



Investing *for* Development

Société d'Investissement à Capital Variable

Investing for Development SICAV

2024 HUMAN RIGHTS REPORT

July 2025 | Annual Report

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ABOUT US



ABOUT US

Human rights are fundamental to the dignity and well-being of every individual. And essential for development.

Our name says it all: we invest not to maximize profit, but to contribute to development. We are proud to be part of the remarkable growth of the impact investment sector over the past decades and have positioned ourselves among the pioneers of "blended finance"—funds that successfully combine public and private capital to generate positive social and environmental impact.

However, true development is only possible when fundamental rights are respected. As an organization, we firmly believe that integrating human rights considerations into all our processes not only benefits society but also strengthens the financial resilience of our investments. By understanding human rights risks, we enhance our value proposition through effective risk mitigation and reinforce our mission to deliver long-term, sustainable investments with a clear development objective.

Investing for Development (IFORD) is a Luxembourg-based umbrella fund structure comprising several Sub-Funds: The **Luxembourg Microfinance and Development Fund**, established in 2009, aims to reduce population vulnerabilities through microfinance, the **Forestry and Climate Change Fund**, launched in 2017, focuses on combating deforestation—primarily in Central America, through partnerships with local communities. Most recently, in May 2024, IFORD launched the **Female Entrepreneurship Fund**, a gender lens investment initiative dedicated to supporting the growth of female-led businesses in Central America.

PACTE NATIONAL
ENTREPRISES ET
DROITS DE L'HOMME
LUXEMBOURG



Organisation name:

Investing for Development SICAV

Date of signature of the Pacte

Entreprises & Droits de l'Homme :
17th of October 2023

Number of employees: 4

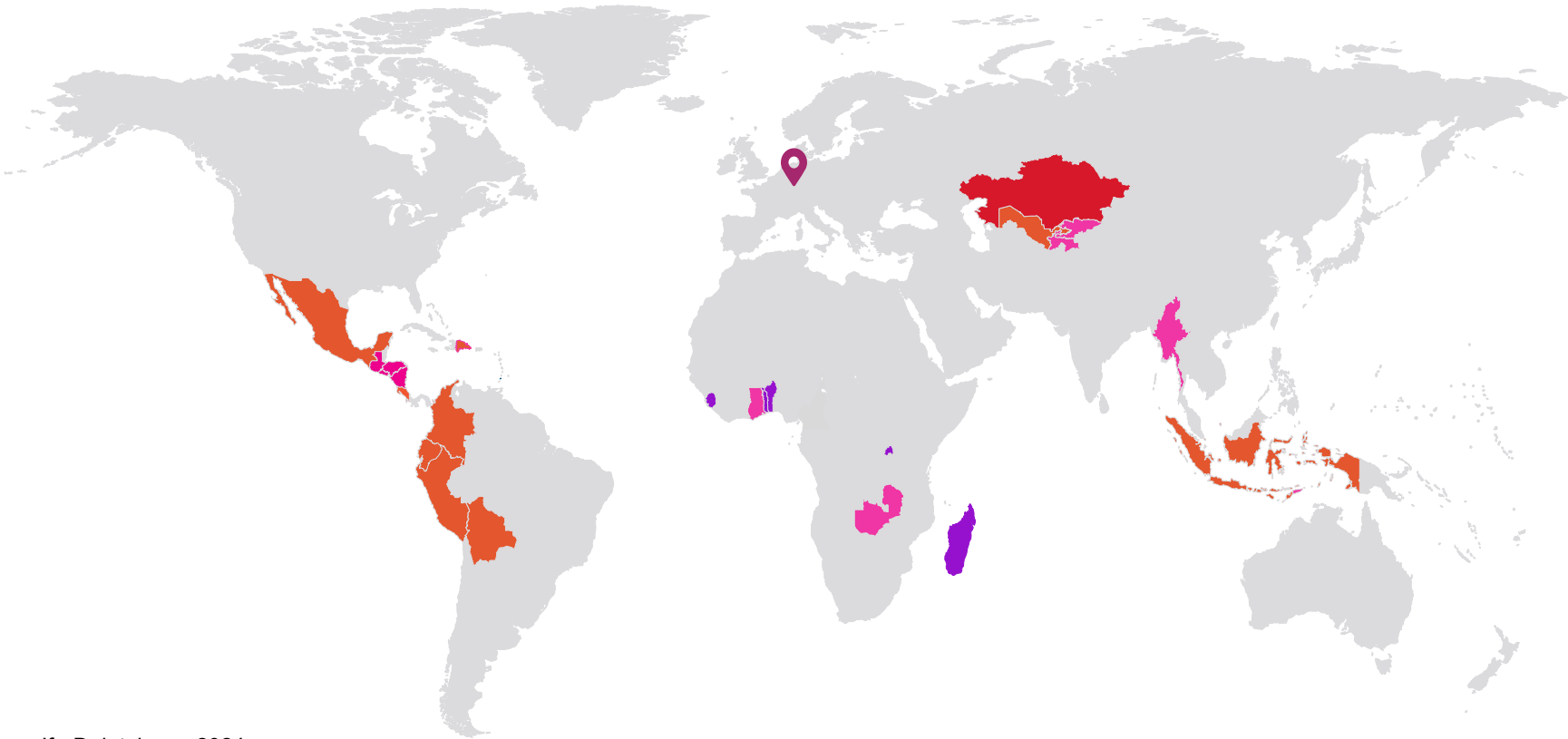
Name of entities concerned:

