20 ANNUAL REPORT 20

symbiotics

2020 ANNUAL REPORT

symbiotics

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FOREWORD

Dear Shareholders, Clients and Partners,

The rapid spreading of COVID-19 around the planet and the actions taken to restrain it have strongly impacted the ways we live and do business. While it is too early to fully understand the long-term effects of the pandemic, Symbiotics has been adapting to and coping with the new normal, adjusting to short-term needs and requirements this year.

We are saddened and weary witnessing the mourning, the numbers of people falling ill and the general fatigue in our markets and ecosystem, working through repayment embargos, business closures and restructurings, and in general doing business remotely and without in-person contact, with a clear sense of social deprivation and economic degradation.

Despite the challenges, the firm has paradoxically faired rather well operationally looking at year-end results. Investment origination reached unprecedent levels in 2020, with USD 991 million disbursed to 170 financial institutions (of which 23 were new) located in 53 countries, due to strong liquidity needs in most markets to cope with the situation. Most importantly, our partner financial institutions have remained quite solid, with only about 1.0% additional risk provisioning on our overall investment portfolio.

As a result, our portfolios have continued to grow, up to USD 2.37 billion (split across 1,359 deals to 291 financial institutions in 75 countries). Our clients both remained with us and grew in some cases, and a couple of new funds planned in the second and third quarters of the year successfully confirmed their launch. Fund performances were also quite decent, in line with benchmarks and peers despite some swings in currency markets for unhedged strategies.

We directed this financing to over 1.8 million low-income households and small businesses, supporting approximately 3.9 million jobs. They represent a majority of women, with a large portion located in rural areas (42%). The average financing is at USD 2,188 per household, mostly for small agriculture (17%) and trade (22%), as well as for direct household consumption (38% predominantly for food, energy, housing, health and education).

A highlight of the year was our capacity to issue formalized and certified impact bonds, specifically two green bonds, four social bonds and one sustainability bond – something we are quite proud of and which sets a strong direction of advancement for the firm in the coming years.

We also successfully spun-off Tameo Impact Fund Solutions, regrouping several industry initiatives incubated within the firm that require independence for their own client management and expansion. Its value proposition includes research solutions (fund surveys, benchmarks, peer groups and indexes), impact solutions (labelling, reporting, verification and measurement) and investment solutions (valuation, matchmaking and consulting).

Furthermore, Symbiotics completed the process to become a Certified B Corporation, ranking number 2 in Switzerland. The certification helps confirm the highest standards of social and environmental performance and ethical business practices applied to our own work and provides a good dashboard for the future.

We thank each of you for your sustained trust and business and look forward to seeing Symbiotics continue to grow and expand as a leader in its impact ecosystem.

Ivan Pictet, Chairman

Roland Dominicé, CEO

MISSION

The leading market access platform for impact investing.

VISION

Our vision is to improve the human capacity to live together on the planet, with a particular focus on socio-economic inclusion and climate resilience.

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Our vision is to improve the human capacity to live together on the planet, with a particular focus on socio-economic inclusion and climate resilience.

STRATEGY

Our strategy is to be the leading market access platform for impact investing.

VALUES

- Impact driven: inclusive, self-conscious and coherent, depth and sense of purpose
- Independent: stand-alone and task control, self-judgment and leadership, fairness and reliability
- Principled: strong ethics, loyalty, pride and responsibility, competence and care
- Performing: pragmatic and results-oriented, merit-based personal contributions
- Team player: open-minded and positive, sharing and respectful

GOVERNANCE

BOARD OF DIRECTORS

IVAN PICTET
Chairman

BETH KRASNA
Vice-president

DAVID LEDERMANN
Secretary

MICHEL GUILLET
Member

TINEKE RITZEMA
Member

LORE VANDEWALLE
Member

JACQUES DE SAUSSURE
Member

GENERAL MANAGEMENT

ROLAND DOMINICÉ
Chief Executive Officer

YVAN RENAUD
Chief Operating Officer

SÉBASTIEN DUQUET
Chief Investment Officer

STAFF

“2020 was a challenging year, but our staff demonstrated remarkable adaptability and resilience, as well as continuous engagement. The difficulties encountered at many levels on a global scale led to even more solidarity and cohesion within the teams and across all offices. We are proud of our corporate values and grateful to everyone who has held them high during these unprecedented times.”

CHRISTOPHE FAVRE, CHIEF FINANCIAL OFFICER

8 — GENEVA, ZURICH, PARIS, AMSTERDAM, LONDON, CAPE TOWN, MEXICO CITY, SINGAPORE
OFFICE LOCATIONS

148 — 47% WOMEN, 53% MEN
GLOBAL STAFF

38
NATIONALITIES

23 YOUNGEST — 38 AVERAGE AGE — OLDEST 60

75 — OF WHICH 53 ARE EMPLOYEES HOLDING 35% OF VOTING RIGHTS
SHAREHOLDERS

19 — 10 WOMEN, 9 MEN
NEW EXTERNAL HIRES

As of December 2020

GROUP
CORPORATE

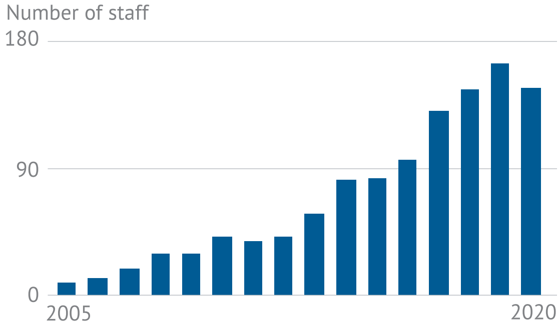
FINANCE
The Finance and Administration unit has group-wide responsibility for financial accounting, consolidation and reporting, the preparation of statutory financial statements and audits, treasury management, corporate financial risk management and asset/liability management, as well as facility management at headquarters and in support of Symbiotics affiliate offices. The unit successfully completed the implementation of an Enterprise Resource Planning (ERP) tool in all our locations. This major investment enables the unit to work on a unified platform for the locations that shortens and reinforces our financial report production cycle for better management decision-making.

CONTROLLING
This year we further consolidated the Controlling unit. We paired the Financial Planning and Analysis (FP&A) tool with the ERP, enabling the seamless flow of information within the ERP ecosystem. Ultimately, it reinforces and leverages the capabilities of the company performance management solution introduced in 2018 to better use financial data for decision-making.

INTERNAL COMMUNICATIONS
The COVID-19 pandemic moved internal communication on the top of the agenda as the company had to switch to a full work from home modus operandi in all locations as of the 1st quarter of 2020. Internal communications ensured regular information flows, sharing specific information on locations and recommendations from the authorities, updating company policies and providing staff with information on how to cope with the pandemic. To boost and facilitate communication across the entire group and to adjust to the new paradigm of remote work, we deployed a new collaboration tool across the group in the last quarter of the year.

PEOPLE
Because of internal restructuring and uncertainties triggered by the COVID-19 pandemic, we imposed a partial hiring freeze. As a result, the headcount ebbed to 148, bringing the number of permanent staff on payroll to levels similar to those in 2018.

Figure 1
Staff at year-end



In 2020, the People unit worked on its institutionalization and digitalization to adjust the human resources (HR) framework to the firm's growing complexities. The same year, the unit completed the selection of a human resources information system (HRMS) tool that will be implemented throughout the group in 2021. This major investment allows the unit to manage the entire employee life cycle on a unified platform, enabling better management decision-making and using a dedicated dashboard and key performance indicators.

We have clarified and completed HR policies and updated staff regulations at HQ and implemented a local version in South Africa.

Senior management attended several modules of the Certificate of Advanced Studies in International Organizations Management, held in collaboration with the Geneva School of Economics and Management at the University of Geneva. Similarly, we have further deployed the training in people management for first-line managers, as well as technical skills training, such as an Excel training pilot via the Coursera platform.

Finally, the unit introduced the Objective and Key Results (OKRs) framework, a goal-setting procedure to define and track objectives and their outcomes.

DIGITAL

We focused the year on streamlining the delivery of digital solutions.

Developing the business analysis function, creating single points of contact to define and track progresses for each respective division. We organized training sessions with an external consultant to improve the cross-functional collaboration during the development of digital solutions and the use of best practice methodologies.

Through the launch and development of a fully outsourced software development team with Amaris, a Swiss consulting company, we grew the team to 3.5 full-time equivalent (FTE) staff fully dedicated to Symbiotics. This allowed to deliver substantial improvements in the methodology and associated quality of our output. This capacity is likely to grow in the future to support our expectations of quantitative results and further align with our ambitions of improved client and colleague experiences.

The Business Intelligence capacity, initiated a year ago, has grown with the arrival of one new colleague. We have already been witnessing some benefits, with the certification of our data and the documentation of the associated calculation and sourcing process. Going forward, we plan to expand this offering to all segments of the company and to empower users to create their own environments.

