

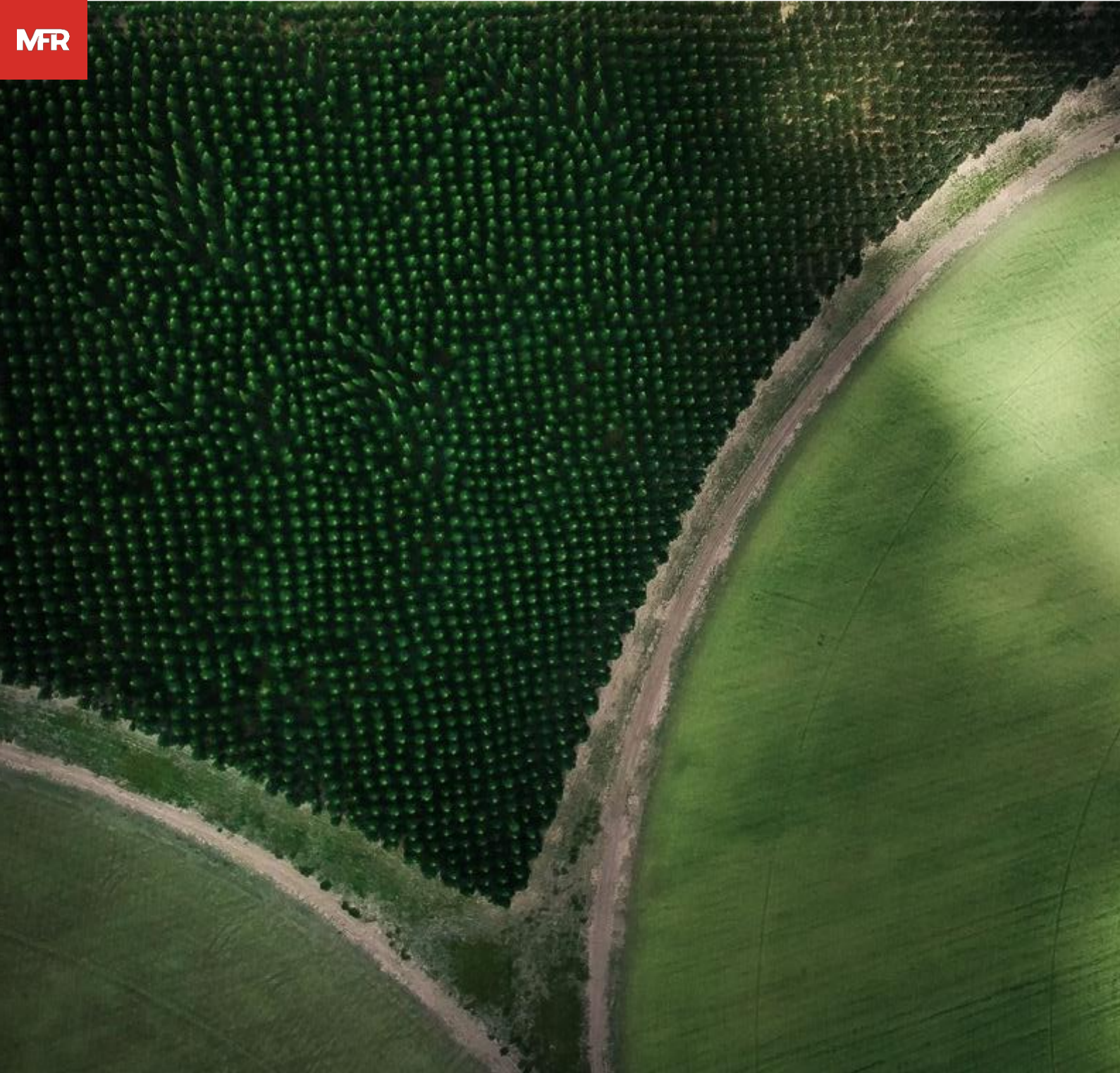
An aerial photograph of a rugged, rocky terrain. The landscape is characterized by a complex network of cracks and fissures, creating a mosaic of different colors including teal, purple, brown, and grey. The overall appearance is that of a mineral-rich or weathered rock surface.

