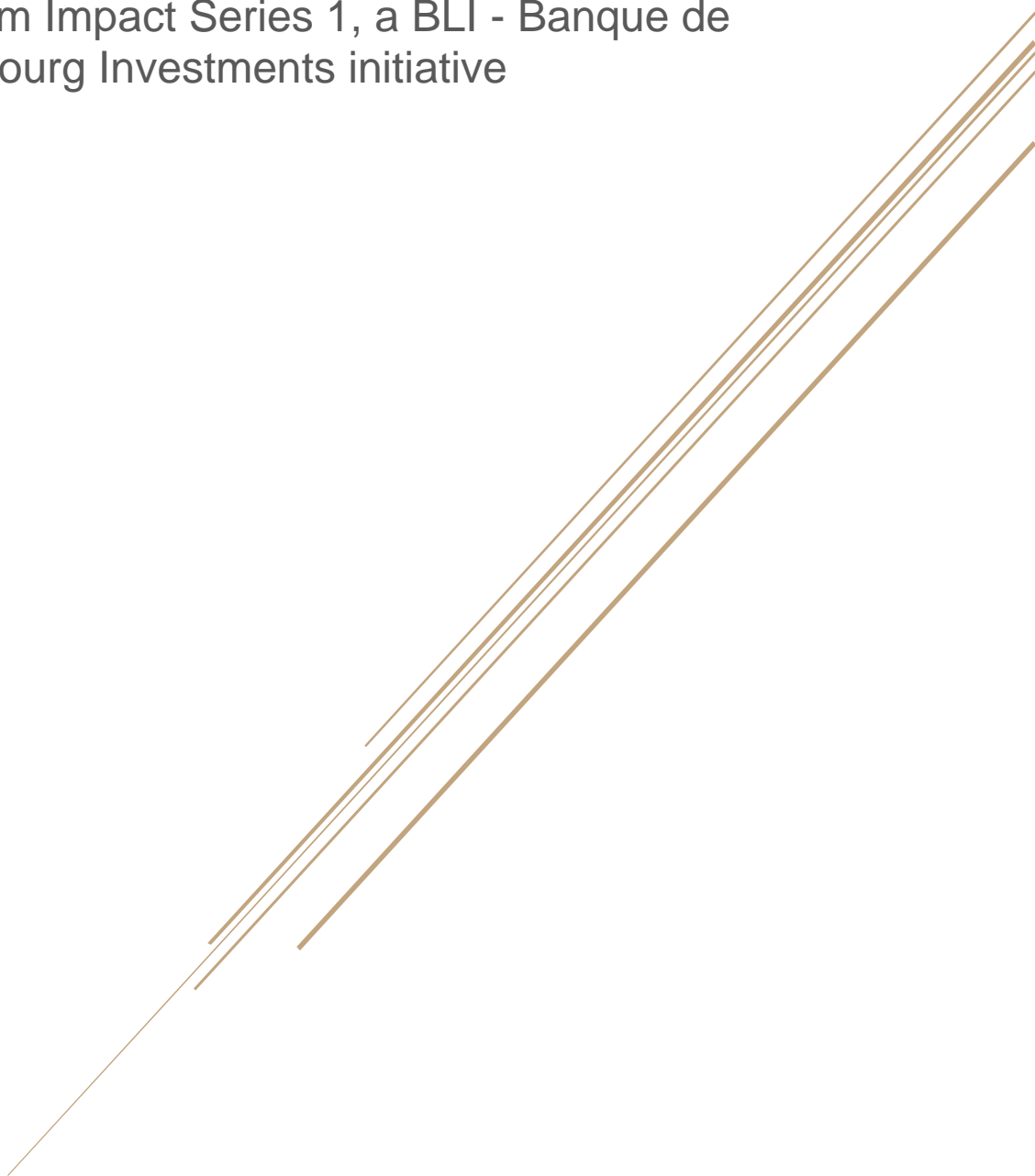


SOCIAL BOND FRAMEWORK

Impulsum Impact Series 1, a BLI - Banque de
Luxembourg Investments initiative



Year 2022

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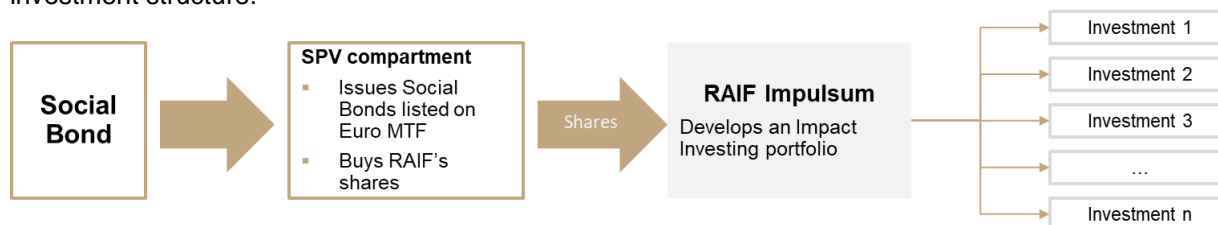
1 Social Bond Framework

This Social Bond Framework has been elaborated in accordance to Social Bond Principles of the International Capital Market Association (“ICMA”) with four components detailed in the following sections:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

The present Social Bond Framework applies Social Bonds issued by Opportunity S.A.’s compartment named “Impulsum Impact Series 1”.

Projects will be funded through the Impulsum RAIF¹ Sicav S.A. (“Impulsum”) investment vehicle for which BLI - Banque de Luxembourg Investments (“BLI”) has been named Investment Manager. Social bonds funding these projects will be issued by a Special Purpose Vehicle’s compartment named “Impulsum Impact Series 1” **fully invested in Impulsum**. Net proceeds raised through social bond(s) will be exclusively deployed through Impulsum and tracking of the use of proceeds will be done at Impulsum’s level with a transparency up to the project level. The figure hereafter describes the investment structure.



The legal entity “Impulsum Impact Series 1” issuing the Social Bond(s) is one of many compartments part of a Special Purpose Vehicle. The aforementioned compartment is independent from other compartments part of the Special Purpose Vehicle. The sole purpose of the compartment issuing the Social Bond is enabling investors who are ineligible to invest directly in a RAIF structure to access to impact investments.

1.1 Introduction

1.1.1 BLI – Banque de Luxembourg Investments

Legal status and main activities

BLI - Banque de Luxembourg Investments (BLI) is a limited company subject to Luxembourg law registered on the Luxembourg Trade and Companies Register under the number B 80479.

