



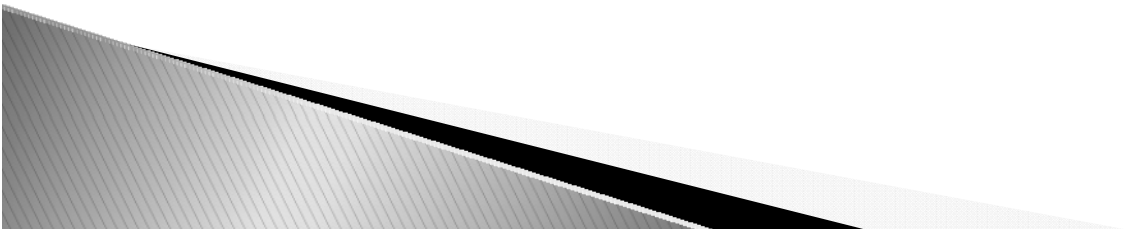
# **« Measuring social performance in Microfinance »**

25 March 2010

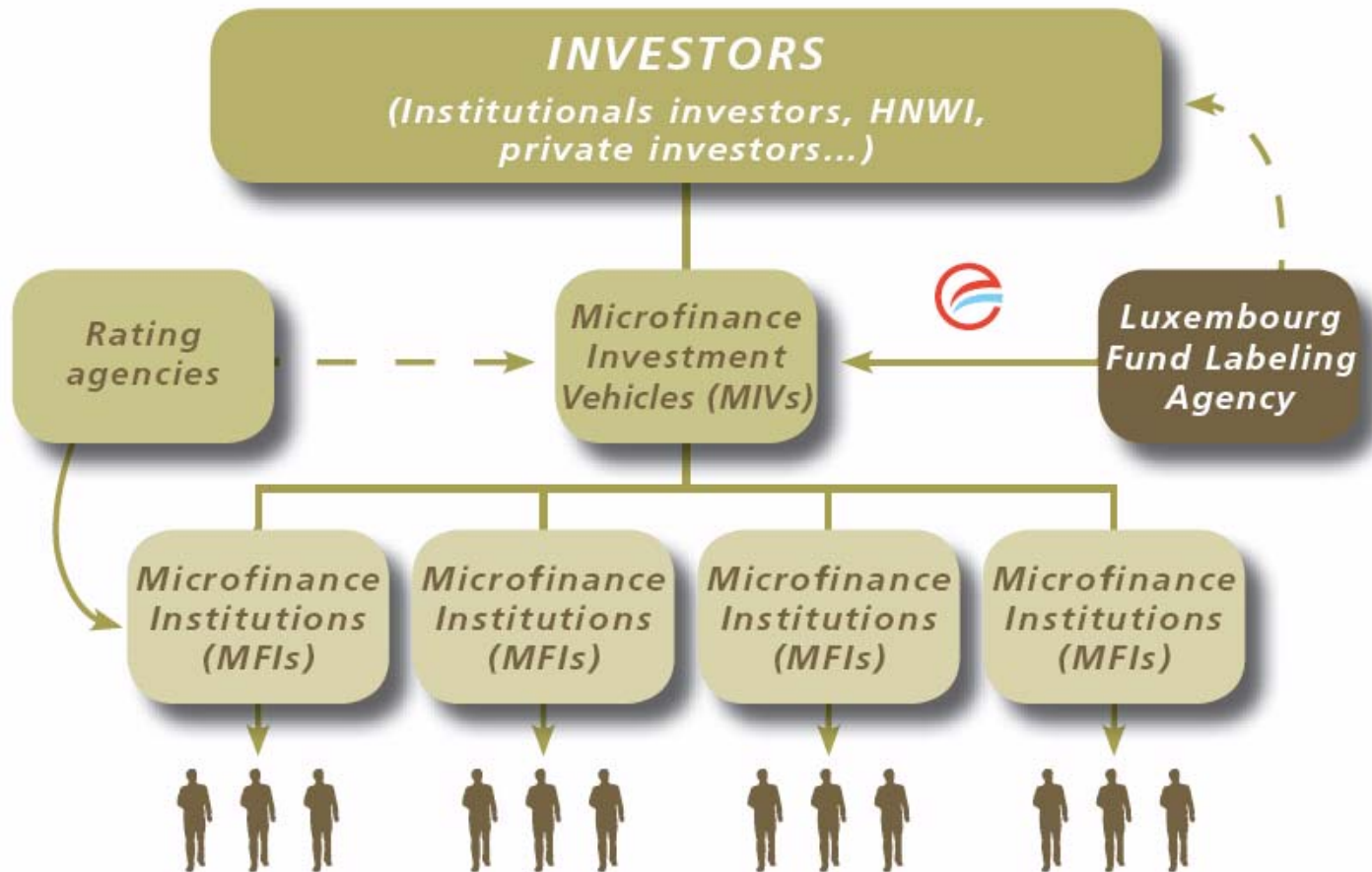
Kenneth Hay, Chairman  
LuxFLAG

# 1.1 Label criteria

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- Have a microfinance portfolio of > 50% of total assets
  - Have > 25 % of its microfinance portfolio rated by a rating agency
  - Seek a return on investment
  - Comply with certain legal and governance criteria
    - *distinct legal entity;*
    - *audited financial statements;*
    - *segregation custody and management of assets;*
    - *Minimum annual reporting;*
    - *Appliance of the principle of risk diversification.*
  - Fund and/or Promoter and/or Investment Manager regulated by a national supervisor equivalent to that in EU Member States;
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# 1.2 Reporting to and by MIVs



# 1.3 New SP criterion for MIVs: MIVs seek a social return on investment

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Include SP objectives in marketing material, prospectus etc..



*Provide marketing material, prospectus*

Use SP indicators in Due Diligence process



*Describe due Diligence process and SP indicators used*

Monitor the social performance of the portfolio on a regular basis

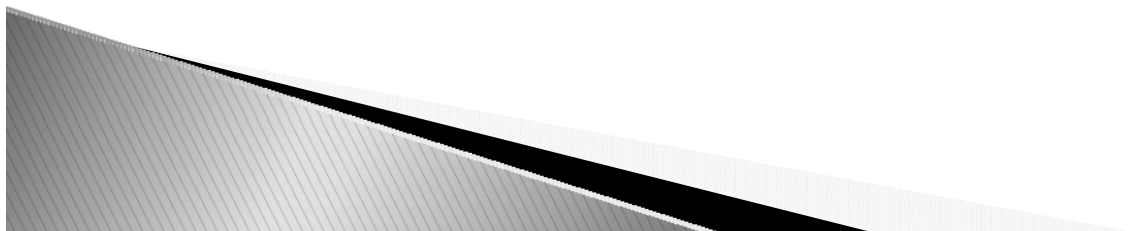


*Describe process, list MFIs subject to social rating*

Be transparent in reporting to investors



*Provide examples of reports*





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