# Technical Proposal

Environmental, Social and Governance (ESG) Assessment

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# Company Profile

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

# Company Profile

**MFR** is a global rating agency with over 20 years of experience, providing **evaluations, information,** and **technical expertise** to promote best practices and drive responsible investments in the sustainable finance industry.

Our vision is to help **build a more transparent future** in which capital is combined with a **social and environmental purpose**, fostering the growth of a more inclusive and sustainable industry worldwide.

Headquartered in **Italy**, with offices in **Kyrgyzstan, Kenya, Ecuador, and Bolivia**, and a presence in **India, the United Kingdom, France, and Mexico**, MFR operates across **4 continents**, solidifying its position as a global strategic partner.

MFR's credibility is supported by our international accreditations, which enable us to promote trust and good practices in the industry.



**MFR has been accredited by:**

Cerise+SPTF

**To carry out:**

Client Protection Certification

Alinus Audits SPI5



**MFR has been accredited by:**

European Commission

**To carry out:**

Code of Good Conduct



**MFR has been accredited by:**

EIB-InvestEU

**To carry out:**

Evaluation Products under the

SIFTA program



**MFR has been accredited by:**

ICMA

**To carry out:**

Second Party Opinion of a Green, Social and Sustainability Bond Framework



**MFR has been accredited by:**

MFX/DFC

**To carry out:**

Rating of MSME funds, clean energy (PAYGO) funds, agricultural funds and housing funds



**MFR has been accredited by:**

GOGLA

**To carry out:**

Consumer Protection Assessment of off-grid solar energy companies.



**MFR has been accredited by:**

Truelift

**To carry out:**

Truelift Assessment



**MFR has been accredited by:**

Philippines local central bank

**To carry out:**

Risk Ratings of Microfinance Institutions.

Throughout our trajectory, we have forged strategic alliances with leading **private social investors, fund managers, development financial institutions, specialized hedge funds, and international organizations**, thereby strengthening our global impact.



**French Development Agency (AFD)**



**German Investment and Development Company (DEG)**




**Dutch Entrepreneurial Development Bank (FMO)**




**European Investment Bank**



**European Bank for Reconstruction and Development**



**Inter-American Development Bank**



**European Commission**



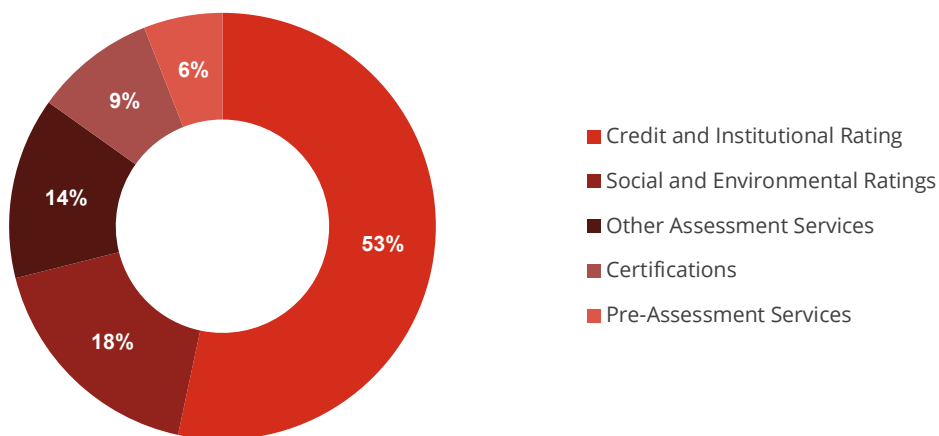
**Council for the development of Cambodia**