Luxembourg Microfinance and
Development Fund (LMDF)
Forestry and Climate Change Fund
(FCCF)
Female Entrepreneurship Fund
(FEF)

ABOUT US

WHERE WE INVEST BY HUMAN DEVELOPMENT INDEX (HDI)

Low HDI	Medium HDI	High HDI	Very high HDI
Benin	El Salvador	Bolivia	Kazakhstan
Madagascar	Ghana	Colombia	
Rwanda	Guatemala	Costa Rica	
Sierra Leone	Honduras	Dominican Republic	
Togo	Kyrgyz Republic	Ecuador	
	Myanmar	Indonesia	
	Nicaragua	Mexico	
	Tajikistan	Peru	
	Timor-Leste	Uzbekistan	
	Zambia		



Source: IforD database, 2024



OUR COMMITMENT

OUR COMMITMENT

Human rights considerations are central to IforD's investment and monitoring processes, as they help ensure that risks and corresponding mitigation measures are properly identified and communicated.

These considerations enable us to make informed decisions that protect the investment, its stakeholders, and the ultimate beneficiaries of IforD's actions, often among the most vulnerable populations.

We recognize the responsibility of economic actors to respect human rights and to address any adverse impacts their financing may cause or contribute to.

Several **standards and frameworks** inform both our approach to human rights and accountability towards compliance, including:

LUXEMBOURG

PACTE NATIONAL
ENTREPRISES ET
DROITS DE L'HOMME

LMDF S&E Principles



Luxembourg Microfinance
and Development Fund



CERISE+SPF



Operating Principles for
Impact Management

SFDR



FCCF S&E Principles



Forestry and Climate
Change Fund



MICROFINANCE

LUXFLAG
Label

PRI
Principles for
Responsible
Investment



GOVERNANCE

GOVERNANCE

THE BOARD OF DIRECTORS AND EMPLOYMENT

The Board of Directors of Investing for Development (IFORD) recognizes that respecting and promoting human rights is both a moral imperative and a fundamental aspect of responsible business conduct. This commitment is embedded in the organization's governance structure and informs all decision-making processes. The Board oversees the implementation of responsible lending practices and is promptly informed of any identified non-conformities.

The Board receives briefings at least once a year on sustainability matters, including compliance with regulatory requirements and alignment with international best practices. Each investment classified under Article 9 of the Sustainable Finance Disclosure Regulation (SFDR) is screened to ensure alignment with the UN Global Compact principles, the OECD Guidelines for Multinational Enterprises, and compliance with minimum safeguards.

IFORD is committed to being a fair and inclusive employer. Employees are treated with respect, their voices are valued, and they are supported in their daily work. The organization does not tolerate discrimination based on gender, religion, ethnicity, sexual orientation or age, and it actively ensures that its remuneration structure does not result in an unjustified gender pay gap.

GOVERNANCE

SPECIFIC COMMITMENTS

The commitment varies by Sub-Fund, given that human rights implications are **different for different sectors**. The Prospectus of the Fund identifies human rights violation as a sustainability risk. The Environmental and Social Principles adopted by the Board states:

“The Fund recognises the **responsibility of economic agents not only to respect human rights but also to address adverse human rights impacts that its financing might cause or contribute to**. In this regard, the Fund adheres to the relevant provisions of the UN Global Compact and the OECD Principles for Multinational Enterprises.” (LMDF Sub-Fund)”

“The Fund recognises the responsibility of economic agents not only to respect human rights but also to address adverse human rights impacts that its financing might cause or contribute to. In this regard the Fund adheres to the Universal Declaration of Human Rights, and in particular the labour standards of the International Labour Organization and the Declaration on the Rights of Indigenous Peoples.” (FCCF Sub-Fund)”

Both principal statements list **particular risks the Sub-Funds are exposed to**, including (as examples):

- Net loss of biodiversity
- Violation of client protection standards
- Financing activities involving harmful or exploitative forms of forced labour or harmful child labour
- Supporting activity involving the illegal trade or transport of wildlife or wildlife products included in the endangered species list maintained under the CITES Convention

GOVERNANCE

IMPLEMENTATION

ES Principles

The Environmental and Social Principles Statement contain the high level commitment of the Fund to different standards, including the respect of human rights.

