




The image shows two overlapping forms from the PRI LEA (Leadership Engagement) toolkit. The top form is LEA 02, titled 'Discretionary', and the bottom form is LEA 03, titled 'Mandatory'. Both forms are designed for recording engagement activities and are structured as follows:

Type of engagement	Reason for interaction
Individual/ internal staff engagements	<input checked="" type="checkbox"/> To support investment decision-making in a company's investment ESG issues <input checked="" type="checkbox"/> To encourage corporate practice for identifying the need to enhance ESG <input type="checkbox"/> Other: specify _____ <input type="checkbox"/> We do not engage via internal staff <input type="checkbox"/> To support investment decision-making in a company's investment ESG issues <input type="checkbox"/> To encourage corporate practice for identifying the need to enhance ESG <input type="checkbox"/> Other: specify _____ <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input checked="" type="checkbox"/> To support investment decision-making in a company's investment ESG issues <input checked="" type="checkbox"/> To encourage corporate practice for identifying the need to enhance ESG <input type="checkbox"/> Other: specify _____ <input type="checkbox"/> We do not engage via internal staff <input type="checkbox"/> To support investment decision-making in a company's investment ESG issues <input type="checkbox"/> To encourage corporate practice for identifying the need to enhance ESG <input type="checkbox"/> Other: specify _____ <input type="checkbox"/> We do not engage via internal staff
Service provider engagements	<input checked="" type="checkbox"/> To support investment decision-making in a company's investment ESG issues <input checked="" type="checkbox"/> To encourage corporate practice for identifying the need to enhance ESG <input type="checkbox"/> Other: specify _____ <input type="checkbox"/> We do not engage via internal staff <input type="checkbox"/> To support investment decision-making in a company's investment ESG issues <input type="checkbox"/> To encourage corporate practice for identifying the need to enhance ESG <input type="checkbox"/> Other: specify _____ <input type="checkbox"/> We do not engage via internal staff

# RI TRANSPARENCY REPORT

2013/14

Cordaid



UNEP Finance Initiative  
Changing finance, financing change



United Nations Global Compact

An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

## 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 2013-14 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. This results in some Principles not being explicitly highlighted. For instance, Principle 1 and 2 cannot be implemented without implementing Principle 3, but there are cases when Principle 3 is not explicitly 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.

## PRI disclaimer

This document is based on information reported by signatories and responses have not been independently audited by the PRI Secretariat, PRI working groups, or any other third party. While this information is believed to be reliable, no representations or warranties are made as to its accuracy and no responsibility or liability can be accepted for any error or omission.

# 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	✓	n/a							✓
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 management	✓	Public						✓		
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 only 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

13

OO 03	Mandatory	Descriptive	General
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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.

31/12/2013

**OO 04.2** | Indicate your total AUM at the end of your reporting year.

	trillions	billions	millions	thousands	hundreds
Total AUM			83	114	000
Currency	EUR				
Assets in USD			109	477	270

**OO 04.3** | 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
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**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 broad ranges

	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	>50%	10-50%
Cash	10-50%	0
Other (1), specify	0	0
Other (2), specify	0	0

☐ 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
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**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% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %
Pooled fund(s)	<input type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input checked="" type="radio"/> >50 %
<i>Total externally managed assets</i>	<i>100%</i>

**OO 07.2** Indicate the proportion of your externally managed assets in fund-of-funds.

	% of externally managed assets
Fund-of-funds	<input checked="" type="radio"/> 0% <input type="radio"/> <10% <input type="radio"/> 10-50% <input type="radio"/> >50 %

OO 08	Mandatory to Report	Voluntary to Disclose	Peering	General
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**OO 08.1** Indicate the breakdown of your organisation's AUM by market.

