



| LEA 02                                 | Disclosures: Mandatory | Reason for Interaction  | Principle: PRI 1, 2, 3 |
|--|------------------------|---|------------------------|
| Individual/ internal staff engagements |                        | <input checked="" type="checkbox"/> To support investment decisionmaking in a company relevant ESG areas<br><input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or<br><input type="checkbox"/> Other: specify |                        |
| Collaborative engagements              |                        | <input type="checkbox"/> To support investment decisionmaking in a company relevant ESG areas<br><input type="checkbox"/> To influence corporate practice or identify the need for additional or<br><input type="checkbox"/> Other: specify                       |                        |
| Service provider engagements           |                        | <input type="checkbox"/> To support investment decisionmaking in a company relevant ESG areas<br><input type="checkbox"/> To influence corporate practice or identify the need for additional or<br><input type="checkbox"/> Other: specify                       |                        |

# RI TRANSPARENCY REPORT

## 2014/15

Cordaid

## 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 2014-15 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                   | Segregated mandates or pooled funds                 | ✓      | Public                       |           |   |   |   |   |   | ✓       |
| OO 08                   | Breakdown of AUM by market                          | ✓      | Public                       |           |   |   |   |   |   | ✓       |
| OO 09                   | Additional information about organisation           | ✓      | Public                       |           |   |   |   |   |   | ✓       |
| OO 10                   | RI activities for listed equities                   | 🔒      | n/a                          |           |   |   |   |   |   | ✓       |
| OO 11                   | RI activities in other asset classes                | ✓      | Public                       |           |   |   |   |   |   | ✓       |
| OO 12                   | Modules and sections required to complete           | ✓      | Public                       |           |   |   |   |   |   | ✓       |

| Overarching Approach |  |        |            | Principle |   |   |   |   |   | General |
|----------------------|--|--------|------------|-----------|---|---|---|---|---|---------|
| Indicator            | Short description  | Status | Disclosure | 1         | 2 | 3 | 4 | 5 | 6 |         |
| OA 01                | RI policy and other guidance documents                             | ✓      | Public     |           |   |   |   |   |   | ✓       |
| OA 02                | Publicly available policies / documents                            | ✓      | Public     |           |   |   |   |   |   | ✓       |
| OA 03                | Policy components and coverage                                     | ✓      | Public     | ✓         | ✓ |   |   |   |   |         |
| OA 04                | Conflicts of interest  | ✓      | Public     |           |   |   |   |   |   | ✓       |
| OA 05                | RI goals and objectives  | ✓      | Public     |           |   |   |   |   |   | ✓       |
| OA 06                | Main goals/objectives this year                                    | ✓      | Public     |           |   |   |   |   |   | ✓       |
| OA 07                | Governance, management structures and RI processes                 | ✓      | Public     |           |   |   |   |   |   | ✓       |
| OA 08                | RI roles and responsibilities                                      | ✓      | Public     |           |   |   |   |   |   | ✓       |
| OA 09                | RI in performance management, reward and/or personal development   | ✓      | Public     |           |   |   |   |   |   | ✓       |
| OA 10                | Collaborative organisations / initiatives                          | ✓      | Public     |           |   |   | ✓ | ✓ |   |         |
| OA 11                | Promoting RI independently   | ✓      | Public     |           |   |   | ✓ |   |   |         |
| OA 12                | Dialogue with public policy makers or standard setters             | ✓      | Public     |           |   |   | ✓ | ✓ | ✓ |         |
| OA 13                | ESG issues in strategic asset allocation                           | ✓      | Public     | ✓         |   |   |   |   |   |         |
| OA 14                | Allocation of assets to environmental and social themed areas      | ✓      | Public     | ✓         |   |   |   |   |   |         |
| OA 15                | ESG issues for internally managed assets not reported in framework | 🔒      | n/a        |           |   |   |   |   |   | ✓       |
| OA 16                | ESG issues for externally managed assets not reported in framework | 🔒      | n/a        |           |   |   |   |   |   | ✓       |
| OA 17                | RI/ESG in execution and/or advisory services                       | 🔒      | n/a        | ✓         | ✓ |   |   |   |   |         |
| OA 18                | Innovative features of approach to RI                              | ✓      | Public     |           |   |   |   |   |   | ✓       |
| OA 19                | Internal and external review and assurance of responses            | ✓      | Public     |           |   |   |   |   |   | ✓       |

| Direct - Inclusive Finance |   |        |            | Principle |   |   |   |   |   |   | General |
|----------------------------|---|--------|------------|-----------|---|---|---|---|---|---|---------|
| Indicator                  | Short description   | Status | Disclosure | 1         | 2 | 3 | 4 | 5 | 6 | 7 |         |
| IFD 01                     | Mission and investment objective  | ✓      | Public     |           |   |   |   |   |   |   | ✓       |
| IFD 02                     | Governance, management structures and processes   | ✓      | Public     |           |   |   |   |   |   |   | ✓       |
| IFD 03                     | Social targets  | ✓      | Public     |           |   |   |   |   |   |   | ✓       |
| IFD 04                     | Percentage in equity, debt and guarantees   | ✓      | Public     |           |   |   |   |   |   |   | ✓       |
| IFD 05                     | Percentage in microfinance and/or SME finance   | ✓      | Public     |           |   |   |   |   |   |   | ✓       |
| IFD 06                     | Geographical spread of microfinance investments   | ✓      | Public     |           |   |   |   |   |   |   | ✓       |
| 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'   | ✓      | Public     | ✓         |   |   |   |   |   |   |         |
| IFD 10                     | Technical assistance to investees   | ✓      | Public     | ✓         |   |   |   |   |   |   |         |
| IFD 11                     | Public endorsement of the Client Protection Principles                                      | ✓      | Public     |           | ✓ |   |   |   |   |   |         |
| IFD 12                     | Provide training and assistance for investees implementing the Client Protection Principles | ✓      | Public     |           | ✓ |   |   |   |   |   |         |
| 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                                | ✓      | Public     |           |   |   | ✓ |   |   |   |         |
| 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  | ✓      | Public     |           |   |   | ✓ |   |   |   |         |
| IFD 25                     | How mission and investment objectives are communicated to stakeholders                      | ✓      | Public     |           |   |   |   | ✓ |   |   |         |
| 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  | ✓ | Public |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | ✓ |
| IFD 30 | Collecting data regarding social outcomes of investees work   | ✓ | Public |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | ✓ |
| IFD 31 | Incentivise investees to track social performance   | ✓ | Public |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | ✓ |
| IFD 32 | Collaborative initiatives your organisation has supported or participated in  | ✓ | Public |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | ✓ |
| IFD 33 | Encouraging investees to participate in collaborative initiatives   | ✓ | Public |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | ✓ |
| IFD 34 | Encouraging your investees to participate in initiatives which contribute to the development of industry benchmarks | ✓ | Public |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | ✓ |

| Indirect - Inclusive Finance |  |        |            | Principle |   |   |   |   |   |   | General |   |
|------------------------------|--|--------|------------|-----------|---|---|---|---|---|---|---------|---|
| Indicator                    | Short description  | Status | Disclosure | 1         | 2 | 3 | 4 | 5 | 6 | 7 |         |   |
| IFI 01                       | Percentage of externally managed assets in inclusive finance managed by PIIF signatories   | ✓      | Public     |           |   |   |   |   |   |   |         | ✓ |
| IFI 02                       | Due diligence policies and/or procedures for the selection of external investment managers | ✓      | Public     |           |   |   |   |   |   |   |         | ✓ |
| IFI 03                       | Including issues referred to in the PIIF   | ✓      | Public     |           |   |   |   |   |   |   |         | ✓ |
| IFI 04                       | Monitoring managers' implementation of the PIIF  | ✓      | Public     |           |   |   |   |   |   |   |         | ✓ |
| IFI 05                       | Managers provide information in line with established industry standards                   | ✓      | Public     |           |   |   |   |   |   |   |         | ✓ |
| IFI 06                       | Disclosure of approach to RI in inclusive finance  | ✓      | Public     |           |   |   |   |   |   |   |         | ✓ |
| IFI 07                       | Contributing to promotion of RI in inclusive finance                                       | ✓      | Public     |           |   |   |   |   |   |   |         | ✓ |

Cordaid

Reported Information

Public version

Organisational Overview

## PRI disclaimer

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## Basic Information

OO 01

Mandatory

Gateway/Peering

General

OO 01.1

Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

<10%

10-50%

>50%

Fund of funds, manager of managers, sub-advised products

Other, specify

Execution and advisory services

OO 02

Mandatory

Peering

General

OO 02.1

Select the location of your organisation's headquarters.

Netherlands

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

16

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.