BLI is a UCITS and AIFMD compliant management company under:

- Chapter 15 of the Luxembourg law on investment funds of 17 December 2010 as amended; and
- Luxembourg law of 12 July 2013 relating to alternative investment fund managers.

BLI’s authorisation covers the activity of collective investment management according to Article 101(2) and services provided for by Article 101(3) of the 2010 Law.

BLI falls under the regulatory, supervisory authority of the Commission de Surveillance du Secteur Financier (CSSF) with the authorisation number S645

¹ A Reserved Alternative Investment Fund (RAIF) is an indirectly supervised alternative investment vehicle. It is not directly subject to the control and supervision of the prudential authority (CSSF) but must be managed by a management company with AIFM authorisation (Alternative Investment Fund Managers subject to AIFM regulation) and it is entitled to that AIFM’s marketing passport.

The company brings together Banque de Luxembourg’s expertise in fund management, analysis and securities/fund selection, and its management company services for third-party fund initiators.

BLI - Banque de Luxembourg Investments offers its products and services under two different trade names:

- BLI - Banque de Luxembourg Investments (BLI), for its investment management expertise covering various asset classes through collective and discretionary portfolio management;
- Conventum Third-Party Solutions (Conventum TPS) proposed to third-party fund initiators for its expert management company services.

Ownership structure

BLI is a wholly-owned subsidiary of Banque de Luxembourg, part of a larger French banking group, Crédit Mutuel Alliance Fédérale.

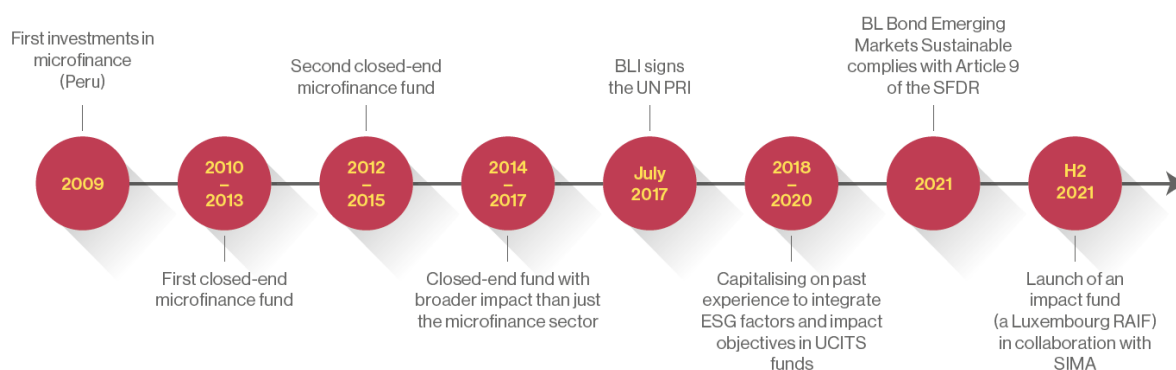
As shown in the chart, Crédit Mutuel Alliance Fédérale owns 100% of Banque de Luxembourg’s capital.