Environmental and Social Management System

The Environmental and Social Management System (ESMS) is a set of processes and practices that allow Sub-Funds to incorporate environmental and social considerations into their decision-making and operations.

The objective of the ESMS is to facilitate and promote:

- Proper implementation and institutionalization of ESMS
- Identification and mitigation of E&S risks, and enhancement of positive E&S impacts, involved in financed activities
- Measuring, monitoring, reviewing and reporting E&S risks and impacts of the portfolio

The ESMS also includes supporting tools such as environmental and social risk categorisation, checklists, templates, and guidance notes to assist the Fund in assessing and managing environmental and social risks and enhancing related positive impacts.

Due diligence process

The main compliance checks and risk assessment is conducted during the due diligence phase.

Ongoing monitoring

Significant human rights risks are part of the ongoing monitoring process on investments.

RISK ASSESSMENT



RISK ASSESSMENT

RISKS AND MITIGATION FACTORS

Social Risk	Mitigation	Assessment for 2024
Poor labour standards	• exclusion list which has strict labour related requirements* • partner commitment to local minimum wage to all staff and minimisation of gender pay gap • compliance with national employment law	No violations detected
Human rights violations	• compliance with local human rights law • partner commitment to string social vision and mission • promotion of the Client Protection Pathway and high standards in terms of Social Performance Management	No violations detected
Damage to public health	• assessment and monitoring of potential adverse environmental impact** • exclusion list for activities that could lead to environmental degradation • assessment the proximity to biodiversity sensitive areas and mitigation actions that might be in place	No violations detected

Source: IFORD Internal Monitoring System

* E.g. activities that might involve harmful or exploitative forms of forced labour/ harmful child labour, engage in projects which might limit people’s individual rights and freedoms or violating their rights, activities that involve political or religious content or require resettlement or forced eviction of people. etc.

** E.g. activities that have a significant adverse impact on the environment, production or trade in wildlife or wildlife, rely on unsustainable fishing methods, may lead to destruction of critical habitats etc.

GOOD PRACTICES



GOOD PRACTICES

RESPONSIBLE HUMAN RESOURCES DEVELOPMENT

HOW WE ASSESS

Responsible Human Resources development is essential to building a successful and ethical institution. When financial service providers prioritise their employees' well-being and rights, it positively impacts their ability to serve clients responsibly while growing their businesses.

Thanks to the due diligence and monitoring exercises carried out using, among others the SPI Online, IFORD is capable to assess its investees against three core standards: fair treatment of employees, health and safety, and employee voice and grievance mechanisms.

WHAT WE REQUIRE AND MONITOR

All investees are expected to:

- comply with their national employment law;
- pay at least the relevant local minimum wage to all staff;
- strive to minimise the gender pay gap;
- provide a safe and equitable working environment;
- support human and career development plans.

GOOD PRACTICES

CLIENT PROTECTION

HOW WE ASSESS

Client protection ensures that end beneficiaries are not harmed and that their welfare is safeguarded.

Client protection favours that clients are treated fairly, their rights are respected, and they are shielded from harm. By using the SPI Online for due diligence and monitoring purposes, IFORD can assess the perspective investee compliance with the eight Client Protection Standards, such as appropriate product design, prevention of over-indebtedness, transparency, fair treatment, privacy of client data, and governance. If gaps or areas for improvement are detected, mitigation measures could be implemented to improve the specific organisation's strategy.

WHAT WE REQUIRE AND MONITOR

All investees are expected to:

- Follow a code of conduct outlining professional standards and values.
- Implement policies to prevent discrimination against protected groups.
- Safeguard against aggressive sales and abusive collection practices.
- Protect client data and ensure its use is based on informed consent.

Investees are strongly encouraged to participate in the **Client Protection Pathway** program. This initiative supports financial service providers in consistently upholding high standards of client protection. Participation not only fosters trust and confidence among clients but also enables investees to transparently communicate their progress in implementing protective measures.

GOOD PRACTICES

COMMUNITY ENGAGEMENT (FCCF SUB-FUND)



Respecting human rights is fundamental when engaging with local communities, especially in sustainable forest management.

