

An aerial photograph of a rugged coastline. The water is a vibrant turquoise color, contrasting with the dark, jagged rocks of the shore. The rocks are in various shades of grey, black, and brown, with some areas appearing more weathered and lighter in color. The overall scene is a natural, unspoiled landscape.

Technical Proposal

Environmental, Social and Governance (ESG) Assessment

Table of Contents

Company Profile4

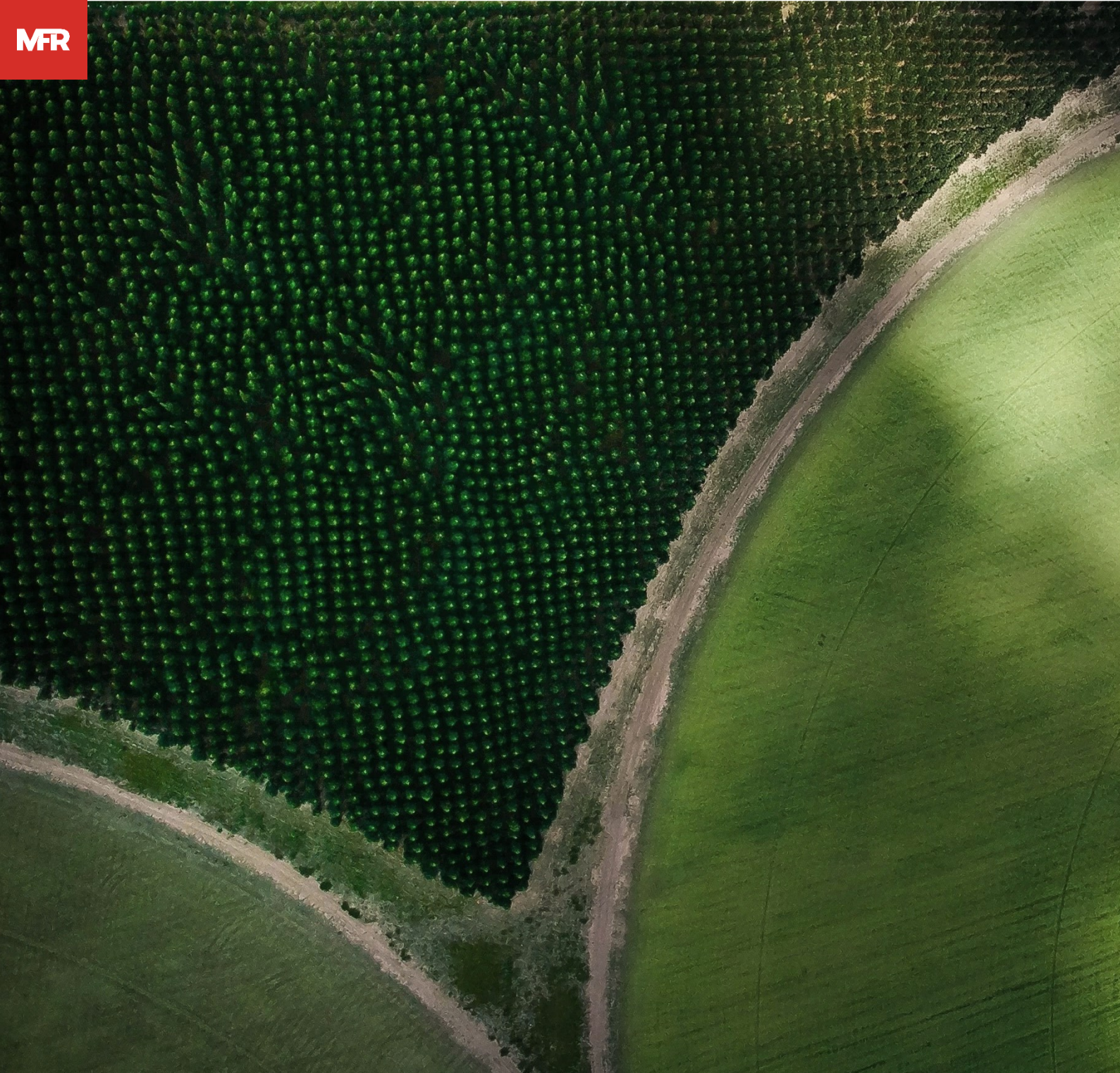
Technical Proposal.....7

 Environmental, Social and Governance7

 (ESG) Assessment7

 Timeline and Work Plan.....10

 Committee11



Company Profile

We are the leading international rating agency specialized in inclusive and sustainable finance.

