



Term investments portfolio

Oikocredit, Ecumenical Development Cooperative Society U.A. (the Society) aims to use its lendable funds (share capital, general reserve and loans granted to the Society) mainly for development financing. The Society provides loans and equity investments to partners and at the same time maintains a comfortable amount in liquid assets to mitigate liquidity risks. This is reflected in the following four asset classes which make up the Society's total assets:

1. Development financing (core business): loans and equity investments to partners in low-income countries
2. Other securities: non-listed investments in funds
3. Term investments: the portion of the Society's total assets invested in listed securities (mainly bonds)
4. Other liquidity buffers under Cash and Banks

The total amount of liquid assets is used as a buffer for redemption requests from investors and other deviations from the monthly balancing of cash flows. The Society holds a high level of liquid assets to avoid a reliance on short term funding lines. These liquid, redeemable securities are used to enhance the return and income in a prudent way compared to holding cash and deposits with banks.

Term investments

The purpose of the term investments portfolio is to invest part of the liquidity buffer mainly in bonds, while at the same time balancing risks, liquidity, and income with the Society's mission. The bonds must have a minimum environmental, social and governance (ESG) score and conform to the Society's term investments policy, which aligns with its mission.

Since 2016 Axa Investment Managers Paris (Axa) have acted as the Society's external fund manager. The name of the bond portfolio managed by Axa is 'Buy and Maintain ESG Credit Portfolio'. The bond portfolio aims to achieve better diversification, less credit risk and better ESG performance than the benchmark ICE BofA Euro Corporate Index but it has similar average credit rating and maturity characteristics. Most of the term investments in bonds have been rated 'investment grade' by Moody's, S&P and/or Fitch, with at least 30% in the AAA range (Aaa-A3) and up to a maximum of 65% in the BBB range. Moreover, the Society's term investments policy stipulates that an individual issuer cannot exceed 5% of total portfolio for quasi and foreign governments, 2.5% of total portfolio for AAA/AA range, 1.75% of total portfolio for A range and 1.5% of total portfolio for BBB and lower range. The manager of the term investments portfolio constantly monitors the performance of the bonds and takes appropriate action when necessary. Despite this, the Society can face sudden downgrades and/or price corrections. Such credit risk must always be taken into account when investing. A maximum of 10% of the total amount available for term investments can be invested in shares. As at the end of 2021 the bond portfolio did not contain any shares.

The Managing Board is responsible for approving the term investments policy. The policy is evaluated

every two years. For the current version of the policy the Managing Board received input from external experts designated by the Society's members.

Changes in the composition of the portfolio are related to bond maturity and not because of trading. In principle bonds will only be sold when there is a downgrade on the ESG or financial rating or when the Society needs cash. Therefore, the strategy is called 'buy and maintain' or 'buy and hold.'

In 2021 the term investments increased from € 182.8 million to € 214.4 million. The Society invested € 45.9 million and divested € 10.1 million during the year as it experienced excess liquidity due to the Covid-19 crisis when repayments by partners outweighed the loan disbursements and equity investments. The revaluation of the term investments portfolio resulted in a loss of € 4.3 million. The negative revaluation was caused by increasing interest rates, mainly during the fourth quarter of the year.

At 31 December 2021, the investments held per main industry remained largely consistent with 2020: banking 31% (2020: 26%), utilities 13% (2020: 13%), basic industry 3% (2020: 6%) and real estate 7% (2020: 6%). The investments were classified as: financial 40%, defensive 35% and cyclical 25%.

Financial criteria and risk management

Credit risks

Due to the investment criteria of minimum credit ratings and 'investment grade' standards agreed with the asset manager, the bonds' credit risk is limited. Next to that, the performance of the issuers of the bonds is monitored by the asset manager. When the situation of an issuer deteriorates, the manager can decide to sell the bonds. The asset manager also monitors general market trends and the diversification in the total portfolio.

Interest rate risk

The term investments portfolio has a target duration of approximately four years. An increase of 1% in interest rates would lead to a valuation loss of approximately € 7 million.

Liquidity

The instruments in the portfolio are generally liquid undergoing-concern circumstances. However, liquidity could potentially reduce in moments of market turbulence, which could potentially affect the sale price of the securities.

