
IMPACT



PROMISE

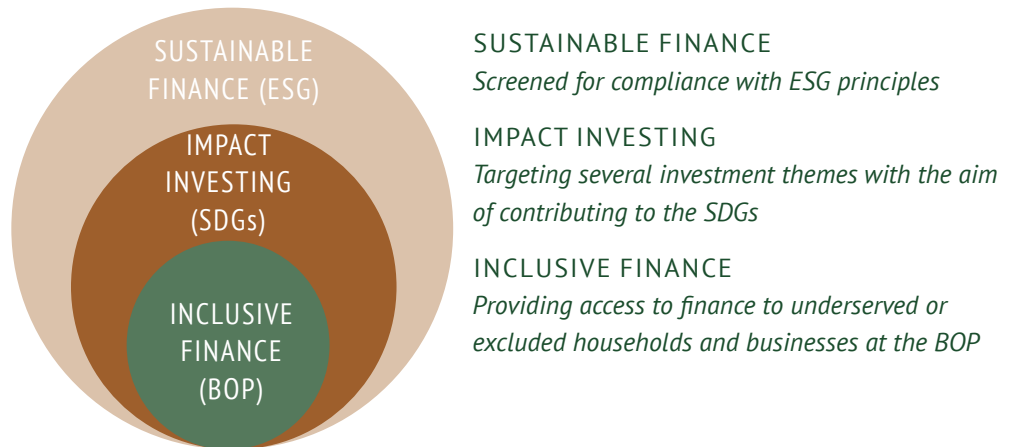
INVESTMENT UNIVERSE

Symbiotics is a private sector investment company dedicated to development finance, which from an investment universe standpoint is part of **sustainable finance**, and within that universe a part of **impact investing**, more specifically geared towards investments in emerging and frontier markets, with a specific bias towards **inclusive finance**.

Broadly defined as investments using environmental, social and governance (ESG) filters.

Broadly defined as using sustainable development goals (SDGs) for intentionality mapping.

Broadly defined as financial services geared towards including the base of the pyramid (BOP) population targeting micro-, small and medium enterprises as well as low- and middle-income households.