Crédit Mutuel Alliance Fédérale is not listed and is owned by around 5 million « sociétaires »² (shareholding members). Its shareholders’ equity of EUR 51.8 billion and its tier-one solvency ratio of 18.3 %³ reflect its excellent financial strength. Moody’s, Standard & Poor’s and Fitch assign a long-term rating of Aa3, A+ and AA- respectively to the group, making it one of the highest-rated banks in the eurozone.

1.1.2 Impact Investing at BLI

Since 2009, BLI has been active in impact investing through microfinance and green bonds. The timeline below relates the different milestones in BLI’s journey to building an expertise in impact investing.



The impact generated through investments is increasingly focused on meeting the UN Sustainable Development Goals.

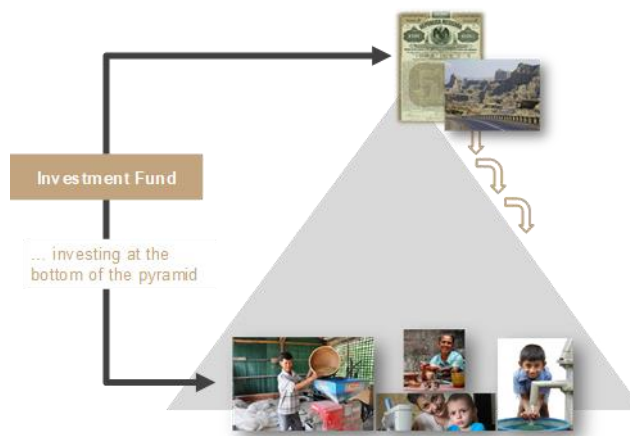
² At the end of December 2020.

³ At the end of June 2021.

1.2 Use of Proceeds

Eligible Disbursements are transactions whereby the net proceeds ⁴are exclusively used to **(re)finance projects**⁵ that aim to address **or mitigate a specific social issue** and/or seek to **achieve positive social outcomes** especially but not exclusively for target populations. A social issue threatens, hinders, or damages the well-being or society or a specific Target Population.

Target populations are those living at the bottom of the economic pyramid (i.e. **the world's most deprived populations** who are not only excluded from the traditional financial system but also generally lack basic access to energy and education, for example).



Base of the pyramid populations live only with a few dollars a day (less than \$2.5) in general and in the least developed countries if not emerging economies (also identified as low and middle-income countries). Populations targeted are located in Sub-Saharan Africa and South Asia. More specifically, amongst the target population, there are:

- Women, targeted through microfinance and education.
- MSMEs and financial institutions that use financial technologies to increase scale, reduce costs and improve social outcomes for customers identified as above.
- Through our investees, consumers in the second last layer of the bottom of the pyramid able to have access to more sophisticated products. Those entities may be located in developing countries or not.

Project locations shall be in Sub-Saharan Africa and Asia with a focus on (but not limited to) the countries listed hereafter. Proceeds may be deployed in Latin America for microfinance as well.


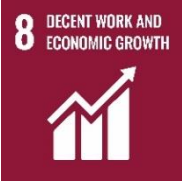



- Nigeria
- Kenya
- Uganda
- Ghana
- Togo
- Rwanda
- Tanzania
- South Africa
- Pakistan
- India
- Sri Lanka
- Bangladesh





⁴ Net proceeds are equivalent to gross proceeds less fund expenses as described in the fund prospectus.

⁵ The share of refinancing and financing will be disclosed prior to each social bond issuance. The look-back period refinanced projects will be of maximum 36 months.