Company Profile

We believe in a transparent and sustainable future, where capital combines with purpose. Our mission is to generate independent opinions for the sustainable finance industry, based on verified information, to foster responsible investments.

MFR is a global rating agency, providing assessments, data and technical expertise for the sustainable finance industry. Created in 2000 as a dedicated department of Microfinanza SRL, MFR was spun off as an independent Limited Liability Company in 2006.

Headquartered in Italy, MFR operates through a network of 5 regional offices (Ecuador, Mexico, Kenya, Kyrgyz Republic, and the Philippines) and 1 country office (Bolivia) across 4 continents, boasting the **largest global geographical coverage** among specialized rating agencies.

MFR leverages on a **well-founded credibility**. MFR was the first specialized rating agency to be licensed by a Supervisory Authority to carry out mandatory ratings (2007, in Ecuador) and it is currently the only one to be licensed in 2 countries (since 2014, also in Bolivia).

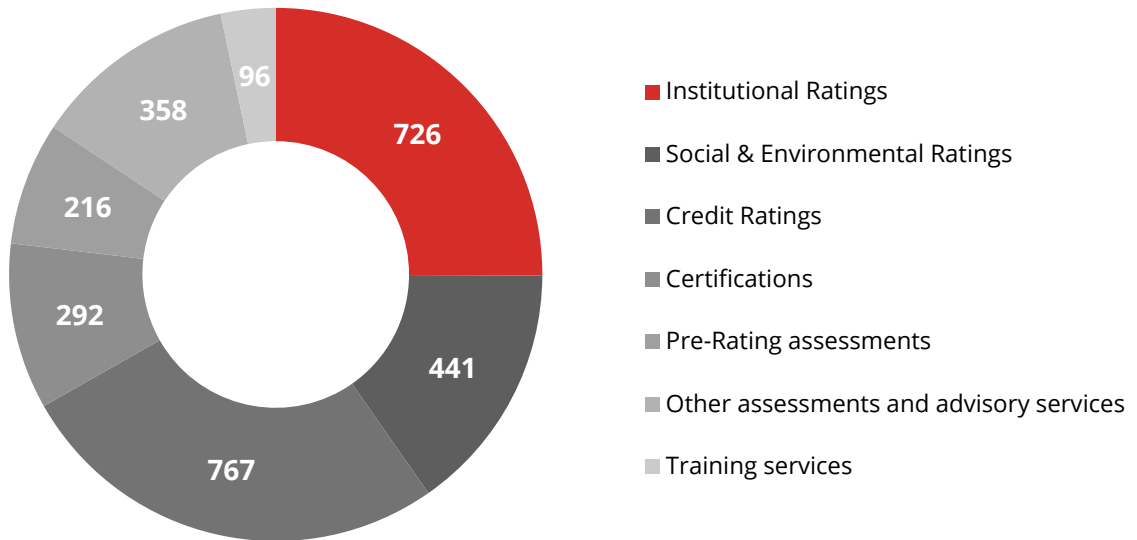
Over the years, MFR has been accredited by 2 global rating funds (RF I) and initiatives (Rating Initiative), and a number of regional funds (e.g. Latin America RF II, Moroccan APP) and initiatives (e.g. European Jasmine Initiative, EASI).