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

OO 09	Voluntary	Descriptive	General
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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.
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Since 1997 the Cordaid Investment Fund (the Fund) combines the unique ability to finance partners with grants, equity and debt instruments in selected countries across three continents (Africa, Asia and Latin America). As of December 2013 the Fund has 83 million of assets under management and serves over 100 partners. The Fund predominantly invests in microfinance with a 'social mission' ( $\pm 70\%$  of the committed portfolio). The Fund also invests in the empowerment of smallholder producers in the value chain in selected international and local markets through micro, small and medium enterprises (MSMEs), SME Funds and Small Producer organizations. The Fund's MFI Partners are serving over 4 million clients directly. The Fund's share in this direct outreach is estimated at nearly 300.000 clients (indirectly 1.5 mln people). The Fund investments in the SME's, SME Funds and Small producer organizations reach out to over 10.000 small producers (indirectly to 500.000 people). Collectively the Fund's portfolio impacts the lives of over 2 million people.

The governance, management structure and processes have been reviewed in 2012 and 2013. At the end of 2013 most of it is completed and all information has been laid down in a separate manual of the Cordaid investment Fund. Cordaid is also implementing a new MIS system that will include all relevant ESG data and which is expected to be ready before end of 2014.

The CORDAID Foundation ("Stichting Coraid") was created at the end of 1999 through the merger of three Catholic development aid organisations. Our source of inspiration is the Roman Catholic social doctrine of human dignity and respect for diversity, international solidarity, freedom to act on personal responsibility, and the preservation of the global public good. Cordaid excludes no one, and works both with Catholic partners and target groups and those of other persuasions; likewise, Cordaid does not discriminate by ethnicity, gender, sexual orientation or political conviction.

Cordaid fights poverty and exclusion in fragile states and areas of conflict and extreme inequality. Cordaid is based in The Hague, The Netherlands, where the organisation employs about 250 staff. Some 400 local staff and 35 expats are involved in implementation of development projects.

## Gateway asset class implementation indicators

OO 11	Mandatory	Gateway	General
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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.
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- ☒ 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.
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- ☒ Inclusive finance
- ☐ None of the above

OO 12	Mandatory	Gateway	General
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OO 12.1	The modules and sections that you will be required to complete are listed below. They are based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. Note, 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. Direct - Fixed Income and Infrastructure are always voluntary.
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#### **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
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- ☒ Inclusive Finance

#### **RI implementation via external managers**

- ☒ Inclusive Finance

#### **Closing module**

- ☒ Closing module

**Note:** Please make sure your response to this indicator is complete and confirmed before you progress. Your response will determine which tailored modules and sections you will be presented with.

# Cordaid

## Reported Information

### Public version

### Overarching Approach

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## Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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**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]

In the policy of the Cordaid Investment Fund it is written that Cordaid (a development organization) will predominantly invest in Microfinance Institutions (MFIs) and Small and Medium Enterprises (SMEs) with a 'social mission'. Cordaid defined an MFI as 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. Because of Cordaid's mission the Cordaid Investment Fund will focus its investments in fragile states or in the rural areas of developing countries. The policy states that the Fund must comply with the Principle of Responsible Investment as defined by the UNPRI as well as the Principles for Investments in Inclusive Finance (PIIF). Investees must adopt, endorse and comply with the generally accepted client protection principles. The Client Protection Principles are the minimum standards that MFI's are expected to respect when Cordaid invests in them.

The CFS Fund can also invest in indirect investees or vehicles. These are independent intermediary investment entities with assets invested in MFIs or Small and Medium Enterprises. With respect to above mentioned principles, the MFI Funds' indirect investees must have policies and practices in place to ensure that the referenced principles are complied with and appropriately reported to the Cordaid Investment Fund. An SME fund must have policies and practices in place based on international best practices (e.g. ILO). During the due diligence process investment managers are required to make an analysis of the social performance and management of the possible investee.

