



INVESTING | SOCIAL IMPACT | PHILANTHROPY FUNDS FOR GOOD CERTIFICATION DECLARATION 2018



FUNDS FOR GOOD
invest, impact

Forum Ethibel is a Belgian association that actively promotes Corporate Social Responsibility (CSR) and Socially Responsible Investing (SRI) to accelerate the transition to a more sustainable society. In this context, Forum Ethibel develops products and services **to promote transparent and sustainable behaviour in financial markets.**

A **Forum Ethibel certificate** offers the guarantee that the rules imposed by the customer themselves are complied with and offers the advantage to confirm and communicate this to the stakeholders.

This Forum Ethibel certificate therefore tests the vision and values of Funds For Good and checks whether it meets the desired quality requirements as detailed in the Philanthropic Charter. This is to ensure that companies and financial institutions have a positive impact on their environment and society.

*To the investors, intermediated by Funds For Good,
To the beneficiaries and charities,
To the banking partner(s) of Funds For Good,
To the public,*

Forum Ethibel asbl was appointed by **Funds For Good** S.A. (LU24340175) to execute an independent control of the financial and procedural aspects of its philanthropic support. **Funds For Good** seeks to have its social responsibility activities verified, in order to show that the allocated funds are used responsibly for long term and sustainable development projects.

Forum Ethibel solely acts as auditor and certification institute. A **Forum Ethibel** certificate provides evidence that the criteria defined by its Philanthropic Charter are respected.

Funds For Good (FFG) introduces investment strategies to institutional investors, while offering them the double bottom line of impact investing: combining financial returns with a significant social impact.

Donation policy

This certification for 2018, the eighth complete financial year, includes an audit of the accounts and transfers, the agreements between FFG and its beneficiaries, the Philanthropic Charter and the 2018 Impact Report.

Forum Ethibel has reviewed the following elements to allow verification of the good governance of the philanthropic aspect of Funds For Good's activities.

FFG, as a global distributor of the FFG sicav, initiates investment funds to institutional investors or authorised distributors, offering the funds to their own clients. **By investing in funds proposed by Funds For Good, investors meet two goals: financial results and concrete social impact by means of FFG's philanthropic commitments.**

FFG informs investors and interested persons about the concrete support they provide to social projects through their contributions.

FFG offers investors the option to support concrete social projects. Impact is achieved as FFG is donating part of its revenues to community projects, and this without extra charges impacting investors' returns. According to FFG's Philanthropic Charter, **the company engages to donate half of its net profits – with at least 10% of its turnover – to social projects.**

Profits optimisation is achieved through (i) minimizing structural expenses; (ii) an adapted salary policy; and (iii) network relationship with providers, who all support the project through advantageous pricing. FFG provides Forum Ethibel its balance sheets, profit and loss accounts as well as transparency on their expenses.

Societal impact and developments in 2018

Based on the annual audit and provided documents, Funds For Good provided full transparency during the on-site audit and via its balance sheet, profit and loss account as well as the expenses.

Beneficiaries and scope of the Philanthropic Actions

In 2013, Funds For Good (FFG) launched the philanthropic fund Funds For Good Philanthropy (FFGP). This fund is sheltered at the King Baudouin Foundation (KBS).

Purpose

FFGP tries to offer opportunities to entrepreneurs from disadvantaged backgrounds by granting loans of honour. People who receive such loans benefit from a flexible redemption system, have no guarantees to provide and pay 0% interest.

In addition to financial support, FFGP also offers personalized support for entrepreneurs through a network of coaches and an internet platform.

Target group and selection

Entrepreneurs with a realistic business plan are evaluated and selected by a credit committee. The members of this committee are representatives of FFG and KBS as well as independent experts. They seat on this committee on a voluntary basis and receive no compensation. There is currently one committee to review all applications. In the long term, the organization aims to develop several committees per city. In this way, the applications will be examined by experts with knowledge of the local context in which the entrepreneur wishes to set up his/her business.

FFGP currently focuses mainly on the Belgian market. In 2018, only one entrepreneur was supported in France. The FFGP Charter generally mentions "combating inequalities". This also means an equal division between men and women. The current ratio is not taken into account for the granting of the loans. However, if there is a clear gender difference in the figures and developments, FFGP will respond accurately.

In 2018, FFGP granted 56 new loans. At the end of the year, the philanthropy had granted a total of 160 loans since its creation. The speed with which loans are granted is increasing. The organization also points out that this depends on the repayments and the donations of FFG. Repayment of current loans will increase the available funds.

At the moment, it is very complex to measure this, since loans are only repaid after three years. Therefore, this is only recently mentioned in the reporting, through the concept of 'success rate', referring to the loans that have been repaid after three years. If FFGP observes that an entrepreneur experiences problems with his/her repayment, they enter into dialogue.

Forum Ethibel identified that FFG had donated an amount of **71 397 euros** in 2018. This complies with the required 10% of FFG's turnover. It also amounts to more than 50% of the net profit.

Partnerships

FFGP cooperates with a number of microfinance institutions: **Crédal, Brusoc, MicroStart and the ADIE** in France.

The cooperation with the partners and the extent to which FFGP supervises this, depends on the amount granted:

- (1) Loans up to 1500€: These loans are granted independently by MicroStart. This does not require the approval of the FFGP credit committee.
- (2) Loans >1500€: The granting of these loans is decided by the credit committee of FFGP.

Although the partners manage the loans, FFGP is also in direct contact with the entrepreneurs: communication about the allocation, state of affairs, coaching, ... The partners monitor the repayments and possible problems with entrepreneurs and report to FFGP. MicroStart provides a monthly report. Crédal and Brusoc report on a quarterly basis as they support fewer entrepreneurs.

Wage policy and sustainability of the organization

FFG is a private enterprise that aims to generate income and profits from the development of its activities. FFG regards its remuneration package 'in line with market standards' in order to recruit the best talents in the sector. However, there is no space for excessive bonuses.

Each employee at FFG is expected to spend 25% of his working time on the philanthropy. This is not part of the labour agreement as an employee cannot legally be required to take on volunteer duties during working hours. However, this is an important part of the selection process. FFG only recruits people who are willing to contribute to FFGP. People who have difficulty with this or who show no interest in the philanthropy, are not a suitable match for FFG.

The employees' contribution to the philanthropy is difficult to measure. FFG is looking for an appropriate way to reflect this in the future.

Communication

FFG communicates through different channels.

In the first instance, it informs its investors in the Impact Report about the use and results of donations. This report is updated on a quarterly basis.


FFG also distributes brochures to institutional investors and distributors. They distribute this material to private customers, with whom FFG has no contact. In addition, information sessions and events are organized to inform customers, again via the distributors.

FFG is currently developing a tailor-made reporting tool. Through this new platform they can inform customers about new developments and updates. In addition, the aim is to bring investors closer to entrepreneurs.

Conclusion

In conclusion, we report that, in our judgment and for the year 2018, the Funds For Good activities were fully conducted in accordance with the terms of the Philanthropic Charter.

Brussels, 26 August 2019
Forum Ethibel asbl



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Sustainability explanation ⁱ

- **Philanthropic Charter of Funds For Good:**
(<https://www.fundsforgood.eu/wp-content/uploads/2017/06/chartephilantropique.pdf>)
- **Overview of projects financed by the Funds For Good Philanthropy:**
(<https://www.fundsforgood.eu/communaute/>)