



INVESTING | SOCIAL IMPACT | PHILANTHROPY FUNDS FOR GOOD

CERTIFICATION DECLARATION 2020



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 Impact 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 impact 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 Impact 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 societal impact.

Donation policy

This certification for 2020, the tenth complete financial year, includes an audit of the accounts and transfers, the agreements between FFG and its beneficiaries, the Impact Charter and the Impact Reporting.

Forum Ethibel has reviewed the following elements to allow verification of the good governance of the impact 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 societal impact by means of FFG's 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 societal projects. Impact is achieved as FFG is donating part of its revenues and profits to community projects, and this without extra charges impacting investors' returns. According to FFG's Impact Charter, **the company engages to donate half of its net profits – with at least 10% of its turnover – to societal projects.**

Profits optimisation is achieved through minimizing structural expenses. FFG provides Forum Ethibel its balance sheets, profit and loss accounts as well as transparency on their expenses.

Societal impact and developments in 2020

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

Beneficiaries and scope of the Philanthropic Actions

In September 2020, **Funds For Good Philanthropy has been renamed to Funds For Good Impact (FFGI).** As a not-for-profit entity, it has chosen to include 'impact' to further emphasise its objective in achieving societal impact. Donations can still be made via the King Baudouin Foundation (KBF).

Purpose

FFGI tries to offer opportunities to entrepreneurs who have difficulties to finance themselves, by granting loans of honour. Eligible entrepreneurs are either unemployed or in a disadvantaged situation or have a social project. People who receive such loans benefit from a flexible redemption system, have no guarantees to provide and pay 0% interest. This means that the scope has been enlarged **to also provide loans of honour to social entrepreneurs** which corresponds with FFGI's ambition to achieve a greater societal impact.

In addition to financial support, FFGI offers personalized support for entrepreneurs with a network of coaches, experts, and mentors through an internet platform. At end 2020, FFGI worked with 23 active volunteers, with experience in specific areas (marketing, accounting ...), that provide personalized coaching to the entrepreneurs.

Target group and selection

Entrepreneurs with a realistic business plan are evaluated and selected by a credit committee. The committee exists out of volunteers that receive no compensation and are involved in the FFG Impact activities since several years. There is currently one committee to review all applications. Specific guidelines have been developed for assessing business plans introduced by social entrepreneurs. This to ensure that achieving a societal contribution is and remains the main objective.

FFGI continues to focus mainly on the Belgian market. Nonetheless, FFGI also collaborates with partners abroad to grant loans of honour. In 2020, fifteen entrepreneurs were supported in France in collaboration with the ADIE. This year was also the starting point to work together with Microlux in Luxemburg which resulted in supporting four entrepreneurs.

FFGI also maps the division between men and women. The current ratio is not taken into account in the decision making for granting the loans. Currently, the entrepreneur group consists for 35% out of women and 65% out of men.

In 2020, FFGI granted 435 new loans which represents an amount of 1 069 915 euros. At the end of the year, the not-for-profit granted a total of 709 loans or a total 1 725 199 euros since its creation. These figures over 2020 show that the acceleration of the amount of loans granted is being maintained even though the

impact of the COVID-19 pandemic slowed the repayment of outstanding loans. Fortunately, the organisation can rely on increasing donations from Funds For Good and other donors.

COVID-19 Pandemic

In normal circumstances, repayment of current loans increases the available funds as they are used to grant new loans. As mentioned above, this was different in 2020. Generally, when FFGI observes an entrepreneur is experiencing problems with his/her repayment, they enter into dialogue to find a suitable solution. Therefore, they encourage entrepreneurs to reach out if they may encounter difficulties. It will allow Funds For Good Impact to constantly look for ways to support them.

This was especially important in stepping up to support the small entrepreneurs, who already benefited from a loan of honour, but were heavily hit by the COVID-19 pandemic. This started by collaborating with microStart to **provide emergency loans**, of which a part had zero interest, to address liquidity issues. The not-for-profit also **suspended repayment obligations** of the loans of honour. Furthermore, both microStart and FFG were part of the initiative '**Relaunch Plan**' where loans and loans of honour were granted to help recovering from the first lockdown. This meant **support for 333 entrepreneurial projects representing 848 556 euros** that have already been included in the figures above. Both parties also supported these entrepreneurs by providing coaching. The Relaunch Plan was financed by Funds For Good, BNP Paribas Fortis, Degroof Petercam, and Fondation Bernheim. More initiatives such as the **FFG Summer Deals** and **Double for Good** were organised to support those that were impacted by the pandemic.

Partnerships

FFGI cooperates with a number of partners: **microStart, ADIE, Crédal, Brusoc, Microlux** and **LITA**. The partnership that started with LITA in 2020 aims to reach social entrepreneurs within Belgium.

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

- (1) Loans up to 1 500€: These loans are granted independently by microStart and does not require the approval of the FFGI credit committee.
- (2) Loans up to 5 000€: these loans are proposed by all the FFGI partners (microStart, Brusoc, Crédal, Adie) and granting is validated by the credit committee of FFGI.
- (3) Loans up to 15 000 €: these loans are only accessible for social entrepreneurs who are developing a project with a positive impact on the environment or society.

Although the partners manage the loans, FFGI 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 FFGI. microStart provides a monthly report. Other partners report on a quarterly basis as they support fewer entrepreneurs.

FFGI has taken on voluntary responsibilities with several actors: Board of microStart (the first microfinance institution in Belgium), Board of Scale Up Fund (impact fund active in sustainable food) and eligibility committee of Change (a social innovation fund developed by Crédal).

Funds For Good's donations

FFG's commitment to donate 50% of its net profits, or 261 557 euros has been respected which represents 18% of the turnover.

Funds For Good also carries costs of the not-for-profit entity FFGI. These are amongst other salary costs, office space, and transportation. An overview was proved, detailing the costs being carried by the company which can be seen as '**indirect donations**' that are not included in the donated amount above. FFG has improved this reporting in order to clearly distinct which costs it carries for the not-for-profit activities. It allows to have a more detailed view on these 'indirect donations' in addition to the donated amount. For 2020 these costs represented 113 592€.

In future, it is the aim that these costs will be deducted from the donation amount. Indirect donations will be registered from 2020 until it can be deducted without impacting FFGI continuity of activities. However, FFG is fully aware that this requires prudence to ensure that the cost base of FFGI would not become too large. This would limit FFGI in its capability to grant loans of honour combating inequalities and achieving societal impact.
Wage policy and sustainability of the organisation

Funds For Good 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.

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

The employees' contribution to these activities 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 FFGI approximately.

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 2020, the Funds For Good activities were conducted in accordance with the terms of the Impact Charter.

However, we encourage Funds For Good to update this Charter to assure that it continues to provide a long term vision on the activities and societal impact it wishes to achieve. This could for example include the not-for-profit Funds For Good Impact organisation and ensure that the scope also covers new developments such as granting loans to social enterprises.

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Forum Ethibel asbl



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Sustainability explanation ⁱ

- **Impact Charter of Funds For Good:**
(https://www.fundsforgood.eu/docs/FFG_Impact_Charte.pdf)
- **Overview of projects financed by Funds For Good Impact:**
(<https://www.fundsforgood.eu/communaute/>)