31/12/2014

**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     |           |          | 100      | 597       | 000      |
| Currency      | EUR       |          |          |           |          |
| Assets in USD |           |          | 131      | 932       | 078      |

**OO 04.5** Indicate the level of detail you would like to provide about your asset class mix.

- Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

**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 – corporate  | 0                      | 0                      |
| Fixed income – government | 0                      | 0                      |
| Fixed income – other      | 0                      | 0                      |
| Private debt              | 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  | 35 | 30 |
| Cash               | 35 | 0  |
| Other (1), specify | 0  | 0  |
| Other (2), specify | 0  | 0  |

Publish our asset class mix as broad ranges

Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

|       |   |         |         |
|-------|---|---------|---------|
| OO 07 | Mandatory to Report Voluntary to Disclose | Peering | General |
|-------|---|---------|---------|

|         |  |
|---------|--|
| OO 07.1 | Provide a breakdown of your organisation's externally managed assets between segregated mandates and pooled funds. |
|---------|--|

|  | % of externally managed assets   |
|--|--|
| Segregated mandate(s)                  | <input checked="" type="radio"/> 0%<br><input type="radio"/> <10%<br><input type="radio"/> 10-50%<br><input type="radio"/> >50 % |
| Pooled fund(s)                         | <input type="radio"/> 0%<br><input type="radio"/> <10%<br><input type="radio"/> 10-50%<br><input checked="" type="radio"/> >50 % |
| <i>Total externally managed assets</i> | 100%   |

|       |   |         |         |
|-------|---|---------|---------|
| OO 08 | Mandatory to Report Voluntary to Disclose | Peering | General |
|-------|---|---------|---------|

|         |  |
|---------|--|
| OO 08.1 | Indicate the breakdown of your organisation's AUM by market. |
|---------|--|

| Market breakdown                     | % of AUM   |
|--------------------------------------|--|
| Developed Markets                    | <input checked="" type="radio"/> 0%<br><input type="radio"/> <10%<br><input type="radio"/> 10-50%<br><input type="radio"/> >50 % |
| Emerging, Frontier and Other Markets | <input type="radio"/> 0%<br><input type="radio"/> <10%<br><input type="radio"/> 10-50%<br><input checked="" type="radio"/> >50 % |

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

Cordaid Investments invests in developing, fragile and post-conflict countries.

|              |           |             |         |
|--------------|-----------|-------------|---------|
| <b>OO 09</b> | Voluntary | Descriptive | General |
|--------------|-----------|-------------|---------|

OO 09.1

Provide any additional information about your organisation, its mission, strategies, activities or investments which are important to contextualise your responsible investment activities.

Cordaid Investments, the asset management branch of Cordaid, believes that impact investing is the next stage in development aid. An impact investor since 1997, Cordaid Investments demonstrates on a daily basis that it is possible to create scalable and sustainable social impact in fragile contexts.

While poverty has decreased globally, fragile communities continue to lag behind in terms of development. For these communities to flourish, economic development is just as urgent a need as security and justice, and good public services. With over 100 years of experience, Cordaid clearly understands the importance of using a multidisciplinary approach to development to achieve lasting change. Only then can fragile communities begin to flourish.

To build flourishing communities, a healthy and inclusive financial sector is essential. Most developing countries lack access to inclusive financial services, however. Cordaid Investments fills this gap by investing in microfinance institutions and funds that offer inclusive finance to people, businesses and public service providers that have limited alternatives. Development is fostered by financially educating investees and sharing knowledge and best practices.

In a unique approach, Cordaid Investments complements grant-based development aid with investments. The results of this approach are threefold. First, it maximizes the social impact, as investments leverage the available budgets and catalyze the effect of grants by further strengthening institutions. Second, it mitigates investment risks by combining investments with grants for capacity building. Cordaid's solid partnerships, firm on-the-ground presence, and deep understanding of the local complexities further reduce these risks. Last, investments rebalance the relationship between investee and investor, as beneficiaries turn into customers with demands and responsibilities. This adds to their level of independence and professionalism, enhancing the chances of attracting other (commercial) funders.

To contribute to economic stability and flourishing communities, Cordaid Investments manages thematic investment funds that foster Cordaid's multidisciplinary approach to development, and that catalyze grant-based activities in the field of agriculture (Rural and Agricultural Finance Fund), entrepreneurship (Stability Impact Fund) and health (Health Fund). Each fund is tailor-made for specific purpose and target group. All the funds are designed to achieve maximum social impact and a sustainable financial return. The terms and conditions of the investments are aligned with local market conditions to prevent market distortion.

Cordaid Investments is a committed social impact investor. For us, measuring impact is not merely a matter of ticking the boxes but instead a commitment to help investees create social impact, from the initial screening of potential partners throughout the investment process.

Cordaid Investments has an integrated environmental, social, and corporate governance approach and uses Social Performance Assessment tools developed in-house. In the case of MFI's, alignment is checked with the Universal Standards of Social Performance Management, including the Client Protection Principles. Products are mostly offered in local currency, and investees are not overcharged as a result of hedging costs.

### Gateway asset class implementation indicators

OO 11

Mandatory

Gateway

General

OO 11.1

Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- Inclusive finance
- Cash
- None of the above

OO 11.2

Indicate if in the reporting year you addressed ESG incorporation and/or active ownership in your external manager selection, appointment and/or monitoring processes in the following externally managed asset classes.

- Inclusive finance
- None of the above

OO 11.3

Additional information. [Optional]

For Cordaid Investments, measuring impact is not merely a matter of ticking the boxes but instead a commitment to help investees create social impact, from the initial screening of potential partners throughout the investment process.

Cordaid Investments has an integrated environmental, social, and corporate governance approach, which is captured in a designated ESG policy document, and uses Social Performance Assessment tools developed in-house. In the case of MFIs, alignment is checked with the Universal Standards of Social Performance Management, including the Client Protection Principles.

OO 12

Mandatory

Gateway

General

OO 12.1

The modules and sections that you will be required to complete are listed below.

*This list is based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. 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. Fixed Income and Infrastructure are voluntary.*

**Core modules**

- Organisational Overview
- Overarching Approach (including assets which do not have a separate module)

**RI implementation directly or via service providers**

Direct - Other asset classes with dedicated modules

- Inclusive Finance

**RI implementation via external managers**

- Inclusive Finance

**Closing module**

- Closing module

Cordaid

Reported Information

Public version

Overarching Approach

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## Responsible investment policy

|       |           |                       |         |
|-------|-----------|-----------------------|---------|
| OA 01 | Mandatory | Gateway/Core Assessed | General |
|-------|-----------|-----------------------|---------|

**OA 01.1** Indicate if you have a responsible investment policy.

- Yes  
 No

**OA 01.2** Indicate if you have other guidance documents or more specific policies related to responsible investment.

- Yes  
 No

**OA 01.3** Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]

Cordaid Investments has an integrated environmental, social, and corporate governance approach, which is captured in a designated ESG policy. The policy prescribes that Cordaid Investments

- supports investees to innovate and expand the range of services available to deprived and vulnerable groups in hard-to-reach and underserved areas;
- ensures that investees treat their clients fairly, and with appropriate financing that meets demand, clear and balanced contracts, and fair processes for resolving disputes;
- includes ESG issues in its investment policies, monitoring processes and reporting;
- promotes transparency in all its aspects;
- strives for a balanced, long-term social and financial risk-adjusted return that recognises the interests of investees, the clients of the investees, and our investors/ funders.

An ESG Manual is under development that clearly indicates how ESG analysis and management are being applied to enhance Cordaid's investments process. The manual ensures that ESG and financial analysis and management are seen as equally important within Cordaid's investments process. The tools presented in the manual should not only help investment managers identify social risks and opportunities for Cordaid, but also enable Cordaid Investments to measure social impact and make impact-driven investment management decisions.

When Cordaid receives an investment plan from an MFI, an SME or a fund, it goes through the four phases of the investment process. ESG is incorporated in each phase.

In 2014 Cordaid Investments has updated its Social Performance Assessment Tool for MFIs. The new tool is fully aligned with the Universal Standards of Social Performance. Cordaid's Tool is based on SPI-4, a tool that is developed by the Social Performance Task Force.

|       |           |               |       |
|-------|-----------|---------------|-------|
| OA 02 | Mandatory | Core Assessed | PRI 6 |
|-------|-----------|---------------|-------|

**OA 02.1** Indicate if your responsible investment policy is publicly available.

- Yes  
 No

**OA 02.3** Indicate if your other policies or guidance documents related to responsible investment are publicly available.

- Yes
- No

**OA 02.5** Additional information. [Optional]

Cordaid's ESG policy is outlined in the Investment Manual of the Business Unit that is managing the Cordaid Investments Fund. The manual is currently being updated and therefore information has not been made public. The policy will be published on the Cordaid website in 2015.

**OA 03** **Mandatory** **Core Assessed** **PRI 1,2**

**OA 03.1** Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

| Policy components/types  | Coverage by AUM  |
|--|--|
| <input checked="" type="checkbox"/> Policy setting out your overall approach<br><input type="checkbox"/> Engagement/active ownership policy<br><input checked="" type="checkbox"/> Specific guidelines on corporate governance<br><input checked="" type="checkbox"/> Specific guidelines on environmental issues<br><input checked="" type="checkbox"/> Specific guidelines on social issues<br><input checked="" type="checkbox"/> Asset class-specific guidelines<br><input checked="" type="checkbox"/> Screening/exclusion policy<br><input checked="" type="checkbox"/> Other, specify<br>over indebtedness and balanced return<br><input type="checkbox"/> Other, specify | <input checked="" type="radio"/> Applicable policies cover all AUM<br><input type="radio"/> Applicable policies cover a majority of AUM<br><input type="radio"/> Applicable policies cover a minority of AUM |

**OA 03.2** Comment on any variations or exceptions in the coverage of your responsible investment policy. [Optional]

During due diligence of Microfinance Institution we check alignment with Client Protection Principles and assess on risk of overindebtedness and we assess if MFI has a balanced return.

**OA 04** **Mandatory** **Core Assessed** **General**

**OA 04.1** Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

- Yes



OA 04.2

Describe your policy on managing potential conflicts of interest in the investment process. [Optional]

Cordaid has a 'conflict of interest policy' which need to be adhered to (and signed by) all employees and board members of Cordaid.