Through procurement, or the delivery of new or improved solutions to complement our own, we have confirmed the historical shift from internally built to externally sourced that we initiated last year. It saw a major boost with the enterprise resource planning (ERP) solution, the management of the company's shares and shareholders (Ledgy), and most recently the work on the implementation of a solution to support the human resources function (HRMS). On top of this, the migration to Microsoft Office 365, starting with the implementation of Teams, was a key element in our business resilience and a successful year.

The pandemic has challenged and forced us to move at a faster pace than expected; it has stretched our resources thin, with increasing pressure on delivering timely results. Yet, through continuing improvements in our infrastructure and the maintenance and protection of our systems, we have built a consistent and robust IT environment that we can rely on, in or away from the office.

On the communication side, with lighter demand for events and sponsorships, we focused most of the year on consolidating and improving our existing assets, including fine-tuning communication means such as mailings, press releases and social media posts, and, most of all, doing an audit of our brand to reflect best practices from the past in order to prepare a set of brand guidelines to ensure coherent and consistent use by all staff. We have released a first segment specifically addressing the proper tone of voice for the company. The arrival of an extra resource, bringing the communication function back to 2 people, has been key.

RISK

More than ever before, risk management stood at the heart of Symbiotics activities in 2020. The magnitude of the pandemic pushed all functions across the company to adjust to an entirely new situation. Throughout the year, Symbiotics strived to build innovative strategies in a bid to protect its employees and its clients at both ends of the investment value chain.

The year was intense from a regulatory perspective for the entire group. Symbiotics France SA successfully obtained its *Alternative Investment Fund Manager* (AIFM) license from the *French Autorité des Marchés Financiers*. With a European Union (EU)-based AIFM, the group is widening the scope of its services to European investors and further consolidates its leading position in the impact fund management space across Europe. The group also finalized its post-Brexit regulatory set up via the transfer of some reception and transmission of order (RTO) activities to EU-based, MiFID-licensed Symbiotics Netherlands. Last but not least, as a sign of the group's expertise, the Swiss Financial Market Supervisory Authority, FINMA, provided a positive opinion of the Symbiotics product risk management setup following a supervisory review performed in April.

Aware of the risks associated with its ever-growing presence in the emerging market private debt space, Symbiotics reinforced its capacity to mitigate money laundering or terrorism financing scheme risks. The company brought on a new resource, substantially upgraded its anti-money laundering (AML)-related digital solutions and strengthened its employee skills via extensive training sessions. In 2020, Symbiotics also adapted its policies and processes to major laws entering into force in 2021–2022, such as the EU Sustainable Finance Disclosure Regulation (SFDR) and the Swiss Financial Services Act (FinSA).

2020 was a challenging year, but an extremely enriching experience both from risk management and compliance standpoints, with lessons that will have repercussions far beyond 2020.

INNOVATION – DIGITAL

Among the important evolutions of 2020 was our shift to significantly open up using third-party providers and implementing solutions, in part or as a whole, that have upgraded and accelerated our capacity to deliver appropriate answers to the needs of our stakeholders.

Our mindset has changed and we are now embracing the opportunities offered by working closely with consultants, delegated workforces or external agencies, giving us an external point of view and the opportunity to exchange, challenge existing mindsets and learn from others.

We recognize that the foundation of our successful transformation lays on a path that many have taken before us; receiving their advice is both an opportunity and helps protect us from making the most common mistakes.

We are growing our network of partners – from start-ups supporting us on very tactical initiatives, to large consulting agencies – helping clear up the noise to better understand our needs and select the most appropriate solutions available.

Thanks to their support and the work of many small strategic workgroups internally, we are integrating game-changing solutions into all aspects of our work, covering the needs of our staff, management, shareholders and clients alike.

We are bringing digital back into our DNA.

INVESTMENTS
MARKETS

The COVID-19 pandemic hit all markets in 2020. While Asia was the first to feel the effects strongly, it soon became global and affected our partners in all 80 countries in our portfolio. Liquidity was the first threat for our partners, but it quickly became clear that while there were no deposit flows, our institutions were able to build up cash levels thanks to the good collaboration among private sector impact fund lenders. Financial institutions were then able to restructure the portfolios of their own clients impacted by the pandemic as a result of the quick reaction of local regulators. With almost 50% of the global underlying portfolio restructured in July, fears of high write-offs became a possibility. Yet our worst-case scenarios quickly showed that most of our partners were strong enough to absorb the shock. By December 2020, the restructured portfolio levels were down to 20%, with high payment levels by end-borrowers and further levels of comfort in terms of risk management of our partners. In this highly unstable environment, most of our partners managed to remain profitable; many managed to grow their portfolio to support the real economy and will play a strong role in supporting restarting economies.

To find the best risk-return opportunities, Symbiotics continues to use its coverage of more than 80 emerging and frontier countries. We lost temporary exposure in Bangladesh and Turkey. The number of active investees remained stable at around 290, with a slight decrease in pure microfinance institutions and a gain in financial institutions specializing in a specific sector (education, agriculture or housing). We focused more on existing partners and added fewer new partners (+23) as travel and visits to new institutions were extremely difficult in 2020. While financial institutions remain the bulk of our partners, we provided analysis services for direct investment in a cacao cooperative in Côte d'Ivoire, as well as for a leading Indian solar energy company.

Figure 2
Number of new investees brought by Symbiotics to its clients

INVESTEES ADDED	2020	2019
Central & Eastern Europe	1	3
Russia, Caucasus & Central Asia	2	5
Middle East and North Africa	0	6
Eastern Europe, Central Asia & MENA	**3**	**14**
South America	5	12
Central America, Mexico & the Caribbean	1	5
Latin America & the Caribbean	**6**	**17**
South Asia	2	5
East Asia & Pacific	3	5
South & East Asia	**5**	**10**
Sub-Saharan Africa	**9**	**9**
Western Europe	**0**	**4**
TOTAL	**23**	**54**

REGIONAL FOCUS

Latin America became the global epicenter of the pandemic in mid-2020, with 5 countries among the 12 most affected countries worldwide (Brazil, Argentina, Colombia, Mexico and Peru). This led to an 8% decline in aggregate GDP growth in the region. The most affected sectors included tourism, hospitality, transport and related services. However, after a sharp decline in demand for loans in Q2, demand for funding picked up in the second half of the year boosted by government programs to mitigate the social impact of the pandemic. The stable relationships and close communication between Symbiotics and its well-known, solid investees contributed to maintaining the quality of assets under management (AUM) in the region; it also made it feasible to launch new products and to issue two sustainable bonds in Peru and Colombia.

While the pandemic severely affected economies in sub-Saharan Africa (SSA) , resulting in a recession (−3.7% GDP growth) in the region for the first time in 20 years, 2020 ultimately proved to be a year of resilience. Most countries implemented expansionary fiscal and monetary policies, including central bank regulations in support of forbearance, decreasing policy rates, the extension of emergency lines of credit and the adoption of a much more digitally-based economy for both clients and financial institutions. Conversely, microfinance institutions (MFIs) have experienced a steady rebound in monthly disbursements and repayments since May 2020, with both measures growing back at a rate nearly comparable to the initial decline in every region. While portfolio levels continue to improve, the pace of growth is cautious, reflective of a fragile recovery. It is evident that financial institutions will continue to play a vital role in the recovery of the SSA region. While witnessing an increase in demand for funding across the region, Symbiotics is well positioned to help fill this need through its stable geographic footprint and deep market knowledge.

South and East Asia followed different growth paths in 2020, with East Asia able to limit the damage and maintaining positive GDP (around 0.7%), largely thanks to China and Vietnam. South Asia was much more affected, with a GDP contraction expected at around 7%. Our 60 partners mirrored this observation, with East Asian financial institutions demonstrating faster growth recovery and improved asset quality, even if trends have been positive in both regions since Q3 2020. One of our fastest origination destinations in 2020 was China, which became Asia's second-largest exposure after India (and fourth globally). Thanks to one of the strictest lockdowns, the country limited the damage to public health and was able to bounce back sooner than any other country, with growth accelerating to 6.5% year on year in the fourth quarter. The performance is impressive, even if production in the industrial sector boosted by depressed economies elsewhere drove this rebound and not its sluggish domestic consumption.

