PRI Principles for Responsible Investment

RI TRANSPARENCY REPORT

2013/14

Developing World Markets

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

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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	🔒	n/a							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	-	n/a							✓
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							✓

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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'	✓	Private	✓							
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	-	n/a		✓						
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						✓		

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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	✓	Private							✓	
IFD 34	Encouraging your investees to participate in initiatives which contribute to the development of industry benchmarks	✓	Public							✓	

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Reported Information

Public version

Organisational Overview

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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.

United States

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

31

OO 02.4 Additional information. [Optional]

DWM is headquartered in Stamford, Connecticut, USA with a local office in Singapore.

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			665	000	000
Currency	USD				
Assets in USD			665	000	000

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**

OO 06.1 To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

○ Publish our asset class mix as percentage breakdown

◉ 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

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Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	>50%	0
Cash	0	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)

Gateway asset class implementation indicators

OO 11	Mandatory	Gateway	General

OO 11.1 Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

☑ Inclusive finance

☐ None of the above

OO 12	Mandatory	Gateway	General

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.

Core modules

☑ Organisational Overview

☐ Overarching Approach (including assets which do not have a separate module)

RI implementation directly or via service providers

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	Direct - Other asset classes with dedicated modules

☑ 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.

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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.

DWM is a global leader in inclusive finance investing. We structure and manage investment vehicles
that aim to produce market-level returns for investors and expand access to financial products and
services in the developing world.

Social Change. We work to create equality of opportunity, to alleviate poverty and to improve the quality of life for those at the base of the economic pyramid.

Responsibility. We treat clients and stakeholders alike with fairness, respect and transparency.

Innovation. We bring value to investors and clients through constant innovation and creativity. Through our investments, we aim to create financial returns as well as social impact.

Disciplined Approach. We believe in applying the highest professional standards to everything we do.

Collaboration. We work together, enabling our team and our company to better achieve our core purpose.

○ No

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.

DWM has a dedicated social impact committee composed of members from across firm departments. The Committee is led by DWM's Managing Partner, Judy Kirst Kolkman, and a dedicated social impact analyst.

Social due diligience through the DWM Social Impact Questionnaire and Scorecard is required for every investment, as is ongoing annual monitoring of these social indicators.

Loan agreements for new private debt investments contain social related requirements, such as encouraging investees to adopt the Client Protection Principles.

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

IFD 03	Voluntary	Descriptive	PIIF General

IFD 03.1	Indicate if you set social targets for your organisation, specific to inclusive finance.

◉ Yes

○ No

IFD 03.2	Additional information.

DWM's core purpose is to improve lives at the base of the world's economic pyramid by harnessing the power of capital markets. Our goal is to improve the lives of 10 million families in emerging and frontier markets by 2020.

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:

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Equity	○ 0% ◉ <20% ○ 20-40% ○ 41-60% ○ 61-80% ○ >80%
Debt	○ 0% ○ <20% ○ 20-40% ○ 41-60% ○ 61-80% ◉ >80% **Of which, subordinated debt** ☐ 0% ☑ <20% ☐ 20-40% ☐ 41-60% ☐ 61-80% ☐ >80%
Guarantees	◉ 0% ○ <20% ○ 20-40% ○ 41-60% ○ 61-80% ○ >80%
Other, specify Cash	○ 0% ◉ <20% ○ 20-40% ○ 41-60% ○ 61-80% ○ >80%
Total	**100%**

IFD 05	Mandatory to Report Voluntary to Disclose	Gateway	PIIF General

IFD 05.1 Of your total assets invested directly in inclusive finance, indicate what percentage is invested in the following:

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Microfinance	☐ 0% ☐ <20% ☐ 20-40% ☐ 41-60% ☑ 61-80% ☐ >80%
	☐ 0% ☐ <20% ☑ 20-40% ☐ 41-60% ☐ 61-80% ☐ >80%
Other, specify Adjacent spaces such as education finance and housing finance	☐ 0% ☑ <20% ☐ 20-40% ☐ 41-60% ☐ 61-80% ☐ >80%
Total	**100%**

IFD 06	Mandatory to Report Voluntary to Disclose	Descriptive	PIIF General

IFD 06.1 Indicate if you track the geographical spread of your total assets invested directly in microfinance.

◉ Yes

IFD 06.2 Of your total assets invested directly in microfinance, indicate the geographic spread as a percentage of your portfolio.

