

SPTF Social Investor Working Group

April 14, 2022

CERISE + SPTF Annual Meeting Discussion

- *Please check out the most recent updates on the September 30th annual meetings.*

Update on SFDR and ALINUS – SDG Reporting

Work of the Social Investor Working Group (SIWG)'s subgroup on sustainable finance disclosure and regulation (SFDR) [led by Cécile Lapenu from CERISE]

- Monthly meetings over the past year
- Bi-weekly meetings in March 2022
- In-depth discussions on all the indicators, definition, raw data necessary, collection at investee level for year 1, then try at portfolio/end beneficiary level, key optional indicators
- Building an Excel file for data collection + key messages for investees
- Pilot testing with small sample for Q1 2022 data
- Second round, based on concrete experience for Q2 2022 data
- Integration in ALINUS/ESG tool on SPI online update
- All comments/legal review on final docs are most welcome
- Let us know if you want to participate in the pilot phase

Reaction

- **Jurgen Hammer (SPTF):** The question was raised about the reporting level. We are focusing on the investee, MFI level for year 1 but would like to eventually go to the client level. Are there any comments on that?
- **Lucia Spaggiari (MFR):** The only piece where we see the end-client level is referenced is for scope 3: greenhouse gas emissions to be reported one year later than scope 1 and 2. We see the challenges of trying to get information at the client level and understand the reasoning for focusing primarily on the investees instead.
- **Emmanuelle Javoy (Symbiotics):** We have a slightly different view and think that there are a number of indicators that only make sense to consistently report only at the end-borrower level. For the first year if we are not able to provide information then we should explain why rather than provide information at the investee level and then switch to end borrower level later. We need to be consistent in the type of level of reporting we use and be transparent about what we can and cannot do. It can take a long time to collect this data, so in the meantime, we can provide information on our efforts and not necessarily on results.
- **Jurgen Hammer (SPTF):** In the SFDR Working Group, we have an entire concentrated workstream on identification of solutions, such as proxy data solutions.

SDG Reporting Guidance Note

1. Background
 2. Recent Trends Influencing Outcomes Management
 3. Challenges and First Steps for Valuable Outcomes Data, Aligning Expectations
 4. A Proposal for Outcome Indicators by Sustainable Development Goals and Targets
 5. Recommendations: Next Steps on Outcomes Management and SDG for Financial Inclusion
- **Cécile Lapenu (CERISE):** We are happy to share this guidance note on SDG reporting that we put together with SPTF and European Microfinance Platform based on work that

was done with Lucia Spaggiari at MFR in 2016 on the outcome measurement and 2-3 years of exchanges with investors. On the next steps, we are working with Incofin, NMI, SIDI, 60 decibels, Opportunity International, BRAC, ACEP, ECLOF, Invest in Vision, and Kiva on outcomes measurement field work. Based on all this, CERISE wants to host a series of webinars and onsite meetings from September to November 2022 (with SPTF, eMFP, LabODD) to share these experiences and see how we can integrate SPI online in the organization information page with some key outcome indicators aligned with the SDGs. We would also like for organizations to have an “outcomes dashboard” presented with the key SDGs. Please feel free to reach out if there is some field work being done that may be interesting to share at the meetings in September in Paris.

- **Jurgen Hammer (SPTF):** I don't know how many of you are involved in the GIIN's current IRIS+ benchmark on financial inclusion, but there is some overlap here. We have a call planned with them in the near future because we would like for there to be as much alignment as possible.
- **Cécile Lapenu (CERISE):** I heard also about [Sopact](#) working on impact measurement and benchmarking so maybe we can also connect with them.
- **Representative from Incofin:** Yes, Incofin was contributing to the IRIS+ benchmark work, and most of the investors participating had difficulties collecting data and hope for coordination between SPTF and GIIN.

Update Ukraine-investor coordination needs and proposals

- **Frank Streppel (Triodos Investment Management):** This crisis has implications at different levels. Triodos has 4 clients in Ukraine, 1 client in Belarus and none in Russia. Our clients are located in different parts of Ukraine, so we are assessing their impact separately and at the changing risk profile. There are a few different challenges from the COVID-19 crisis, such as the implications of the sanctions. We were able to quickly confirm that we do not operate with those sanctioned entities or individuals. Then, we also looked through our portfolio to see which of our clients were working with Russian banks. It is not easy for clients to close these accounts quickly. Even countries outside the region such as Sri Lanka and Lebanon are being hit hard by the crisis. Many of our clients have found that it has become more difficult to borrow in local currency and hedges are becoming very expensive.
- **Jurgen Hammer (SPTF):** I think some of the participants on this phone call are part of the microfinance investment vehicle (MIV) MOU. There are many aspects that are similar to what we have seen in the COVID crisis. On the Microfinance Centre (MFC) call, one of the outstanding issues is the currency exchange and hedging issue. Should we reach out to TCX (The Currency Exchange Fund) and have a discussion as a sector or you individually?
- **Frank Streppel (Triodos Investment Management):** We see the cost of hedging changing and currency risk is increasing around the world. I don't know exactly what is happening at TCX, but it could be an interesting starting point.

Closing Remarks

- Join our newsletter to stay informed about upcoming events, tools and resources. You can download the newest Universal Standards that were released in March 2022.
- If any investors have additional feedback on indicators after today's discussion, please email Jurgen Hammer: jurgenhammer@sptfnetwork.org