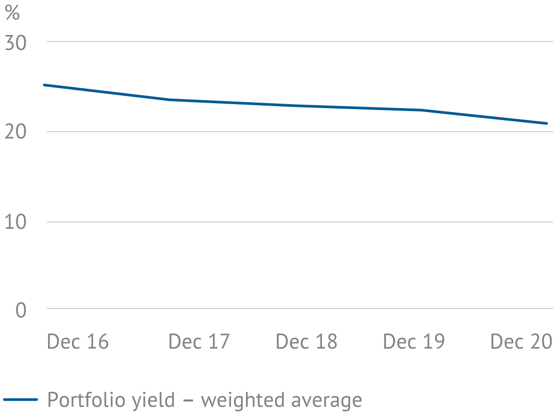
On the other end of the spectrum, Indonesia's indecisive management of the pandemic meant that it has seen the highest number of cases and fatalities in East Asia, as well as the first economic contraction in two decades. India is set to endure the biggest loss due to COVID-19 (USD 950 billion) among developing countries, while the rupee was the worst performing Asian currency in 2020. Pent-up consumer demand has, however, contributed to strong economic and monetary recovery in early 2021, assisted by a sharp increase in central government spending. Myanmar reported moderate economic growth at end 2020 while our MFI partners generally had positive results despite the pandemic. Demand for green financing from our bank partners has risen throughout Asia due to cheaper solutions and public incentives.

Overall, Central Asian markets resisted the pandemic's consequences well, with Uzbekistan and Tajikistan putting modest but positive GDP growth on the books in 2020. However – as was the case in Eastern Europe and Caucasus – many local currencies in the region witnessed increased volatility and depreciated against the US dollar. We note in 2020, that our Armenian and Kyrgyz investees performed well, despite an additional shock caused by, respectively, the Karabakh war and political turmoil that took place in Q4-20. Georgia suffered the most from the imposed lockdowns, seeing its tourism sector contract and local currency depreciate sharply in S1-20. Still, thanks to the strong government response to the pandemic, coupled with quality regulations and strong support from international financial institutions (IFIs), our investees continued to perform well. In this context, Symbiotics increased its active loan exposure in all Eastern European and Central Asian (EECA) markets due to strong credit demand from micro-enterprises and small and medium enterprises (SMEs) exposed to the agriculture, small local trade and medical services sectors.

Figure 3
Investment origination by tier in 2020 (headcount)

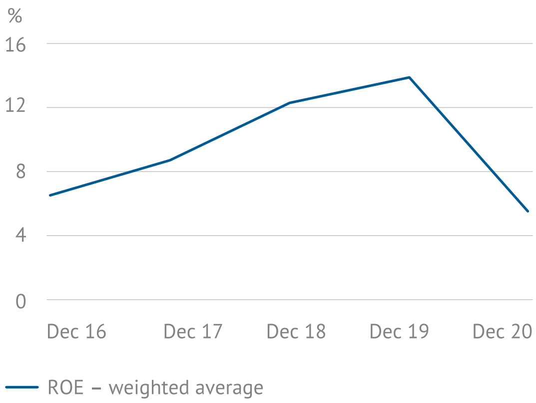
	ECA	LATAM	ASIA	AFRICA	TOTAL
Tier 0	3	11	9	5	28
Tier 1	32	35	29	11	107
Tier 2	37	40	23	41	141
Tier 3	2	2	2	8	14
	74	**88**	**63**	**65**	**290**

Figure 4
Portfolio yield



For the same reasons, the Middle East and North Africa (MENA) region witnessed a major economic contraction (i.e., Tunisia –8%, Jordan –6%). However, market liquidity remained high as financial institutions (FIs) had relatively good access to funding thanks to central bank stimulation packages and interest rate cuts, as well as attractive development finance institution (DFI) financing terms. While most MENA countries remained relatively stable, Lebanon continued to face a monetary crisis and a sharp currency devaluation due to dwindling central bank reserves, with the introduction of informal capital controls by banks negatively impacting our investees.

Figure 5
Return on equity



CLIENT STORY

COOCIQUE (COSTA RICA)
FRANCISCO GONZALEZ GUZMAN

Francisco Gonzales Guzman is a 63-year-old agricultural producer from the city of llano Grande of Cartago, in Costa Rica. He is a widower and has five adult children. Although Francisco never took finance or accounting classes, his extensive experience in the agricultural sector has always allowed him to make good decisions for his business. He has seven full-time employees, many of whom are family members.

Francisco's business mainly comprises vegetables and potatoes. Coocique selected him to benefit from a personalized support program to help him grow his business efficiently. Following this program, Francisco was able to diversify his production: flowers, including roses, and more recently, strawberries. The diversification is key to avoiding dependence on market price fluctuation and climate change effects. Coocique has granted him two credit lines. He plans to invest the funds in a greenhouse, a reservoir tank and some vehicles. The structure of the loans is tailor-made as Coocique adjusts instalments to the production cycle.

Today, Francisco's business enjoys almost constant good quality. Thanks to his improved technical skills, he now uses hydroponic cultivation methods to grow strawberries, which has greatly improved the quality of the product and productivity.

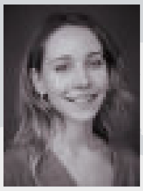
MARKET COVERAGE

KLAUS GEYER
Regional Director
Latin America and the Caribbean

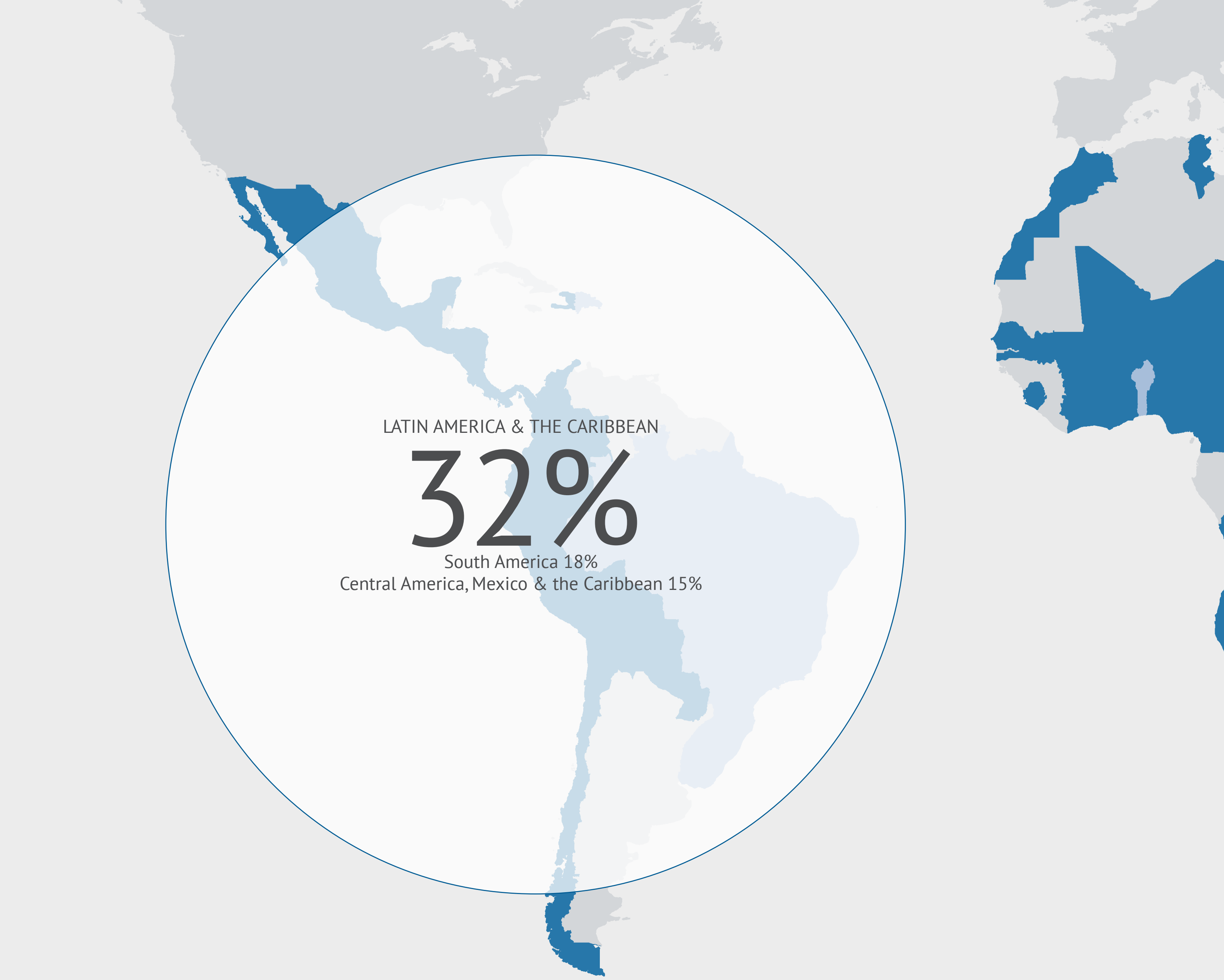
DUNCAN FRAYNE
Regional Director
Sub-Saharan Africa