Green bonds

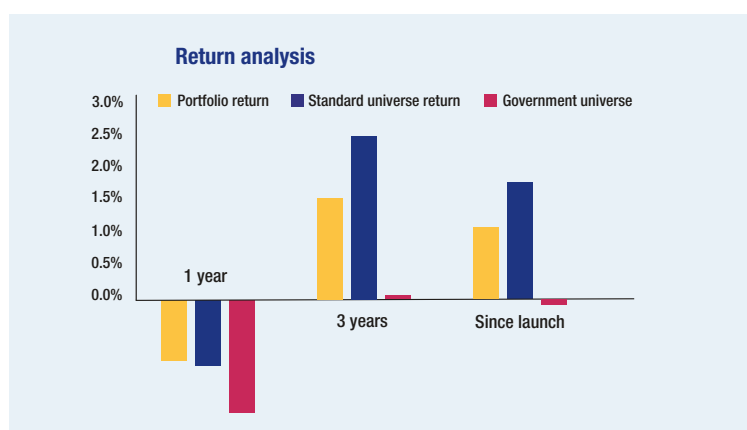
A green bond is a fixed income instrument specifically intended to support climate-related or environmental projects. The current percentage of green bonds in the portfolio is around 20%.

Income

Another requirement of the term investments portfolio is to contribute a reasonable, effective yield to the Society's financial results.

Overview of total term investments portfolio

The total term investments portfolio consists of:	2021	2020
	€ ,000	€ ,000
Buy and Maintain ESG Credit Portfolio	214,352	172,808
Portfolio managed by Alternative Bank Schweiz, Switzerland	-	10,003
Total term investments	214,352	182,811

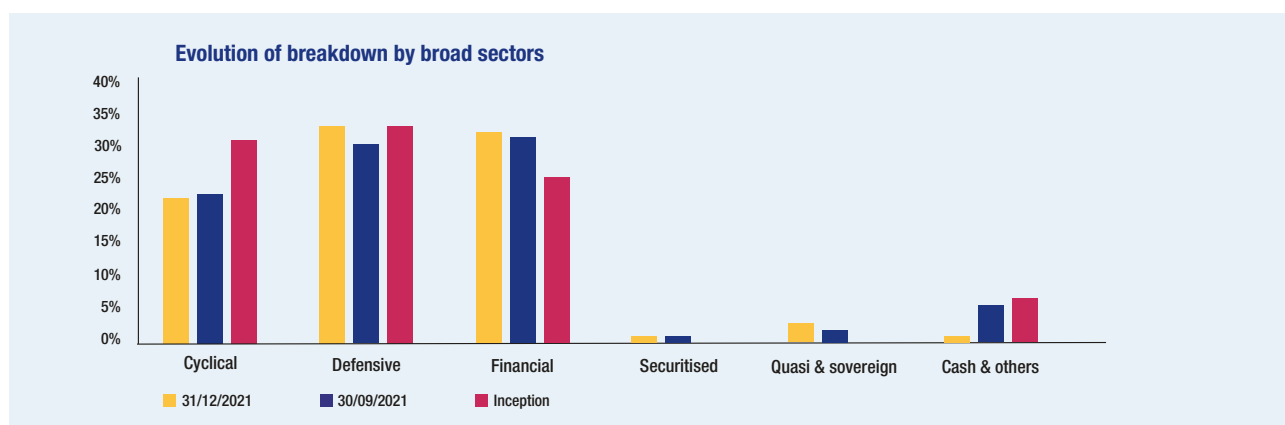
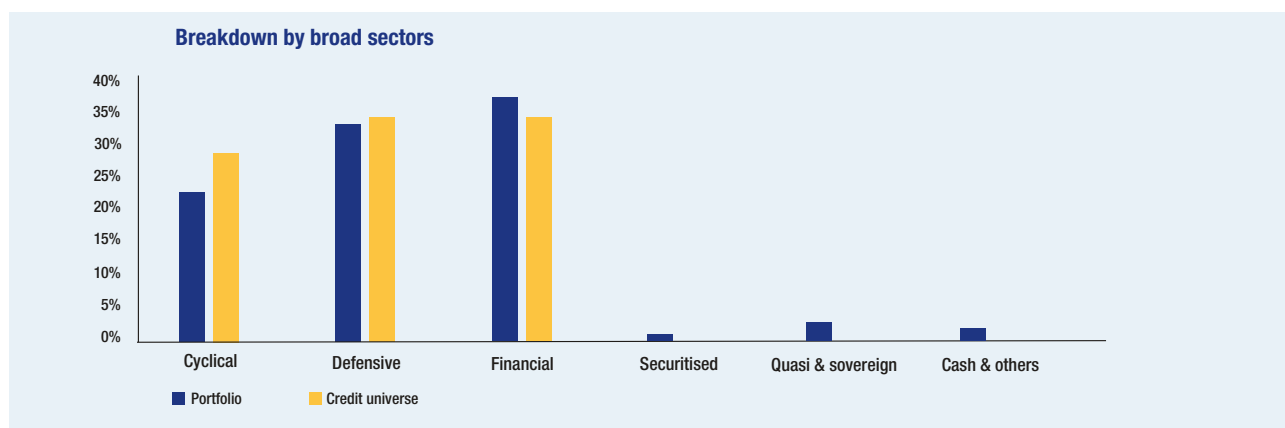


Performance of the Buy and Maintain ESG Credit Portfolio


There was a surge in volatility in 2021 (mainly Q4) as growth and inflation pushed central banks to adjust their stance.