- Cambodia
- Thailand
- Vietnam
- Indonesia
- Philippines

Eligible Projects:

Project category	Description	Social Benefit	UN SDG Objectives	
<p>Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises</p>	<p>Increase access to financing to Target Population and/or at appropriate rates:</p> <ul style="list-style-type: none"> - Microfinance - MSME <p>Financing services included:</p> <ol style="list-style-type: none"> 1. Micro loans (group or individual) and SME loans 2. Housing loans 3. Education loans 4. Pay-as-you-go services (PAYG programs) 	<p>Reduce the proportion of population living in extreme poverty and promote entrepreneurship.</p>	 	<p>1. No Poverty 1.1 By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day</p> <p>8. Decent Work and Economic Growth 8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p>
<p>Agriculture financing</p>	<p>Finance agricultural material and machinery (mainly through leasing) as well as agri-inputs for small and marginal farmers with constant income from farm activities.</p>	<p>Reduce poverty by fostering economic development in rural farms. Also, increase agricultural productivity and income for farmers in order to increase local food access.</p>	 	<p>1. No Poverty 1.1 By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day</p> <p>2. Zero Hunger 2.3 By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment</p>
<p>Financial Inclusion mainly targeted towards women</p>	<p>Increase access to financing and other financial services to microfinance institutions targeting women.</p>	<p>Increase the proportion of women with access to financing.</p>		<p>5. Gender Equality 5.1 End all forms of discrimination against all women and girls everywhere</p>

Affordable Housing	<p>Focus on low- and middle-income segment.</p> <p>Loans for:</p> <ul style="list-style-type: none"> - Purchase of apartments - Construction of homes <p>Home improvements/extensions</p>	Increase the number of people with access to affordable housing.		<p>11. Sustainable Cities and Communities</p> <p>11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums</p>
Solar	Provide financing to companies active in production and distribution of solar panels and leasing of off-grid devices. Financing may be provided through C&I loans for capex and opex.	Increase the number of people with access to clean and affordable energy and reduce reliance on fossil fuels.	 	<p>7. Affordable and Clean Energy</p> <p>7.1 By 2030, ensure universal access to affordable, reliable and modern energy services</p> <p>7.2 By 2030, increase substantially the share of renewable energy in the global energy mix</p> <p>13. Climate Action</p> <p>13.2 Integrate climate change measures into national policies, strategies and planning</p>
Vehicle finance	<p>Financing companies providing leasing and loans to Target Populations to finance vehicles needed to develop their economic activity.</p> <p>Amongst which:</p> <ul style="list-style-type: none"> - provide new 2 wheelers financing mainly; - finance Tractor and other agricultural equipment leasing services. 	Foster economic activity by providing access to vehicles to better serve rural regions.		<p>8. Decent Work and Economic Growth</p> <p>8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p>

Net proceeds will be used in the form of loans to fund project expenditures as detailed below.

Project category	Capital Expenditure	R&D	Operating Expenses / Working Capital
Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises	X		X
Agriculture financing	X		X
Financial Inclusion mainly targeted towards women			X
Affordable Housing			X
Solar	X		X
Vehicle finance			X

Microcredits for housing, vehicles, agriculture or other microfinance usages will be deployed through intermediaries (e.g. microfinance institution which will extend loans to the target population). Loans provided to MSMEs or C&I loans to solar companies will be directly provided to the end user (target population).

The **exclusion list** that applies to Social Loans includes the following activities:

- Production of or trade in any product or activity deemed illegal under applicable laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCBs⁶, wildlife or products regulated under CITES⁷;
- Production or trade in weapons and munitions;
- Production or trade in alcoholic beverages (excluding beer and wine) as the primary business activity;
- Production or trade in tobacco as the primary business activity;
- Gambling, casinos and equivalent enterprises;
- Pornography and/or Prostitution;
- Activities involving or relating to racist and/or anti-democratic media;
- Activities leading to the destruction of High Conservation Value Areas⁸;
- Production or trade in radioactive materials; this does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where it can be demonstrated that the radioactive source to be trivial and/or adequately shielded;
- Production or trade in unbounded asbestos fibers; this does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%;
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length;
- Production or activities involving harmful or exploitative forms of forced labor⁹/harmful child labor¹⁰ or any form of human trafficking;

6 PCBs: Polychlorinated biphenyls—a group of highly toxic chemicals. PCBs are likely to be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950-1985.