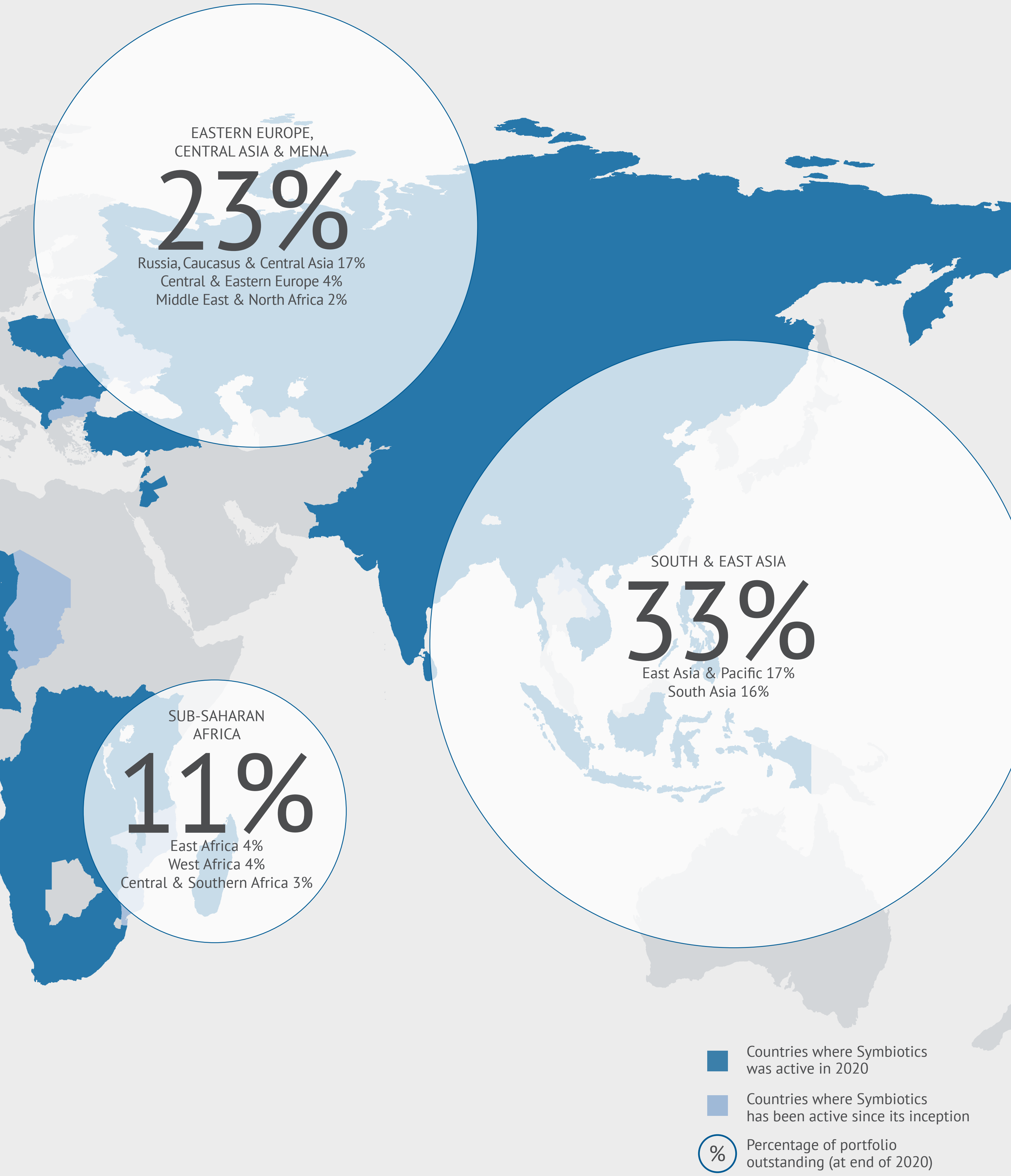
PATRICK D'HUART
Regional Manager
South and East Asia

ALEXANDR FANDO
Co-Regional Manager
Eastern Europe, Central Asia and MENA



SOFIA TULUPOVA
Co-Regional Manager
Eastern Europe, Central Asia and MENA




EASTERN EUROPE,
CENTRAL ASIA & MENA
23%
Russia, Caucasus & Central Asia 17%
Central & Eastern Europe 4%
Middle East & North Africa 2%
SOUTH & EAST ASIA
33%
East Asia & Pacific 17%
South Asia 16%
SUB-SAHARAN
AFRICA
11%
East Africa 4%
West Africa 4%
Central & Southern Africa 3%
Countries where Symbiotics
was active in 2020
Countries where Symbiotics
has been active since its inception
%
Percentage of portfolio
outstanding (at end of 2020)

INVESTMENTS

OVERVIEW

Despite a very challenging year, origination reached unprecedent levels with USD 991 million disbursed to 170 financial institutions located in 53 countries. The original budget had a target of USD 996 million, meaning that we basically delivered the pre-COVID-19 forecasted volume. This represents 15% growth in origination versus 2019.

The year saw significant swings in terms of monthly disbursements. Although it is usual to see an increase in loan disbursements in the last quarter of the year, 2020 experienced exceptional deviations. The first quarter started relatively well, with in particular a strong pipeline for March. But from mid-March until the end of April, disbursements almost completely stopped. This was due to direct consequence of the pandemic outbreak and lockdowns imposed in most countries. Fund managers solicited us to put all disbursements on hold to mitigate the huge uncertainty that prevailed at the time. We fully dedicated the second quarter of the year to adapting to this new situation and in particular to managing the large volume (> USD 200 million) coming to maturity in May. This represented a major challenge as many of our partner financial institutions had to put their operations on hold, which meant no cash inflows to pay their maturing obligations. Due to this situation and the lack of visibility prevailing in all markets, we received a number of demands to either reschedule our maturing loans through cashless rollovers or borrow additional funds to build a liquidity buffer.

This resulted in a significant increase in volume disbursed in Q3 and culminated in a record month of December, with USD 253 million in loans originated.

There have been big differences between the regions. Interestingly, those regions the most affected by COVID-19 are also the ones that have borrowed the most. For instance, Latin America represented the bulk of our origination in the first part of the year, when the pandemic was wreaking havoc in several countries; whereas India saw considerable demand in the last quarter, when infection rates were at their highest in the country. On the contrary, Africa has reportedly been less impacted by the pandemic and has also borrowed less throughout the year. A factor to be taken into account is the price of the barrel of oil and of commodities more generally, which took a severe hit at the start of the pandemic. This has caused many oil exporting countries to face a double crisis: the pandemic and a collapse of revenues from commodities. Given past experiences in such countries, both financial institutions and lenders have remained extremely cautious, leading to exceptionally low lending activity. Disbursements in both Africa and

Figure 6

Investment origination by region

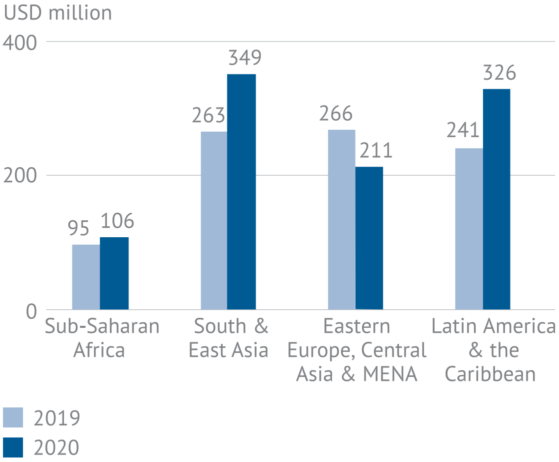
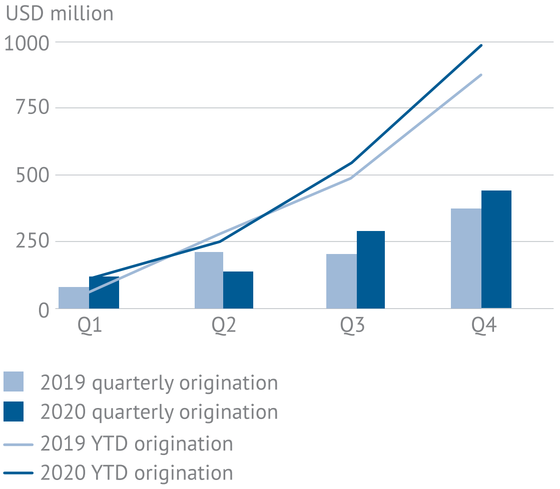


Figure 7

Origination timeline



Europe and Central Asia have finally picked up in the last quarter, allowing to recoup part of the initial losses. As a result of these regional shifts, Asia was for the first time the largest region in our portfolio, followed closely by Latin America, whereas the share of sub-Saharan Africa remained stable at only 10.7% (down from 11% in 2019) of our total origination.

Overall, the regional diversification of our outstanding portfolio remained fairly stable in 2020, with the top 5 countries representing 35.7%, a slight increase from 32.6% in 2019. This was mostly due to our top country, India, climbing from 9.3% to 11.9%. The top 5 investees remained stable at just below 10%. The average outstanding loans per investee increased by 8.5% to USD 8.1 million, the highest increase for several years. This is mostly because we disbursed large volumes to fewer institutions. For instance, our outreach has decreased since we suffered a net loss of 32 financial institutions in 2020. The pandemic has been a major obstacle in taking on new partners, due either to the prevailing uncertainties or to the travel restrictions complicating business development. As a result, 32 institutions have dropped out, whereas we took on only 25, down from 55 one year before.

