Symbiotics SA ("Symbiotics") hereby affirms its status as signatory to the Operating Principles for Impact Management (the "Principles"). This disclosure statement applies to all the assets under management or advisory by Symbiotics (the "Covered Assets"), amounting to USD 2.1 billion as of 30 June 2020.

Roland Dominicé  
Chief Executive Officer

Yvan Renaud  
Chief Operating Officer

Symbiotics SA  
6 August 2020
Principle 1

Define strategic impact objective(s), consistent with the investment strategy

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

- Symbiotics is the leading market access platform for impact investing, dedicated to financing micro-, small and medium enterprises (MSMEs), and low- and middle-income households in emerging and frontier markets. Founded in 2004, Symbiotics offers impact investors a comprehensive range of services, focusing on investment advisory and portfolio management, as well as technical assistance management.

- Our mission is to foster sustainable development in emerging and frontier economies by connecting investors to local financial intermediaries, enterprises and projects. Our key impact objective is therefore to push money to where it normally doesn’t flow, to financially excluded and underserved populations in low- and middle-income countries.

- To achieve its mission and impact objective, Symbiotics integrates impact management in every step of its investment process, from prospection to monitoring:

   Figure 1: Impact Management in the Investment Process

   **Step 1: Filtering the investment universe**
   - Identify sustainable financial institutions, in line with our mission
   - Conduct due diligence, including an ESG rating, determining potential impacts and risks

   **Step 2: Structuring the investment**
   - Commit to impact intent through transaction covenants
   - Obligation to report on standardized impact indicators

   **Step 3: Constructing the portfolio**
   - Deploying capital, maximising outreach to traditionally underserved markets and populations
   - Monitoring impact performance through data reported by investees
• Our investments target six main impact themes, each contributing to several of the SDGs, as demonstrated in the following table. Depending on the theme and the specific activities financed by each intermediary or project, we align each transaction to one SDG, focusing on its core SDG contribution.

Table 1: SDG Mapping

<table>
<thead>
<tr>
<th>Theme</th>
<th>SDG Mapping</th>
</tr>
</thead>
<tbody>
<tr>
<td>Microfinance</td>
<td>1, 5, 10</td>
</tr>
<tr>
<td>Small business finance</td>
<td>2, 8, 12</td>
</tr>
<tr>
<td>Food and agriculture</td>
<td>2, 14, 15</td>
</tr>
<tr>
<td>Climate and energy</td>
<td>7, 13, 15</td>
</tr>
<tr>
<td>Housing and infrastructure</td>
<td>6, 9, 11</td>
</tr>
<tr>
<td>Healthcare and education</td>
<td>3, 4, 11</td>
</tr>
</tbody>
</table>
Principle 2  

*Manage strategic impact on a portfolio basis*

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

- As demonstrated in Figure 1, impact management is incorporated throughout Symbiotics’ investment strategy. For each of the funds managed by Symbiotics, we aggregate the impact performance at a portfolio level, using our ESG ratings and standardized impact indicators. The portfolio-aggregated impact indicators for each fund are included in fund factsheets and shared with investors on a regular basis, allowing them to monitor the impact performance of their investments.

- In addition, upon investors’ requests, Symbiotics prepares annual social performance reports for some of the funds, including a comprehensive overview of the funds’ impact performance with additional indicators and narrative accounts from end-beneficiaries.

- Symbiotics’ investment strategy ensures that all investments have a positive social or environmental impact. However, staff incentives are not linked to the impact performance of any specific fund.
Principle 3

*Establish the Manager’s contribution to the achievement of impact*

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

- Symbiotics’ contribution to the achievement of impact is described in our *Impact Promise*, where we illustrate our investment strategy and threefold impact management approach: (1) measuring sustainable finance filtering through ESG ratings, (2) impact investing intentionality through SDG mappings and (3) inclusive finance through measuring our outreach to the base of the pyramid.

1. **Sustainability: ESG Ratings**
   Symbiotics assesses each potential investee using our proprietary rating methodology, which integrates ESG norms. The rating produces a grade from zero (lowest) to five stars (highest), assessing the likelihood of contributing to sustainable development. We typically do not invest in any institutions that receive a score below two stars. This step allows us to not only filter out investees that are incompatible with Symbiotics’ investment philosophy and approach, but also to assess the expected impact of each investment (Principle 4).
2. **Impact Investing: SDG Intent**
   This is followed by the evaluation of the impact investing intentionality and its contribution to specific impact themes and alignment to the SDGs. Each investment is addressed by a single SDG focusing on its core SDG contribution. Symbiotics identifies the key SDG contribution for each transaction based on the main area of investment. All transactions are assigned a theme and one main SDG based on institution type and how much they lend to different activities (please refer to Table 1).