In the main section of the policy it is pointed out that: 'Conflicts of interest can place personal interest at odds with fiduciary "duty of loyalty" owned to the Foundation. The duty of loyalty requires a director, officer, employee or a member of a committee with governing board-delegated powers, to refrain from using his or her position for personal gain, and avoid acting on issues in which his or her personal and financial interests could conflict with the interest of the Foundation'.

In the policy, a variety of potential and actual conflicts of interest are described and a procedure is prescribed for disclosing and resolving conflict of interests.

No

### Objectives and strategies

OA 05

Mandatory

Gateway/Core Assessed

General

OA 05.1

Indicate if your organisation sets objectives for its responsible investment activities.

Yes

OA 05.2

Indicate how frequently your organisation sets or revises objectives for responsible investment.

At least once per year

Less than once per year

OA 05.3

Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.

Quarterly

Biannually

Annually

Every two years or less

It is not reviewed

No

OA 06

Voluntary

Descriptive

General

OA 06.1

List your three main responsible investment objectives you had set for the reporting year. For each, indicate any key performance indicators you set to measure your progress and also indicate your progress towards achieving your objectives.

Add responsible investment objective 1

|                                |   |
|--------------------------------|---|
| Objective 1                    | Cordaid is currently upgrading its MIS system to ensure that ESG and social impact performance can be measured and reported annually.                   |
| Key performance indicators     | MIS will contain various performance indicators in the area of client protection, services to clients, poverty targeting, outreach, gender and staffing |
| Describe the progress achieved | Although the MIS system was upgraded, it didn't meet our expectations. A consultant has been hired to come up with a new proposal.                      |

Add responsible investment objective 2

|                                |  |
|--------------------------------|--|
| Objective 2                    | The Cordaid ESG Scorecard (SPA tool) will be updated to USSPM standard and responsible covenants   |
| Key performance indicators     | Performance indicators with clear limits will be set in several areas such as financing structure, efficiency and profitability, portfolio quality and liquidity |
| Describe the progress achieved | The new Social Performance Assessment Tool that is used during due diligence and monitoring of MFIs is fully aligned with the USSPM standard.                    |

Add responsible investment objective 3

|                |   |
|----------------|---|
| <b>OA 06.2</b> | List your three main objectives for responsible investment implementation for the next reporting year and indicate any key performance indicators you intend to use to measure your progress. |
|----------------|---|

Add responsible investment objective 1 for the next reporting year

|   |   |
|---|---|
| Objective 1 for the next reporting year | Cordaid is currently upgrading its MIS system to ensure that ESG and social impact performance can be measured and reported annually                    |
| Key performance indicators              | MIS will contain various performance indicators in the area of client protection, services to clients, poverty targeting, outreach, gender and staffing |

Add responsible investment objective 2 for the next reporting year

|   |  |
|---|--|
| Objective 2 for the next reporting year | In order to attract investors to increase capital for inclusive finance, Cordaid Investments and its Funds have become a separate legal entity of foundation Cordaid |
| Key performance indicators              | Existence of Cordaid Investments and its Funds as separate legal entity.   |

Add responsible investment objective 3 for the next reporting year

|   |   |
|---|---|
| Objective 3 for the next reporting year | Tool to measure social impact of SMEs and to monitor their ESG is in place. |
| Key performance indicators              | Tool is installed and in pilot phase.                                       |

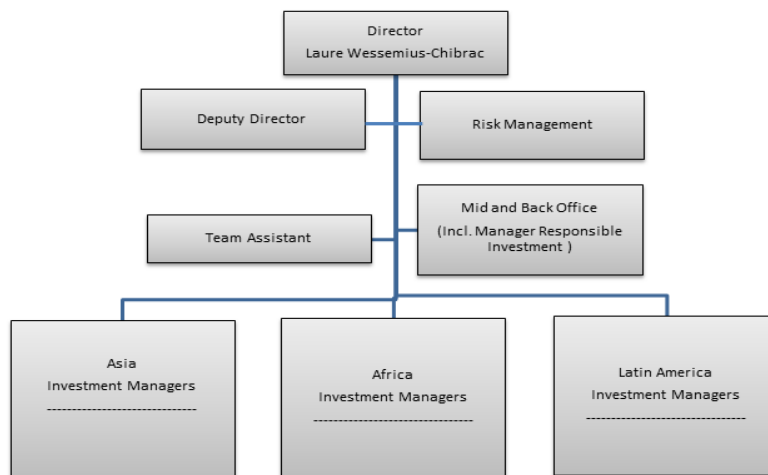
## Governance and human resources

|       |           |             |         |
|-------|-----------|-------------|---------|
| OA 07 | Voluntary | Descriptive | General |
|-------|-----------|-------------|---------|

|         |   |
|---------|---|
| OA 07.1 | Provide a brief description of your organisation's governance, management structures and processes related to responsible investment. |
|---------|---|

Cordaid has a distinct Manual for the Business Unit Investments , which has been approved by the Board of Directors in 2013, and in which the organization and management of the Cordaid Investment Fund is clearly described in terms of strategy and organizational structure; financial and accounting practices; investment criteria; various policies including the range of products offered, interest rates and social performance management policy, work processes and procedures, IT platform and reporting. The Manual is 90% completed, but some work needs to be done to finalize all annexes.

I would like to attach an organisation chart (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)



To upload the image click the Save button below

|       |           |                       |         |
|-------|-----------|-----------------------|---------|
| OA 08 | Mandatory | Gateway/Core Assessed | General |
|-------|-----------|-----------------------|---------|

**OA 08.1**

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
  - Director Investments (Fund Manager)**
    - Oversight/accountability for responsible investment
    - Implementation of responsible investment
    - No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
- Dedicated responsible investment staff
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify
- Other role, specify

**OA 08.2**

Indicate the number of dedicated responsible investment staff your organisation has. [Optional]

Number

17

|              |                  |                            |                |
|--------------|------------------|----------------------------|----------------|
| <b>OA 09</b> | <b>Voluntary</b> | <b>Additional Assessed</b> | <b>General</b> |
|--------------|------------------|----------------------------|----------------|

OA 09.1

Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.

**Board members/Board of trustees**

- Responsible investment included in personal development and/or training plan
- None of the above

**Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee**

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

**Other C-level staff or head of department**

**Director Investments (Fund Manager)**

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

**Portfolio managers**

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

**Dedicated responsible investment staff**

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

**Promoting responsible investment**

OA 10

Mandatory

Core Assessed

PRI 4,5

OA 10.1

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]

In 2014 Cordaid regularly discussed progress on PIIF and PIIF activities. Cordaid informed Karin Malmberg about the new Social Performance Assessment Tool that Cordaid is using when assessing an MFI. The tool is fully aligned with the Universal Standards of Social Performance. Cordaid has given a short presentation to Karin about the tool.

- Asian Corporate Governance Association
- Association for Sustainable & Responsible Investment in Asia
- Australian Council of Superannuation Investors
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- 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)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- 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

GIIN

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

- Basic
- Moderate
- Advanced

Other collaborative organisation/initiative, specify

Social Performance Task Force (SPTF)

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]

Participated in working groups and helped to prepare presentations during Social Investors Working Group Meetings.

Other collaborative organisation/initiative, specify

NPM Platform for Inclusive Finance

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]

As active member we participated in several knowledge meetings and forums and the rural finance group. Together with NPM and FMO we organized a training on governance and we organized a workshop during annual meeting of NPM on investments in fragile countries.

Other collaborative organisation/initiative, specify

|       |           |               |       |
|-------|-----------|---------------|-------|
| OA 11 | Mandatory | Core Assessed | PRI 4 |
|-------|-----------|---------------|-------|

**OA 11.1** Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

Yes

**OA 11.2**

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
- Other, specify

Promoting responsible investments is integrated in various processes such as due diligence and monitoring visits and is also an important objective when taking board functions.

No

**OA 12**

Voluntary

Additional Assessed

PRI 4,5,6

**OA 12.1**

Indicate if your organisation - individually or in collaboration with others - conducted dialogue with public policy makers or standard-setters in support of responsible investment in the reporting year.

Yes

- Yes, individually
- Yes, in collaboration with others

**OA 12.2**

Select the methods you have used.

- Endorsed written submissions to governments, regulators or standard-setters developed by others
- Drafted your own written submissions to governments, regulators or standard-setters
- Participated in face-to-face meetings with government members or officials to discuss policy
- Other, specify

**OA 12.3**

Where you have made written submissions (individually or collaboratively) to governments and regulatory authorities, indicate if these are publicly available.

- Yes, publicly available
- No

No

**ESG issues in asset allocation****OA 13**

Voluntary

Descriptive

PRI 1



|                |  |
|----------------|--|
| <b>OA 13.1</b> | Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between geographic markets. |
|----------------|--|

- Yes
  - Allocation between asset classes
  - Determining fixed income duration
  - Allocation of assets between geographic markets
  - Other, specify

|                |   |
|----------------|---|
| <b>OA 13.2</b> | Describe how you apply ESG issues in strategic asset allocation and/or allocation of assets between geographic markets. |
|----------------|---|

All investees are assessed through an ESG Scorecard that looks at various elements. These elements are based on the kind of investees: MFI, MFI Fund, SME or SME Fund.

Because of Cordaid mission we work in Africa, Asia and Latin America.