Cordaid has developed its own Social Performance Assessment Tool. This tool encompasses questions related to mission and vision; outreach and targeting; client protection; quality of client services; governance; gender; environment and responsibility to staff and community. The answers are differently weighted. A minimum score must be reached, otherwise the MFI is not eligible for an investment from Cordaid. Investees are required to report yearly on their social performance. The MIS of Cordaid is being updated to monitor better on these indicators. Investment Managers of Cordaid have received training to execute a social performance analysis and receive regularly training on Client Protection Principles and the Universal Standards of Social Performance Management. Besides investing in MFIs with debt or equity, Cordaid also has the opportunity to support the MFIs with grants. These grants will be used for the organizational strengthening and/or product diversification of the MFI.

Development of social performance management is a high priority for Cordaid. Besides giving funding directly to MFIs, Cordaid also funded worldwide initiatives to improve the microfinance sector. Cordaid financially supported ImpAct, MF Transparency and Women's World Banking. Cordaid is also supporting the Grameen Foundation in its effort to develop and scale up the Progress out of Poverty Index in Sub-Saharan Africa. Cordaid undersigned the Client Protections Principles and is actively engaged in the activities of 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

<b>OA 02.3</b>	Indicate if your other policies or guidance documents related to responsible investment are publicly available.
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☐ Yes

☒ No

<b>OA 02.5</b>	Additional information. [Optional]
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The policy has been laid down in the Investment Manual of the Business Unit Investment that is managing the Cordaid Investments Fund. The manual was not yet fully completed in 2013 and therefore information has not been made public. The policy will be published on the Cordaid Website in 2014.

<b>OA 03</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 1,2</b>
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<b>OA 03.1</b>	Indicate the components/types and coverage of your responsible investment policy and guidance documents.
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Select all that apply

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

<b>OA 04</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>General</b>
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<b>OA 04.1</b>	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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☒ 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 mentioned 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 different kind of potential and actual conflict 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	ESG Policy ensures that all direct investees are assessed by using a ESG Scorecard, the so-called Social Performance Assessment (SPA) - tool
Key performance indicators	Indicators are used for social mission & vision, outreach & targeting, client protection, quality of services, governance, gender, environment and responsibility towards staff and community
Describe the progress achieved	Overall the scores are increasing and average is >70% which is in line with Cordaid policy

☒ Add responsible investment objective 2

Objective 2	Social impact criteria are equally important to investment criteria and should target a balanced return that ensures below market financial return closer to capital preservation
Key performance indicators	performance indicators are set for social return like e.g. poverty outreach, gender, product range, and financial indicators like e.g. interest rates offered
Describe the progress achieved	Currently progress is not assessed at portfolio level but at level of individual investee during due diligence and monitoring visits

☒ Add responsible investment objective 3

Objective 3	All Cordaid Contracts (including investments) need to comply with Corporate Social Responsibility policy
Key performance indicators	quality performance and behaviour indicators are set in several documents like : Code of Conduct, Code of Conduct Sexual Abuse, Anti-corruption policy, Exclusion policy
Describe the progress achieved	Investees are assessed against CSR policies and all new investees have to sign to guarantee compliance

<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.
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☒ 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 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	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

☐ Add responsible investment objective 3 for the next reporting year

## Governance and human resources

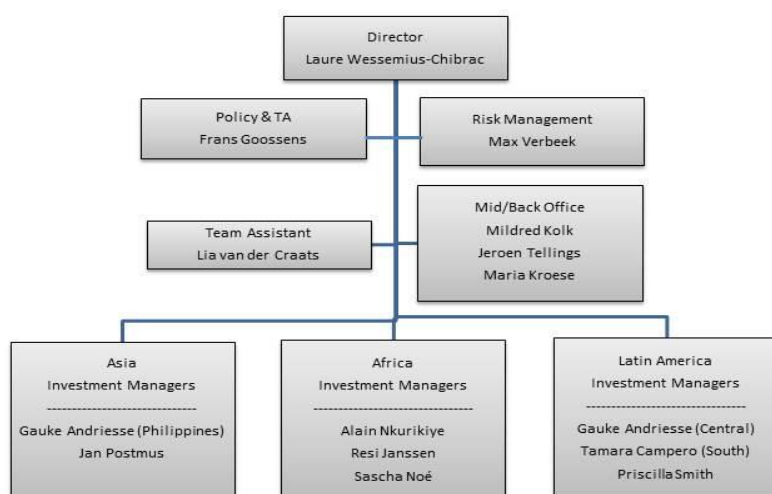
OA 07	Voluntary	Descriptive	General
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**OA 07.1**