3. **Inclusion: Outreach to the Base of the Pyramid**
   To measure the extent to which Symbiotics succeeds in pushing money to where it normally doesn’t flow, we measure the outreach of our investments to the base of the pyramid. We focus on:
   - **market outreach**, using indicators that demonstrate the extent to which the markets we invest in are typically financially excluded (e.g. banking penetration, GNI per capita);
   - **investee outreach**, using indicators about the type and size of institutions that we invest in, which otherwise have limited access to alternative sources of financing, and;
   - **end-client outreach**, illustrating the number and characteristics of our end-beneficiaries (e.g. gender, location) and the types of financial products they use (e.g. microcredit, SME loans, housing loans, etc.).

- Symbiotics also has a specialized Capacity Building team, who are responsible for managing technical assistance projects for investees using donor funding. Symbiotics’ Capacity Building team designs customized projects covering topics such as product development, risk management, social performance management and digital financial services. Through these projects, Symbiotics furthers its development impact by enabling investees to ultimately improve the services they provide to end-beneficiaries.
Principle 4

Assess the expected impact of each investment, based on a systematic approach

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment’s expected impact.

In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager’s strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

- In line with Symbiotics’ threefold impact management approach, we assess each investment in advance, determining the expected positive impacts, and assessing the likelihood that each investment will achieve these impacts.

(1) What is the intended impact? During the prospection stage, we identify the investment theme out of the six main impact themes we address (Table 1), thereby determining the intended impact in alignment with the SDGs. For example, our investments in small business finance are intended to expand access to finance for small entrepreneurs, and ultimately promote decent work and job creation.

(2) Who experiences the intended impact? During the due diligence process, we collect preliminary data on the outreach of each potential investee to the base of the pyramid, using the outreach indicators described under Principle 3. These indicators allow us to see who the end-beneficiaries of each investment will be, and determine whether they are among our target population of MSMEs, and low- and middle-income households.

(3) How significant is the expected impact? A key component of the due diligence is the ESG rating, which assesses ex ante the likelihood that an investee will contribute positively to sustainable development and social impact. According to our scoring methodology, an institution that receives a grade of five stars has an extremely strong likelihood of contributing to sustainable development and an extremely low risk of having negative social impact, whereas the opposite is true for an institution that receives a grade of zero stars.
• Symbiotics’ ESG rating uses environmental, social and governance norms, comprising more than 90 qualitative and quantitative indicators under seven main dimensions:

  o **Social governance**: looking at the social orientation of shareholders as well as the potential investee’s stated and effective commitment to its social mission, its target market and development objectives/stakeholders’ needs.

  o **Labor climate**: assessing policies regarding social responsibility to staff, looking at human resources policy, systems to monitor employee satisfaction and staff turnover rate.

  o **Financial inclusion**: measuring whether the potential investee has an efficient and proactive strategy and good results in terms of financial inclusion, as well as its ability to serve low-income and excluded clients, especially those located in areas where no other financial services are provided.

  o **Client protection**: looking at whether clients are treated in a fair and transparent way, if the negative impacts that affect them (notably over-indebtedness) are avoided as much as possible.

  o **Product quality**: looking at a potential investee’s marketing strategy and activities, as well as the diversity and quality of its financial and non-financial products and services.

  o **Community engagement**: assessing the steps that the potential investee takes in implementing policies and actions aimed at supporting community development at large, and the social impacts of such steps on the community.

  o **Environmental policy**: whether the potential investee has any policies and initiatives in place to mitigate negative environmental impacts, not only of its internal activities but also, and above all, of its financed enterprises.

• The ESG rating inherently includes an assessment of the potential impact, as well as identifying key ESG risks factors that must be considered (see Principle 5).
Principle 5
Assess, address, monitor, and manage potential negative impacts of each investment

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees’ ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

- Symbiotics actively aims to achieve a positive social or environmental impact through each of its investments. Even if there are any deterrents, Symbiotics aims to ensure that its investments do not cause any social or environmental harm. As such, we carefully filter our potential investees and systematically assess ESG risks.

Exclusion list

- In an effort to mitigate the risk of causing negative social or environmental impacts, Symbiotics applies an exclusion list to all of its investments. This list, at a minimum, includes the following elements or restrictions, in line with international standards set forth by development finance institutions like the IFC and FMO:
  - Alcohol, drugs, tobacco
  - Asbestos fiber, cement
  - Drift net fishing
  - Forcer and child labor
  - Gambling, casinos
  - Hazardous chemicals
  - Land grab and indigenous people’s rights
  - Radioactive material
  - Weapons, munition
  - Wildlife protocols

- Symbiotics screens each potential investee’s portfolio for these activities before making an investment, and does not invest in an institution if it finances any activities on the exclusion list, or any activities that are deemed illegal in the investee’s country of operation. In addition, the exclusion list is part of the legal documentation for every transaction to prevent investees from engaging in these activities thereafter.
ESG Ratings

- Symbiotics’ ESG rating, conducted for each institution before an investment is made, (see Principle 4), assesses the ESG risks associated with an investment, as well as assessing the expected positive impact. The rating is conducted by Symbiotics’ investment analysts during the on-site due diligence, and involves a detailed review of the potential investee’s governance and policies, as well as interviews with key staff members. The risks assessed include risk of fraud, corruption, occupational injury, over-indebtedness of end-beneficiaries, or causing environmental damage, among others.