MFR is licensed by	To conduct
Ecuador Regulators (SBS, SEPS & SC)	Credit Rating of regulated financial institutions (FIs) and Issuance Rating
Bolivia Regulator (ASFI)	Credit Rating, Social Rating and Issuance Rating of regulated FIs
MFR is registered with	As
Philippines local central bank	Microfinance Institutions Rating Agency (MIRA)
MFR is accredited by	To conduct
Smart Campaign/SPTF+CERISE	Client Protection Certification of FIs
European Commission	European Code of Good Conduct
Truelift	Truelift Assessment of FIs
CERISE+SPTF	SPI4 and SPI4 Alinus Social audits
MFX/DFC	Rating of MSME funds, clean energy (PAYGO) funds, agricultural funds and housing funds
GOGLA	Consumer Protection Assessment of Off-grid Solar Companies

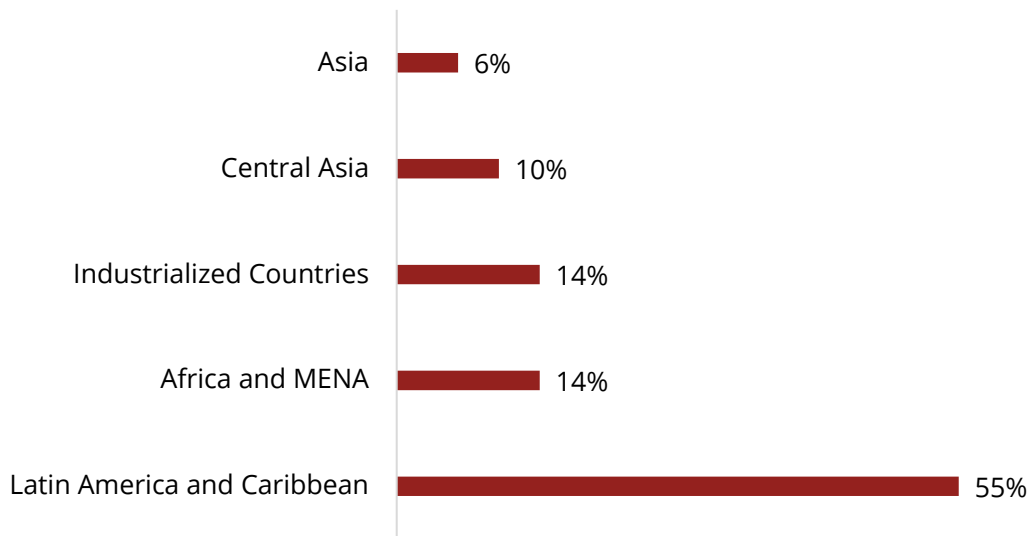
Its credibility and technical expertise are further proven by the **relations and partnerships** established with some of the leading private social investors and fund managers (e.g. ADA, responsAbility, OikoCredit, Blue Orchard, Incofin, Triple Jump, Symbiotics, Triodos etc.), DFIs (e.g. KfW, EBRD, EIB, IFC/WB, IFAD, FMO, IADB, UNDP/UNCDF, USAid, OPIC, AfD, CDC Group, etc.), and specialized hedging funds (e.g. TCX, MFX).

MFR has conducted **2,800+ assignments in 110+ countries worldwide** and holds **>70% of the global market share***.

Product diversification



Global outreach



* Number ratings and certifications conducted by MFR / total number ratings and certifications known to have been conducted by all rating agencies specialized in inclusive finance from 2014 to 2021



Technical Proposal

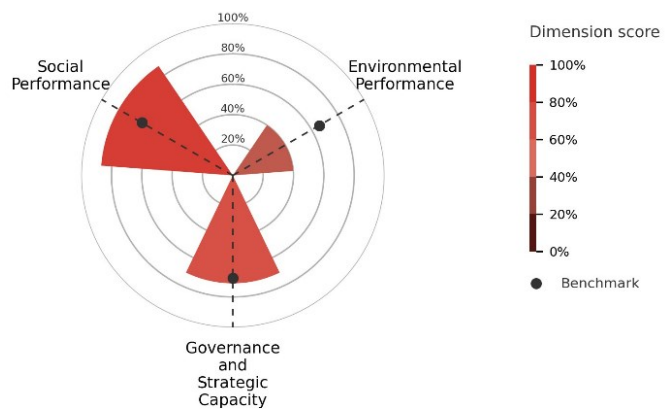
Our products have been designed to satisfy our clients' different needs.