- No

|              |                  |                    |              |
|--------------|------------------|--------------------|--------------|
| <b>OA 14</b> | <b>Voluntary</b> | <b>Descriptive</b> | <b>PRI 1</b> |
|--------------|------------------|--------------------|--------------|

|                |   |
|----------------|---|
| <b>OA 14.1</b> | Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas. |
|----------------|---|

- Yes

|                |  |
|----------------|--|
| <b>OA 14.2</b> | Indicate the percentage of your total AUM invested in environmental and social themed areas. |
|----------------|--|

|  |                |
|--|----------------|
|  | % of total AUM |
|--|----------------|

100

|                |  |
|----------------|--|
| <b>OA 14.3</b> | Please specify which thematic area(s) you invest in and provide a brief description. |
|----------------|--|

|  |      |
|--|------|
|  | Area |
|--|------|

- Clean technology (including renewable energy)
- Green buildings
- Sustainable forestry
- Sustainable agriculture

|  |                      |
|--|----------------------|
|  | Asset class invested |
|--|----------------------|

- Inclusive finance

Brief description of investment

Cordaid Investments' RURAF Fund is dedicated investments in rural and agricultural finance. RURAF's investees are mainly microfinance institutions serving farmers and rural micro-entrepreneurs, who are often underserved and/or do not have access to appropriate and affordable financial products and services that cater their needs and risks. RURAF generally but not exclusively invests in financial services for sustainable agriculture. Grants are provided for capacity building and the development of innovative financial products, services and methods.

- Microfinance

Asset class invested

- Inclusive finance

Brief description of investment

Cordaid has nearly 20 years of experience of supporting and investing in microfinance, both through grant-making (to support capacity building, product development and customer services) and through investments in microfinance institutions (MFIs). Initially we primarily invested in start-up MFIs or MFI start-up funds, but gradually we have expanded to include more mature organizations especially those that are serving rural clients and that reach out to underserved rural areas. In fragile and post-conflict countries Cordaid supports less mature MFIs based in urban areas.

- SME financing

Asset class invested

- Inclusive finance

Brief description of investment

In 2014 Cordaid established the Stability Impact Fund (SIF). This impact-first fund serves all segments of micro, small and medium-sized enterprises (MSMEs) in fragile contexts. SIF aims to stimulate entrepreneurship and create jobs in fragile contexts as a means to achieve economic development and stability. SIF provides its investees with loans and patient capital. It also provides grant-funded Resilient Business Development Services (RBDS) to make MSMEs investment ready, and better equipped to achieve their social and business goals.

- Social enterprise / community investing
- Affordable housing
- Education
- Global health

Asset class invested

- Inclusive finance

|                                 |
|---------------------------------|
| Brief description of investment |
|---------------------------------|

The Health Fund was created to improve the quality and quantity of health services in sub-Saharan Africa by providing health institutions with much-needed access to finance. In 2014, a pilot started with health clinics in Burundi and Rwanda.

- Water
- Other area, specify
- No

**Innovation**

|       |           |             |         |
|-------|-----------|-------------|---------|
| OA 18 | Voluntary | Descriptive | General |
|-------|-----------|-------------|---------|

|         |  |
|---------|--|
| OA 18.1 | Indicate whether any specific features of your approach to responsible investment are particularly innovative. |
|---------|--|

- Yes

|         |   |
|---------|---|
| OA 18.2 | Describe any specific features of your approach to responsible investment that you believe are particularly innovative. |
|---------|---|

As asset management branch of development organization Cordaid we believe that impact investing is the next stage in development aid. In a unique approach, Cordaid Investments complements grants-based development aid with investments. The results of this approach are threefold. First, it maximizes the social impact, as investments leverage the available budgets and catalyze the effect of grants by further strengthening institutions. Second, it mitigates investment risks by combining investments with grants for capacity building. Cordaid's solid partnerships, firm on-the-ground presence, and deep understanding of the local complexities further reduce these risks. Last, investments rebalance the relationship between investee and investor, as beneficiaries turn into customers with demands and responsibilities. This adds to their level of independence and professionalism, enhancing the chances of attracting other (commercial) funders.

Example:

The Health Fund was created to improve the quality and quantity of health services in sub-Saharan Africa by providing health institutions with much-needed access to finance. In 2014, a pilot started with health clinics in Burundi and Rwanda. The Health Fund specifically targets health institutions participating in Cordaid's Results Based Finance system. Healthcare providers receive their grant-based payments only after their outputs have been verified. However, the financial capacity of these health centers remains limited. Loans provided by the Health Fund enable recipients to access larger amounts of funding to further improve their services. Loans are typically used to purchase medical equipment or supplies, renovate or build facilities, and improve medical services.

- No

**Assurance of responses**

|       |           |                     |         |
|-------|-----------|---------------------|---------|
| OA 19 | Voluntary | Additional Assessed | General |
|-------|-----------|---------------------|---------|

**OA 19.1**

Indicate whether your reported information has been reviewed, validated and/or assured by internal and/or external parties.

Yes

No

Cordaid

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.

## Context

|        |           |             |              |
|--------|-----------|-------------|--------------|
| IFD 01 | Voluntary | Descriptive | PIIF General |
|--------|-----------|-------------|--------------|

|          |  |
|----------|--|
| IFD 01.1 | Indicate if you have a distinct mission and investment objective for your investment in inclusive finance. |
|----------|--|

Yes

|          |   |
|----------|---|
| IFD 01.2 | Describe your inclusive finance mission and investment objective. |
|----------|---|

### Fostering inclusive financial systems

To build flourishing communities, a healthy and inclusive financial sector is essential. Most developing countries lack access to inclusive financial services, however. Cordaid Investments fills this gap by investing in microfinance institutions and funds that offer inclusive finance to people, businesses and public service providers that have limited alternatives. Development is fostered by financially educating investees and sharing knowledge and best practices.

No

|          |                         |
|----------|-------------------------|
| IFD 01.3 | Additional information. |
|----------|-------------------------|

### Guiding Principles

Cordaid Investments is based on the following guiding principles which apply to all investments managed by Cordaid.

#### *Principles for Responsible Finance*

Cordaid investment funds must comply with the Principles for Responsible Investment (PRI) as defined by the UN PRI as well as the Principles for Investors in Inclusive Finance (PIIF).

#### *Client Protection Principles*

Investees must adopt, endorse and comply with the generally accepted client protection principles. The Client Protection Principles are the minimum standards that clients should expect to receive when doing business with a microfinance institution.

#### *Investees (direct)*

Cordaid investment funds invests in Microfinance Institutions (MFIs). A microfinance institution (MFI) is an organization that provides financial services to the poor and low income people. This broad definition includes a wide range of providers that vary in their legal structure, mission and methodology. However, all share the common characteristic of providing financial services to clients who are poorer and more vulnerable than traditional bank clients.

#### *Reporting*

MFIs investees must report on the Financial Performance, Social Performance and Development Impact of their activities by applying the standards and tools developed by Social Performance Task Force and Mix Market.

#### *Balanced Returns*

Cordaid investments seek an optimal social impact and an acceptable financial return.

|        |           |             |              |
|--------|-----------|-------------|--------------|
| IFD 02 | Voluntary | Descriptive | PIIF General |
|--------|-----------|-------------|--------------|

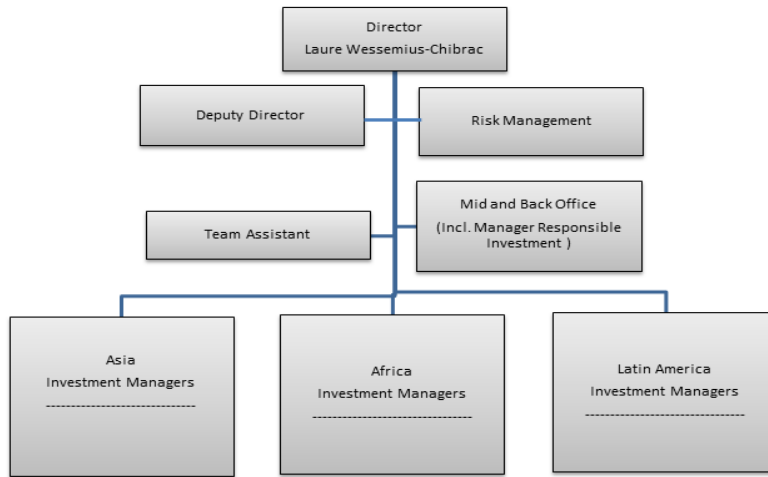
**IFD 02.1**

Provide a brief description of the governance and management structures and processes you have in place for your responsible investment activities and implementation of the PIIF.

CORDAID has developed an ESG scorecard (so-called Social Performance Assessment (SPA) - Tool) that looks at key social and environmental performance indicators and that is used for due diligence and monitoring of all microfinance investments.

We have trained our staff (all Investment Managers) in social performance management and the knowledge on SPM is updated regularly.

I would like to attach an organisation chart (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)



To upload the image click the Save button below

|               |                  |                    |                     |
|---------------|------------------|--------------------|---------------------|
| <b>IFD 03</b> | <b>Voluntary</b> | <b>Descriptive</b> | <b>PIIF General</b> |
|---------------|------------------|--------------------|---------------------|

**IFD 03.1**

Indicate if you set social targets for your organisation, specific to inclusive finance.

- Yes
- No

|                 |                         |
|-----------------|-------------------------|
| <b>IFD 03.2</b> | Additional information. |
|-----------------|-------------------------|

Our overall target is to support financial institutions that provide services to (very) poor and low income clients in developing countries in Asia, Latin America and Sub-Saharan Africa. At least 25% of investments should be in Sub-Saharan Africa. Moreover, since three years we are also targeting financial access in fragile countries and regions, especially in African countries (like South Sudan, DRC Congo and Sierra Leone).