- Each potential investee’s ESG rating grade determines its risk level, with zero stars being very high risk and five stars being extremely low risk. Symbiotics typically does not invest in any institution with a grade below two stars.

- The full ESG rating report is presented to the Investment Committee to analyze each institution’s strengths and risk factors before they make an investment decision. Symbiotics repeats the on-site due diligence visit to each investee and updates the ESG rating on an annual basis. We monitor any changes to the rating score and engage with the investees accordingly. If it turns out that the company is no longer aligned with the announced social mission, Symbiotics does not renew its loan beyond the current outstanding one.
Principle 6

Monitor the progress of each investment in achieving impact against expectations and respond appropriately

The Manager shall use the results framework (referenced in Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

- Using Symbiotics’ threefold impact management approach, we monitor the progress of each investment in achieving impact. As described under Principles 4 and 5, Symbiotics collects data from its investees during the due diligence process (through the ESG rating and outreach indicators). These indicators serve as an early baseline for the wider set of standardized impact indicators that investees commit to report on after an investment is made.

- Symbiotics’ investees are required to submit impact indicators in monthly or quarterly reports, through which we are able to assess whether our investments fulfill our promise to investors—reaching out to low- and middle-income households and MSMEs in emerging and frontier markets, and providing them with responsible financial services that foster job creation, and access to primary goods such as affordable housing, food, and energy.

- Failure to report on time is considered as a covenant breach and might result in early repayment request and/or jeopardize future potential investments.

- In addition to the indicators mentioned under Principle 3, other examples include:
  - Number of depositors
  - Average loan and deposit size
  - Availability of non-credit products (savings, insurance, money transfer, etc.)

- Symbiotics also monitors its impact performance through impact measurement studies. It offers investors the option of conducting tailored research projects that collect data directly from a sample of end clients. This enables the measurement of progress toward specific objectives, using indicators that our investees would otherwise not measure. Symbiotics is currently conducting two such projects: (1) a four-year impact study in 12 countries to measure the effect of loans on SMEs in terms of their employment creation and business growth, and (2) an impact study to measure the effects of microfinance on financial inclusion, employment, and poverty in Sub-Saharan Africa.
Principle 7

* Conduct exits considering the effect on sustained impact *

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

- Symbiotics invests through private debt instruments, which are self-liquidating once the loans have been repaid. The time of exit is determined by the maturity of the instruments, which is set when each investment is made. Therefore, there is no separate exit strategy.
Principle 8

Review, document, and improve decisions and processes based on the achievement of impact and lessons learned

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

- We are committed to putting impact at the core of our decision-making process, and learning from our past experiences. As mentioned earlier, Symbiotics conducts an annual on-site due diligence for every investee in its portfolio, during which we update the ESG rating score. In addition, we collect standardized impact data for all investees on a regular basis, as described under Principle 6. We review the data and update our reporting template regularly, adding new impact indicators, if needed, and ensuring that all indicators are defined consistently. This data is not only used to monitor our impact performance, but also plays a critical role in investment decisions, particularly in cases of loan renewal. Both the ESG rating and the impact data are included in the Investment Advisory Report, which is presented to the Investment Committee for every new transaction. The investment decision therefore relies on the investee’s impact performance, as well as their financial performance, taking into account any changes to their ESG rating and end-client outreach.

- Our impact performance also informs our internal processes, strategic planning and impact narrative on a wider scale. Since Symbiotics was launched, we have regularly reviewed and refined our impact narrative as we learned from our past investments and our research. In 2017, we described our approach to social performance management in a white paper, titled Measuring and Managing Social Performance. The approach described in this paper has been fine-tuned through several iterations over the past three years, allowing us to reach our current threefold impact management approach, demonstrated in Principle 3.

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Principle 9

Publicly disclose alignment with the Principles and provide regular independent verification of the alignment

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

- Through this disclosure statement, Symbiotics has demonstrated the alignment of its impact management systems with the Operating Principles. Symbiotics commits to updating this disclosure statement on an annual basis.

- Symbiotics is currently assessing the most appropriate option to undertake an independent verification, which will be completed by 30 June 2021. Thereafter, Symbiotics will regularly arrange for an independent verification every three years.