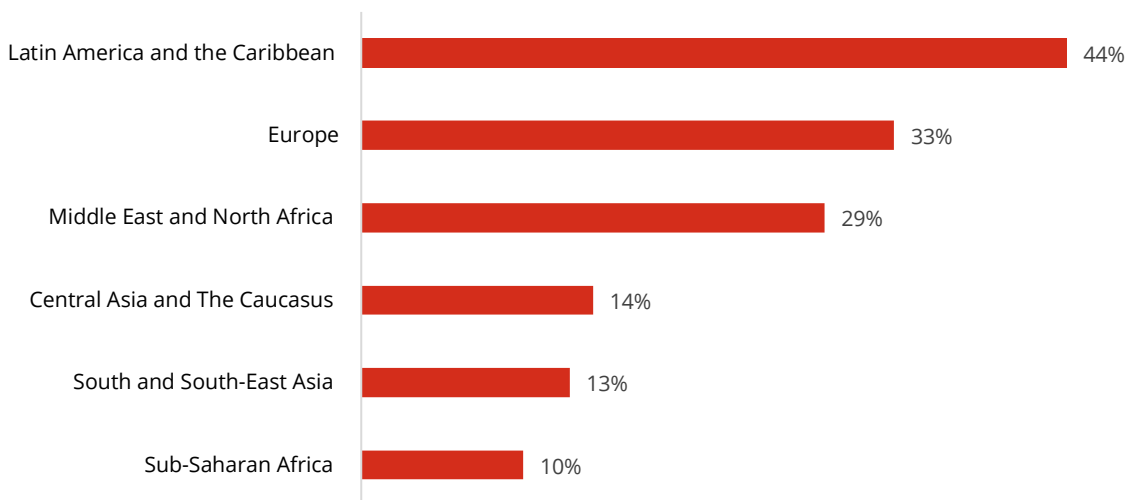
**Proparco**

To date, we have conducted over **4,300 evaluations** across **120 countries globally** and leads the **global market in Client Protection Certification**, covering over **70% of certified institutions** worldwide:

### Global service diversification



### Global outreach



\*Of the total global outreach, 44% is attributed to Latin America and the Caribbean, while 56% corresponds to other regions, based on the number of assignments completed.

The data presented in the graphs reflects the period from 2001 to 2024.

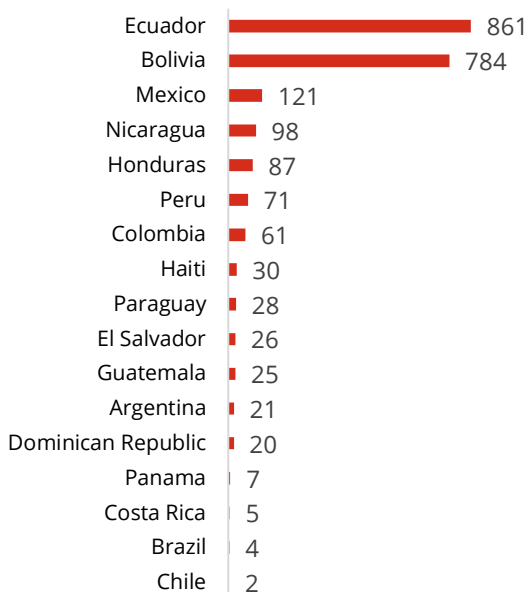
## Experience in Latin America & The Caribbean

At MFR, our mission is to generate independent opinions and data, while providing technical expertise that not only promotes international best practices but also serves as key tool for responsible investment decisions in the inclusive and sustainable finance industry across Latin America and the Caribbean.

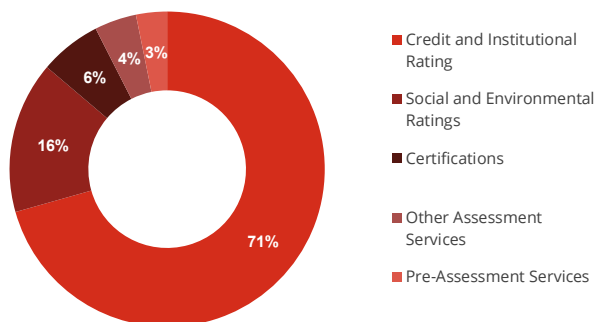
With over **2,000 evaluations conducted in 17 countries**, MFR has established itself as the leading rating agency specializing in inclusive and sustainable finance in Latin America and The Caribbean.

Our experienced teams, based in **Quito, La Paz, and Mexico City**, leveraging deep local insights to deliver tailored solutions that meet the diverse needs of financial institutions, regardless of size, legal structure, or stage of development.

LAC outreach



LAC service diversification



\*The data presented in the graphs reflects the period from 2001 to 2024.