7 CITES: Convention on International Trade in Endangered Species of Wild Fauna and Flora.

8 An area designated on the basis of High Conservation Values (HCVs) which are biological, ecological, social or cultural values considered outstandingly significant at the national, regional or global level.

9 Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

10 Harmful child labor means the employment of children that is economically exploitive, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development.

- Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals; “hazardous chemicals”;
- Production or activities leading to cross-border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations; and
- Production or activities that impinge on the lands owned, or claimed under adjudication, by indigenous peoples, without full documented consent of such peoples.

1.3 Process for Project Evaluation and Selection

All proceeds will be invested in Impulsum. Thus, underlying project evaluation and selection will be realised at Impulsum’s level.

Main entities involved in the process:

Step	Responsibility
Project pipeline	BLI Fixed Income department / Advisor
Due Diligence	
- Site visit	Advisor
- KYC/AML	BLI’s Compliance/Advisor
- Legal review	BLI’s Legal/Advisor
- Social and environmental diligence	BLI Fixed Income/Advisor
Final selection	BLI Fixed Income Department
Project Monitoring	BLI Fixed Income Department/Advisor

1) Eligibility check

The project must fulfil all eligibility checks as detailed in the “Use of Proceeds” section. The projects will be proposed by the Investment Advisor before further analysis at BLI's level. The Investment Advisor has teams on the field able to respond to the needs of the various projects. They also have a specific investment process which leads to a Credit Write-Up (following due diligence and compliance steps).

2) Due diligence process

Each project undergoes a thorough due diligence process which includes among others:

- Site visit and questionnaire in order to assess the relevance of the project
- KYC/AML checklist
- Legal review
- Social and environmental diligence (see example of ESG checklist/questionnaires in appendix)

3) Selection process

The selection process is the result of both the ESG analysis and the financial analysis of the project. The financial analysis considers both macroeconomic and project-level factors. The geographic allocation of the investments will essentially depend on the outcome of the macroeconomic study of the country in which the investment is taking place.

BLI may be assisted by an external advisor to provide a project pipeline, undertake the due diligence process, advise on individual projects and monitor the selected projects throughout their lifecycle. The final selection remains under BLI’s responsibility.

Once the project is deemed creditworthy and impactful, it may be integrated into the portfolio by BLI’s Fixed Income department.

Project monitoring will be realised at least annually until the bond maturity. The compliance of the selected projects will be monitored until the bond maturity and non-compliance will be treated specifically on a case-by-case basis. Environmental and/or social covenants will be included in the loans granted and may trigger a specific remediating action in case of non-compliance. Compliance with the eligibility criteria of the framework will be undertaken by the fund manager (BLI’s Fixed Income team, Compliance and AML officers, RM) with the support of the Investment Advisor.

1.4 Management of proceeds

The net proceeds from the Social Bond(s) issued will be managed by BLI's Fixed Income Department on a portfolio basis. Proceeds will be used for the financing and/or refinancing of Eligible Social Projects.

BLI's Fixed Income Department aims to deploy the net proceeds in eligible projects within 12 months of the bond issuance. Any proceeds pending deployment or resulting from divestments shall be held in cash or short-term equivalents in a separate account. Unallocated net proceeds will not be invested in any GHG intensive activities or controversial¹¹ activities

Proceeds at the portfolio level will be monitored through the internal portfolio management system at the project level. Thus, it will be possible to view allocated and unallocated proceeds through this system.

Furthermore, each underlying loan made available to a borrower with an eligible project will be monitored by the beneficiary in order to have details of the net proceeds deployed in the eligible projects. The information will be monitored by means of a sub-account at the borrower's level or through the borrower's internal tracking system.

Net proceeds from project divestment will be reallocated to projects compliant with the present framework on a best effort basis within 6 months (contingent upon the overall fund maturity and project availability) and, if not possible, remain on the cash/cash equivalent account.

1.5 Reporting

For each Social Bond, BLI is committed to **report annually to investors until the maturity** of the bond on:

- 1) **Use of proceeds**
 - a. List of projects financed
 - b. Total funds allocation (breakdown per project and geography)
- 2) **Social Benefits**

BLI will report annually a set of social indicators to describe the benefits and their contribution to the UN Sustainability Development Goals listed in the "Use of Proceeds" section. Hereafter are listed indicative metrics on which projects may be reported.