Because of the coronavirus pandemic, and especially the Delta and Omicron variants, investor sentiment weakened and led to a peak of volatility in early December. Most of the return over the fourth quarter has been driven by rate factors while credit continues to bring additional carry. The portfolio materialised a -0.58% of total return, slightly above the index due to a conservative credit exposure.

Breakdown by broad sectors



ESG Key Performance Indicators (KPIs)

ESG score	Buy and Maintain ESG Credit Portfolio	Benchmark*	ESG relative footprint
	7.5	6.9	

Axa IM ESG standards	Buy and Maintain ESG Credit Portfolio	Benchmark*
Climate risk	0.00%	0.48%
Tobacco	0.00%	0.89%
Defense	0.00%	0.34%
ESG low quality	0.00%	0.17%
Controversies	0.00%	2.95%

Environmental KPIs	Buy and Maintain ESG Credit Portfolio	Benchmark*
Carbon footprint (CO ₂ t per million €)	154	205
% Green share	47%	4%

Social and governance KPIs	Buy and Maintain ESG Credit Portfolio	Benchmark*
% of total directors in the companies invested in or bonds held with		
% Independent directors on the board	71%	69%
% Women directors on the board	35%	36%

* Benchmark reference: ICE BofA Euro Corporate Index.

Source: Oikocredit Buy & Maintain ESG - Fixed Income Investment report 31/12/2021 by Axa Investment Managers.

Detailed overview of Buy and Maintain ESG Credit Portfolio

List of bonds issued through Buy and Maintain ESG Credit Portfolio.

The list excludes alternative investments such as margin calls.

	31/12/2021	31/12/2020
	€ ,000	€ ,000
Electricity Supply Board (ESB), Ireland (green bond)	2,922	1,747
A2A SpA, Italy (green bond)	2,519	-
Clarion Housing Group, United Kingdom	2,492	2,182
Sumitomo Mitsui Financial Group Inc, Japan (green bond)	2,478	1,039
La Banque Postale, France (green bond)	2,447	1,324
De Volksbank (SNS Bank) NV, the Netherlands (green bond)	2,406	704
La Poste SA, France	2,361	2,120
Crédit Mutuel Arkéa SA, France	2,351	2,203
Bank of America Corp, United States	2,340	1,963
Republic of Chile, Chile (green bond)	2,302	1,258
Intesa Sanpaolo SpA, Italy (green bond)	2,259	1,267
Crédit Agricole SA, France	2,250	1,743
Verbund AG, Austria	2,234	-
Arkema SA, France	2,202	2,762
Mizuho Financial Group Inc., Japan (green bond)	2,198	1,720
Nidec Corp, Japan	2,185	-
Mitsubishi UFJ Financial Group Inc., Japan	2,168	438
Naturgy Finance BV, the Netherlands	2,167	2,191
Daimler AG, Germany	2,163	-
Banque Fédérative du Crédit Mutuel SA, France (green bond)	2,162	1,308
V.F. Corp, United States (green bond)	2,159	2,228
Verizon Communications Inc, United States	2,157	2,084
Orange SA, France	2,157	2,152
NatWest Group PLC, Scotland	2,135	1,540
BPCE SA, France	2,132	2,152
Prudential Financial Inc., United States (green bond)	2,123	1,619
Coöperatieve Rabobank UA, the Netherlands	2,113	1,562
International Business Machines Corp, United States	2,095	2,142
Vattenfall AB, Sweden (green bond)	2,094	2,123
Orsted A/S, Denmark (green bond)	2,091	2,161
LeasePlan Corporation, the Netherlands	2,091	-
Vonovia SE, Germany	2,078	-
Danone SA, France	2,075	844
Vodafone Group PLC, United Kingdom	2,067	951
BNP Paribas SA, France	2,058	311
E.On SE, Germany (green bond)	2,052	2,104
Swiss Life Finance I Ltd, Switzerland	2,044	-
Tritax Big Box REIT PLC, United Kingdom	2,032	-
Alexandria Real Estate Equities Inc., United States	2,024	-
ICADE, France	2,005	1,097
Raiffeisen Bank International AG, Austria	1,997	-
Bank of Ireland Group plc, Ireland	1,977	-
Motability Operations Group PLC, United Kingdom	1,958	1,319
Vinci SA, France (green bond)	1,952	1,202
Citigroup Inc., United States	1,934	-
Carrefour SA, France	1,913	1,031
Nordea Bank AB, Sweden	1,912	1,040
Boston Properties, Inc., United States	1,871	-
Standard Chartered PLC, United Kingdom	1,826	1,505
Omnicom Finance Holdings PLC, United Kingdom	1,826	1,858
AT&T Inc., United States	1,807	948
CTP NV, Czech Republic	1,781	-
Barclays Bank PLC, United Kingdom	1,780	-
Banco Bilbao Vizcaya Argentaria S.A., Spain (green bond)	1,757	856
Proximus S.A., Germany	1,753	-