In Ecuador and Bolivia, MFR stands out as **the first specialized rating agency authorized by regulatory bodies**, ensuring quality and rigor in our services:

- The **Superintendency of Banks (SB)**, the **Superintendency of Popular and Solidarity Economy (SEPS)**, and the **Superintendency of Companies, Securities, and Insurance** have authorized us to provide Credit Rating services.
- In Bolivia, the **Financial System Supervisory Authority (ASFI)** has authorized us to provide Credit Rating and Corporate Social Responsibility Performance services.

Our services are designed to enhance the **performance, reputation, and impact** of financial institutions in the region:

#### Latin America and The Caribbean

- [Institutional Rating](#)
- [Social and Environmental](#)
- [Client Protection Certification](#)
- [Impact Assessment](#)

#### Ecuador

- [Credit Rating of Financial Institutions](#)
- [Credit Rating of Instruments for the Stock Market](#)

#### Bolivia

- [Credit Rating of Financial Institutions](#)
- [Credit Rating of Securitization Processes](#)
- [Corporate Social Responsibility Performance Rating](#)



## Experience in South and South-East Asia

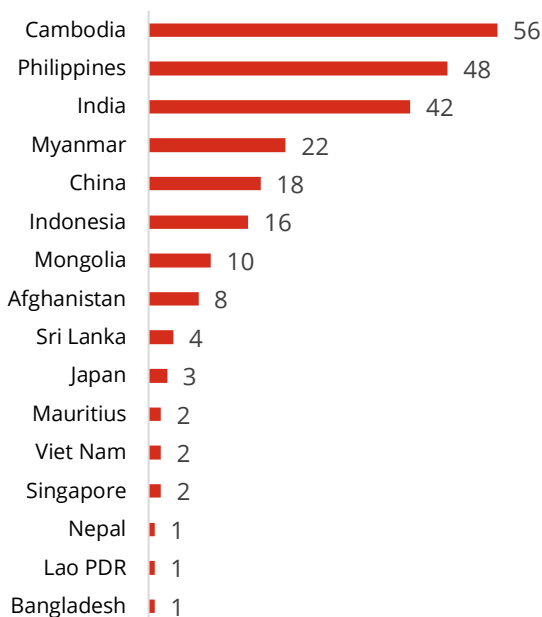
**MFR** is one of the leading microfinance rating agencies in the region. We are accredited by the **Bangko Sentral ng Philippines (BSP)** as a Microfinance Institutions Rating Agency (MIRA) and have a permanent staff based in India with extensive experience in the region.

We have worked with institutions with varying legal statuses, sizes, and stages of development tailoring our services to meet their specific needs.

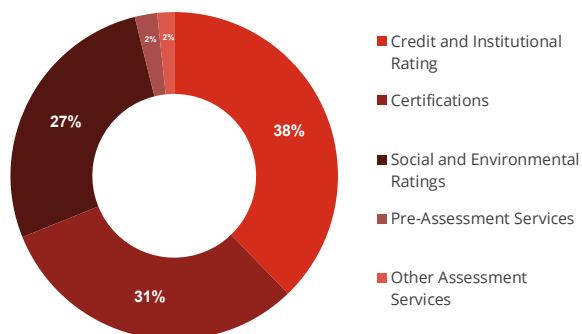
In the SSEA region, our most in-demand services are Client Protection Certification and Social and Environmental Ratings. **With over 200 completed assignments**, we have supported financial institutions in enhancing transparency, responsible practices, and long-term sustainability.



**SSEA outreach**



**SSEA service diversification**



\*The data presented in the graphs reflects the period from 2001 to 2024.