Project category	Description	Reporting indicator
Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises	Increase access to financing to Target Population and/or at appropriate rates: <ul style="list-style-type: none"> - Microfinance - MSME Financing services included: <ol style="list-style-type: none"> 1. Micro loans (group or individual) and SME loans 2. Housing loans 3. Education loans 4. Pay-as-you-go services (PAYG programs) 	<ul style="list-style-type: none"> - Number of microloans provided to low-income consumers - Number and amount of microloans provided to MSMEs - Number of employees before and after the social investments
Agriculture financing	Finance farm infrastructure and agricultural inputs for rural farmers.	- Number of loans provided to rural farmers

¹¹ As described in the exclusion list of Use of Proceeds section.

		- Average loan size provided to rural farmers
Financial Inclusion exclusively targeted towards women	Increase access to financing and other financial services to microfinance institutions targeting women.	- Number of women receiving microloans - Number of new bank accounts opened by women customers
Affordable Housing	Focus on low- and middle-income segment. Loans for: - Purchase of apartments - Construction of homes - Home improvements/extensions	- Number of housing loans provided to low- and middle-income segments - Number of affordable houses financed
Solar	Provide financing to companies active in production and distribution of solar panels and leasing of off-grid devices. Financing may be provided through C&I loans for capex and opex.	- Number of loans provided to solar companies operating in low-income countries (target locations) - Number of people with improved energy access - Jobs created – directly and indirectly – split in male/female - Average saving on energy expenditure by households - GHG emissions avoided
Vehicle finance	Financing companies providing leasing and loans to Target Populations to finance vehicles needed to develop their economic activity. Amongst which: - provide new 2 wheelers financing mainly; - finance Tractor and other agricultural equipment leasing services.	- Number of new vehicle financing loans issued - Jobs created – directly and indirectly – split in male/female - Average income per family generated

Furthermore, the issuer will report on:

- Balance of unallocated funds;
- Balance of financing versus refinancing;
- Types of temporary unallocated funds placements and uses;
- Share of co-financing between direct investments in Impulsum and investments through the SPV Impulsum Impact Series 1.

Reporting will be produced at Impulsum's level and, the compartment issuing the Social Bonds under the present Framework shall inherit this reporting as the compartment is exclusively invested in Impulsum.

2 Appendices

2.1 ESG checklists/questionnaires

2.1.1 Financial Access – Onsite ESG checklist

1. Nature of the client's business:

- a. name, location (region, city/town and type of neighbourhood - commercial or residential)
- b. Major loan & Investment products

2. Portfolio Information:

Product Line	Total Exposure (US\$ Millions)	Average Transaction (US\$ Millions)	Max Transaction Size (US\$ Millions)
Individual Loans			
Female Borrowers			
Group Loans			
Other			
Deposit/Saving Products			

3. Loan Exposure in 5 Major Industries:

1.	
2.	
3.	
4.	
5.	

4. Indication of Most Appearing E&S Risks (during your own assessment)

	Volume (US\$)	% of Total Portfolio
How many loans have been screened for E&S issues?		
How many interventions have led to:		
a) Awareness		
b) Explain & Educate		
c) Decline of loan		

5. Indicate with 'X' the most frequent risks encountered in portfolio

	Frequent	Not Common	N/A	Indicative % of portfolio
Air Pollution				
Deforestation				
Fish depletion				
Littering and disease and pest occurrence				
Soil depletion				
Water pollution				
Fire and explosion				
Infection of HIV/AIDS				
Intoxication				
Occurrence of diseases				
Occurrence of harmful bacteria and diseases				
Personal injury				

Bad working environment				
Harmful child labour				
Unfair labour conditions				
Other; please specify:				

6. Environmental & Social Management

Processes	Yes/No	
Does company have an ESG policy and have there been any updates?		If yes, please provide a copy of the updated procedure and reasons for the same.
Has Senior management signed off on the changes?		If yes, please provide details.
Were most of the loans screened for E&S issues?		If yes, please provide details and numbers.
Were any transactions rejected on account of your exclusion list?		If yes, please provide details.
Were there any difficulties and/or constraints related to the implementation of the environmental procedures?		If yes, please provide details.
Were there any material environmental and social issues (such as accidents, work-related illness) associated with borrowers during the reporting period in particular?		If yes, please provide details.
Supervision and Monitoring	Yes/No	
Does company supervise the environmental and social performance of clients?		If yes, please describe how you do this and the extent of coverage of your portfolio.
Does company conduct client visits to take in account environmental and social issues?		If yes, please describe the process including any environmental and social issues considered.
Sustainable Finance	Yes/No	
Have environmental and social benefits such as investing in management systems, energy efficiency, renewable energy, cleaner production, pollution management, supply chain greening, community development, etc led to changes in behaviour or measurable benefits?		If yes, please provide details.