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

Cordaid has a separate Manual for BU Investments that has been approved by the Board of Directors in 2013 in which organisation and management of Cordaid Investment Fund is clearly described in terms of strategy, organisational structure, financial and accounting practices, investment criteria, various policies including 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

14

**OA 09**

**Voluntary**

**Additional Assessed**

**General**

**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**

Indicate if your organisation is a member of and/or participant in any collaborative organisation or initiatives that promote responsible investment.

☒ Yes

**OA 10.2**

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**

- ☐ 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
- ☒ 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 2013 Cordaid contributed time and effort regarding feedback on PRI  
reporting

- ☐ 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 a video on the Universal Standards for Social Performance Management

☒ 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

☐ Other collaborative organisation/initiative, specify

☐ No

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
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**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
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**OA 13.1**

Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between geographic markets.

☒ Yes

**OA 13.2**

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 (SPA tool) that looks at various elements: social mission& vision, outreach & targeting, client protection, quality of services, governance, gender, environment and responsibility towards staff and community (see also quastion OA 01.3 and OA 03.1

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

☐ No

**OA 14****Voluntary****Descriptive****PRI 1****OA 14.1**

Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

☒ Yes

**OA 14.2**

Indicate the percentage of your total AUM invested in environmental and social themed areas.

% of total AUM

100

**OA 14.3**

Please specify which thematic area(s) you invest in and provide a brief description.

Area

- ☐ Clean technology
- ☐ Green buildings
- ☐ Sustainable forestry
- ☒ Sustainable agriculture

Asset class invested

☒ Inclusive finance

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

Cordaid Investments' main portfolio (called RURAF) is made of investments in rural and agricultural finance, through which we invest in financial institutions who reach out to small holder farmers and low income people living in rural areas, which are often underserved and/or do not have access to appropriate and affordable financial products and services that cater their needs and risks. Although not exclusively, in general through RURAF we invest in financial services for sustainable agriculture

☒ 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 expanded the horizon to more mature organisations especially those that are serving rural clients and that reach out to underserved rural areas.

☒ SME financing

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

☒ Inclusive finance

## Brief description of investment

Until two years ago Cordaid was making direct investments in SME's in emerging markets, but since 2012 we have revised our strategy and only make indirect investments in SMEs in emerging markets. We now invest in SME Funds that work directly with small producers. As per policy a substantial segment of our SME portfolio should focus on food and agricultural sector. Indicators are set (among others) for the number of employees, jobs created and percentage of rural and agricultural investments.

- ☐ Social enterprise / community investing
- ☐ Affordable housing
- ☐ Education
- ☐ Global health
- ☐ Other area, specify

☐ No

## Innovation

OA 18	Voluntary	Descriptive	General
OA 18.1	Describe any specific features of your approach to responsible investment that you believe are particularly innovative.		

As investment fund within a Development Organisation we are looking for synergies between the development experience in thematic areas like fragility, health, water & sanitation, entrepreneurship and food security and the possibilities to invest in financial intermediaries that service clients that are also serviced by other departments within Cordaid. This makes it possible to combine our thematic and geographic expertise with expertise in investing. In this way we can also blend investments with grants, that enables us to conduct research and pilot testing, that will improve services for customers and end-clients and that helps to mitigate risks and ensure financial sustainability.

