional Investors (CII)
- ☐ ESG Research Australia
- ☐ Eumedion
- ☐ EVCA – Responsible Investment Roundtable
- ☐ Extractive Industries Transparency Initiative (EITI)
- ☐ Global Investors Governance Network (GIGN)
- ☐ Global Impact Investing Network (GIIN)
- ☐ Global Real Estate Sustainability Benchmark (GRESB)
- ☐ Institutional Investors Group on Climate Change (IIGCC)
- ☐ Interfaith Center on Corporate Responsibility (ICCR)
- ☐ International Corporate Governance Network (ICGN)
- ☐ Investor Group on Climate Change, Australia/New Zealand (IGCC)
- ☐ International Integrated Reporting Council (IIRC)
- ☐ Investor Network on Climate Risk (INCR)/CERES
- ☐ Local Authority Pension Fund Forum
- ☐ Principles for Financial Action for the 21st Century
- ☐ Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- ☐ Shareholder Association for Research and Education (Share)
- ☐ United Nations Environmental Program Finance Initiative (UNEP FI)
- ☐ United Nations Global Compact
- ☒ Other collaborative organisation/initiative, specify  
Association of the Luxembourg Fund Industry

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic
- ☒ Moderate
- ☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

LMDF is an active member of the Responsible Investing group within ALFI.

- ☒ Other collaborative organisation/initiative, specify

European Microfinance Platform

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic  
☐ Moderate  
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

LMDF is a member of e-MFP since 2010 and has co-chaired the action group on Investors in Tier 2/3 MFIs.

- ☒ Other collaborative organisation/initiative, specify

Inclusive Finance Luxembourg Asbl

Your organisation's role in the initiative during the reporting year (see definitions)

- ☐ Basic  
☐ Moderate  
☒ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

LMDF is a founding member of InFiNe and contributes to a number of projects, including the European Microfinance Award

- ☒ Other collaborative organisation/initiative, specify

LuxFLAG Microfinance Label

Your organisation's role in the initiative during the reporting year (see definitions)

- ☒ Basic  
☐ Moderate  
☐ Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative.  
[Optional]

LMDF has been labeled by LuxFLAG annually since 2011.

<b>SG 08.2</b>	Additional information. [Optional]
----------------	------------------------------------

Further groups:

Financial Inclusion Equity Council- LMDF is a FIEC member since 2014.

European Impact Investing Luxembourg- LMDF is a member of the EIIL Steering Committee

<b>SG 09</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 4</b>
--------------	------------------	----------------------	--------------

<b>SG 09.1</b>	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
----------------	--

☒ Yes

<b>SG 09.2</b>	Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.
----------------	--

- ☒ Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- ☐ Provided financial support for academic or industry research on responsible investment
- ☐ Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- ☒ Spoke publicly at events and conferences to promote responsible investment
- ☒ Wrote and published in-house research papers on responsible investment
- ☐ Encouraged the adoption of the PRI
- ☒ Wrote articles on responsible investment in the media.
- ☐ Other, specify

☐ No

<b>SG 09.3</b>	Additional information. [Optional]
----------------	------------------------------------

This year LMDF is launching an initiative to increase awareness of Gender Lens investing in Luxembourg. As a result of this initiative, the fund will be providing specialised briefing evenings for its clients to raise awareness of impact investing (particularly impact investing with a gender focus). We are also hosting a public event to bring the issue to the floor to a broader audience. LMDF has been running a social media campaign to accompany this initiative.

The fund regularly produces information and publishes articles in the media regarding microfinance and its impacts.

The Executive Director, Kaspar Wansleben, regularly speaks at events to promote microfinance. Most recently he spoke at the 12th Annual Global Microfinance Forum - Berlin.

# Luxembourg Microfinance and Development Fund

## Reported Information

### Public version

#### Direct - Inclusive Finance

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## PIIF Principle 1: Range of services

IFD 07	Mandatory	Core Assessed	PIIF 1
--------	-----------	---------------	--------

### **Possible action:**

*Develop and extend the range of financial services available to low-income populations. Extensions could include savings, loans, insurance, payment services, remittance facilities and pension plans.*

IFD 07.1	Indicate if you track the percentage of your microfinance investees' portfolio that is in microenterprise loans.
----------	--

☒ Yes, we track

If you aggregate this information at an organisational level, indicate the percentage of your portfolio in microenterprise loans. [Optional]