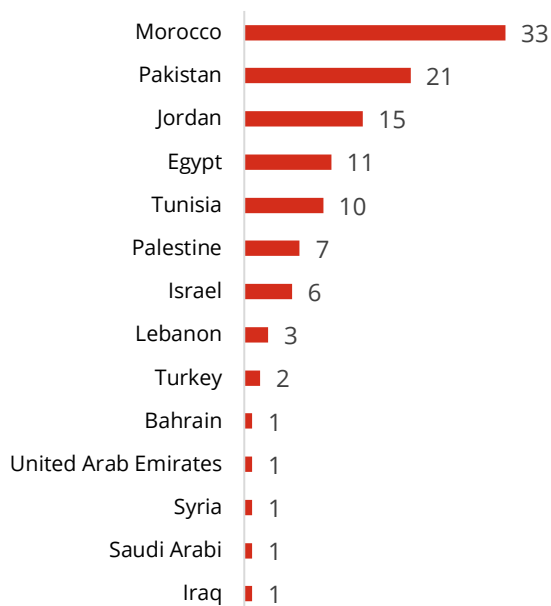
## Experience in MENA Region

**MFR** is the leading microfinance rating agency in the MENA region, with a presence dating back to 2005. Our team, based in Milan, Italy, brings extensive experience working with diverse financial institutions of varying legal statuses, sizes, and stages of development, tailoring our services to their specific needs.

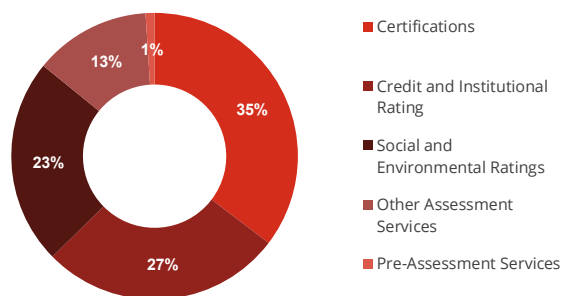
To date, **we have completed over 100 assignments in MENA**, supporting institutions in enhancing transparency, long-term sustainability, and responsible practices. Our most in-demand service in the region is Client Protection Certification and Social and Environmental Ratings.



**MENA outreach**



**MENA service diversification**



\*The data presented in the graphs reflects the period from 2001 to 2024.

## Experience in Sub-Saharan Africa

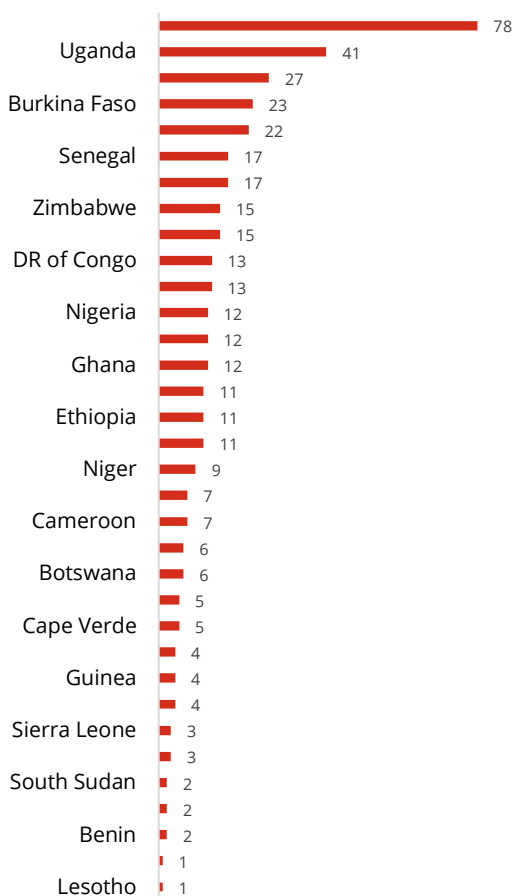
MFR is the leading microfinance rating agency in Sub-Saharan Africa. We have been operating in the region since 2005, with our regional office in Kenya coordinating operations across the continent since 2007.

We have worked with financial institutions of varying legal statuses, sizes, and stages of development, tailoring our services to meet their specific needs.

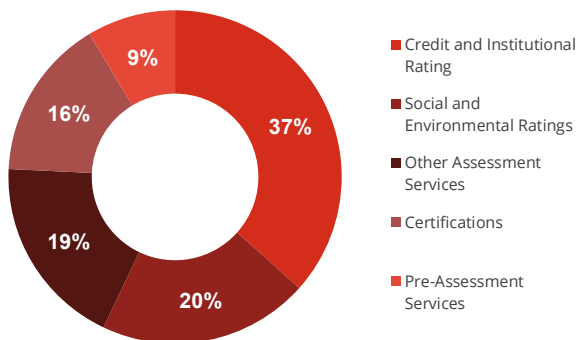
**MFR has completed over 400 assignments in Africa,** supporting institutions in enhancing transparency, long-term sustainability, and responsible finance practices. Our most in-demand services in the region are Social and Environmental Ratings and Client Protection Certification.