In close collaboration with the Cordaid Entrepreneurship Department we are establishing a new fund for investment in microfinance and SME-finance in fragile states and regions, which by stimulating entrepreneurship will contribute to economic development and peace building.

In collaboration with the Cordaid Health Department that is specialised health performance based financing we are establishing a health investment fund that will make it possible to make small investments in infrastructure and equipment of hospitals, small clinics and dispensaries in a selected number of African countries.

## Assurance of responses

OA 19	Voluntary	Additional Assessed	General
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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.

Cordaid Investments predominantly invests in MFI's with a 'social mission'. Cordaid defines MFI's as organisations that provide financial services to the poor and low income people. Because of Cordaid's mission we focus on investments on fragile states and regions, and on investments in rural areas in developing countries.

Cordaid Investment objective is to support and cooperate with investees that have a strong development orientation, which means they focus on deprived and vulnerable groups, and/or want to work in hard-to-reach and underserved areas. This means that the investees take the socio-environmental context of their clients as a starting point. The design and delivery of their services explicitly integrate social (including gender), environmental and financial dimensions in order to improve the economic and social conditions of clients (triple bottom line). This implies that there is integration and balancing of financial and social returns.

☐ No

### 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 will invest in Microfinance Institutions (MFIs). A microfinance institution (MFI) is an organisation 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 The Consultative Group to Assist the Poor (CGAP) and Mix Market.

#### *Balanced Returns*

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

IFD 02	Voluntary	Descriptive	PIIF General
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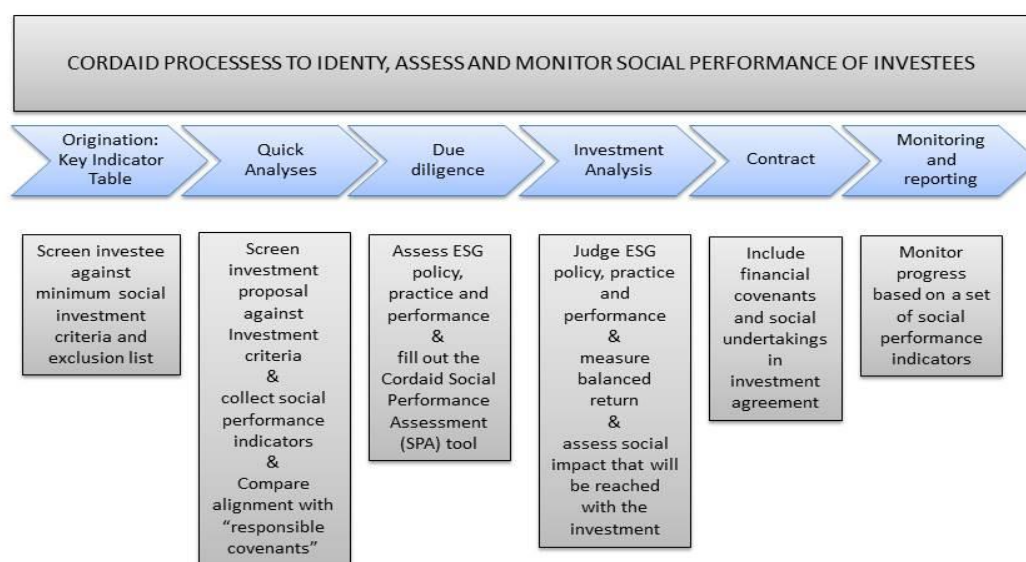
IFD 02.1

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 a 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

IFD 03	Voluntary	Descriptive	PIIF General
--------	-----------	-------------	--------------

IFD 03.1

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

- ☒ Yes  
☐ No



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

Our overall target is to support financial institutions that provide services to (very) poor and low income clients in developing countries in Africa, Asia, Latin America and Sub-Saharan Africa. At least 25% of investments should be in Sub-Saharan Africa. Moreover, since two 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 at 70+.