For all investees the ESG scorecard has to be filled in. The minimum score is set at 50 out of 100 and the average score for our rural and agricultural portfolio is set as 70+ .

For our Rural Agricultural Fund we have set targets for rural outreach, with a minimum of 50% (measured by number of branches in rural areas)

|               |  |                |                     |
|---------------|--|----------------|---------------------|
| <b>IFD 04</b> | <b>Mandatory to Report Voluntary to Disclose</b> | <b>Gateway</b> | <b>PIIF General</b> |
|---------------|--|----------------|---------------------|

|                 |   |
|-----------------|---|
| <b>IFD 04.1</b> | Of your total assets invested directly in inclusive finance, indicate what percentage is invested in the following: |
|-----------------|---|



|              |  |
|--------------|--|
| Equity       | <input type="radio"/> 0%<br><input checked="" type="radio"/> <20%<br><input type="radio"/> 20-40%<br><input type="radio"/> 41-60%<br><input type="radio"/> 61-80%<br><input type="radio"/> >80%  |
| Debt         | <input type="radio"/> 0%<br><input type="radio"/> <20%<br><input type="radio"/> 20-40%<br><input type="radio"/> 41-60%<br><input type="radio"/> 61-80%<br><input checked="" type="radio"/> >80%<br><div style="background-color: #0070C0; color: white; padding: 2px;">Of which, subordinated debt</div> <input type="checkbox"/> 0%<br><input checked="" type="checkbox"/> <20%<br><input type="checkbox"/> 20-40%<br><input type="checkbox"/> 41-60%<br><input type="checkbox"/> 61-80%<br><input type="checkbox"/> >80% |
| Guarantees   | <input type="radio"/> 0%<br><input checked="" type="radio"/> <20%<br><input type="radio"/> 20-40%<br><input type="radio"/> 41-60%<br><input type="radio"/> 61-80%<br><input type="radio"/> >80%  |
|              | <input checked="" type="radio"/> 0%<br><input type="radio"/> <20%<br><input type="radio"/> 20-40%<br><input type="radio"/> 41-60%<br><input type="radio"/> 61-80%<br><input type="radio"/> >80%  |
| <b>Total</b> | <b>100%</b>  |

|               |  |                |                     |
|---------------|--|----------------|---------------------|
| <b>IFD 05</b> | <b>Mandatory to Report Voluntary to Disclose</b> | <b>Gateway</b> | <b>PIIF General</b> |
|---------------|--|----------------|---------------------|

|                 |   |
|-----------------|---|
| <b>IFD 05.1</b> | Of your total assets invested directly in inclusive finance, indicate what percentage is invested in the following: |
|-----------------|---|

|  |   |   |   |
|--|---|---|---|
| <b>Microfinance</b>  | <input type="checkbox"/> 0%<br><input type="checkbox"/> <20%<br><input type="checkbox"/> 20-40%<br><input type="checkbox"/> 41-60%<br><input type="checkbox"/> 61-80%<br><input checked="" type="checkbox"/> >80% |   |   |
| <table border="1"> <tr> <td style="background-color: #0070C0; color: white;">SME finance (provide your definition of SME)</td> <td> <input type="checkbox"/> 0%<br/> <input checked="" type="checkbox"/> &lt;20%<br/> <input type="checkbox"/> 20-40%<br/> <input type="checkbox"/> 41-60%<br/> <input type="checkbox"/> 61-80%<br/> <input type="checkbox"/> &gt;80% </td> </tr> </table> <p>Cordaid uses no standard definition for SME's. We look at wide range from micro to medium based on assets and no. of employees</p> | SME finance (provide your definition of SME)  | <input type="checkbox"/> 0%<br><input checked="" type="checkbox"/> <20%<br><input type="checkbox"/> 20-40%<br><input type="checkbox"/> 41-60%<br><input type="checkbox"/> 61-80%<br><input type="checkbox"/> >80% | <input type="checkbox"/> 0%<br><input checked="" type="checkbox"/> <20%<br><input type="checkbox"/> 20-40%<br><input type="checkbox"/> 41-60%<br><input type="checkbox"/> 61-80%<br><input type="checkbox"/> >80% |
| SME finance (provide your definition of SME)   | <input type="checkbox"/> 0%<br><input checked="" type="checkbox"/> <20%<br><input type="checkbox"/> 20-40%<br><input type="checkbox"/> 41-60%<br><input type="checkbox"/> 61-80%<br><input type="checkbox"/> >80% |   |   |
|  | <input checked="" type="checkbox"/> 0%<br><input type="checkbox"/> <20%<br><input type="checkbox"/> 20-40%<br><input type="checkbox"/> 41-60%<br><input type="checkbox"/> 61-80%<br><input type="checkbox"/> >80% |   |   |
| <b>Total</b>   | <b>100%</b>   |   |   |

|               |  |                    |                     |
|---------------|--|--------------------|---------------------|
| <b>IFD 06</b> | <b>Mandatory to Report Voluntary to Disclose</b> | <b>Descriptive</b> | <b>PIIF General</b> |
|---------------|--|--------------------|---------------------|

|                 |   |
|-----------------|---|
| <b>IFD 06.1</b> | Indicate if you track the geographical spread of your total assets invested directly in microfinance. |
|-----------------|---|

Yes

|                 |   |
|-----------------|---|
| <b>IFD 06.2</b> | Of your total assets invested directly in microfinance, indicate the geographic spread as a percentage of your portfolio. |
|-----------------|---|

- Western Europe
- Eastern Europe & Central Asia
- North America
- Latin America (includes Central and South America) & Caribbean

| % of portfolio   | Indicate the average loan size (in US\$) of your investees to active borrowers in this region. |
|--|--|
| <input type="checkbox"/> <20%<br><input type="checkbox"/> 20-40%<br><input checked="" type="checkbox"/> 41-60%<br><input type="checkbox"/> 61-80%<br><input type="checkbox"/> >80% | 1150<br><input type="checkbox"/> We do not track this information                              |

East Asia & Pacific

| % of portfolio   | Indicate the average loan size (in US\$) of your investees to active borrowers in this region. |
|--|--|
| <input type="checkbox"/> <20%<br><input checked="" type="checkbox"/> 20-40%<br><input type="checkbox"/> 41-60%<br><input type="checkbox"/> 61-80%<br><input type="checkbox"/> >80% | 140<br><input type="checkbox"/> We do not track this information                               |

South Asia

| % of portfolio   | Indicate the average loan size (in US\$) of your investees to active borrowers in this region. |
|--|--|
| <input checked="" type="checkbox"/> <20%<br><input type="checkbox"/> 20-40%<br><input type="checkbox"/> 41-60%<br><input type="checkbox"/> 61-80%<br><input type="checkbox"/> >80% | 160<br><input type="checkbox"/> We do not track this information                               |

Middle East & North Africa

Sub-Saharan Africa

| % of portfolio   | Indicate the average loan size (in US\$) of your investees to active borrowers in this region. |
|--|--|
| <input type="checkbox"/> <20%<br><input checked="" type="checkbox"/> 20-40%<br><input type="checkbox"/> 41-60%<br><input type="checkbox"/> 61-80%<br><input type="checkbox"/> >80% | 130<br><input type="checkbox"/> We do not track this information                               |

No

IFD 06.3

Additional information. [Optional]

Average loan size is tracked per investee. At moment data cannot be aggregated per region. Above mentioned average loan size are therefore estimated.

### 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
- 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
- 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
- No, we do not track
- Not applicable (there are no loans for housing in the portfolio)

IFD 07.4

Additional information. [Optional]

Per MFI we have data about division of their portfolio (agricultural, housing, microenterprise, consumer. At the moment we are not able to aggregate this information. We will collect these data on portfolio level in our new MIS.

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

**IFD 08.2**

Indicate which of the following services you support:

- Voluntary savings products

Provide examples of how and what you support.

Cordaid provides equity or (sub)debt so that MFI's can comply with the Central Bank regulations to receive license for voluntary savings.

We also provided a grant for research on best practices and legal framework for rural savings in Latin America.

In our social scorecard we assess if MFI's provide voluntary savings. As yet, we are not yet able to keep track of aggregated data on Cordaid portfolio level.

Indicate if you gather data regarding the percentage of financial service providers in your portfolio that are offering such a service.

- Yes  
 No

- Voluntary insurance products

Provide examples of how and what you support.

Cordaid provided funding for technical assistance to several MFI's so that they were able to develop micro-insurance products.

In our social scorecard we assess if MFI's provide other financial services (like insurance) to more than 5% of their clients, but we are not yet able to keep track of aggregated data on Cordaid portfolio level.

Indicate if you gather data regarding the percentage of financial service providers in your portfolio that are offering such a service.

- Yes  
 No

- Other financial services, specify

Agricultural product development and loans

Provide examples of how and what you support.

Cordaid provided funding for technical assistance to MFIs. With this assistance MFIs developed and rolled out agricultural credit products. MFIs also exchanged knowledge on best practices of agricultural credit products

Indicate if you gather data regarding the percentage of financial service providers in your portfolio that are offering such a service.

- Yes

If you aggregate this information at an organisational level, indicate the percentage of microfinance providers in the MIV or organisational direct portfolio offering such products.

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

No

Non-financial services, specify

product development, financial literacy.

Provide examples of how and what you support.