7. Human resources policies and working relations

- a. Do workers have legal contracts and benefits according to the law: social security, minimum age, working hours, collective bargain?
- b. In case the law is silent about this, does the company prevent collective bargain or hire workers under the age of 18 in exploitative forms?
- c. In case of contracted personnel, is there a reasonable control over ESG aspects? Are environmental and social aspects introduced into the contract with service providers?
- d. Are equal opportunities granted to women and minorities?

8. Environmental Regulations Compliance:

- a. Are there any local ESG-related regulations which are required to be complied with?
- b. Are there any third-party recommendations regarding ESG issues, and if so are they complied with?
- c. Whether any other lender has highlighted any issue on ESG or ESMS?

2.1.2 MSMEs – Onsite ESG checklist

1. Nature of the client's business:

- a. name, location (region, city/town and type of neighbourhood - commercial or residential)
 - b. industry sector, product manufactured, capacity, no of employees
 - c. main markets (domestic/export (specify countries))
2. Key indicators of problems:
- a. House keeping in the work area
 - b. Evidence of liquid and solid wastes in the workplace
 - c. High levels of noise (intermittent or continuous)
 - d. Strong smell's/irritants
 - e. Access, fire risk
3. Handling of wastes:
- a. Whether hazardous or not (check with client)
 - b. How are batteries, used equipment recycled or disposed of? Describe process and ID specific risks.
 - c. Waste water and effluents
 - d. Treatment
 - e. Presence of toxic/hazardous materials
 - f. Disposal mechanism
 - g. Air emissions from stacks (chimneys)
4. Human resources policies and working relations
- a. Do workers have legal contracts and benefits according to the law: social security, minimum age, working hours, collective bargain?
 - b. In case the law is silent about this, does the company prevent collective bargain or hire workers under the age of 18 in exploitative forms?
 - c. In case of contracted personnel, is there a reasonable control over these aspects? Are environmental and social aspects introduced into the contract with service providers?
 - d. Are equal opportunities granted to women and minorities?
5. Social and labour issues:
- a. Labour and working conditions and ability to have representation
 - b. Relations with local communities, disclosure and transparency
 - c. Were there any adverse consequences to the community from the Company's land use or logistics?
 - d. Records of problems, complaints and protests from local communities
6. Environmental Regulations Compliance:
- a. Is the Company in possession of all required Health Safety and Environment (HSE) permits and approvals?; Has the Company paid any excess charges or fines/penalties for non-compliance with HSE regulations and standards in the last two years? ; Is the Company exposed to potentially significant HSE liabilities, such as those arising from land / groundwater contamination, related to the Company's past or ongoing operations? If yes, specify magnitude?; Has the Company had any significant **accidents or incidents** in the last two years (e.g., oil spills, fires) involving deaths or multiple serious injuries and/or significant environmental damage? Was the company inspected by relevant government/municipal authorities in last 2 years? If yes, provide results.
7. Social issues and community relations:
- a. How does the Company engage with community and its leaders? How do the Company's activities impact the community health, safety and security?
 - b. Are there any other of the Company's activities effecting conservation and sustainable management of natural resources?
 - c. Are there any other of the Company's activities effecting indigenous peoples and cultural heritage? Identify and assess any specific risks.
8. In the event that the Company is not materially in compliance with HSE regulations and standards, or if there are potentially significant HSE risks, describe further actions required by the authorities and/or planned by the Company to address these issues satisfactorily, and to achieve regulatory compliance.

2.2 Additional project description

2.2.1 Employment generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises

The target population for this project category is the population living at the bottom of the pyramid as initially identified by C.K. Prahalad. They live with only a couple of dollars per day and are located in developing countries (mainly in lower income developing economies).

MSMEs are defined as small and middle enterprises located both in developed and developing economies where they're responsible for the majority of jobs. In developed countries, we target SMEs when they have operations in low- and middle-income countries. The SME even if based in a developed country will operate exclusively in different developing countries. It's important for us to rely on efficient and stable operational systems as offered by more global entities. They're usually for-profit social businesses. As they operate in different countries (sometimes both in Africa and Asia), they can rely on a relatively larger number of employees and local partners. In developing countries, as commonly defined, MSMEs don't have an easy access to finance compared to large firms and often rely on internal funds or cash from friends and family to run. We mainly rely on the World Bank analysis of their characteristics.

