

PRINCIPLES FOR INVESTORS IN INCLUSIVE FINANCE (PIIF)

Investors can contribute to economic development and entrepreneurial activity by investing in inclusive finance. These investments can also carry potential financial and reputational risks. To mitigate such risks, a group of institutional investors launched the Principles for Investors in Inclusive Finance (PIIF) in 2011. The PIIF are housed within the UN-supported Principles for Responsible Investment (PRI) Initiative. As of 2014, 49 investors worldwide have signed the PIIF, including APG, TIAA CREF and FMO, with a combined AUM of approximately US\$ 9bn invested in inclusive finance.

INCLUSIVE FINANCE IS A TERM USED TO COVER INVESTMENTS IN RETAIL INSTITUTIONS THAT PROVIDE FINANCIAL SERVICES TO CLIENTS WHO HAVE TRADITIONALLY BEEN EXCLUDED.

BENEFITS OF SIGNING THE PIIF



“We signed the PIIF because it guides us to invest in the sector in a responsible manner. The network of signatories and the secretariat provide a valuable platform for collaboration.”

ELSE BOS, CEO, PGGM

UNIQUE FRAMEWORK

The PIIF provide investors with a unique responsible investment framework, developed for investors, by investors. They address key issues that stakeholders have collectively identified, ranging from the risks associated with client over-indebtedness to the need for further transparency in inclusive finance.

PRACTICAL GUIDANCE

The Principles provide practical guidance on responsible investment practices. In addition, signatories can access case studies and supplementary guidance via the signatory-only extranet.

CONNECT AND COLLABORATE WITH GLOBAL INVESTORS

Through the PIIF and PRI, signatories can connect and collaborate with fellow institutional investors around the world, via:

- events
- online discussions on topical issues, and
- project-specific working groups

PARTICIPATE IN OUR REPORTING FRAMEWORK

A reporting framework and accompanying assessment offers public accountability and enables investors to benchmark their practices against that of peers. The aggregate data from this reporting process results in a unique source of information on responsible investment practices in this field.

STAY ON TOP OF INDUSTRY TRENDS

PIIF signatories can stay on top of the latest industry developments, research and resources via a dedicated website and regular communications.

STRENGTHEN OTHER INDUSTRY EFFORTS

The PIIF link to industry initiatives focused on improving industry practice among retail providers, including the Smart Campaign, Social Performance Task Force and MFTransparency. By signing PIIF, signatories send a strong signal to the market of their commitment to responsible practices.

The PIIF provides a valuable framework to include in the due diligence process for investors in Inclusive Finance, and one that is responsive to the challenges and opportunities of this global impact investing sector.

REKHA UNNITHAN, DIRECTOR,
TIAA-CREF

HOW TO JOIN

Current PRI signatories can sign the PIIF at no additional cost. See www.unpri.org/piif or contact tomi.nummela@unpri.org.

Non PRI signatories are required to sign the Principles for Responsible Investment, for which there is an annual fee based on assets under management. After an optional one year grace period, all asset owner and investment manager signatories are asked to complete the PRI Reporting Framework annually.

The PIIF is an important resource supporting our inclusive finance investment program. The PIIF's emphasis on collaboration and information sharing among investors provides connections in the industry that we could not find elsewhere.

MICHAEL LOHMEIER, MANAGING DIRECTOR, WESPATH INVESTMENT MANAGEMENT

THE PRINCIPLES FOR INVESTORS IN INCLUSIVE FINANCE

As investors or fund managers investing in inclusive finance, we have a duty to act in the long-term interests of our clients - private and institutional investors. While upholding our fiduciary responsibility, we will commit to adhering to and promoting the following Principles:

1. RANGE OF SERVICES.

We will actively support retail providers to innovate and expand the range of financial services available to low income people in order to help them reduce their vulnerability, build assets, manage cash-flow, and increase incomes.

2. CLIENT PROTECTION.

We believe that client protection is crucial for low income clients. Therefore we will integrate client protection in our investment policies and practices.

3. FAIR TREATMENT.

We will treat our investees fairly with appropriate financing that meets demand, clear and balanced contracts, and fair processes for resolving disputes.

4. RESPONSIBLE INVESTMENT.

We will include environmental, social and corporate governance (ESG) issues in our investment policies and reporting.

5. TRANSPARENCY.

We will actively promote transparency in all aspects.

6. BALANCED RETURNS.

We will strive for a balanced long-term social and financial risk-adjusted return that recognizes the interests of clients, retail providers, and our investors.

7. STANDARDS.

We will collaborate to set harmonised investor standards that support the further development of inclusive finance.

We are committed to creating chains of responsible investment, reaching from assets owners, through the funds and the funds' investees, to the ultimate beneficiary of the investments: the micro-entrepreneurs and farmers. This is precisely what PIIF is all about. We welcome that PRI / PIIF supports and encourages establishing transparent chains of responsible investment.

LOÏC DE CANNIÈRE, CEO, INCOFIN INVESTMENT MANAGEMENT

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