We have also set targets for rural outreach, with a minimum of 50% (measured by number of branches in rural areas)

IFD 04	Mandatory to Report	Voluntary to Disclose	Gateway	PIIF General
IFD 04.1	Of your total assets invested directly in inclusive finance, indicate what percentage is invested in the following:			

Equity	<input type="radio"/> 0% <input checked="" type="radio"/> <20% <input type="radio"/> 20-40% <input type="radio"/> 41-60% <input type="radio"/> 61-80% <input type="radio"/> >80%
Debt	<input type="radio"/> 0% <input type="radio"/> <20% <input type="radio"/> 20-40% <input type="radio"/> 41-60% <input type="radio"/> 61-80% <input checked="" type="radio"/> >80% <div style="background-color: #0070C0; color: white; padding: 2px; margin-top: 10px;">Of which, subordinated debt</div> <input type="checkbox"/> 0% <input checked="" type="checkbox"/> <20% <input type="checkbox"/> 20-40% <input type="checkbox"/> 41-60% <input type="checkbox"/> 61-80% <input type="checkbox"/> >80%
Guarantees	<input type="radio"/> 0% <input checked="" type="radio"/> <20% <input type="radio"/> 20-40% <input type="radio"/> 41-60% <input type="radio"/> 61-80% <input type="radio"/> >80%
	<input checked="" type="radio"/> 0% <input type="radio"/> <20% <input type="radio"/> 20-40% <input type="radio"/> 41-60% <input type="radio"/> 61-80% <input type="radio"/> >80%
Total	100%

IFD 05	Mandatory to Report	Voluntary to Disclose	Gateway	PIIF General
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IFD 05.1	Of your total assets invested directly in inclusive finance, indicate what percentage is invested in the following:
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<b>Microfinance</b>		<input type="checkbox"/> 0% <input type="checkbox"/> <20% <input type="checkbox"/> 20-40% <input type="checkbox"/> 41-60% <input checked="" type="checkbox"/> 61-80% <input type="checkbox"/> >80%
<div>SME finance (provide your definition of SME)</div> <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>		<input type="checkbox"/> 0% <input checked="" type="checkbox"/> <20% <input type="checkbox"/> 20-40% <input type="checkbox"/> 41-60% <input type="checkbox"/> 61-80% <input type="checkbox"/> >80%
<div>Other, specify</div> <p>Producer Organisations</p>		<input type="checkbox"/> 0% <input checked="" type="checkbox"/> <20% <input type="checkbox"/> 20-40% <input type="checkbox"/> 41-60% <input type="checkbox"/> 61-80% <input type="checkbox"/> >80%
<b>Total</b>		<b>100%</b>

IFD 06	Mandatory to Report	Voluntary to Disclose	Descriptive	PIIF General
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<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.
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- ☐ 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% <input checked="" type="checkbox"/> 20-40% <input type="checkbox"/> 41-60% <input type="checkbox"/> 61-80% <input type="checkbox"/> >80%	1150 <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 checked="" type="checkbox"/> <20% <input type="checkbox"/> 20-40% <input type="checkbox"/> 41-60% <input type="checkbox"/> 61-80% <input type="checkbox"/> >80%	140 <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 type="checkbox"/> <20% <input checked="" type="checkbox"/> 20-40% <input type="checkbox"/> 41-60% <input type="checkbox"/> 61-80% <input type="checkbox"/> >80%	160 <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% <input checked="" type="checkbox"/> 20-40% <input type="checkbox"/> 41-60% <input type="checkbox"/> 61-80% <input type="checkbox"/> >80%	130 <input type="checkbox"/> We do not track this information

☐ No

## PIIF Principle 1: Range of services

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

Currently we make a distinction between (micro)enterprise loan and household/consumer loans. 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, but we do not 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 do not 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 and expansion of loan portfolio for development and roll out of agricultural products and also to exchange 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