At the Forestry and Climate Change Fund (FCCF), collaboration with Indigenous Peoples and Local Communities (IPLCs) is central. Their involvement is recognized as key to effective forest stewardship and lasting environmental and social benefits.

For projects affecting communities, FCCF carries out detailed baseline assessments to understand local governance, social risks, and decision-making. These are led by experts familiar with local languages and cultures, working directly with the community to ensure project design fits local needs and supports fair benefit-sharing.

By embedding human rights and community engagement in its investment strategy, FCCF builds trust, fosters local ownership, and ensures conservation efforts bring real advantages to those who depend on forests. This holistic approach reduces social risks and strengthens project resilience and success.

GOOD PRACTICES

FOCUS ON GENDER EQUALITY AND NON-DISCRIMINATION



Gender equality is a fundamental human right and a key factor in building resilient communities, improving business performance, and supporting economic prosperity.

For IFORD, gender lens investing (GLI) is not only a moral imperative but also a strategic tool to foster inclusive growth and sustainable development. The organization aligns its mission with global frameworks such as the Sustainable Development Goals and the 2X Challenge, advocating for intentional investment decisions that advance gender equity.

IFORD encourages all partners and stakeholders to adopt a gender-aware approach, with all funds required to report on key gender metrics, such as women in leadership, pay equity, and gender-disaggregated data—wherever data is available. At the same time, each fund applies a tailored strategy based on its specific objectives and context.

LMDF and FCCF adopt a gender-aware approach by tracking a limited set of gender-related indicators. However, they do not implement a dedicated gender strategy. In certain instances, they may assume the role of gender practitioners by collaborating with institutions that promote gender balance and develop services tailored to women.

In contrast, **FEF acts both as a gender practitioner and a gender champion**. It fully integrates gender equality into its investment strategy, actively supports women-led businesses, and fosters inclusive leadership and product design that specifically address the needs of women entrepreneurs.

A woman in a colorful headwrap and black shirt is pouring from a large metal pot. In the background, a man is peeling a banana. The scene is set against a textured, light-colored wall. A purple banner with the word 'STAKEHOLDERS' is overlaid at the bottom.

STAKEHOLDERS

STAKEHOLDERS

SECTOR COLLABORATION – STRONGER TOGETHER



- **LuxFlag**
Microfinance label as recognition of commitment to sustainable and responsible investments
- **UNEP**
continuous engagement on FCCF's policies and ESG approach
- **UNPRI**
ongoing engagement, alignment of policies and processes and participation at online events
- **OPIM –**
An OPIM Verification document from August 2024, detailing the Fund's investment strategy and its contribution to the Sustainable Development Goals (SDGs), as well as a Theory of Change for assessing the impact of financed activities.
- **CERISE + SPTF – Social Investor Working Group**
LMDF is an active member of CERISE+SPTF and a signatory of the social responsible investors [joint statement](#) for the promotion of essential practices for excellence in consumer protection.

STAKEHOLDERS

GRIEVANCES

As a responsible investor, IFORD takes its commitments seriously.

We recognize the importance of addressing any concerns or grievances raised by our stakeholders and partners, and we welcome feedback that can help improve our practices.

Our site-level grievance mechanisms are designed to provide clear and accessible channels for stakeholders to voice their concerns. IFORD aims to acknowledge receipt of a grievance within ten days. Where relevant and appropriate, a full response may be provided at the same time or following an investigation. Depending on the nature of the issue, this investigation may involve internal review or escalation to the Fund's Governing Bodies, including the Board of Directors.

Each comment is handled with diligence, transparency, and objectivity. We strive to respond in a timely manner, where appropriate. Third-party comments are treated with discretion, and we take measures to ensure privacy and prevent any form of retaliation.

Grievances in 2024

None of the Sub-Funds received a complaint or grievance during 2024.

We value the opinions of all our stakeholders and are committed to resolving matters promptly and professionally.

Each Sub-Fund has an easy and accessible grievance mechanism:



Luxembourg Microfinance
and Development Fund

[Complaints at LMDF](#)



Forestry and Climate
Change Fund

[Complaints at FCCF](#)



FEF
Female
Entrepreneurship
Fund

[Complaints at FEF](#)



LOOKING AHEAD

LOOKING AHEAD

PLAN FOR 2025



Improving human rights practices is a continuous journey that demands dedication and a commitment to ongoing progress.

At lforD, we are committed to strengthening our approach by integrating emerging best practices and adapting to the evolution of our business model and footprint.

In 2025, we plan to deepen our human rights risk review across our portfolios to identify specific risks, with the findings to be presented to the Board of Directors.