Cordaid has supported MFI's (especially in South Asia) to establish self-help groups and train these groups so that group members get access to financial services such as credit, but also savings and insurance products.

In some cases we provide support for the promotion of financial literacy and enable MFIs to train their clients, especially in fragile countries and regions.

In our social scorecard we assess if MFI's provide or facilitate non-financial services (financial literacy or others), but we do not keep track of aggregated data on Cordaid portfolio level. This will be part of our new MIS-system.

Indicate if you gather data regarding the percentage of financial service providers in your portfolio that are offering such a service.

- Yes
- No

No

|        |           |                     |        |
|--------|-----------|---------------------|--------|
| IFD 09 | Voluntary | Additional Assessed | PIIF 1 |
|--------|-----------|---------------------|--------|

**Possible action:**

*Encourage providers to introduce innovative products tailored to needs of low-income clients.*

*Encourage providers to expand their service offering to more remote areas and more vulnerable populations.*

IFD 09.1

Indicate if you support the introduction of services tailored to the following client groups.

| Client groups | Yes/No   |
|---------------|--|
| The very poor | <p><input checked="" type="radio"/> Yes</p> <p>Describe how you support the introduction of such services.</p> <p>We support the introduction of services to the very poor. We also encourage MFI's to assess their poverty targeting by using poverty measurement at client level by using the Progress out of Poverty Index (PPI) or similar tools. We have provided a grant to the Grameen Foundation to introduce PPI to MFI's in Africa.</p> <p>Indicate what percentage of assets you know to be supporting these clients.</p> <p><input type="checkbox"/> 0%</p> <p><input type="checkbox"/> &lt;20%</p> <p><input type="checkbox"/> 20-40%</p> <p><input type="checkbox"/> 41-60%</p> <p><input type="checkbox"/> 61-80%</p> <p><input type="checkbox"/> &gt;80%</p> <p><input type="radio"/> We track at the investee level but do not aggregate this information</p> <p><input checked="" type="radio"/> We do not track at the investee level</p> <p><input type="radio"/> No</p> |
| The poor      | <p><input checked="" type="radio"/> Yes</p> <p>Describe how you support the introduction of such services.</p> <p>We support the introduction of services to the poor. We also encourage MFI's to assess their poverty targeting by using poverty measurement at client level by using the Progress out of Poverty Index (PPI) or similar tools. We have provided a grant to the Grameen Foundation to introduce PPI to MFI's in Africa.</p> <p>Indicate what percentage of assets you know to be supporting these clients.</p> <p><input type="checkbox"/> 0%</p> <p><input type="checkbox"/> &lt;20%</p> <p><input type="checkbox"/> 20-40%</p> <p><input type="checkbox"/> 41-60%</p> <p><input type="checkbox"/> 61-80%</p> <p><input type="checkbox"/> &gt;80%</p> <p><input type="radio"/> We track at the investee level but do not aggregate this information</p> <p><input checked="" type="radio"/> We do not track at the investee level</p> <p><input type="radio"/> No</p>      |
| Low           | <p><input checked="" type="radio"/> Yes</p>  |

|                |  |
|----------------|--|
| income clients | <p>Describe how you support the introduction of such services.</p> <p>We support the introduction of services to low income people. We also encourage MFI's to assess their poverty targeting by using poverty measurement at client level by using the Progress out of Poverty Index (PPI) or similar tools. We have provided a grant to the Grameen Foundation to introduce PPI to MFI's in Africa.</p> <p>Indicate what percentage of assets you know to be supporting these clients.</p> <p><input type="checkbox"/> 0%</p> <p><input type="checkbox"/> &lt;20%</p> <p><input type="checkbox"/> 20-40%</p> <p><input type="checkbox"/> 41-60%</p> <p><input type="checkbox"/> 61-80%</p> <p><input type="checkbox"/> &gt;80%</p> <p><input type="radio"/> We track at the investee level but do not aggregate this information</p> <p><input checked="" type="radio"/> We do not track at the investee level</p> <p><input type="radio"/> No</p> |
|                | <p><input checked="" type="radio"/> Yes</p> <p>Describe you support the introduction of such services.</p> <p>We support the introduction of services to socially marginalised groups (ethnic minorities and others)</p> <p>Indicate what percentage of assets you know to be supporting these clients.</p> <p><input type="checkbox"/> 0%</p> <p><input type="checkbox"/> &lt;20%</p> <p><input type="checkbox"/> 20-40%</p> <p><input type="checkbox"/> 41-60%</p> <p><input type="checkbox"/> 61-80%</p> <p><input type="checkbox"/> &gt;80%</p> <p><input type="radio"/> We track at the investee level but do not aggregate this information</p> <p><input checked="" type="radio"/> We do not track at the investee level</p> <p><input type="radio"/> No</p>  |

|          |   |
|----------|---|
| IFD 09.2 | Indicate if you collect data regarding the percentage or number of total active clients that are: |
|----------|---|

|       |
|-------|
| Rural |
|-------|

Yes



Indicate what percentage of your direct portfolio this represents

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

No

Urban

Yes

Indicate what percentage of your direct portfolio this represents

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

No

Female

Yes

Indicate what percentage of your direct portfolio this represents

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

No

|        |           |             |        |
|--------|-----------|-------------|--------|
| IFD 10 | Voluntary | Descriptive | PIIF 1 |
|--------|-----------|-------------|--------|

**Possible action:**

*Supporting retail providers.*

IFD 10.1 Indicate if you provide technical assistance to your investees.

Yes

No

|          |                         |
|----------|-------------------------|
| IFD 10.2 | Additional information. |
|----------|-------------------------|

Cordaid has a grant policy that makes it possible to provide TA to its investees. When providing TA, in most cases specialized technical service providers are contracted. We collaborate with organizations like Microsave (in India and Africa), with Ayani (in Africa) and Rimansi (for micro-insurance in South East Asia). Sometimes we provided TA directly ourselves. In 2014 one of our Investment Managers trained African MFIs on risk-mitigation in agricultural microfinance.

The TA that is supported contains a wide range of areas that can enhance the financial and/or social performance of an MFI. Typical areas for TA support are strengthening the management and board, risk-management and MIS. Cordaid has a special focus to provide TA for agricultural product development and SPM.

## 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 11.2 | Additional information. [Optional] |
|----------|------------------------------------|

We have publically endorsed the Client Protection Principles and we report on our actions in relation to CPP/client protection measures to our investors.

|        |           |                     |        |
|--------|-----------|---------------------|--------|
| IFD 12 | Voluntary | Additional Assessed | PIIF 2 |
|--------|-----------|---------------------|--------|

|          |   |
|----------|---|
| IFD 12.1 | Indicate if you provide training or assistance for your investees in implementing the Client Protection Principles and/or other client protection measures. |
|----------|---|

- Yes
- No

|          |                         |
|----------|-------------------------|
| IFD 12.2 | Additional information. |
|----------|-------------------------|

Indirectly we provide training to investees regarding CPP. In several countries we have supported country networking organisations or NGO's that provide training on CPP and SPM. Occasionally Cordaid also provides financial support for conducting social ratings of investees.

On global level we have supported initiatives that promote best practices in CPP such as MF Transparency with fair and transparent pricing.

During our due diligence our Investment Managers pay special attention to CPP.

|        |           |               |        |
|--------|-----------|---------------|--------|
| 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

**IFD 13.3**

Indicate if you encourage investees to apply for Client Protection Certification. [Optional]

Yes

No

No

### PIIF Principle 3: Fair treatment

**IFD 14**

**Mandatory**

**Core Assessed**

**PIIF 3**

**Possible action:**

*Provide financing in an appropriate currency and tenor.*

**IFD 14.1**

In relation to your direct portfolio in debt, indicate if you provide investment in local currency.

Yes

**IFD 14.2**

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

|          |                                    |
|----------|------------------------------------|
| IFD 14.3 | Additional information. [Optional] |
|----------|------------------------------------|

In 2014 total direct investment in local currency was 64%

|        |           |             |        |
|--------|-----------|-------------|--------|
| IFD 15 | Mandatory | Descriptive | PIIF 3 |
|--------|-----------|-------------|--------|

**Possible action:**

*Provide financing in an appropriate currency and tenor.  
Actively support the building of a diversified funding base.*

|          |  |
|----------|--|
| IFD 15.1 | 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
- Over 60 months

|  |                     |
|--|---------------------|
|  | Indicate percentage |
|--|---------------------|

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

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

- Yes
- No

|          |                                    |
|----------|------------------------------------|
| IFD 15.3 | Additional information. [Optional] |
|----------|------------------------------------|

For direct lending to investees the minimum amount is EUR 250K and the maximum is EUR 2 million or about USD 2.7 million.

Almost 60% of our direct portfolio in debt has a maturity between 25 - 60 months.

|        |           |               |        |
|--------|-----------|---------------|--------|
| IFD 17 | Mandatory | Core Assessed | PIIF 3 |
|--------|-----------|---------------|--------|

**Possible action:**

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

**IFD 17.1**

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.

This is explained to investees when we meet or in writing. What is more, all investees receive a draft term sheet prior to the agreement.

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.

Same as above. Covenant breaches are explained and are part of the draft term sheet.

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.

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.

During our due diligence at an MFI we use a tool to measure alignment with the Universal Standards of Social Performance Management. Cordaid's tool is a selection of questions used in the SPI4 ( A tool developed by Cerise and SPTF to measure alignment with USSPM). The information received is uploaded to a scorecard that is designed for Cordaid. Investment managers give additional comments on over-indebtedness and balanced return on this scorecard. The scorecard is part of our investment analysis.