**SSA outreach**



**SSA service diversification**



\*The data presented in the graphs reflects the period from 2001 to 2024.

## Experience in Central Asia & the Caucasus

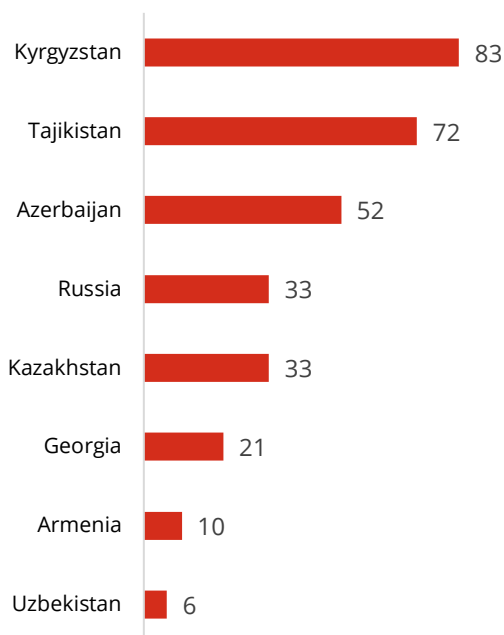
MFR is one of the leading microfinance rating agencies in the region. We have a permanent team based in Bishkek, Kyrgyz Republic, with extensive experience working across the region.

We have worked with financial institutions of varying legal statuses, sizes, and stages of development, tailoring our services to meet their specific needs.

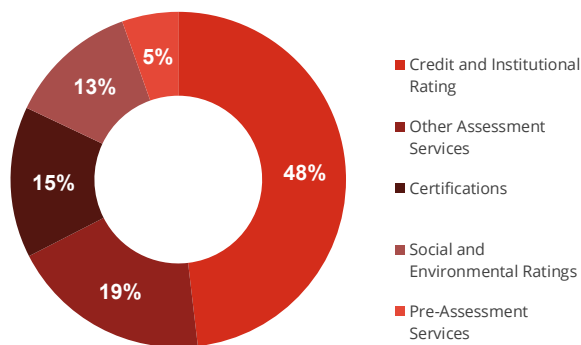


MFR has conducted over 300 assignments in the region, supporting institutions in strengthening transparency, long-term sustainability, and responsible practices. Our most in-demand services include Due Diligence, Social and Environmental Ratings incorporating Client Surveys and Focus Group Discussions, and Client Protection Certification.

CA outreach



CA service diversification



\*The data presented in the graphs reflects the period from 2001 to 2024.

## Experience in Europe

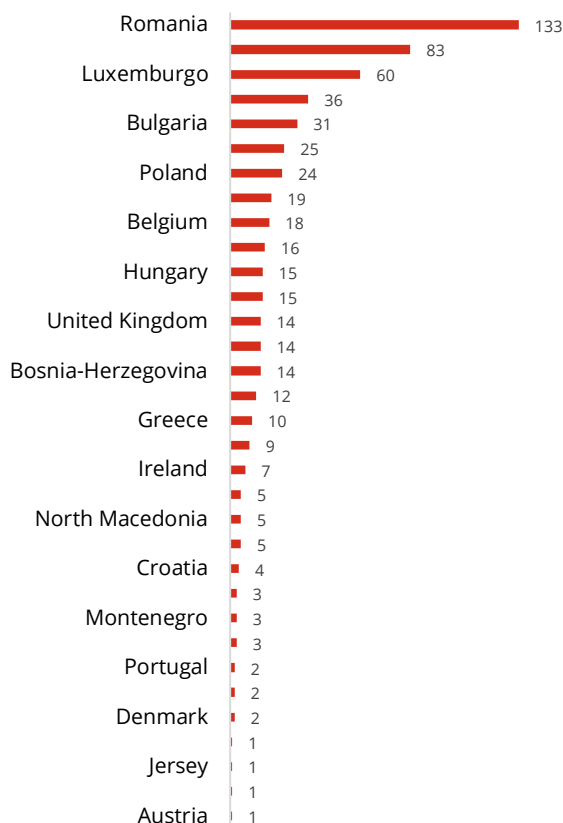
In the sustainable and inclusive finance industry, [MFR](#) is the leading rating agency in the region. Our headquarters is in Milan, Italy, where the majority of our permanent staff is based.