Technical Proposal

Environmental, Social and Governance (ESG) Assessment

The EGS Assessment provides an opinion on an organization's systems and practices related to Environmental, Social and Governance aspects.

The ESG Assessment can be used by the organization/company to enhance its capacity to effectively monitor, evaluate, and improve their practices and performance in Environmental, Social, and Governance (ESG) aspects. Specifically, the ESG Assessment assesses how sustainability and responsible practices are integrated into governance, management and operations of the organization and its supply chain.



Advantages of MFR's methodology

The ESG Assessment is based on **globally used and recognized performance standards** on Environmental, Social and Governance dimensions, including:

- [UN Global Compact](#): Ten Principles on corporate sustainability in the areas of human rights, labour, environment, and anti-corruption.
- [World Economic Forum ESG Core Metrics](#): Derived from GRI and SASB Standards, focusing in: People, Planet, Prosperity, and Principles of Governance.
- [IFC Environmental and Social Management Systems \(ESMS\)](#): For risks and impacts assessment.
- [IFC Corporate Governance Methodology](#): Provides standards to evaluate corporate governance of companies.
- [OECD Guidelines for Multinational Enterprises](#): Provides standards to support enterprises minimizing the negative impact of their operations on corporate, social, environmental, and labour dimensions.
- [ILO International Labour Standards](#): Sets comprehensive guidelines and standards on all dimensions related to labour.

ESS Assessment framework

The ESG Assessment evaluates three dimensions—Environmental, Social, and Governance—as core sections of the assessment:

- **Governance and Strategic Capacity:** This first section examines the organization's governance and strategic capacity. Governance bodies define the ESG strategic goals and risk appetite, as well as social and environmental strategies to achieve them.
- **Social performance and Stakeholder Management:** The second section analyses the organization's social performance and stakeholder engagement.
- **Environmental Performance and Stewardship:** The third section focuses on the organization's environmental performance and management.

The table below outlines the ESG Assessment methodology, including the weighting of each of the three dimensions:

Governance and Strategic Capacity		40%
<ul style="list-style-type: none"> ▪ Governance structure ▪ Risks oversights and controls ▪ Strategy and market positioning 	<p>The governance structure is analysed to determine its completeness and reflection of the institutional intentions, mostly focussing on social and environmental areas. Strategic planning capacity is investigated, and how environmental and social goals are determined.</p> <p>Governance, social and environmental commitment, guidance, and supervision are placed under scrutiny to verify adherence to the organization's social and environmental strategy. The internal systems are analysed to determine the capacity to monitor and mitigate the risks associated to corruption, fraud, and conflict of interests, thanks to formalised procedures/policies, training/initiatives and internal audits.</p>	
Social Performance and Stakeholder Engagement		30%
<ul style="list-style-type: none"> ▪ Human capital and organization ▪ Responsibility towards the community 	<p>The organization's social performance is assessed throughout its different components. The first component is dedicated to the staff of the organization and aims at verifying proper implementation of best practices in terms of labour conditions, including health, safety, and security.</p> <p>The second component refers to the organization's social responsibility towards the external community (clients and local communities which might be potentially affected or might benefit from the organization's operations).</p>	
Environmental Performance and Management		30%
<ul style="list-style-type: none"> ▪ Environmental impact ▪ Environmental footprint mitigation 	<p>The environmental risks and adverse impact on the environment are assessed, including pollution, waste, use of natural resources by the organization and supply chain.</p> <p>The company's environmental footprint and mitigation measures are analysed, including promotion of environmental responsibility and mitigation of the climate change risk.</p>	