Every year the Social Performance Assessment tool needs to be updated and works therefore as a monitoring tool.

All information (organisational information and questionnaire) received with our Social Performance Assessment Tool can be uploaded to a database. This database is currently being tested. Once fully operational, the database enables us to report more accurately and efficiently on the social impact that our investments achieve

### 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.

See above

### 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

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

**IFD 19.1** 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

**IFD 19.2**

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

**IFD 19.3**

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.*

**IFD 20.1**

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

Describe what you look at and, if post-investment, the frequency of assessment. [Optional]

We look at the experience of the board in banking sector and developing/social sector. We also look at gender composition in a board.

**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 21 | Voluntary | Descriptive | PIIF 4 |
|--------|-----------|-------------|--------|

**Possible action:**

Assist in developing appropriate references for corporate governance issues.

IFD 21.1 Indicate if you provide training or assistance for your investees on corporate governance.

- Yes
- No

IFD 21.2 Additional information.

We provide this kind of training occasionally, when the need is felt. Less than 10% of our investees receive training or assistance on governance annually.

|        |           |             |        |
|--------|-----------|-------------|--------|
| 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
  - For all inclusive finance investments
  - For a majority of inclusive finance investments
  - For a minority of inclusive finance investments

**IFD 23.2**

Describe how your procedure to integrate the consideration of environmental issues in your investment decisions processes affect decisions pre-investment. [Optional]

Environmental issues are one of the focus issues that are screened in Social Performance Assessment tool. We look if the financial institution evaluates the level of environmental risk of its clients, the institution raises clients' awareness on environmental risks and if the institution provides specific green loan products.

**IFD 23.3**

Describe how your procedure to integrate the consideration of environmental issues in your investment decisions processes affect decisions post- investment. [Optional]

Environmental issues are reviewed post-investment when updating the Social Performance Assessment Tool (once a year).

- 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

**IFD 24**

**Voluntary**

**Additional Assessed**

**PIIF 4**

**Possible action:**

*Promote implementation of anti-corruption practices.*

**IFD 24.1**

Indicate if you have anti-corruption policies.

- Yes, published
- Yes, but not published
- No

|                 |   |
|-----------------|---|
| <b>IFD 24.2</b> | Indicate if you have internal whistle-blowing policies. |
|-----------------|---|

- Yes, published
- Yes, but not published
- No

|                 |  |
|-----------------|--|
| <b>IFD 24.3</b> | Indicate if you review whether your investees have anti-corruption policies as part of your due diligence process. |
|-----------------|--|

- Yes
- No

|                 |   |
|-----------------|---|
| <b>IFD 24.4</b> | Indicate if you review whether your investees have internal whistle-blowing policies as part of your due diligence process. |
|-----------------|---|

- Yes
- No

## PIIF Principle 5: Transparency

|               |           |                     |        |
|---------------|-----------|---------------------|--------|
| <b>IFD 25</b> | Voluntary | Additional Assessed | PIIF 5 |
|---------------|-----------|---------------------|--------|

**Possible action:**

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

|                 |   |
|-----------------|---|
| <b>IFD 25.1</b> | Indicate how your mission and investment objectives communicated to stakeholders (e.g. investees, investors). |
|-----------------|---|

- Publicly

|  |               |
|--|---------------|
|  | Provide a URL |
|--|---------------|

<https://www.cordaid.org/en/topics/investments/>

- Selected stakeholders only
- On request only

|               |           |               |        |
|---------------|-----------|---------------|--------|
| <b>IFD 26</b> | Mandatory | Core Assessed | PIIF 5 |
|---------------|-----------|---------------|--------|

**Possible action:**

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

|                 |   |
|-----------------|---|
| <b>IFD 26.1</b> | 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
- The Impact Reporting & Investment Standards (IRIS)
  - Yes, to our investors only
  - Yes, to the public
- Other, specify
- No

**IFD 26.3**

Additional information. [Optional]

We are currently still in the process of upgrading our MIS. As part of this upgrade we will include reporting indicators from IRIS and MIX.

**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.

During due diligence process we assess the (main) products and prices that are offered by the investee to its clients, we calculate the APR of the main product and compare this with industry and national standards. We discuss with the investee how they disclose this information to their clients and if they do this in a transparent way.

This is also one of the elements assessed in our Social Performance Assessment Tool. If the score is too low this is a reason for not investing. Nevertheless we cannot enforce this in all cases because of competition and unawareness of the Smart Campaign in some countries, especially in fragile states like for example DRC and South Sudan.

- No

Other terms and conditions

- Yes
- 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. |
|----------|---|

As our primary aim is to invest in financial institutions that strive to achieve social impact, it is important for us that all investees have a clear social mission, that this mission is put into practice, and that the investee pays attention to social performance management. Several SPM areas are reviewed by us, and the information is recorded in our ESG Scorecard. An organisation has to score a minimum of 50 points (out of 100) to be eligible for an investment. If certain standards are not sufficiently in place, we can agree with the investee a trajectory for improvement. We may provide additional support and/or decide to formulate the desired outcome in a social covenant that will be part of the investment agreement.

No

|                      |
|----------------------|
| Portfolio management |
|----------------------|

Yes

|          |   |
|----------|---|
| IFD 28.3 | Explain how social performance of investees affects portfolio management. |
|----------|---|

We monitor social performance of our portfolio in several ways, for example by checking ESG score (average should be above 70), outreach in rural areas (average should be over 50%), the offering of agricultural products (target is 30%), gender composition and poverty level of the clients.

We are currently working on a new MIS that will strictly follow the social performance of all investees on an annual basis. For MFIs we will align this information with social and outreach data reported to the Mixmarket.

No

|        |           |                     |        |
|--------|-----------|---------------------|--------|
| IFD 29 | Voluntary | Additional 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 29.1 | Indicate if your staff have monetary (or other – specify) incentives linked to social performance measures. |
|----------|---|

Yes

No

|          |                         |
|----------|-------------------------|
| IFD 29.2 | Additional information. |
|----------|-------------------------|

Staff has no monetary incentives based on financial and/or social targets.

|        |           |                     |        |
|--------|-----------|---------------------|--------|
| IFD 30 | Voluntary | Additional 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 30.1 | Indicate if you collect data regarding the social outcomes of your investees' work. |
|----------|---|

- Yes
- No

|          |                         |
|----------|-------------------------|
| IFD 30.2 | Additional information. |
|----------|-------------------------|

Social outcome is part of the current MIS, but it will be extended with the introduction of a new MIS. Some of the indicators for social outcome that we use are: poverty targeting and measurement, products/services offered and effective interest rate, rural and agricultural outreach, female outreach, HR policies and staff benefits.

|        |           |                     |        |
|--------|-----------|---------------------|--------|
| IFD 31 | Voluntary | Additional 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 31.1 | Indicate if you incentivise investees to track social performance. |
|----------|--|

- Yes
- No

|          |                         |
|----------|-------------------------|
| IFD 31.3 | Additional information. |
|----------|-------------------------|

Currently we do not give financial incentives to investees to improve and track their social performance. In several cases we have supported investees to improve their SPM and track social impact (e.g. developing PPI tools). Social Performance is definitely one of the items that is always discussed with the investee and it is assessed in our ESG-scorecard. If the score is too low, Cordaid will not invest.

**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
- No

**European Microfinance Platform (eMFP)**

- Yes
  - Basic
  - Moderate
  - Advanced
- No

Global Impact Investors Network (GIIN)

- Yes
  - Basic
  - Moderate
  - Advanced
- No

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

NPM Platform on Inclusive Finance and MF Transparency

- Yes
  - Basic
  - Moderate
  - Advanced
- No

|        |           |                     |        |
|--------|-----------|---------------------|--------|
| IFD 33 | Voluntary | Additional Assessed | PIIF 7 |
|--------|-----------|---------------------|--------|

**Possible action:**

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

IFD 33.1 Indicate if you encourage your investees to be a member of/endorse the following:

Social Performance Task Force

- Yes
- No

The Smart Campaign

- Yes

Describe how you have supported them in implementation (direct or via a third party) during the reporting year.

Part of the pre-investment process when it appears that investee has not yet endorsed the Smart Campaign. Endorsing CPP is an investment requirement



Indicate what percentage of investees, as a percentage of your direct inclusive finance portfolio, is a member of/has endorsed this.

- <20%
- 20-40%
- 41-60%
- 61-80%
- >80%
- We do not track this information
- No

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

National MFI network organisation / association.

- Yes

Describe how you have supported them in implementation (direct or via a third party) during the reporting year.

We encourage MFIs to join network organizations that play an active role in SPM and promotion of inclusive finance. We also support such networks.

Indicate what percentage of investees, as a percentage of your direct inclusive finance portfolio, is a member of/has endorsed this.

- <20%
- 20-40%
- 41-60%
- 61-80%
- >80%
- We do not track this information
- No

|        |           |                     |        |
|--------|-----------|---------------------|--------|
| IFD 34 | Voluntary | Additional Assessed | PIIF 7 |
|--------|-----------|---------------------|--------|

**Possible action:**

*Contribute to advancing benchmarking, as an incentive for improvement.*

IFD 34.1 Indicate if you encourage your investees to participate in initiatives which contribute to the development of industry benchmarks.

MIX Market

- Yes

Describe which actions you have taken and confirm if you encourage reporting against the MIX Social Performance Indicators.