In times of crisis, it was also important to support our long-standing partners, with many of our borrowing institutions praising our reactivity, flexibility and assistance. We have also gained significant market share from our peers who have proven to be more cautious than we were. Our main source of transaction origination – first tier companies (with balance sheets from USD 100 million to 1 billion) – continued to make up 62% of total transaction origination, while the largest financial institutions (tier 0 with balance sheets above USD 1 billion) represented 11% and second tier (with balance sheets from USD 10 million to 100 million) represented 26%. Third tier (balance sheets below USD 10 million) remained insignificant in terms of volume. The share of our USD labeled portfolio has continued its decline, representing only 36%, down from 41% in 2019.

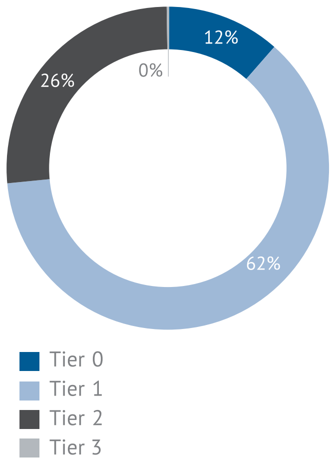
Figure 8

Portfolio outstanding by region

REGION	USD MILLION	%
East Asia & Pacific	407.3	17.2
South America	406.9	17.2
Russia, Caucasus & Central Asia	400.1	16.9
South Asia	359.6	15.2
Central America, Mexico & the Caribbean	343.9	14.5
Sub-Saharan Africa	266.2	11.3
Central & Eastern Europe	95.9	4.1
Middle East and North Africa	44.3	1.9
Western Europe	34.9	1.5
North America	7.1	0.3
TOTAL	**2,366.20**	**100**

Figure 9

Investment origination by tier



INVESTMENT INSTRUMENTS

Altogether, Symbiotics disbursed 716 transactions to 170 financial institutions. We handled 466 of these transactions through direct promissory notes or loan agreements between funds and FIs. We disbursed 53 transactions as impact bond issuances, syndicating discretionary mandates, advisory mandates and a few external investors. These 53 bond issuances translated into 250 bond notes sold to 30 different investors/funds. In all, the average loan size remained fairly stable at USD 1.38 million, illustrating the Symbiotics business model of working with a large number of small to mid-sized investment vehicles, thereby impacting efficiency and productivity within the investment value chain. Bond issuances amounted to USD 419 million (vs 359 million in 2019), representing 42% of origination in terms of volume, including 2 development finance institution participations for a total of USD 24 million, among which were 2 large subordinated-debt transactions in Africa. While senior debt still represents the bulk of our origination (92% of the total), the share of subordinated loans has increased significantly (8% of origination, representing 5% of our outstanding portfolio).

INNOVATION– SUSTAINABLE BONDS

Last year was a success for us in terms of innovation, with the establishment of a track record in the issuance of green, social and sustainability bonds. During the year we issued two green bonds for Pan Asia Bank, four social bonds in Peru, India, China and Colombia respectively, and one sustainability bond in Armenia. These seven sustainable bonds had an aggregated bond issuance size of USD 75 million.

For these issuances we have adopted the International Capital Markets Association standards, which have received wide acceptance among investment managers. Abidance with these standards opens additional venues for us to sell sustainable bonds originated by Symbiotics to a wider group of investors globally.

With these seven issuances, we have shown our ability to issue sustainable bonds to raise funds for institutions that otherwise would not have the possibility to do so. The unique value proposition has not gone unnoticed by the market. On 31 March 2021, Symbiotics won the 'Award for innovation – bond structure (green bond)' category at Environmental Finance's 2021 Bond Awards. This award specifically mentions the green bond for Pan Asia Bank. Environmental Finance credits our unique low-cost issuance structure for bringing sustainable bonds to emerging and frontier markets.

The Sustainability Bond for Armenia is another example of thought leadership, as the specific characteristics of this type of bond allow for the inclusion of eligible social and green projects without a minimum percentage allocation. As such, we have made the gradual growth in green financing propositions for investees possible, along with the ability to finance those socially eligible projects these financial institutions have.

The successes of 2020 provide us with a clear foundation to further build on during 2021.

Figure 10
USD 27 million of sustainable bond issuances

Pan Asia	Sri Lanka	LKR 1,433,750,000 (USD 7,750,000)	Maturity 48 Months	June 2020	GREEN BOND
Abaco	Peru	PEN 36,137,400 (USD 10,250,000)	Maturity 48 Months	July 2020	SOCIAL BOND
Pan Asia	Sri Lanka	USD 3,500,000	Maturity 48 Months	August 2020	GREEN BOND
Sammunati	India	INR 505,250,000 (USD 6,750,000)	Maturity 36 Months	August 2020	SOCIAL BOND
Fourth Partner Energy	India	INR 1,260,000,000 (USD 17,140,000)	Maturity 48 Months	September 2020	RENEWABLE ENERGY BOND
AEB	Armenia	AMD 5.283.000.000 (USD 10,700,000)	Maturity 48 Months	November 2020	SUSTAINABILITY BOND
CD Finance	China	CNY 55,025,000 (USD 8,250,000)	Maturity 33 Months	December 2020	SOCIAL BOND
La Hipotecaria	Colombia	35.813.610.000 (USD 10,500,000)	Maturity 48 Months	December 2020	SOCIAL BOND

SPOTLIGHT ON COVID-19

In 2020, CGAP (Consultative Group to Assist the Poor) and Symbiotics launched a partnership to track and analyze the performance of hundreds of microfinance institutions (MFIs) around the world in an ongoing effort to shed light on how the COVID-19 pandemic is impacting the microfinance sector. We have published our analyses at www.cgap.org/mfi-snapshots as a series of brief snapshots that include key indicators on issues such as portfolio quality, moratoria, disbursements, repayments and solvency, as well as our insights on key developments and what they mean for the future. The collaboration with CGAP brings complementary observations into how the sector is doing on top of the data coming from 300 partners.

The first snapshot, published in November, highlighted the importance of the moratoria portfolio, with a peak recorded in May and falling in all regions after that. After a three-month decline through April, gross loan portfolios started growing again in May in most regions, making their way back to pre-crisis levels. Liquidity and solvency remained stable.

We observed similar positive trends in the second snapshot, which considered data until October 2020. Despite a stable solvency level, it remained difficult to determine the medium-term impact on the microfinance sector. Therefore, we undertook a stress test assessing the potential impact of solvency problems by assuming that 20% of troubled portfolios resulted in losses. The results are reassuring, with only 4% of FIs recording negative equity.

The third snapshot, with data as of December 2020, further investigated potential solvency problems by focusing on Latin America. Despite a high level of moratoria on loans in Latin America, more than 90% of payment moratoria were up to date in December 2020. The third brief also shows the state of key indicators for the whole of 2020. Overall results from December 2020 show an encouraging recovery in monthly disbursements and repayments, reaching almost positive territory. Portfolio quality also improved, with a stable solvency level, declining moratoria and a slowly decreasing portfolio at risk, except in Asia. Portfolio growth continues to increase, with a median growth of 2% in December 2020 and an absolute growth of 6% over the same period.

Figure 11

Monthly disbursement

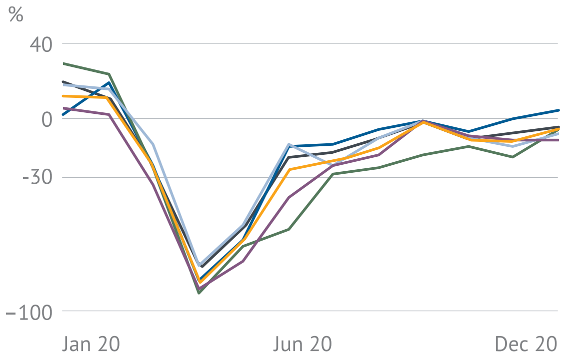


Figure 12

Liquidity

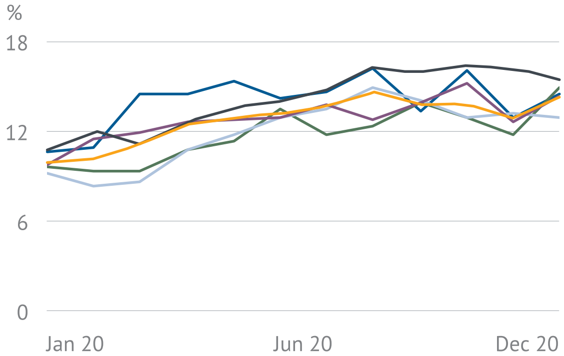
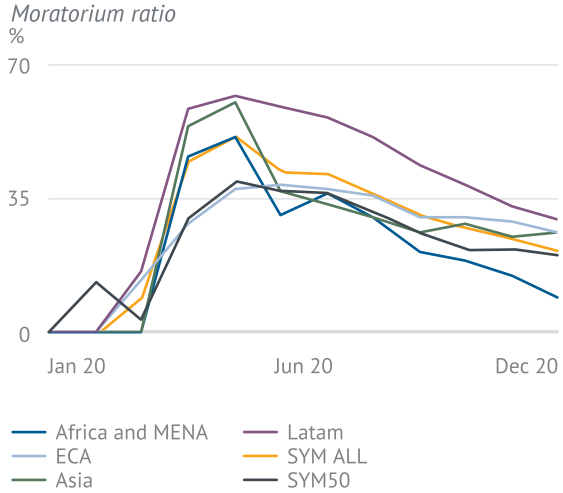


Figure 13

Moratorium ratio



Indicator definitions

For the following ratios, we use the median value of a given regional or sub-regional group of MFIs, SME finance institutions and SME banks. We calculate all ratios in local currency.