SHG 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 like 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> <div>Describe how you support the introduction of such services.</div> <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> <div>Indicate what percentage of assets you know to be supporting these clients.</div> <p> <input type="checkbox"/> 0%  <input type="checkbox"/> &lt;20%  <input type="checkbox"/> 20-40%  <input type="checkbox"/> 41-60%  <input type="checkbox"/> 61-80%  <input type="checkbox"/> &gt;80%  <input type="radio"/> We track at the investee level but do not aggregate this information  <input checked="" type="radio"/> We do not track at the investee level  <input type="radio"/> No </p>
The poor	<p><input checked="" type="radio"/> Yes</p> <div>Describe how you support the introduction of such services.</div> <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> <div>Indicate what percentage of assets you know to be supporting these clients.</div> <p> <input type="checkbox"/> 0%  <input type="checkbox"/> &lt;20%  <input type="checkbox"/> 20-40%  <input type="checkbox"/> 41-60%  <input type="checkbox"/> 61-80%  <input type="checkbox"/> &gt;80%  <input type="radio"/> We track at the investee level but do not aggregate this information  <input checked="" type="radio"/> We do not track at the investee level  <input type="radio"/> No </p>
Low income	<p><input checked="" type="radio"/> Yes</p>



clients	<div>Describe how you support the introduction of such services.</div> <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>
	<div>Indicate what percentage of assets you know to be supporting these clients.</div> <p> <input type="checkbox"/> 0%  <input type="checkbox"/> &lt;20%  <input type="checkbox"/> 20-40%  <input type="checkbox"/> 41-60%  <input type="checkbox"/> 61-80%  <input type="checkbox"/> &gt;80%  <input type="radio"/> We track at the investee level but do not aggregate this information  <input checked="" type="radio"/> We do not track at the investee level  <input type="radio"/> No         </p>
	<p><input checked="" type="radio"/> Yes</p> <div>Describe you support the introduction of such services.</div> <p>We support the introduction of services to socially marginalised groups (ethnic minorities and others)</p> <div>Indicate what percentage of assets you know to be supporting these clients.</div> <p> <input type="checkbox"/> 0%  <input type="checkbox"/> &lt;20%  <input type="checkbox"/> 20-40%  <input type="checkbox"/> 41-60%  <input type="checkbox"/> 61-80%  <input type="checkbox"/> &gt;80%  <input type="radio"/> We track at the investee level but do not aggregate this information  <input checked="" type="radio"/> We do not track at the investee level  <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 specialised technical service providers are contracted. We collaborate with organisations like Microsave (in India and Africa), with Ayani (in Africa) and Rimansi (for micro-insurance in South East Asia). In rare cases we have provided TA directly ourselves.

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. We also have started public annual reporting to IRIS, UNPRI (PRI reporting), CGAP investor survey

**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 support initiatives that promote best practices in CPP such as MF Transparency with fair and transparent pricing.

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 2013 total direct investment in local currency was 57%

**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

**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.

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

☐ Yes

☒ No

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

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

☐ Yes

☒ No

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

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

☐ Yes

☒ No

☐ Other (explain)

☐ None of the above

## PIIF Principle 4: Responsible investment

IFD 18

Mandatory

Gateway

PIIF 4

### Possible action:

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

IFD 18.1

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

### Externally developed tools

During due diligence.

☐ Yes

☒ No

☐ We don't track social performance

For monitoring and reporting purposes.

☐ Yes

☒ No

☐ We don't track social performance

### 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.

In close collaboration with some European Social Investors we have developed our own ESG scorecard: the so-called Social Performance Assessment (SPA) - tool that tracks social performance of the investee in 8 different areas: mission& vision, outreach & targeting, client protection governance, gender, environment, staff & community.

The tool is currently under review and will be fully updated to harmonise it with the USSPM and SPI-4 tool that is developed and tested by Cerise.