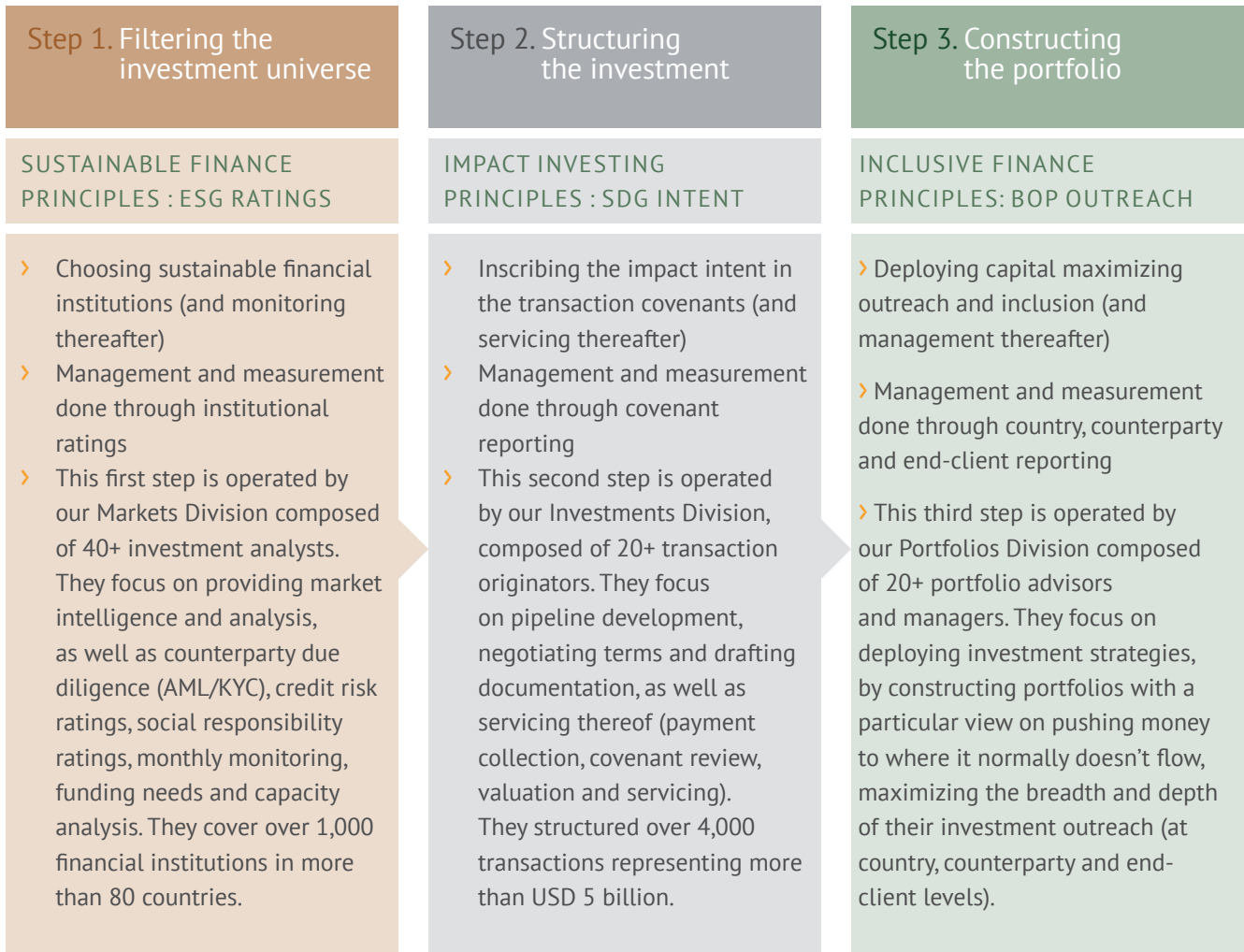


Symbiotics' investment universe is thus defined by its social charter, which filters out investments along the following criteria:

1. Target domestic markets in emerging and frontier economies, defined as low- and middle-income countries using the World Bank classification.
2. Invest in the real economy, promoting the social function of finance, in private debt and equity investments, outside of listed markets.
3. Pass a social responsibility rating, using environmental, social and governance (ESG) norms, seeking long-term value creation with a multi-stakeholder approach.
4. Foster financial security (mostly through microfinance) and employment and entrepreneurship (mostly through small business finance), as well as access to goods and services of first necessity (mostly through thematic finance), such as food and agriculture, climate and energy, housing and infrastructure, health and education, broadly defined through mapping transaction intention to sustainable development goals (SDGs).
5. Positively impact the base of the pyramid (BOP), defined as low- and middle-income households (LMIH) and/or micro-, small and medium enterprises (MSME).

INVESTMENT PROCESS

The firm is organized along its investment process, which follows its threefold impact approach and operating principles:



OPERATING PRINCIPLES

Symbiotics takes a three-fold impact management approach to its investments, measuring sustainable finance filtering through ESG ratings, impact investing intentionality through SDG mappings, and inclusive finance outreach through BOP measurement.

STEP 1: SUSTAINABLE FINANCE PRINCIPLES

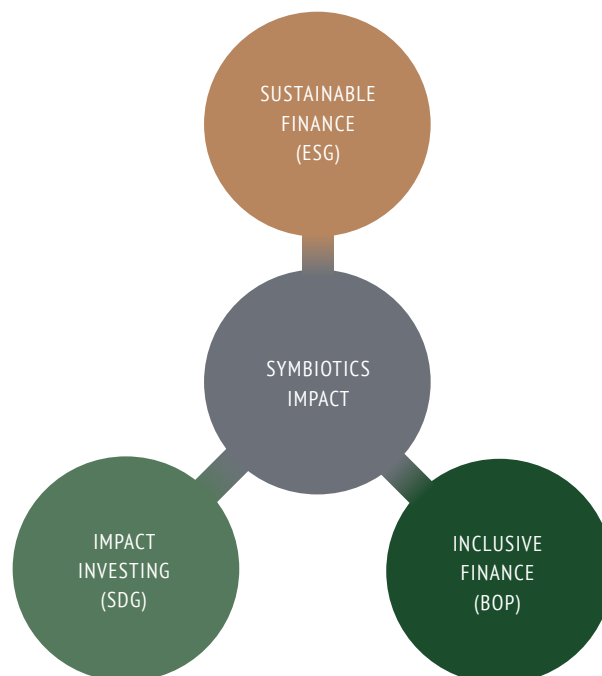
In the sense of following environmental, social and governance (ESG) principles and ratings.