Monthly disbursement (year over year)

Growth (respectively decline) of monthly loan disbursements to borrowers, compared to the same month in 2019.

Liquidity

Unrestricted cash and short-term liquid investments divided by total assets.

Moratorium ratio

Loans subject to general payment moratorium recommended by local regulator divided by the total outstanding loan portfolio.

Seamstress
Tanzania

ASSET MANAGEMENT
PORTFOLIOS

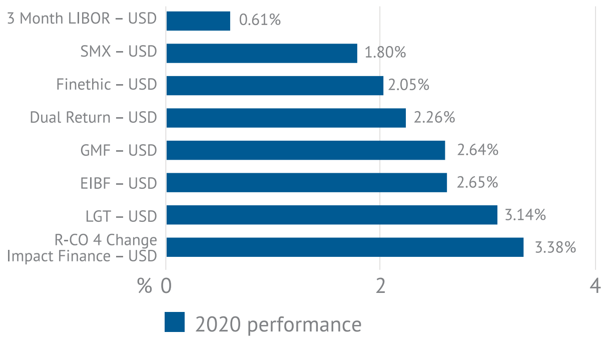
At the end of 2020, the team managed or advised more than 20 mandates, including third-party and dedicated single investor funds, evergreen and closed-end funds, as well as multilayer blended funds.

While we invest the bulk of our mandates in global emerging market private debt portfolios in 2020, we increased the diversification of our assets under management and advice: through local currency exposure as well as new impact themes, moving from pure financial inclusion (microfinance & SME debt) towards broad impact across the Sustainable Development Goals (SDGs) (clean energy, education, etc.).

Symbiotics grew its assets under advisory and management to a new all-time high of USD 2.7 billion at the end of 2020, a 10% increase (from USD 2.5 billion) from the previous year. The growth of existing funds and the onboarding of new mandates and clients drove this increase in volume. We launched four new funds: an open-ended fund promoted by ABN AMRO, the 8th closed-end fund with SEB, a single investor mandate with a Swiss pension fund, as well as a local currency mandate with Pictet.

The COVID-19 pandemic outbreak marked 2020 by disrupting the global economy starting in March. With no vaccines to immunize populations, most countries implemented strict social distancing measures. Travel bans, regional quarantines and lockdowns had significant impacts on economies and growth perspectives. However, emerging market assets ended 2020 with positive performance propelled by optimism on COVID-19 vaccine campaigns and the outcome of the U.S. presidential elections. Supported by the International Monetary Fund (IMF) and the World Bank, governments in emerging markets were responsive in supporting local economies, the private sector and households in the face of falling revenues through the implementation of sanitary measures, fiscal and credit moratoriums and loan forbearance periods.

Figure 14
Performance of hedged mandates



As lockdowns worldwide brought numerous micro-, small and medium enterprise (MSME) markets to a halt during the first semester of 2020, microfinance investment vehicles (MIVs) composing the SMX-MIV debt index took above average levels of loan loss provisions, resulting in the largest drop of the SMX MIV index since 2003. Since June, however, the trend has reversed, aligned with a slow recovery of essential economic activities in some parts of the developing world. The SMX-MIV debt index rebounded, as microfinance funds continued to disburse loans in response to high demand from microfinance institutions (MFIs) to build liquidity buffers in the wake of uncertainty and to cater to those MSME clients that had resumed operations. As a result, the SMX-MIV debt index posted positive results in USD (+1.40%), EUR (+1.18%) and CHF (+0.96%) over the period June-December 2020.

Thanks to this rebound, calendar year performance was also positive (USD +1.80%, EUR 0.70% and CHF 0.23%), although lower than historical averages.

Overall, the performance of our mandates was up to 1.5% above our reference benchmark, the SMX index, for USD-denominated hedged portfolios. Our unhedged currency portfolios experienced a much more volatile year, despite many active in the last quarter benefiting from the forex market rebound. Our mandates in SEK did suffer nevertheless from its appreciation against the USD, but still post long term average net yield of 2-3% above money markets.

Figure 15
Breakdown by mandate type
(% of assets under management)

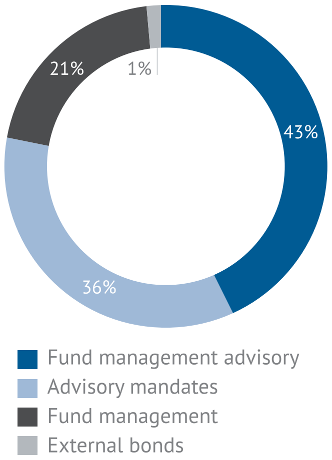
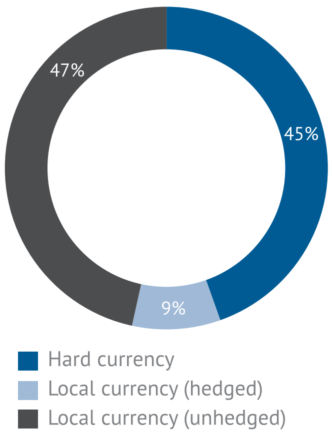


Figure 16
Breakdown by currency exposure
(% of invested portfolio)



CLIENTS

The COVID-19 pandemic had a strong impact on the Client division, forcing us to cancel most physical events and to push all client relationship activities to the digital realm.

Nevertheless, Symbiotics had a successful year, which proved the resilience of our business model as well as our asset class. During the year, we collected more than USD 175 million in net new money from our investors:

- Thanks to a successful partnership with Switzerland-based impact investor Invethos, the assets of our *Emerging Markets Impact Bond* fund more than doubled, reaching USD 38 million at the end of 2020. Moreover, the transformation of its legal structure into a Luxembourg SICAV (Société d'investissement à Capital Variable – an open-ended investment fund structure) part II will facilitate the fund's future distribution and growth.
- We successfully launched a new impact debt fund with ABN AMRO. The fund targets broad impact across the SDGs and covers themes like financial inclusion, climate change and education. It has a size of USD 33 million at the end of the year and ABN will distribute it to its clients in France and the Netherlands.
- In December, we launched a mandate for Pictet's pension fund, with an initial size of USD 55 million. The fund invests in local currency private debt instruments across a wide range of frontier markets.
- Thanks to the successful launch of *SEB Microfinance VIII* and continued inflows into the *SEB Impact Opportunities Fund*, our historical anchor client raised more than USD 60 million, illustrating the value of our long-term relationship.
- REGMIFA, our fund dedicated to sub-Saharan Africa, received net subscriptions of around USD 10 million.
- We signed a new local currency mandate with a medium-sized Swiss pension fund for USD 40 million.

In this challenging context we saw limited redemptions, mainly concentrated with one historical client where assets decreased by USD 60 million.

In June 2020, our French subsidiary obtained its AIFM license, paving the way for the distribution of our products and services across the EU. We saw limited impact from Brexit as our Dutch subsidiary holds the required MiFID authorizations to continue operating as before.

To conclude, through the launch of new products, the signing of new clients and the further evolution of our corporate setup we have sown the seeds for future asset growth and continuous impact through our investments. We thank our clients for placing their trust in us.

INNOVATION – CLIENTS

In 2020, we continued our drive to offer our clients innovative impact debt investment solutions, investing in emerging markets worldwide. Our efforts focused on reaching more potential investors in our asset class and diversifying the impact of our investments.

One of our long-term goals is to make impact debt available to the widest community of investors possible. As such, we completed the transformation of our Emerging Impact Bond Fund (EIBF) to a Luxembourg SICAV part II structure – Symbiotics SICAV II. This new umbrella facilitates distribution across Europe and improves the accessibility of our asset class for investors across the continent. EIBF also changed its positioning, offering a unique blend of impact private debt, listed investments in emerging markets, and investments in impact projects in Switzerland.