- ☐ <20%
- ☐ 20-40%
- ☐ 41-60%
- ☐ 61-80%
- ☒ >80%

☐ No, we do not track

☐ Not applicable (there are no microenterprise loans in the portfolio)

IFD 07.2	Indicate if you track the percentage of your microfinance investees' portfolio that is in loans for immediate household needs (i.e. consumer loans).
----------	--

☒ Yes, we track

If you aggregate this information at an organisational level, indicate the percentage of your portfolio in loans for immediate household needs. [Optional]:

- ☒ <20%
- ☐ 20-40%
- ☐ 41-60%
- ☐ 61-80%
- ☐ >80%

☐ No, we do not track

☐ Not applicable (there are no loans for immediate household needs in the portfolio)

IFD 07.3	Indicate if you track the percentage of your investees' portfolio in housing loans.
----------	---

☒ Yes, we track

If you aggregate this information at an organisational level, indicate the percentage of your portfolio in loans for other categories. [Optional]

☒ <20%

☐ 20-40%

☐ 41-60%

☐ 61-80%

☐ >80%

☐ No, we do not track

☐ Not applicable (there are no loans for housing in the portfolio)

IFD 08	Mandatory	Core Assessed	PIIF 1
--------	-----------	---------------	--------

IFD 08.1

In your microfinance portfolio, indicate if you support the provision of financial services beyond credit, compulsory savings and/or compulsory insurance.

☐ Yes

☒ No

## PIIF Principle 2: Client protection

IFD 11	Mandatory	Core Assessed	PIIF 2
--------	-----------	---------------	--------

### **Possible action:**

*Publicly endorse the Client Protection Principles (CPP).*

IFD 11.1

Indicate if you have publicly endorsed the Client Protection Principles.

☒ Yes

☐ No

IFD 13	Mandatory	Core Assessed	PIIF 2
--------	-----------	---------------	--------

IFD 13.1

Indicate if you include the Client Protection Principles and/or other client protection measures in your investment policies.

☒ Yes

IFD 13.2

Indicate if this is systematically applied.

During due diligence

☒ Yes

☐ No

	In covenants in loan agreements and/or in financing or shareholder agreements
--	---

☒ Yes

☐ No

<b>IFD 13.3</b>	Indicate if you encourage investees to apply for Client Protection Certification. [Optional]
-----------------	--

☒ Yes

☐ No

☐ No

### PIIF Principle 3: Fair treatment

<b>IFD 14</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PIIF 3</b>
---------------	------------------	----------------------	---------------

**Possible action:**

*Provide financing in an appropriate currency and tenor.*

<b>IFD 14.1</b>	In relation to your direct portfolio in debt, indicate if you provide investment in local currency.
-----------------	---

☒ Yes

<b>IFD 14.2</b>	Indicate what percentage of your direct portfolio in debt is invested in the investee's local currency.
-----------------	---

☐ <20%

☒ 20-40%

☐ 41-60%

☐ 61-80%

☐ >80%

☐ No

<b>IFD 15</b>	<b>Mandatory</b>	<b>Descriptive</b>	<b>PIIF 3</b>
---------------	------------------	--------------------	---------------

**Possible action:**

*Provide financing in an appropriate currency and tenor.*

*Actively support the building of a diversified funding base.*

<b>IFD 15.1</b>	In relation to your direct portfolio in debt, indicate what percentage have a maturity (from the point of investment) of the specified duration:
-----------------	--

☐ 12 months or fewer

☐ 13 to 24 months

☒ 25 to 60 months



	Indicate percentage
--	---------------------

- ☐ <20
- ☐ 20-40%
- ☐ 41-60%
- ☒ 61-80%
- ☐ >80%

☐ Over 60 months

<b>IFD 15.2</b>	Indicate if you have a set limit regarding the maximum fixed income investment exposure of the investees in which you invest. [Optional]
-----------------	--

- ☒ Yes
- ☐ No

<b>IFD 17</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PIIF 3</b>
---------------	------------------	----------------------	---------------

**Possible action:**

*Negotiate terms and conditions that are transparent, fair and reasonable, including fair break-up clauses.*

<b>IFD 17.1</b>	Indicate if you adopt the following practices:
-----------------	--

- ☒ For fixed income investments: Use the Lenders' Guidelines for Setting Covenants in Support of Responsible Microfinance as an example or reference document.

	Indicate if these practices are formalised in written policies and procedures.
--	--

- ☐ Yes
- ☒ No

- ☒ Ensure that the investee understands the terms, covenants and their implications prior to signing loan / shareholder documentation.