STEP 2: IMPACT INVESTING PRINCIPLES

In the sense of positively addressing a range of global challenges, as currently illustrated by the Sustainable Development Goals (SDGs).

STEP 3: INCLUSIVE FINANCE PRINCIPLES

In the sense of following an investment strategy that serves the base of the pyramid (BOP), investing with a view to create inclusive growth for the benefit of low and middle-income households, and micro-, small and medium enterprises.

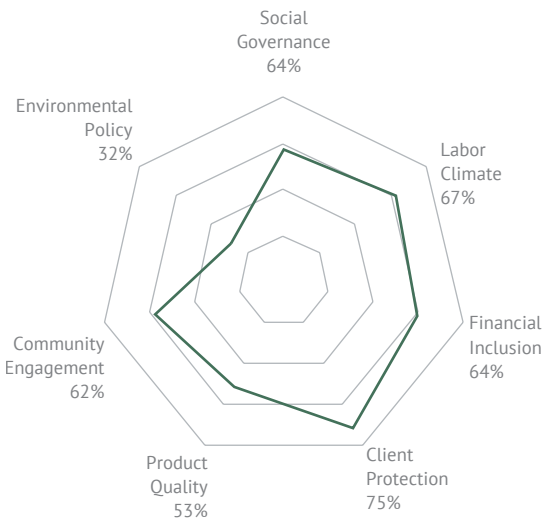


STEP 1: SUSTAINABILITY: ESG RATINGS

Upstream of all investments, each target investee is assessed using a social responsibility rating based on a multi-stakeholder approach using environmental, social and governance (ESG) norms, typically represented by the Principles for Responsible Investing (PRI). The rating produces a grade from one to five stars, assessing the likelihood of contributing to sustainable development. It is composed of seven dimensions (corporate governance, labor climate, financial inclusion, client protection, product quality, environmental policy, community engagement) and over 90 qualitative and quantitative indicators. The investments analysts in the markets division update each rating annually. Ultimately, the rating takes a ‘do no harm’ approach, filtering out investees that don’t match the investment philosophy and approach pursued by the firm.

Star rating	Americas	Africa	Europe	Asia	Total
★★★★★	12	0	23	0	35
★★★★☆	288	87	273	297	945
★★★☆☆	358	181	234	271	1,044
★★☆☆* & less	20	26	7	46	99
Total since inception	678	294	537	614	2,123

Social Responsibility Ratings



STEP 2: IMPACT: SDG INTENT

Symbiotics addresses the intentionality of its investments by adding social covenants linked to specific objectives, consequently allowing output and outcome measurement.

Each investment is addressed by a single SDG, focusing on its core SDG contribution, classified according to the following SDG mapping classification:

MICROFINANCE

SDG 1 (no poverty), SDG 5 (gender equality), SDG 10 (reduced inequalities)

SMALL BUSINESS FINANCE:

SDG 8 (decent work and economic growth) and SDG 12 (responsible consumption and production)

FOOD AND AGRICULTURE:

SDG 2 (zero hunger), SDG 14 (life below water) and SDG 15 (life on land)

CLIMATE AND ENERGY

SDG 7 (affordable and clean energy) and SDG 13 (climate action)

HOUSING & INFRASTRUCTURE

SDG 6 (clean water and sanitation), SDG 9 (industry, innovation and infrastructure) and SDG 11 (sustainable cities and communities)

HEALTHCARE AND EDUCATION

SDG 3 (good health and well-being) and SDG 4 (quality education)