Since the launch of Symbiotics SICAV II in April 2020, we have launched two more sub-funds, for ABN AMRO and Pictet. Total assets in the umbrella fund surpassed USD 100 million at the end of the year.

We also pursued our transformation from a pure microfinance investor to a broad impact debt asset manager. Several of our recently launched funds, including the ABN AMRO Impact Fund and SEB Impact Opportunities, now have a broad impact objective targeting a wide range of SDGs. Their main investment themes go beyond traditional financial inclusion and cover topics such as clean energy, sustainable housing and education. The first issuance of a green bond with a Sri Lanka microfinance bank in June 2020 via the internal Symbiotics MSME Bonds platform, followed by several others issuances, was a major milestone in our capacity to deploy broad thematic and impact portfolios. Most of our funds invested in our certified green, sustainable and social bonds, which had assets of over USD 75 million at the end of 2020. To accompany this transition and increase impact transparency, we now attribute a main SDG intent to each of our private debt transactions. Further enhancements of our impact reports will take place in 2021.

In the fourth quarter of 2020, we prepared the implementation of the SFDR labelling of our funds, finalizing this process in March 2021 with all our funds qualifying for SFDR 9 status.

CAPACITY BUILDING

In 2020 the Symbiotics Association for Sustainable Development (SASD) reaffirmed its role as the vehicle through which Symbiotics delivers its capacity building services. We have transitioned the management of all the capacity building and technical assistance programs and projects to SASD, even for the REGMIFA Technical Assistance Facility (REGMIFA TAF), as the SASD is entrusted at the Investment Management Agreement between Symbiotics and REGMIFA with the management of the Technical Assistance Facility. The SASD has continued its strategic support of the group by providing capacity building and technical assistance to partner financial institutions (PFIs) managed by the Markets and Investments divisions.

Although 2020 was a challenging year due to the COVID-19 pandemic, which restricted economic activities and hence impacted its operations, in October 2020 the SASD added the mandate of the Smallholder Safety Net Up-Scaling Program (SSNUP) to its base of technical assistance (TA) funders and programs. Funded by the Swiss Development Cooperation (SDC) and the Government of Luxembourg, SSNUP supports agricultural value chains, agriculture and rural finance through TA to financial institutions and agricultural value chain actors. With this new three-year mandate, the SASD aims to increase its geographical coverage by supporting PFIs in SSA, Latin America and Asia.

Under the REGMIFA TAF, the SASD was able to complete three projects in 2020 for a value of EUR 212,967. Furthermore, during 2020 the SASD designed the Technical Assistance Package on Crisis Impact Mitigation (TAP-CIM), which puts the focus on digital financial services (DFS) as the key response to the COVID-19 pandemic. With the launch in 2020 of the first of three editions of the TAP-CIM for a value of EUR 217,000, SASD actively supports the digitalization of its PFIs, as the DFS focus will help to build their capacity to respond to the crisis and to implement systems and frameworks that allow for business continuity and for the expansion of their reach to new market segments. Finally, the SASD also secured a EUR 5 million, five-year TA contribution to the REGMIFA TAF from the German Cooperation through the development bank KfW to support the development of SME finance, environmental and social management systems.

The SASD made steady progress, despite disruptions in activities caused by COVID-19, on the ongoing TA mandates of the Swiss Capacity Building Facility (TA projects mainly in Madagascar and Bolivia) and the final implementation stages of the flagship Education Finance TA Package funded by the Government of Luxembourg for six PFIs in six countries (Kenya, Mali, Nigeria, Senegal, Uganda and Zambia).

The experience, activities and additional mandates signed in 2020 have well positioned the SASD to support our partner institutions to respond to and recover from the impacts of the pandemic and to expand our support of the agriculture and SME sectors to complement Symbiotics Impact Investments, as well as the broader development agenda and the SDGs.

TAMEO IMPACT FUND SOLUTIONS

We founded Tameo Impact Fund Solutions (Tameo) in December 2020 as a spin-off from Symbiotics legacy work on fund research, impact reporting and portfolio valuations. The story behind the creation of Tameo aligns with the need for these functions to gain independence and a life of their own in response to an ever-evolving and mainstreaming of the impact fund management industry.

THE BACKSTORY

From microfinance funds to private asset impact funds

The once-concentrated and homogenous micro-finance fund market in which Symbiotics was one of the early pioneers has grown to include a wide variety of specialized investment managers that develop and manage private asset impact funds with highly diversified strategies and business models beyond microfinance. Estimates put the size of this sector in emerging and frontier markets at over USD 30 billion, with nearly 450 funds run by over 200 investment managers in sectors like climate and energy, food and agriculture, health and education, housing, water and communities, microfinance and SME development.

From vertical integration to outsourcing

Like its peers, Symbiotics had vertically integrated its investment value chains internally from inception, with very little investment infrastructure support from the outside. Today, however, this practice is changing thanks to market diversification and increased innovation, margin and regulatory pressures, leading to impact fund managers opening up their business architectures, co-investing with others, outsourcing non-core activities and seeking support services.

This is the market space where Tameo brings value, through the development of transversal business models supporting impact fund managers and their private asset impact funds on key independent functionalities centered on fund research, impact reporting, portfolio valuations, syndication opportunities and liquidity solutions.

THE CREATION OF TAMEO

During 2020, selected Symbiotics team members assessed the feasibility of financially self-sustaining these business functions that were historical cost centers for more than a decade, in particular fund research and impact reporting. Pre-marketing studies showed that leading impact funds, whether pioneers or more recent actors, need market intelligence, benchmarking and indexing solutions, while many investment managers will seek third-party valuation, brokerage and impact reporting services in the coming years to run their portfolios as the market further develops.

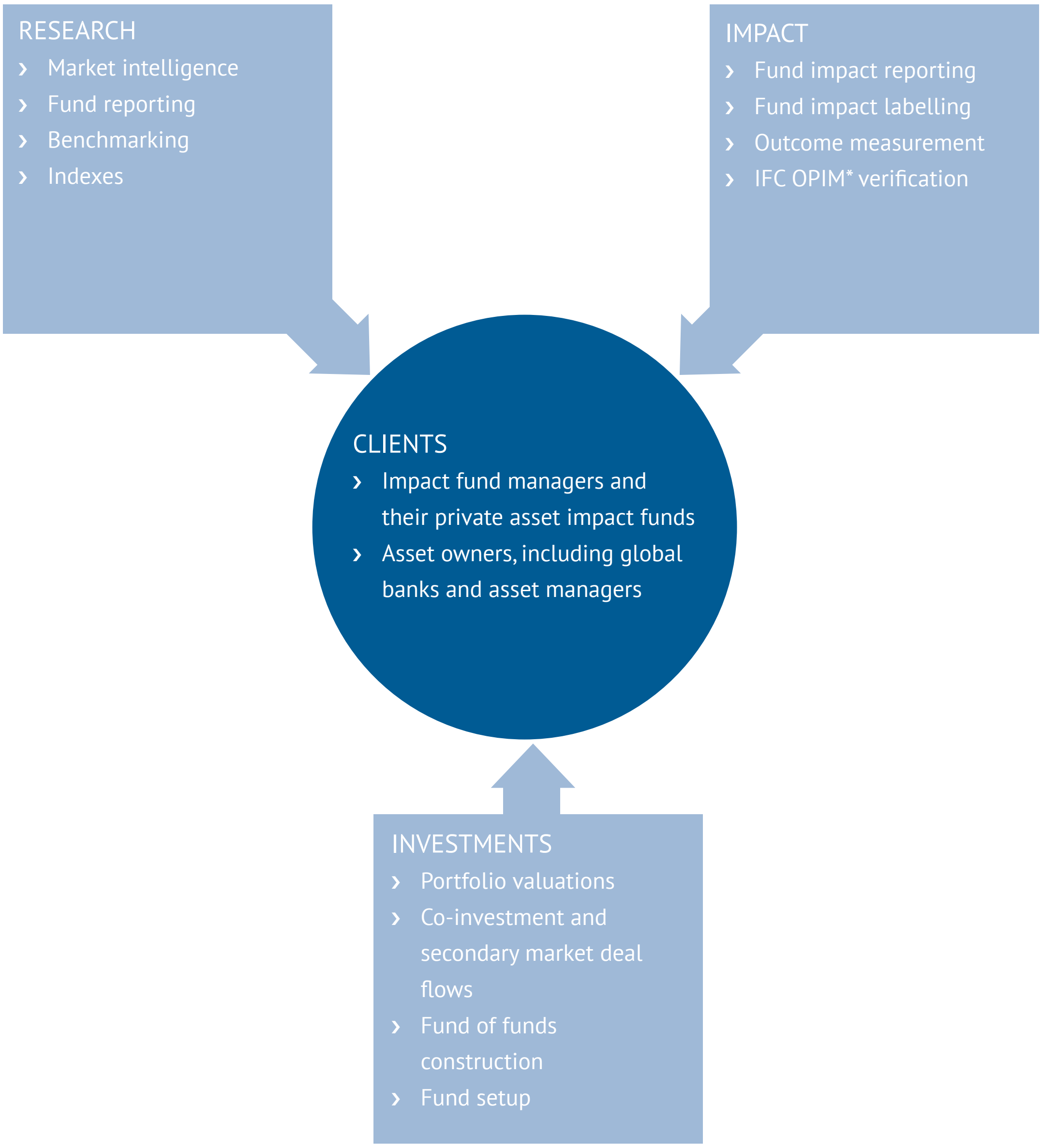
Aligning with these needs, the Symbiotics Board of Directors approved the spinning-off of Tameo in September 2020. The company was registered in December 2020, with Symbiotics as a minority shareholder. Tameo will raise capital in 2021, adding several institutional investors to fully drive its independence and success.