	Describe your process.
--	------------------------

Initial discussion with MFIs through a detailed term sheet and timely submission of the full contract for review of MFIs.

	Indicate if these practices are formalised in written policies and procedures.
--	--

- ☒ Yes
- ☐ No

- ☒ Foster trust and proactive dialogue with investees through straightforward discussions on issues such as a covenant breach.

	Describe your process.
--	------------------------

Key is a dialogue between MFI and the opportunity to justify any breach and propose an action plan to address the situation.

Indicate if these practices are formalised in written policies and procedures.

☒ Yes

☐ No

☒ In the case of material covenant breach, create/participate in a voluntary workout group where applicable, with the goal to help the investee remain a going concern whenever possible.

Indicate if these practices are formalised in written policies and procedures.

☒ Yes

☐ No

☒ For fixed income investments: Train your staff on effective monitoring and covenant waiver negotiations to manage deteriorating conditions, and transition a non-performing loan from loan origination staff to specialised workout staff.

Indicate if these practices are formalised in written policies and procedures.

☒ Yes

☐ No

☒ Encourage investee skills-building on financial projections, scenario planning and stress-testing for management, and on financial expertise and governance for Directors.

Indicate if these practices are formalised in written policies and procedures.

☐ Yes

☒ No

☐ Other (explain)

☐ None of the above

## PIIF Principle 4: Responsible investment

IFD 18

Mandatory

Gateway

PIIF 4

### **Possible action:**

*Negotiate terms and conditions that are transparent, fair and reasonable, including fair break-up clauses.*

IFD 18.1

Indicate if you use the following tools for social performance reporting:

### **Externally developed tools**

During due diligence.

☐ Yes

☒ No

☐ We don't track social performance

For monitoring and reporting purposes.

- ☒ Yes
- ☐ No
- ☐ We don't track social performance

Describe the approaches used and frequency of use.

Two tools: PPI and SPI4

#### In-house tools based on externally developed tools

During due diligence.

- ☒ Yes
- ☐ No
- ☐ We don't track social performance

For monitoring and reporting purposes.

- ☒ Yes
- ☐ No
- ☐ We don't track social performance

Describe the approaches used and frequency of use.

A due diligence tool based on SPI4 (selection of indicators)

#### Tools developed solely in-house

During due diligence.

- ☒ Yes
- ☐ No
- ☐ We don't track social performance

	For monitoring and reporting purposes.
--	--

- ☒ Yes
- ☐ No
- ☐ We don't track social performance

	Describe the approaches used and frequency of use.
--	--

Propriety due diligence tool and propriety shareholder social performance reporting.

IFD 19	Mandatory	Descriptive	PIIF 4
--------	-----------	-------------	--------

<b>IFD 19.1</b>	Indicate if you require the retail institutions in which you invest to have an independent financial rating.
-----------------	--

- ☐ Always
- ☒ In a majority of cases
- ☐ In a minority of cases
- ☐ No

<b>IFD 19.2</b>	Indicate if you require the retail institutions in which you invest to have an independent social rating.
-----------------	---

- ☐ Always
- ☒ In a majority of cases
- ☐ In a minority of cases
- ☐ No

<b>IFD 19.3</b>	Indicate if you require the retail institutions in which you invest to have an independent social audit.
-----------------	--

- ☐ Yes
- ☒ No

IFD 20	Mandatory	Core Assessed	PIIF 4
--------	-----------	---------------	--------

**Possible action:**

*Assist in developing appropriate references for corporate governance issues.*

<b>IFD 20.1</b>	In relation to your due diligence on and monitoring and reporting of corporate governance among investees, indicate if you assess:
-----------------	--

**Compensation of the Board of Directors and Executive Directors (i.e. its transparency, the use of benchmarking)**

	Pre-investment
--	----------------

- ☒ Yes
- ☐ No
- ☐ Not for all of our investments in inclusive finance

	Post-investment
--	-----------------

- ☐ Yes
- ☐ No
- ☒ Not for all of our investments in inclusive finance

**Composition of the Board (i.e. breadth and depth of experience, effective client representation, diversity)**

	Pre-investment
--	----------------

- ☒ Yes
- ☐ No
- ☐ Not for all of our investments in inclusive finance

	Post-investment
--	-----------------

- ☐ Yes
- ☐ No
- ☒ Not for all of our investments in inclusive finance

**Whether the Board receives social performance management-related information from the management team that is analysed and contributes to Board decision making.**

	Pre-investment
--	----------------

- ☒ Yes
- ☐ No
- ☐ Not for all of our investments in inclusive finance

	Post-investment
--	-----------------

- ☐ Yes
- ☐ No
- ☒ Not for all of our investments in inclusive finance

IFD 23	Mandatory	Descriptive	PIIF 4
--------	-----------	-------------	--------

**Possible action:**

Assist in developing appropriate references for environmental issues.