	31/12/2021	31/12/2020
	€ ,000	€ ,000
Scottish & Southern Energy (SSE), Scotland	1,749	217
Groupama Assurances Mutuelles SA, France	1,749	-
Fifth Third Bank, United States	1,743	-
Banco Santander S.A., Spain	1,725	-
Caixabank SA, Spain	1,722	2,149
China Construction Bank Corp, China (green bond)	1,718	-
Agence France Trésor, Obligations assimilables du Trésor (OAT), France	1,710	525
Kerry Group Financial Services Unlt Co, Ireland	1,707	1,250
Red Electrica Financiaciones SAU, Spain	1,698	1,294
Merck & Co. Inc., United States	1,682	-
ABN Amro Bank NV, the Netherlands	1,681	1,256
Eli Lilly & Co, United States	1,679	-
Takeda Pharmaceutical Co Ltd, Japan	1,667	1,722
Segro Capital Sarl, United Kingdom	1,639	-
Republic of Peru, Peru	1,632	-
Eaton Capital Unlimited Co, Ireland	1,632	1,469
KBC Group NV, Belgium (green bond)	1,609	1,126
Swisscom Finance BV, the Netherlands	1,606	201
Globalworth Real Estate Investments, Romania	1,603	-
Fedex Corp, United States	1,595	-
AIB Group plc, Ireland	1,587	-
Tyco Electronics Group SA, Luxembourg	1,584	1,606
Societe Generale SA, France (green bond)	1,584	818
Healthpeak Properties Inc., United States	1,556	1,238
Transport for London, United Kingdom (green bond)	1,544	1,519
Hyundai Capital Services Inc., United States	1,544	-
Koninklijke Philips NV, the Netherlands	1,529	-
Unicredit SpA, Italy	1,504	-
Siemens Financieringsmaatschappij NV, the Netherlands	1,503	1,543
DH Europe Finance II Sarl, United States	1,500	1,516
Redes Energeticas Nacionais Finance BV, Portugal	1,496	-
Medtronic plc, Ireland	1,473	1,508
Inversiones CMPC SA, United States	1,459	1,125
Ecolab Inc., United States	1,422	1,072
Legrand SA, France	1,417	1,426
WPP Finance 2010, United Kingdom	1,409	219
Belfius Bank S.A., Germany	1,393	-
Wolters Kluwer NV, the Netherlands	1,390	2,803
Linde Finance BV, the Netherlands	1,353	1,040
Marsh & McLennan Companies Inc., United States	1,328	1,389
National Australia Bank Ltd, Australia (green bond)	1,309	1,317
Cassa Depositi e Prestiti SpA, Italy	1,307	1,340
Westpac Banking Corp, Australia (green bond)	1,222	1,239
Thermo Fisher Scientific Inc, United States	1,213	1,571
Anglian Water Services Financing PLC, United Kingdom (green bond)	1,211	1,181
Compagnie de Saint-Gobain SA, France	1,207	1,209
Terna Rete Elettrica Nazionale SpA, Italy	1,158	1,124
Cigna Corp, United States	1,147	1,119
Iberdrola International BV, the Netherlands (green bond)	1,054	1,071
Atlas Copco AB, Sweden	1,053	1,080
Telstra Corp Ltd, Australia (green bond)	1,052	1,080
Schneider Electric SE, France	1,030	1,011
Enel Finance International NV, the Netherlands (green bond)	981	809
EDP - Energias de Portugal SA, Portugal	966	-
UBS AG, Switzerland	960	-
EDP Finance BV, the Netherlands	949	-