### 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

**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 receives 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 is one of the focus issues that is screened in our ESG scorecard. We look if the financial institution has an environmental policy in place, if they have special environmentally friendly credit products for their clients, and if they raise environmental awareness. If the overall score is too low Cordaid will not invest.

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 ESG-scorecard (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 23.5	Additional information. [Optional]
----------	------------------------------------

This is requested only if the ESG scorecard shows that organisation has no environmental exclusion policy and it is relevant for the purpose of the financial products that they offer to their clients.

IFD 24	Voluntary	Additional Assessed	PIIF 4
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**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

IFD 24.2	Indicate if you have internal whistle-blowing policies.
----------	---

- ☒ Yes, published
- ☐ Yes, but not published
- ☐ No

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

- ☐ Yes
- ☒ No

IFD 24.4	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

IFD 25	Voluntary	Additional Assessed	PIIF 5
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**Possible action:**

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

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

- ☐ Publicly
- ☐ Selected stakeholders only
- ☒ On request only

IFD 25.2	Additional information.
----------	-------------------------

We have prepared a new Investment manual and we have also updated our mission and investment objectives. This information is not yet published on our website.

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

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

IFD 26.1	Other than the PRI/PIIF, indicate if you provide your investors and/or the public with information aligned with industry standards.
----------	---

☒ Yes

IFD 26.2	Do you provide information aligned with:
----------	--

- ☐ The MIV Disclosure Guidelines
- ☒ 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
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**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 ESG Scorecard. 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 have a social mission, it is important for us that all investees have a clear social mission and that this mission is put into practice and the investee pays attention to social performance management. Several SPM-areas are reviewed by us and the information is laid down in our ESG Scorecard. An organisation has to score a minimum of 50 (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 to look at ESG-score (average should be above 70), to look at 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 MFI's 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
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**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

Council for Microfinance Equity Funds (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
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**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 MFI's to join network organisations 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.
--	---------------------------------------

This is an ongoing process. As member of SPTF we have been involved in development of new USSPM standards. Standards have been introduced within Cordaid and will be fully integrated in our new MIS that is currently in development. We discuss USSPM with investees and encourage them to adapt them in their own SPM.

☐ No

	Other, specify
--	----------------

☐ Yes

☒ No

<b>IFD 34.2</b>	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. So we do it on an adhoc basis.

Cordaid

Reported Information

Public version

Indirect - Inclusive Finance

## PRI disclaimer

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## Context

IFI 01	Mandatory to Report	Voluntary to Disclose	Descriptive	General
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### 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

20

### 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
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### 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

IFI 03	Mandatory	Core Assessed	General
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<b>IFI 03.1</b>	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. During board meetings Cordaid also addresses 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 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 more easy 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 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 board seat. During board meetings Cordaid addresses this issue. In countries where there was a crisis, like in India, it has become more easy 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 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 of 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 of 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 more easy 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 financial 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]
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Cordaid externally managed portfolio is managed by investment managers in developing countries. It are 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 share holders agreements.

IFI 05	Voluntary	Additional Assessed	General
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IFI 05.1	Indicate if you require your investment managers to provide you with information in line with established industry standards.
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- ☐ Yes  
☒ No

IFI 05.3	Additional information.
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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
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IFI 06.1	Indicate if your organisation proactively discloses any information about your approach to responsible investment in inclusive finance.
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- ☒ Yes, we disclose publicly

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

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

IFI 06.2	Additional information. [Optional]
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We also disclose information about our responsible investments through another Cordaid website that is focused on microfinance: <http://www.cordaidmicrokrediet.nl/>

IFI 07	Voluntary	Descriptive	General
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<b>IFI 07.1</b>	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.
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☒ Yes

<b>IFI 07.2</b>	Describe what actions you have taken and if these are delivered via a separate entity.
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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

<b>IFI 07.3</b>	Additional information.
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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).