☐ Western Europe

☑ Eastern Europe & Central Asia

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% of portfolio	Indicate the average loan size (in US$) of your investees to active borrowers in this region.
☑ <20% ☐ 20-40% ☐ 41-60% ☐ 61-80% ☐ >80%	☐ We do not track this information

☐ 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.
☐ <20% ☑ 20-40% ☐ 41-60% ☐ 61-80% ☐ >80%	☐ 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.
☑ <20% ☐ 20-40% ☐ 41-60% ☐ 61-80% ☐ >80%	☐ 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.
☑ <20% ☐ 20-40% ☐ 41-60% ☐ 61-80% ☐ >80%	☐ We do not track this information

☑ Middle East & North Africa

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% of portfolio	Indicate the average loan size (in US$) of your investees to active borrowers in this region.
☑ <20% ☐ 20-40% ☐ 41-60% ☐ 61-80% ☐ >80%	☐ We do not track this information

☑ Sub-Saharan Africa

% of portfolio	Indicate the average loan size (in US$) of your investees to active borrowers in this region.
☑ <20% ☐ 20-40% ☐ 41-60% ☐ 61-80% ☐ >80%	☐ We do not track this information

○ No

PIIF Principle 1: Range of services

IFD 07 | Mandatory | Core Assessed | PIIF 1

Possible action:

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

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

◉ Yes, we track

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

☐ <20%

☐ 20-40%

☐ 41-60%

☐ 61-80%

☑ >80%

○ No, we do not track

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

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

◉ Yes, we track

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

☑ <20%

☐ 20-40%

☐ 41-60%

☐ 61-80%

☐ >80%

○ No, we do not track

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

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

◉ Yes, we track

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

☑ <20%

☐ 20-40%

☐ 41-60%

☐ 61-80%

☐ >80%

○ No, we do not track

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

IFD 08 | **Mandatory** | **Core Assessed** | **PIIF 1**

IFD 08.1 In your microfinance portfolio, indicate if you support the provision of financial services beyond credit, compulsory savings and/or compulsory insurance.

◉ Yes

IFD 08.2 Indicate which of the following services you support:

☑ Voluntary savings products

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Provide examples of how and what you support.

Where appropriate, the firm encourages portfolio financial institutions to broaden their product offerings to better fit the needs of their clients. DWM measures the use of products beyond credit, savings and insurance both during the due diligence process and on an annual basis thereafter through questions in its social measurement tool, the Social IQs (Social Impact Questionnaires).

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

☑ Voluntary insurance products

Provide examples of how and what you support.

Where appropriate, the firm encourages portfolio financial institutions to broaden their product offerings to better fit the needs of their clients. DWM measures the use of products beyond credit, savings and insurance both during the due diligence process and on an annual basis thereafter through questions in its social measurement tool, the Social IQs (Social Impact Questionnaires).

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

◉ Yes

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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

☑ Other financial services, specify

Agriculture insurance, loan insurance, etc

Provide examples of how and what you support.

Where appropriate, the firm encourages portfolio financial institutions to broaden their product offerings to better fit the needs of their clients. DWM measures the use of products beyond credit, savings and insurance both during the due diligence process and on an annual basis thereafter through questions in its social measurement tool, the Social IQs (Social Impact Questionnaires).

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

Life insurance, health care, etc.

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Provide examples of how and what you support.

Where appropriate, the firm encourages portfolio financial institutions to broaden their product offerings to better fit the needs of their clients. DWM measures the use of products beyond financial services both during the due diligence process and on an annual basis thereafter through questions in its social measurement tool, the Social IQs (Social Impact Questionnaires).

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

○ 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

PIIF Principle 2: Client protection

IFD 11	Mandatory	Core Assessed	PIIF 2

Possible action:

Publicly endorse the Client Protection Principles (CPP).

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IFD 11.1 Indicate if you have publicly endorsed the Client Protection Principles.

- (•) Yes
- ( ) No

IFD 11.2 Additional information. [Optional]

DWM is a signatory to the SMART Campaign's Client Protection Principles (CPP). and our loan agreements require portfolio companies take reasonable action to become signatories. As of YE 2012, 87% of DWM portfolio companies were signatories to the CPP.

IFD 13 | **Mandatory** | **Core Assessed** | **PIIF 2**

IFD 13.1 Indicate if you include the Client Protection Principles and/or other client protection measures in your investment policies.

- (•) Yes

IFD 13.2 Indicate if this is systematically applied.

During due diligence

- (•) Yes
- ( ) No

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

- (•) Yes
- ( ) No

IFD 13.3 Indicate if you encourage investees to apply for Client Protection Certification. [Optional]

- (•) Yes
- ( ) No

- ( ) No

PIIF Principle 3: Fair treatment

IFD 14 | **Mandatory** | **Core Assessed** | **PIIF 3**

Possible action:

Provide financing in an appropriate currency and tenor.

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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 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

	Indicate percentage

☐ <20

☑ 20-40%

☐ 41-60%

☐ 61-80%

☐ >80%

○ Over 60 months

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]

The maximum exposure per investment varies from fund to fund.

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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.

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

Describe your process.

Yes. We review the contract with the IFINs and discuss the key terms of the loan including the financial covenants and other terms.

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.

Yes, DWM's risk management team reviews monthly reports from IFINs in order to track and monitor the performance and risk.

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.

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

◉ Yes

○ No

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

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

◉ Yes

○ No

☐ Other (explain)

☐ None of the above

PIIF Principle 4: Responsible investment

IFD 18	Mandatory	Gateway	PIIF 4

Possible action:

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

IFD 18.1 Indicate if you use the following tools for social performance reporting:

Externally developed tools

During due diligence.