MSMEs will usually be global for-profit social businesses as they present a lower level of risk for our investor type (mainly retail). Our targeted global for-profit social businesses generate around a \$ 100 million of revenues. The number of employees is around 1.500. Some exceptions can display a larger number of employees. The local MSMEs identified will generate between \$2 million and \$5 million of annual revenues. They will have between 20 and 500 employees. For microfinance, we will target middle and large size institutions (more than \$ 100 million in assets and large number of employees >1.000)

2.2.2 Financial Inclusion targeted towards women

1. Indicative Eligibility Criteria of Borrowers:

Criteria	Attributes
Credit Score	Satisfactory Local Credit Bureau credit score if available
Loan Amount	\$200-\$2000
Age of Applicant	Between 18 to 58 years
Loan Tenure	24-36 months
Security	Group guarantee
Income	Monthly Income between \$20-\$150
Indebtedness	Not more than 50% of the monthly family income can service the all loan EMIs combined
Loan usage	Proceeds should be used in the family income generation activity, educational activities, consumer product, dairy cattle, or agricultural activities
Other Criteria	Resident of the project area with valid government IDs
Repayment	weekly, bi-weekly, or monthly basis

2. **Definition & Indicative Criteria of MFIs:** The financial institutions that provide small-scale financial services in the form of loan, credit or savings. They help to ease the credit system for small businesses, majorly in rural areas, as they don't get a loan from banks due to their complex process. They usually follow the Joint Liability Group (JLG) model targeting underprivileged women with each group consisting of 6-20 members. It is the population living at the Bottom of the Pyramid (last and second last layer of the pyramid) without access to financial services and traditional utilities among other services and goods. They live only with a few dollars a day (less than \$8) in general and in the least developed countries or underdeveloped part of the emerging economies (also identified as Low and middle-income countries). Hence those populations located in Sub-Saharan Africa and South Asia are targeted.

3. Additional Criteria to promote gender equality: Female employees should be at least –15%

2.2.3 Affordable Housing

Though different countries have different definitions for affordable housing, but it is largely the same, i.e. affordable housing should address the housing needs of the lower- or middle-income households. Affordable housing becomes a key issue especially in developing nations where a majority of the population isn't able to buy houses at the market price. Disposable income of the people remains the primary factor in determining the affordability.

Affordable houses in terms of carpet area is defined as 60-90 m² with a value of \$10k-40k. EMI can range between \$80-\$400 per month for a tenor of up to 20 years. Financial institutions with a focus on low- and middle-income segment. Those entities will offer loans for purchase of apartments, construction of homes, home improvements, home extensions. Those loans will be made available against property. The indicative criteria to define affordable housing finance consists of 3 parameters values of which can vary as per different countries and government regulations. Which the borrower has to comply with:



Loans will be provided to the specific financial institutions dedicated to housing finance with affordable housing portfolios.

2.2.4 Solar

1. Primary selection criteria is as below (Indicative only).

Criteria Type	Off-Grid Companies	Solar
Years in Business	At least 5 years	
Annual Revenues out of Total Revenues (%) from Energy Access Activities	At least 50%	
Assets Under Management	> US \$ 15 million	
Asset Quality: PAR > 30 days	< 10%	
Solvency Ratio (equity to assets)	> 20%	
Cash Collections / Scheduled Collections (Last 2 quarters)	>= 65%	
Annual Revenue Growth	>= 10%	
ROA and ROE	Positive trend	

Audited Financials	Yes
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Solar Distribution companies are the one which distributes the off-grid solar products to the last mile customers. Companies can have an integrated supply chain from manufacturing to transportation to the last mile distribution to the end beneficiaries.

2.2.5 Vehicle Finance

Target Beneficiaries:

1. **Two-Wheeler Finance** – People at bottom of the pyramid with small businesses or involved in the service activities such as delivery, home repair, construction etc.
2. **Tractor and Agri Equipment Finance:** Majorly small and marginal farmers with constant income from farm activities. Other than tractors it can be harvesters, tillers, hay cutters, thrashers etc.

These vehicles can either be electric or will have standard emission norms as per the country regulations such as Euro 6 and equivalent. Our borrowers will be the vehicle finance companies which can in turn finance these vehicles majorly for the income generating activities.

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