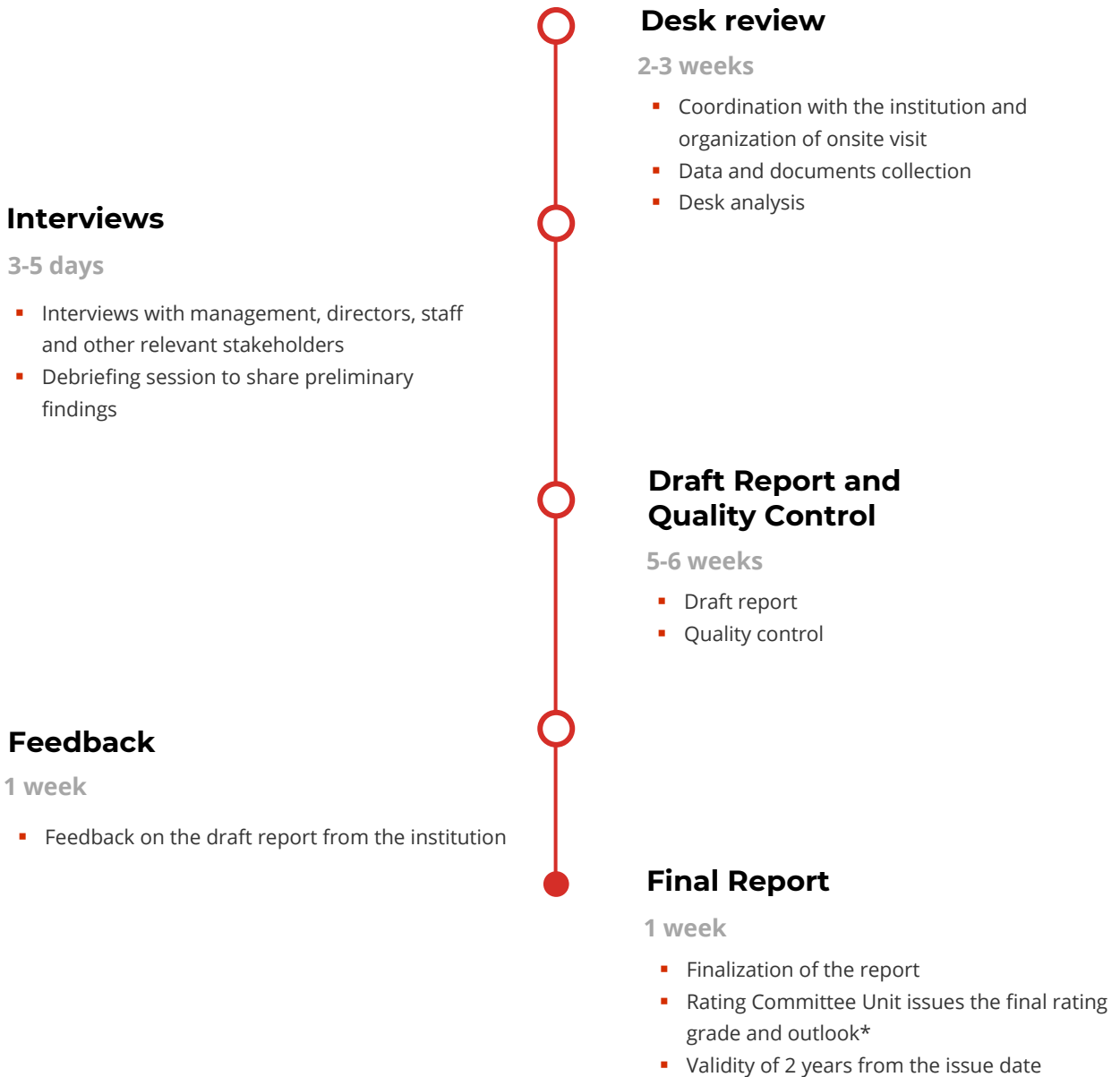
ESG Assessment scale

The final score resulting from the ESG Assessment is determined based on the following scale:

ESG Assessment Scale	
5	Excellent practices and performance related to Environmental, Social and Governance aspects. Very limited risk of negative impact on the Environment and Society.
4	Good practices and performance related to Environmental, Social and Governance aspects. Limited risk of negative impact on the Environment and Society.
3	Adequate practices and performance related to Environmental, Social and Governance aspects. Negligible risk of negative impact on the Environment and Society.
2	Moderate practices and performance related to Environmental, Social and Governance aspects. Risk of negative impact on the Environment and Society.
1	Weak practices and performance related to Environmental, Social and Governance aspects. Significant risk of negative impact on the Environment and Society.

Timeline and Work Plan

The following work plan applies for the services presented in the current proposal.