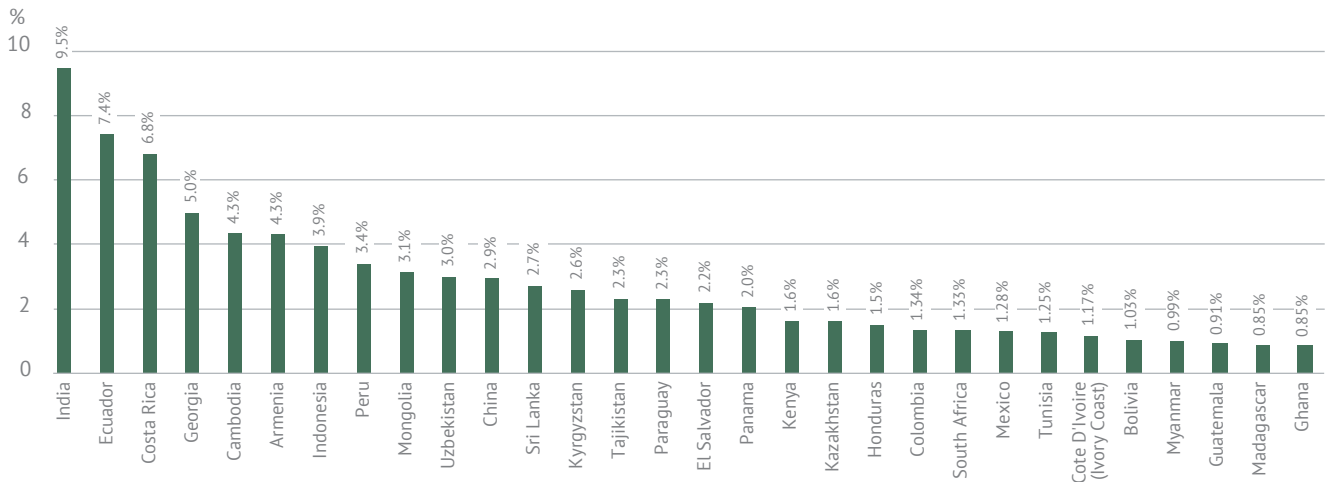


STEP 3: INCLUSION: BOP OUTREACH

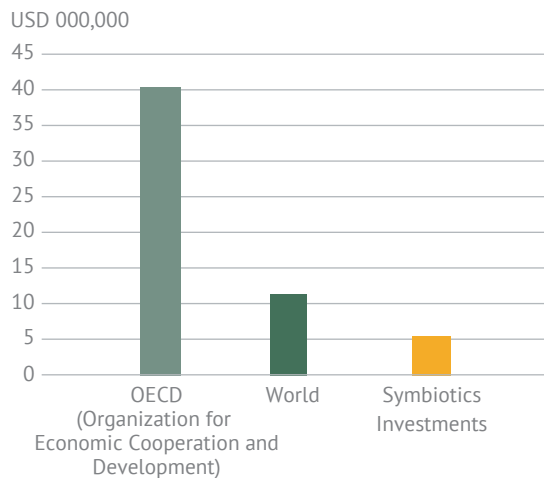
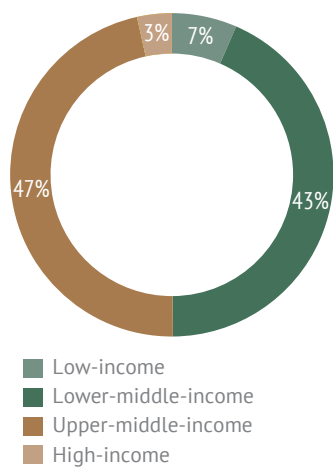
Downstream of all investments, the portfolio outreach is measured assessing the extent to which it succeeds in pushing money to where it normally doesn't flow, into the base of the pyramid (BoP) population as far out as possible into low- and middle-income countries in terms of breadth, and as deep as possible into low- and middle-income households (LMIH) and/or micro-, small and medium enterprises (MSME). The outreach measurement typically includes elements of client location (urban, rural areas), gender (men, women, registered businesses), client activity (agriculture, manufacture, trade, services and other), and credit type (micro, SME, household needs, housing, education, or other), in addition to measuring the GDP of target countries, the average size of investees in terms of total assets, and the average loan size to end-clients.

COUNTRY OUTREACH INTO LOW- AND MIDDLE-INCOME ECONOMIES

Top 30 countries (out of 77)



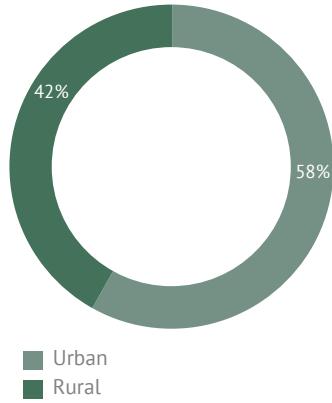
SYMBIOTICS GDP PER CAPITA



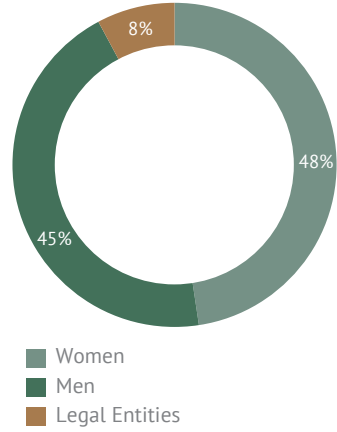
Source: The World Bank, Symbiotics Data as end of 2018