MFR's strength lies not only in its 20+ years of experience across Europe and neighbouring countries, but also in its expertise and agility in working with a diverse range of financial institutions and services catered for social enterprises, such as incubators and local enterprise agencies that focus on generating employment opportunities, etc.

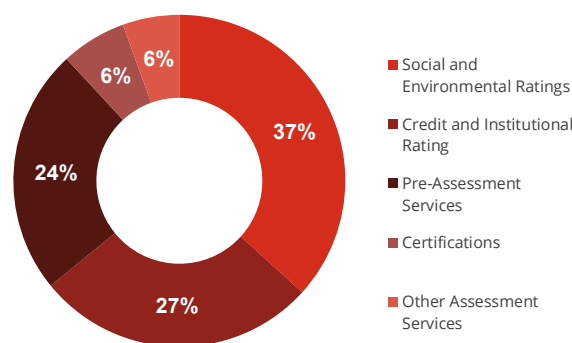


MFR has conducted **over 500 assessments in 33 countries**, supporting institutions in enhancing transparency, long-term sustainability, and responsible practices.

EU outreach



EU service diversification



\*The data presented in the graphs reflects the period from 2001 to 2024.



# Technical Proposal

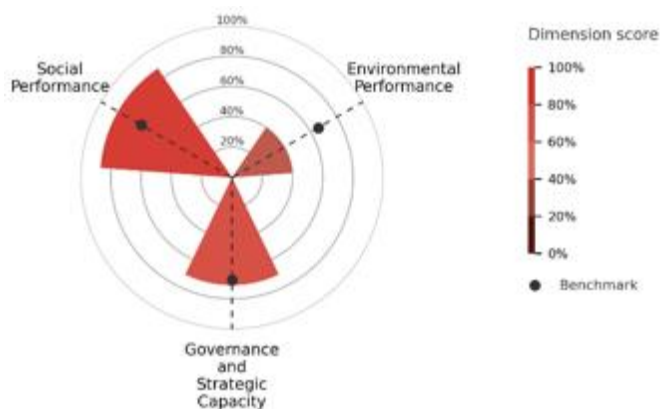
We tailor our services to each context, ensuring they meet the specific needs of every client

# Technical Proposal

## Environmental, Social and Governance (ESG) Assessment

The Environmental, Social and Governance (ESG) 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"> <li>▪ Governance structure</li> <li>▪ Risks oversights and controls</li> <li>▪ Strategy and market positioning</li> </ul>	<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"> <li>▪ Human capital and organization</li> <li>▪ Responsibility towards the community</li> </ul>	<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"> <li>▪ Environmental impact</li> <li>▪ Environmental footprint mitigation</li> </ul>	<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.

## Interviews

1-2 days

- Interviews with management, directors, staff and other relevant stakeholders
- Debriefing session to share preliminary findings

## Feedback

1 week

- Feedback on the draft report from the institution



## Desk review

2-3 weeks

- Coordination with the institution and organization of onsite visit
- Data and documents collection
- Desk analysis



## Draft Report and Quality Control

5-6 weeks

- Draft report
- Quality control



## Final Report

1 week

- Finalization of the report
- Rating Committee Unit issues the final rating grade and outlook\*
- Validity of 2 years from the issue date



\* 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.

# Explore, connect and collaborate with MFR

## Connect with us on LinkedIn

At MFR, we take pride in being part of a global community that drives sustainability and financial inclusion. Through our LinkedIn page, we share key insights, emerging trends, and reflections on our experience collaborating with investors and industry leaders. Join our network and stay up to date on how we contribute to a future where capital combines with social and environmental purpose.

[Visit our LinkedIn Page](#)

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## Discover more on our website

Our website is the go-to resource for those seeking in-depth information about our services. Explore reports and discover our impact across more than 120 countries.

[Visit us here](#)

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## Contact information

If you need more information or assistance, reach out to our team. We are committed to supporting financial institutions in enhancing their performance, reputation, and impact.

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