* MFR's Rating Committee (RC), constituted by three senior members, reviews the final report, defines the final grade and outlook, and is generally in charge of ensuring the quality standards of the deliverables.

Committee

MFR's Committee members have extensive experience in the assessment of financial institutions at regional and global level. It is composed of the following people:

Ivan Sannino

Chairperson of MFR's Financial Rating Committee Unit since 2009, Ivan also oversees the Quality Control activities on financial assignments. Ivan chairs the Rating Committees for Financial and Credit Ratings worldwide and coordinates other senior members of the Rating and Quality Control Unit; overtime he has chaired more than 400 Committees.

As chair of the Credit Rating Committees for the regulated markets of Ecuador and Bolivia, Ivan is authorized by the respective Supervisory Bodies. As one of the most senior experts in the company, Ivan leads and coordinates training and coaching of rating analysts worldwide on financial and risk topics. He is also an active member of MFR's Technical Group and he is part of the Management Team. Ivan joined MFR in 2004 as Analyst, participating in over 130 assignments worldwide.

Before joining MFR, Ivan worked for 5 years in Latin America in the economic development field, carrying out evaluations, technical reviews and consulting activities in microfinance, rural finance and the MSMEs sector.

Ivan holds an MSc in Economics from Bocconi University (Italy). He is fluent in English, Spanish, Portuguese and is a native Italian speaker.

Joris Crisà

Joris chairs the Rating Committees for Social & Environmental Ratings and Client Protection Certifications worldwide and coordinates other senior members of the Rating and Quality Control Unit. Joris is also the Operations Director of MFR since June 2022 and was previously the Inclusive Finance in charge of the technical and business-related aspects of MFR's inclusive finance and social performance services and projects. He is based out of the Head Office in Milan, Italy.

He joined MFR in 2011 as an Analyst and carried out +80 ratings, assessments and client protection certifications, mainly in Africa, MENA and ECA regions, acquiring an extensive field experience as analyst and team leader. Before joining MFR, Joris was involved in different projects in the field of environmental impact assessments and social programs.

Joris also worked with the Cambodian Microfinance Association for a research study. Joris holds a Master degree in Sustainable Development from Paris-Dauphine University and an MA in European Microfinance from the Solvay Brussels School of Economics and Management. He is an Italian and French native speaker and is fluent in English.

Aldo Moauro

MFR's Managing Director & Founder, Aldo is also a shareholder and board member. Aldo leads MFR's Management Team, providing strategic guidance and supervision of operations and representing MFR at global level.

He sits in the Rating Committee Unit and systematically supervises all new issues of rating reports. Since the beginning of operations in 2000, Aldo has carried out 200+ rating and assessment missions.

Aldo has been an active member within the most relevant industry initiatives, including as a Board Member of SPTF, Board Member of African Microfinance Transparency and SMART Campaign Certification Committee member. Since 2008, Aldo is also a faculty member at the Boulder Microfinance Training Program.

Before joining MFR, Aldo worked at Banca Etica and ETIMOS, respectively a commercial bank and an international financial consortium, and was in charge of the microfinance investments portfolio. Aldo holds an MSc in Economics. He is fluent in English, Spanish, French and Italian (native).

Lucia Spaggiari

Business Development Director, in charge of the Innovation Committee's effort towards new business lines, partnerships and delivery channels.

Business Development Director since 2015, Lucia contributes to the development of new services and to the upgrade of MFR's methodologies. She is responsible for the Data Platform Project, for studies and research, and for the relationships with several investors and industry initiatives (e.g. contributing to SPTF and Smart Campaign methodologies evolutions). Lucia is a member of MFR's Management Team, Rating Committee Unit, Technical Group and Innovation committee. Lucia joined MFR in 2005 as analyst. Social Rating Director from 2010 to 2015, she was in charge of the issue of social ratings and client protection certifications. She acquired an extensive field experience with 90+ field assignments in 44 countries worldwide.

Lucia holds an MSc in Economics and Management of Public Administration and International Organizations from Bocconi University (Italy). She is fluent in English, French, Spanish and is an Italian native speaker.