As part of our policy we ask all MFI's in which we invest to report financial as well as social indicators to the MIX Market. It is compulsory for all investees since 2013.

No

MFTransparency

Yes

No

Universal Standards for Social Performance Management

Yes

Describe what actions you have taken.

As member of SPTF we have been involved in the development of new USSPM standards. Standards have been introduced within Cordaid and will be fully integrated in our new MIS that is currently being developed. We discuss USSPM with investees and encourage them to adopt them in their own SPM. Since our Social Performance Tool is part of the SPI4 it has become easier for us to promote the USSPM amongst them. By filling in our Social Performance Assessment tool and sharing this with the MFI, the MFI will already have 25-30% of SPI4 filled it. Hopefully this will encourage them to complete the SPI4 and select dimensions on which they want to improve.

No

Other, specify

Yes

No

**IFD 34.2**

Additional information.

Although we encourage MFIs to participate in MF Transparency, this is not part of our standard policy and processes. Moreover, this is not relevant for all countries where we work because in several countries MF Transparency does not yet track data. Therefore we do this on a case by case basis.

Cordaid

Reported Information

Public version

Indirect - 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.

## Context

| IFI 01 | Mandatory to Report | Voluntary to Disclose | Descriptive | General |
|--------|---------------------|-----------------------|-------------|---------|
|--------|---------------------|-----------------------|-------------|---------|

**IFI 01.1** Indicate approximately what percentage (+/-10%) of your externally managed assets in inclusive finance are managed by PIIF signatories.

- All  
 Some

% of your total externally managed assets in inclusive finance

0

**IFI 01.2** Additional information. [Optional]

The externally managed assets of Cordaid are mostly managed by local fund managers that are based in developing countries. They are often relatively small investments funds that are not familiar with PIIF.

## Selection

| IFI 02 | Mandatory | Core Assessed | General |
|--------|-----------|---------------|---------|
|--------|-----------|---------------|---------|

**IFI 02.1** Indicate if you have due diligence policies and/or procedures in place for the selection of external investment managers in inclusive finance that take their approach to the following responsible investment issues (PIIF Principles) into account:

Actively supporting retail providers to innovate and expand the range of financial services available to low income people (Principle 1)

- Yes  
 No

Integration of client protection in investment policies and practices. (Principle 2)

- Yes  
 No

Treating investees fairly with appropriate financing that meets demand, clear and balanced contracts, and fair processes for resolving disputes. (Principle 3)

- Yes  
 No

The inclusion of environmental, social and corporate governance (ESG) issues in investment policies and reporting. (Principle 4)

- Yes
 No

Active promotion of transparency in all aspects. (Principle 5)

- Yes
 No

Striving for a balanced long-term social and financial risk-adjusted return that recognises the interests of clients, retail providers and investors. (Principle 6)

- Yes
 No

Collaborating to set harmonised investor standards that support the further development of inclusive finance. (Principle 7)

- Yes
 No

Contractual agreements and mandate design

Table with 4 columns: IFI 03, Mandatory, Core Assessed, General

IFI 03.1 When agreeing contracts and designing mandates with investment managers, in the process, indicate if you consider including the following issues referred to in the PIIF:

Actively supporting retail providers to innovate and expand the range of financial services to low-income people (Principle 1)

- Yes

Describe and indicate how.

In most of the contracts with indirect investees it is clearly stated what kind of MFIs and what kind of services these MFIs should provide to their clients. Besides, in 50% of our indirect investees Cordaid has a board seat. Board members representing Cordaid address these issues.

- No

Integration of client protection in investment policies and practices (Principle 2)

- Yes

Describe and indicate how.

This is not (yet) explicitly mentioned in our contracts but during meetings the issue is discussed. In our updated manual it is indicated that in future Fund Managers are obliged to integrate CPP in investment policies and practices.

In 50% of our indirect investees Cordaid has a seat on the board of the organization. During board meetings Cordaid addresses this issue. In countries where there has been a crisis, like in India, it has become easier to address this issue in boards of indirect investees and discuss it with the management of direct investees. This issue has therefore received more attention in the Cordaid due diligence process of the investment managers. Some of the investments funds have developed their own ESG scorecard and report this to Cordaid. Social Performance criteria, including client protection, are in the process to be set and to which all investment managers of externally managed funds need to report.

No

Treating investees fairly with appropriate financing needs that meets demand, clear and balanced contracts and fair processes for resolving disputes (Principle 3)

Yes

Describe and indicate how.

We do not explicitly refer to fair treatment in our contracts with externally managed investment funds, but during meetings this issue is addressed.

In 50% of our indirect investees Cordaid has a seat on the board of the organization. During board meetings Cordaid addresses this issue. In countries where there was a crisis, like in India, it has become easier to address this issue in boards of indirect investees and discuss it with the management of direct investees. This issue has therefore received more attention in the due diligence process of the investment managers. Some of the investment funds have developed their own ESG scorecard and report on this to Cordaid. Social Performance criteria, including fair treatment, are in the process to be set and to which all investment managers of externally managed funds need to report.

No

The inclusion of ESG issues in investment policies and reporting (Principle 4)

Yes

Describe and indicate how.

ESG issues are part of some our contracts with externally managed investment funds. Besides, in 50% of our indirect investees Cordaid has a board seat. During board meetings Cordaid addresses this issue.

Some of the investment funds in MFI's have developed their own ESG scorecard and report on this to Cordaid. Some of the investment funds in SME's have developed a social audit process in which ESG issues of their investees are tracked. We have played an active role in the development of ESG scorecard and social audit systems that are used by some the investment funds in which we invest. One such case is the PYME Capital Fund for Latin America.

No

Active promotion of transparency in all aspects (Principle 5)

Yes

Describe and indicate how.

We do not explicitly refer to transparency in our contracts with externally managed investment funds, but during meetings this issue is addressed.

In 50% of our indirect investees Cordaid has a board seat. During board meetings Cordaid addresses this issue. In countries where there was a crisis, like in India, it has become easier to address this issue in boards of indirect investees and discuss this issue with the management of direct investees. This issue has therefore received more attention in the due diligence process of the investment managers. Some of the investment funds have developed their own ESG scorecard and report on this to Cordaid. Social Performance criteria, including transparency, are in process to be set and to which investment managers of externally managed funds need to report.

No

Striving for a balanced long-term social and financial risk-adjusted return that recognises the interests of clients, retail providers and investors (Principle 6)

Yes

Describe and indicate how.

"Balance financial and social returns" of the investment fund is one of the key elements for Cordaid that we look into during the pre-investment process. So far in most cases balanced returns have not (yet) been explicitly mentioned in contracts with externally managed investment funds. The issue is addressed during due diligence and board meetings (in 50% of our indirect investees Cordaid has a board seat) and we expect investments managers to report on both financial and social returns.

No

Collaborating to set harmonised investor standards that support the further development of inclusive finance (Principle 7)

Yes

Describe and indicate how.

We do not refer to standards in contracts with externally managed investment funds, but this issue is addressed in meetings. In 50% of our indirect investees Cordaid has a board seat. During board meetings Cordaid addresses this issue. The Social Performance criteria that are set are becoming aligned with the standards of SPTF& MIX or IRIS.

No

## Investment manager monitoring and reporting

IFI 04

Mandatory

Core Assessed

General

IFI 04.1

Indicate if you monitor your current investment managers' implementation of the PIIF principles.

Yes

**IFI 04.2**

Indicate the frequency of reporting you typically require.

- Annually or more frequently
- Every two years or less
- Ad-hoc, specify

So far monitoring is based on Cordaid's participation in board meetings and on the reporting agreements with investment managers. Developing process for annual reporting.

No

**IFI 04.3**

Additional information. [Optional]

Cordaid externally managed portfolio is managed by investment managers in developing countries. It is mostly small start-up funds that are established by Cordaid and other social investors. These funds are relatively small. No explicit mention of PIIF, but the ideas and issues behind PIIF are mentioned in contracts and shareholders agreements.

**IFI 05****Voluntary****Additional Assessed****General****IFI 05.1**

Indicate if you require your investment managers to provide you with information in line with established industry standards.

- Yes
- No

**IFI 05.3**

Additional information.

We are currently in the process to review and redesign reporting formats that will be aligned with international standards. So far we asked the investment funds to report on clients outreach in terms of poverty targeting, rural outreach to small holder farmers, # female clients. This applies to 100% of our assets.

**Disclosure****IFI 06****Mandatory****Core Assessed****General****IFI 06.1**

Indicate if your organisation proactively discloses any information about your approach to responsible investment in inclusive finance.

- Yes, we disclose publicly

provide URL

<http://www.cordaid.org/en/topics/investments/>

- Yes, we disclose to clients/beneficiaries only
- No

**IFI 07****Voluntary****Descriptive****General**



**IFI 07.1**

Indicate if you contributed to the promotion of responsible investment in inclusive finance in the reporting year, beyond investment manager selection, appointment, monitoring and reporting.

Yes

**IFI 07.2**

Describe what actions you have taken and if these are delivered via a separate entity.

We have provided grants for various projects that improve inclusive finance industry standards globally or on a regional or national level through the networks that we support. Such cases are MF Transparency and Women's World Banking for development and testing of gender impact indicators.

No

**IFI 07.3**

Additional information.

Cordaid has (financially) supported and endorsed the CPP, The Smart Campaign, MF Transparency. Furthermore we are active member of networks that promote responsible investments such as SPTF, E-MFP and NPM (Netherlands Platform for Inclusive Finance).