



INVESTING | SOCIAL IMPACT | PHILANTHROPY

FUNDS FOR GOOD

CERTIFICATION DECLARATION 2019



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 2019, the ninth complete financial year, includes an audit of the accounts and transfers, the agreements between FFG and its beneficiaries, the Philanthropic Charter and the Impact Reporting.

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 2019

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

Beneficiaries and scope of the Philanthropic Actions

Beginning 2019, the **Funds For Good Philanthropy (FFGP) became a separate independent not for profit organisation. This is a new step in the development of the FFGP** as it now entered into a new stage which allows further increased growth to, hence, create more societal impact. As a not for profit entity, the FFGP will also be able to act and react faster on developments. Nonetheless, donations received from Funds for Good S.A. still pass through the King Baudouin Foundation (KBF).

Purpose

FFGP tries to offer opportunities to entrepreneurs who have difficulties to finance themselves, by granting loans of honour. Eligible entrepreneurs are either unemployed or have social project. 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. FFGP is currently working with more than 40 volunteers, with experience in specific areas (marketing, accounting ...), that provide personalized coaching to the entrepreneurs. In addition, FFGP is looking into possibilities to provide free courses with new partners.

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 KBF 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. As indicated in the previous certification, in the long term the organization aims to develop additional committees. These will allow to cope with an increasing number of applications to review and assure that applications will be examined by experts with knowledge of the local context.

FFGP currently focuses mainly on the Belgian market. In 2019, three entrepreneurs were supported in France in collaboration with the ADIE.

In general, the FFGP Charter mentions "combating inequalities". This also means an equal division between men and women. The current ratio is not taken into account in the decision making for granting the loans. However, women are encouraged to apply for loans of honour and to share their business plan. Currently, the entrepreneur group consists for 38% out of women and 62% out of men. If there is a clear gender difference in the figures and developments, FFGP will respond accurately.

In 2019, FFGP granted 81 new loans which represents an amount of 198 362 euros. At the end of the year, the philanthropy had granted a total of 239 loans or a total 611 243 euros since its creation. The speed with which loans are granted continues to increase in 2019. This is due to the repayments and the donations of FFG. Repayment of current loans will increase the available funds as they are used to grant new loans of honour. If FFGP observes that an entrepreneur experiences problems with his/her repayment, they enter into

dialogue to find a suitable solution. They also encourage the entrepreneurs to indicate if they may encounter difficulties. The confinement measurements in the first half of 2020 impacted many entrepreneurs that have received a loan of honour. FFG and FFGP have been communicating and looking for ways in order to support them. Suspending the repayment obligations of the loans of honour and providing emergency loans, are two examples of how FFGP supports affected entrepreneurs.

Forum Ethibel identified that FFG had donated an amount of **119 095 euros** in 2019. This complies with the required 10% of FFG's turnover. The amount consists of 88 947 euros, to which **an exceptional donation of 30 146 euros is added, a result from the societal partnership with Deutsche Bank Belgium**. In total, FFG's donations represent 13.39% of turnover and also exceed half of the organisation's net profit.

Funds For Good also carries costs of the not for profit entity FFGP. These are amongst other salary costs, office space, and transportation. FFG has committed to adapt its financial reporting in order to clearly distinct which costs it carries for the philanthropy. This allows to gain an enhanced view on these "indirect donations" in addition to the donated amount.

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 organisation

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 aware that it is not possible for every member of the organisation to dedicate a quarter of its time. Therefore, FFG looks at how much time all the members of FFG contribute to FFGP.

Communication

FFG communicates through different channels.

In the first instance, it informs its investors through impact reporting 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.

Conclusion

In conclusion, we report that, in our judgment and for the year 2019, the Funds For Good activities were fully conducted in accordance with the terms of the Philanthropic Charter.

Brussels, 20 July 2020
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/>)