○ Yes

◉ No

○ We don't track social performance

For monitoring and reporting purposes.

◉ Yes

○ No

○ We don't track social performance

Describe the approaches used and frequency of use.

DWM's second PE fund receives a social rating from the Global Impact Investing Reporting Standards (GIIRS).

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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.

DWM requires target portfolio companies to complete the Social Impact Questionnaires (Social IQs) during the pre-investment due diligence process as well as on an annual basis once an investment has been made. DWM developed the Social IQs and has mapped it to be compliant with the Impact Reporting and Investment Standards (IRIS), a framework of transparent, credible and consistent social and environmental impact indicators. IRIS is an initiative of the Global Impact Investing Network (GIIN) and contributes to standardization of social reporting across the industry.

The questionnaire is a quantitative, data-driven tool that uses approximately 60 indicators to evaluate an institution's impact. It produces an overall score to measure social impact, evaluating an institution's social commitment across the following five, weighted dimensions: Governance, Client Benefit and Welfare, Responsibility to Community and Staff, Environment, and Outreach and Targeting.

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

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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)

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	Pre-investment

- ◉ Yes
- ○ No
- ○ Not for all of our investments in inclusive finance

	Post-investment

- ◉ Yes
- ○ No
- ○ Not for all of our investments in inclusive finance

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

Questions regarding the composition of the board are asked in the Social IQs both during due diligence and on an annual basis thereafter.

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

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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]

DWM' s proprietary social scoring system, the Social IQs, includes a section dedicated to the environment and is used for every potential investment during the due diligence process.

- ( ) No

IFD 23.4 Indicate if you request your investees to comply with an environmental exclusion list.

- (●) Yes, for all investees
- ( ) Yes, for a majority of investees
- ( ) Yes, for a minority of investees
- ( ) No

IFD 24	Voluntary	Additional Assessed	PIIF 4

Possible action:

Promote implementation of anti-corruption practices.

IFD 24.1 Indicate if you have anti-corruption policies.

- (●) Yes, published
- ( ) Yes, but not published
- ( ) No

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

- ( ) Yes, published
- ( ) Yes, but not published
- (●) No

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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

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

	Provide a URL

http://www.dwmarkets.com/philosophy/

○ Selected stakeholders only

○ On request only

IFD 26	Mandatory	Core Assessed	PIIF 5

Possible action:

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

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

◉ Yes

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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 27 | **Mandatory** | **Core Assessed** | **PIIF 5**

Possible action:

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

IFD 27.1 Indicate if you encourage the retail institutions in which you invest to ensure that the following are transparent and fully explained to their clients (i.e. those seeking financial services from them) in a form they can understand.

Pricing

◉ Yes

IFD 27.2 Indicate how you ensure this for pricing and provide examples.

DWM regularly communicates with portfolio companies to ensure all terms and conditions of products are clear and well-understood by borrowers. Through the Social IQs and on-the-ground monitoring, DWM regularly works with portfolio companies to ensure they are maintaining best practices.

○ No

Other terms and conditions

◉ Yes

IFD 27.3 Indicate how you ensure this for other terms/conditions and provide examples.

The Social IQs and regular monitoring visits require investors report to DWM about clear and easily understood documents/policies/conditions.

○ No

PIIF Principle 6: Balanced returns

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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.

DWM uses the Social IQs to assess the social impact of an institution during the due diligence process. The results of the Social IQs are integrated into all investment committee memos, and all institutions are evaluated for both their financial and social quality and performance.

○ No

Portfolio management

◉ Yes

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

DWM uses the Social IQs on an annual basis once an investment is made in order to monitor and benchmark the social performance of all institutions.

○ 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

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IFD 30	Voluntary	Additional Assessed	PIIF 6

Possible action:

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

IFD 30.1	Indicate if you collect data regarding the social outcomes of your investees' work.

◉ Yes

○ No

IFD 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

IFD 31.2	Explain how you incentivise investees to track social performance.

Investees are required to track social performance through the Social IQs as part of DWM's loan or shareholders' agreements.

○ No

PIIF Principle 7: Standards

IFD 32	Mandatory	Core Assessed	PIIF 7

Possible action:

Participate in networks to share tools, information and resources.

IFD 32.1	Select which of the following collaborative initiatives your organisation has supported or participated in, and the role you played.

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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
- (●) 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

- ( ) Yes
- ( ) No

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IFD 32.2	If you have indicated that your organisation was involved in any of the above, please provide a brief commentary. [Optional]

DWM's second PE fund has received a third party social rating from GIIRS.

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.

DWM's loan agreement strongly encourages portfolio companies to report performance indicators to the MIX.

○ No

	MFTransparency

○ Yes

◉ No

	Universal Standards for Social Performance Management

○ Yes

○ No

	Other, specify

○ Yes

◉ No

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