END-CLIENT OUTREACH INTO UNDERSERVED ECONOMIES

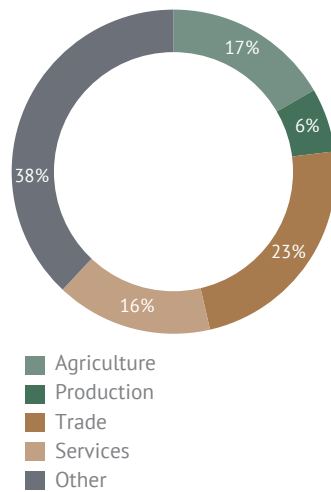
Location



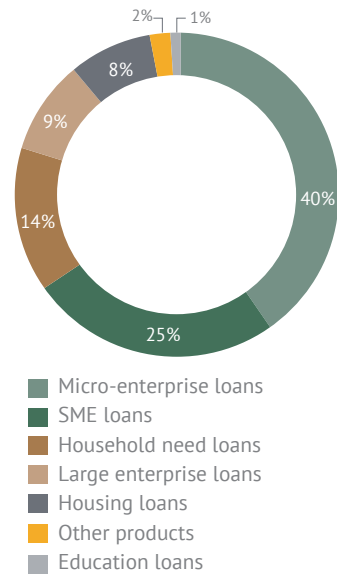
Gender



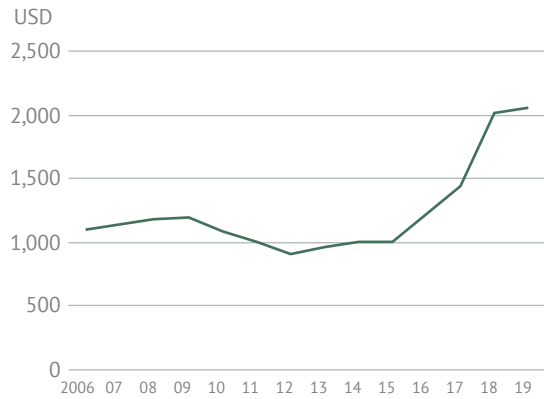
Activity



Loan Product type



Average Loan Balance



Number of MSME clients



Source: Symbiotics
Data as end of 2019

OUTCOME MEASUREMENT AND CAPACITY BUILDING

Symbiotics also collaborates with independent third-party researchers to measure the social and environmental outcomes of its investments. Outcome measurement can be conducted at the level of an investment portfolio or on a transaction-by-transaction basis. Finally, Symbiotics designs and manages customized capacity building interventions to the benefit of its investees, aiming to maximize their impact by improving the quality of service and expanding outreach to end-clients. These activities are funded by donors and run on a non-profit basis through its affiliated Symbiotics Association for Sustainable Development.

- › **Portfolio outcome measurement.** Since 2017, Symbiotics has been running a unique outcome measurement initiative for the '*SME Finance Loans for Growth*' fund (LFG), which focuses on employment and entrepreneurship, primarily contributing to SDG 8 (decent work and economic growth). Thanks to dedicated funding from SECO and UBS, this four-year initiative has enabled us to conduct surveys, through third-party research agents, with over 900 small businesses in more than 10 countries. This survey data allows us to understand first-hand how end-clients are impacted by our investments, and to transparently communicate our findings both to investors and to investees.
- › **Transaction outcome measurement.** Symbiotics has developed a Sustainability, Social and Green Bond Framework, which allows some of its bond issuances to be certified as such. For each transaction, a third-party agent may be mandated to assess the social and/or environmental outcomes of the investment, measuring the extent to which the investee complies with the goals and covenants set forward in the transaction documentation.
- › **Capacity building.** Symbiotics has been active in technical assistance management for a decade, which provides a significant added value in its impact management and measurement approach. The firm has deployed donor commitments amounting to over USD 10m into over 130 technical assistance projects so far, covering topics such as product development, risk management, digital financial services and social performance management. Ultimately, these capacity building efforts help investees develop policies, practices and products attuned to our impact promise.