	31/12/2021	31/12/2020
	€ ,000	€ ,000
Societe Generale SA, France	897	1,113
Australia & New Zealand Banking Group Ltd., Australia	896	903
Amgen Inc., United States	871	1,204
Bristol-Myers Squibb Co, United States	831	847
Enel Finance International NV, the Netherlands	794	807
Telefonica Emisiones SAU, Spain (green bond)	747	1,256
Iberdrola Finanzas SA, Spain (green bond)	746	765
General Mills Inc., United States	746	767
Bertelsmann Se & Co, Germany	730	1,450
Caixabank SA, Spain (green bond)	707	100
Electricité de France SA, France	694	-
Terna Rete Elettrica Nazionale SpA, Italy (green bond)	662	574
E.On International Finance BV, the Netherlands	634	-
RELX Finance BV, the Netherlands	617	624
Lloyds Bank PLC, United Kingdom	609	584
Skandinaviska Enskilda Banken AB, Sweden (green bond)	502	505
ABB Finance BV, the Netherlands	480	518
Banco Bilbao Vizcaya Argentaria S.A., Spain	462	1,003
Telefonica Emisiones SAU, Spain	413	418
Schneider Electric SE, France (green bond)	214	221
WPP Finance 2013, United Kingdom	212	-
Industrial and Commercial Bank of China, Singapore (green bond)	136	1,136
Wesfarmers Ltd, Australia	-	846
Veolia Environnement SA, France	-	313
Unibail-Rodamco SE, France	-	1,536
Toronto-Dominion Bank, Canada	-	1,108
Sydney Airport Finance Co Pty Ltd, Australia	-	1,213
Suez, France	-	980
Stockland Trust, Australia (green bond)	-	1,414
SSE PLC, United Kingdom (green bond)	-	1,564
Snam SpA, Italy	-	1,053
Skandinaviska Enskilda Banken AB, Sweden	-	422
Santander UK Group Holdings PLC, United Kingdom	-	1,342
Santander Issuances, Spain	-	1,161
Région Île-de-France, France	-	1,370
Régie Autonome des Transports Parisiens, France (green bond)	-	755
Red Electrica Financiaciones SAU, Spain (green bond)	-	309
Prologis LP, United States	-	43
Praxair Inc, United States	-	1,371
Nordea Bank AB, Sweden (green bond)	-	318
Nestlé Holdings Inc., United States	-	819
Nationwide Building Society, United Kingdom	-	511
Merck Financial Services GmbH, Germany	-	625
La Banque Postale, France	-	832
Klepierre SA, France	-	1,395
KBC Group NV, Belgium	-	1,018
Kaiser Foundation Hospitals, United States (green bond)	-	517
International Flavors & Fragrances Inc., United States	-	1,407
Instituto De Credito Oficial, Spain	-	355
Innogy Finance BV, the Netherlands (green bond)	-	651
ING Groep NV, the Netherlands	-	110
ICADE, France (green bond)	-	655
Hammerson PLC, United Kingdom	-	1,262
Fiserv Inc., United States	-	2,161
ESSITY AB, Sweden	-	1,256
Energias de Portugal S.A. (green bond)	-	660

	31/12/2021	31/12/2020
	€ ,000	€ ,000
Enagas Financiaciones SAU, Spain	-	1,068
EMD Finance LLC, United States	-	722
DNB Bank ASA, Norway	-	1,657
Danske Bank A/S, Denmark	-	1,664
CRH Finland Services OYJ, Finland	-	304
Crdit Agricole SA, United Kingdom	-	309
Commonwealth Bank of Australia, Australia	-	1,411
Cloverie PLC for Zurich Insurance Co Ltd, Ireland	-	1,241
Caisse Francaise de Financement Local, France	-	529
BNP Paribas SA, France (green bond)	-	1,579
Aviva PLC, United Kingdom	-	1,641
AstraZeneca PLC, United Kingdom	-	1,214
Allianz Finance II BV, the Netherlands	-	1,606
Total	210,972	167,072

About the cover photo:

Njeru Industries Ltd is one of the largest family-owned tea estates in Kenya with 650 acres of pesticide-free tea. The business focuses on using conscious and environmentally sustainable practices. It supports various projects in areas like nature conservation, education and humanitarian aid. They do this to help strengthen the communities living in the region and to help make them more resilient.

Oikocredit's vision is a global, just society in which resources are shared sustainably and all people are empowered with the choices they need to create a life of dignity.



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