**IFD 23.1**

Indicate if you have a procedure to integrate the consideration of environmental issues in your investment decision processes.

- ☐ Yes  
☒ No

**IFD 23.4**

Indicate if you request your investees to comply with an environmental exclusion list.

- ☐ Yes, for all investees  
☐ Yes, for a majority of investees  
☒ Yes, for a minority of investees  
☐ No

## PIIF Principle 5: Transparency

**IFD 26****Mandatory****Core Assessed****PIIF 5****Possible action:**

Fully disclose policies, criteria and related conditions of products and services to investees and other relevant stakeholders.

**IFD 26.1**

Other than the PRI/PIIF, indicate if you provide your investors and/or the public with information aligned with industry standards.

- ☒ Yes

**IFD 26.2**

Do you provide information aligned with:

- ☒ The MIV Disclosure Guidelines  
☐ Yes, to our investors only  
☒ Yes, to the public  
☐ The Impact Reporting & Investment Standards (IRIS)  
☐ Other, specify  
☐ No

**IFD 27****Mandatory****Core Assessed****PIIF 5****Possible action:**

Ensure that investees adequately disclose the pricing, terms and conditions of financial products and services offered, and that the pricing, terms and conditions are understood by clients.

**IFD 27.1**

Indicate if you encourage the retail institutions in which you invest to ensure that the following are transparent and fully explained to their clients (i.e. those seeking financial services from them) in a form they can understand.

	Pricing
--	---------

☒ Yes

**IFD 27.2**

Indicate how you ensure this for pricing and provide examples.

Understanding products and how they are offered to ultimate clients is essential part of the due diligence process.

☐ No

	Other terms and conditions
--	----------------------------

☒ Yes

**IFD 27.3**

Indicate how you ensure this for other terms/conditions and provide examples.

Understanding products and how they are offered to ultimate clients is essential part of the due diligence process.

☐ No

## PIIF Principle 6: Balanced returns

IFD 28	Mandatory	Core Assessed	PIIF 6
--------	-----------	---------------	--------

### **Possible action:**

*Strive for a balanced long-term social and financial risk-adjusted return that recognises the interests of clients, retail providers and investors.*

**IFD 28.1**

Indicate if the social performance of investees affects your:

	Investment decision making
--	----------------------------

☒ Yes

**IFD 28.2**

Explain how social performance of investees affects investment decision making.

Social performance, broken down into outreach and impact criteria are core part of the Investment Committee decision making.

☐ No

	Portfolio management
--	----------------------

☒ Yes

**IFD 28.3**

Explain how social performance of investees affects portfolio management.

For example, social performance criteria affect regional and country allocation targets. One of the criteria for country selection is the Human Development Index score (with a higher weight for less developed countries).

☐ No

## PIIF Principle 7: Standards

**IFD 32****Mandatory****Core Assessed****PIIF 7****Possible action:**

*Participate in networks to share tools, information and resources.*

**IFD 32.1**

Select which of the following collaborative initiatives your organisation has supported or participated in, and the role you played.

### The Principles for Investors in Inclusive Finance

☒ Yes

☒ Basic

☐ Moderate

☐ Advanced

☐ No

### The Smart Campaign

☒ Yes

☒ Basic

☐ Moderate

☐ Advanced

☐ No

### Social Performance Task Force

☒ Yes

☐ Basic

☒ Moderate

☐ Advanced

☐ No



Financial Inclusion Equity Council (formerly CMEF)

- ☒ Yes
  - ☐ Basic
  - ☐ Moderate
  - ☒ Advanced
- ☐ No

European Microfinance Platform (eMFP)

- ☒ Yes
  - ☐ Basic
  - ☐ Moderate
  - ☒ Advanced
- ☐ No

Global Impact Investors Network (GIIN)

- ☐ Yes
- ☒ No

Other network, association memberships and/or specific collaboration related to the promotion of inclusive finance, specify

Inclusive Finance Network Luxembourg.

- ☒ Yes
  - ☐ Basic
  - ☐ Moderate
  - ☒ Advanced
- ☐ No