



## INVESTING | SOCIAL IMPACT

### FUNDS FOR GOOD

#### CERTIFICATION DECLARATION 2021



**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<sup>1</sup> 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** vzw 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 and distributors, while offering them the double bottom line of impact investing: combining financial returns with a societal impact.

**Funds For Goods Impact** (FFGI) is an ASBL/VZW of FFG which is responsible for the targeted allocation of the donations in the form of loans and equity (through the Good Food Fund). The latter is currently out of scope of this certificate but will be included in the certification of next year to cover the year 2022.

### Donation policy

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This certification for 2021, the eleventh 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 these elements to allow verification of the good governance of the impact aspect of FFGI's activities.

FFG, as the distribution coordinator 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 FFGI, and this without extra charges affecting investors' returns. These donations are used to provide loans issued to community projects. 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 project FFGI.** FFG's growing activity and a reasonable management of FFGI's expenses, is allowing them to enhance the impact.

## Societal impact and developments in 2021

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*

#### **Purpose and target group**

**FFGI provides mainly loans of honour to two different target groups: Self Made and Game Changers.** A loan of honour is characterized by a flexible redemption system, no needed guarantees to be provided and a 0% interest rate. For the category **Self Made** they try to offer opportunities to entrepreneurs who have difficulties to finance themselves. Eligible entrepreneurs are either unemployed or in a disadvantaged situation. **Game Changers** refers to entrepreneurs who want to provide a product or service with a positive impact on the environment or the society. Both groups correspond 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 named Wikiflow.** At end 2021, FFGI worked with 85 active volunteers, with experience in specific areas (marketing, accounting ...), that provide personalized coaching to the entrepreneurs.

#### **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 FFGI 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. These guidelines are gathered in a Business Model Canvas to ultimately give a Go or No Go. This process has been established to ensure and keep ensuring societal contribution is the main objective.

FFGI continues to focus mainly on the Belgian market, in 2021 the following projects were financed:

- 153 projects in Belgium:
  - o 132 with microStart
  - o 12 with Crédal
  - o 3 with Lita
  - o 1 in direct
  - o 5 with Finance.Brussels
- 11 in France in collaboration with ADIE,
- 3 in Spain in collaboration with Treball Solidari,
- 10 in Luxemburg with MicroLux.

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 is composed of 40% women and 60% men.

Since the start of the activities in 2013, FFGI granted 912 new loans which represents an amount of 1.406.562 euros.

### Partnerships

FFGI cooperates with several partners: **microStart, ADIE, Crédal, Brusoc, Microlux, Change, Trebal Solidari, Solifin** and **LITA**. These partnerships are made to expand the network. Moreover, the partners are responsible for the follow-up of reimbursements. This because FFGI does not have the resources for the moment and the tools to ensure a complete follow-up (legal and accounting). There are only a few loans directly allocated by FFGI without a partner. These loans were proposed in order to facilitate access for these entrepreneurs to more financial means.

The cooperation with partners is defined as followed:

- 1) The maximum amount given for the Self Made category is €5.000
- 2) The maximum amount provided for the Game Changers is €25.000
- 3) The maximum relative amount foreseen by FFGI is 33%, while the rest is provided by the partner(s). For example, if a Self Made entrepreneur needs a loan of € 9.000, FFGI will give a loan of maximum €3.000 while this does not exceed the maximum set for this category.

Although the partners manage the loans, FFGI is in direct contact with the entrepreneurs to propose them coaching, to open a network, promote their products or services, communicate about their project in the media, etc.

The partners are monitoring the financial aspects and report to FFGI (monthly or quarterly depending on the needs). FFGI has a regular contact with each partner (meeting, phone or online) in order to share information on the financed projects and on the coaching that FFGI has put in place.

Additionally, 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).

Finally, FFG has also a partnership with King Baudouin Foundation. All donations from FFG come through the "Fonds des amis de Fund For Good Impact" at this institution. Some external partners are donating directly to the bank account of FFGI.

### Funds For Good's donations

FFG commits to **donate 50% of its net profits**, which comes down to **€ 402.864,17 in 2021** and represents **17% of the turnover**.

Moreover, FFG carries the large majority of the operational costs of FFGI. These are amongst others salary costs, office space, and transportation. FFG saw this as an extra, indirect donation until 2020, but as both entities grow to become financially stable, FFG established that these costs will be part of the yearly donation in the future. FFG kept track of the operational costs specific to FFGI as from 2020 and is thus proceeding to reimburse these costs gradually each year. An overview was provided, detailing the costs being carried by the company. As FFGI has no direct source of income this reimbursement is arranged in a matter that it can be deducted without impacting FFGI's continuity of activities. For 2021, the operational costs of FFGI were €133.340 and for 2020, this amount was €113.592. Of this debt, €121.152 was reimbursed in 2021 by being deducted of the donation mentioned above.

### COVID-19 Pandemic

All the actions taken in relation to COVID-19 to protect the entrepreneurs (emergency loans, suspended repayment obligations, the relaunch plan, etc.) were finalized in quarter one from 2021.

### *Employees implication in FFGI*

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Since 2019, 1 FTE has started to coordinate the activities of FFGI. Next to that, 2 FTE's working on marketing and communication are spending 50% of their time on FFGI. And each employee at FFG is expected to spend time on the social project of FFGI (e.g.: for the Sales, bringing their customers to the Impact Days). 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.

Furthermore, Patrick Somerhausen, Co-CEO in charge of the impact project, does not count his time (estimated at 50%) and remuneration as a donation.

### *Communication*

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**FFG communicates through different channels.**

In the first instance, **it informs its investors through impact reporting about the use and results of donations.** They provide a monthly impact sheet with key indicators about the activities undertaken in the last month. An extensive report is published annually.

**FFG also makes information available to all contacts and customers.** This information is provided via a monthly newsletter (including the impact sheet). In addition, information sessions and events are organized to inform customers, again via the distributors.

## Conclusion

After a thorough analysis, which consisted of an on-site audit and extensive exchanges, Forum Ethibel declares the governance of FFG to be transparent and in line with the commitments that are made in the Impact Charter.

Brussels, 21 December 2022  
Forum Ethibel vzw



Kenny Frederickx,  
General Director



Sophie Brassinne,  
Research Officer



Alexander Caris,  
Research Officer

### Forum Ethibel

[info@ethibel.org](mailto:info@ethibel.org)  
[www.forumEthibel.org](http://www.forumEthibel.org)

### Sustainability explanation <sup>i</sup>

- **Impact Charter of Funds For Good:**  
([Microsoft Word - Charte Impact\\_2021\\_FR\\_VFinale.docx \(fundsforgood.eu\)](#))
- **Overview of projects financed by Funds For Good Impact:**  
([Our Social Project - Funds For Good](#))