Clients and products

Tameo's core value proposition centers on three products: research, impact and investment solutions. These focus on professionals in the impact space, primarily impact fund managers (and their funds), global banks and institutional investors, all seeking impact investment support.

The way forward

Tameo will look to grow the historical footprint built over the past 15 years at Symbiotics. As a seed investor in the company, Symbiotics believes this new venture has the right people, systems, data and know-how to successfully deploy timely products and services for the whole impact fund ecosystem.



* *International Finance Corporation Operating Principles for Impact Management*

CLIENT STORY
BAOBAB (MALI)
SALIMATA KOUMARÉ

Salimata (Sali) Koumaré is 32 years old. She was born in Bamako, where her parents settled in the 1980s, and grew up spending time in the family store managed by her parents.

After learning the tricks of the trade alongside her parents, Sali started her own business 11 years ago, supported by her sister. She started out by selling snacks and refreshments, but after some difficulties she switched to selling food and condiments.

Despite her hard work, her financial situation remained precarious. To grow her business and improve her situation, she took out her first credit with Baobab Mali in 2014, when Baobab started its activities in the neighborhood. Since then, she has taken out five loans with Baobab, which she is paying off on schedule.

Thanks to funding from Baobab Mali, she has been able to grow her business, becoming a semi-wholesaler supplying customers in food markets in various neighborhoods. She soon plans to open a larger store with a wider range of products.

IMPACT REPORTING

IMPACT PROMISE

The Symbiotics Impact Promise defines our investment universe and how we integrate impact management in our investment process, putting impact at the core of our business operations. Symbiotics takes a threefold impact management approach to its investments, using the following principles:

Step 1: Sustainable finance principles

Using our proprietary social responsibility rating, we filter potential investments, ensuring that they comply with environmental, social and governance (ESG) principles.

Step 2: Impact investing principles

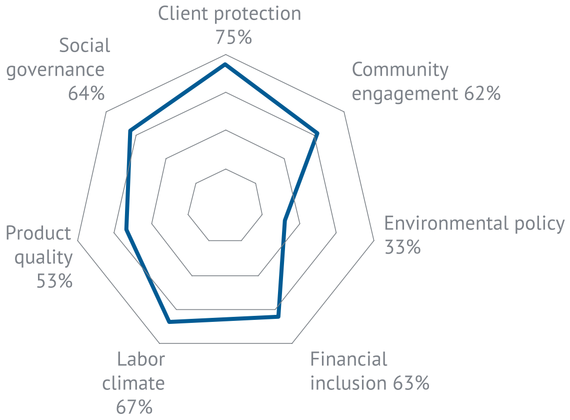
We include social covenants in each transaction to ensure that investees address themes that contribute to the United Nations Sustainable Development Goals (SDGs).

Step 3: Inclusive finance principles

We measure the social outreach of our investments to assess the extent to which they serve the base of the pyramid (BOP), ultimately benefiting low- and middle-income households and micro-, small and medium enterprises.

Figure 17

Social responsibility ratings



STEP 1: SUSTAINABLE FINANCE

Social Responsibility Ratings

Before making any investment decision, we evaluate each potential investee through the Symbiotics Social Responsibility Rating to assess its likelihood to contribute to sustainable development, taking into account ESG norms. The rating is on a scale of 0 to 5, with 5 being an extremely strong likelihood of contributing to sustainable development. The rating methodology comprises seven dimensions (client protection, community engagement, environmental policy, financial inclusion, labor climate, product quality and social governance) encompassing approximately 100 quantitative and qualitative indicators. We have applied it systematically to all investment decisions since 2010, with over 2,100 ratings produced, to date.

As of December 2020, our portfolio-weighted average social responsibility rating is 3.7 stars.

STEP 2: IMPACT INVESTING

With an inclusive finance bias, Symbiotics has largely focused on microfinance and small business finance, partnering with over 300 financial institutions that support micro-, small and medium enterprises in emerging and frontier markets since its inception. When developing the loan agreements with investees, Symbiotics includes covenants to maintain investees' financial sustainability and to guarantee the use of loans to finance activities addressing the SDGs. As such, our investments address a range of global challenges, according to the mapping in figure 20.

In 2020, Symbiotics investments targeted the following SDGs:

Figure 18

SDG contribution (% volume disbursed 2020)

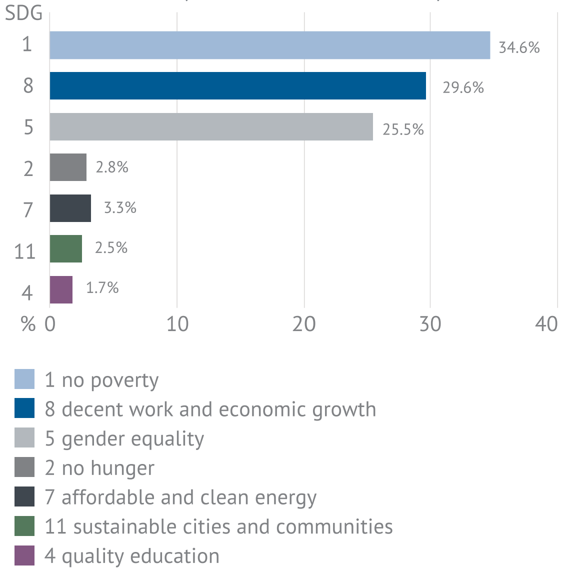


Figure 19

SDG mapping

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 and 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: INCLUSIVE FINANCE

After making an investment, Symbiotics measures its social outreach, assessing the extent to which it succeeds in *pushing money to where it normally doesn't flow*, to the base of the pyramid 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 (LMIHs) and/or micro-, small and medium enterprises (MSMEs).

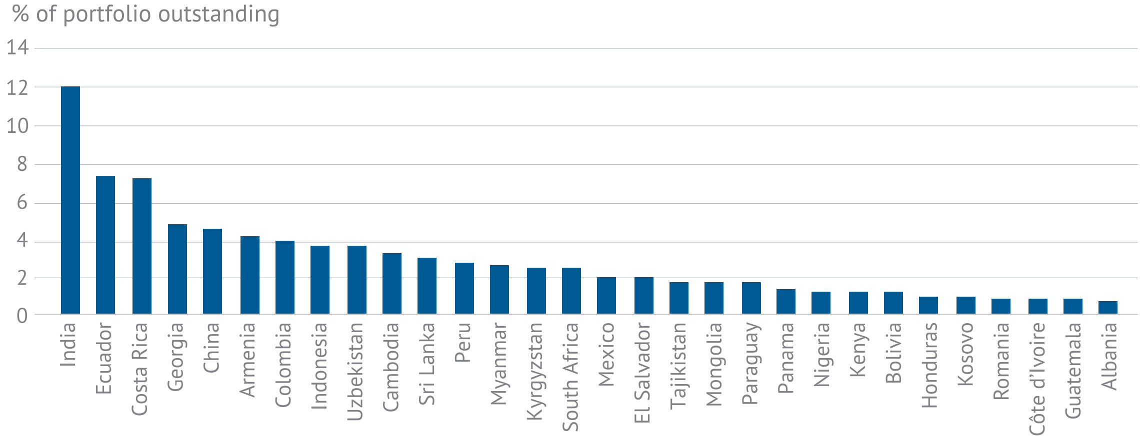
The outreach measurement captures two main elements:

(i) Market outreach: banking penetration and GDP per capita in the target country

(ii) End-client outreach: client location (rural or urban), gender, activity (agriculture, manufacturing, trade, services or other), credit type (micro, SME, household needs, housing, education or other)

We update these indicators annually, allowing us to gauge whether the activities our investees finance are in line with the intended social impact.

Figure 20
Top 30 countries (% of portfolio outstanding)



Market Outreach

Following its mission of providing traditionally underserved business with increased access to capital and financial services, Symbiotics mainly invests its portfolio in low- and middle-income economies (95%). Banking penetration levels in our countries of investment are on average 56%, lower than both the world average (69%) and the average in low- and middle-income economies (63%). Moreover, GDP per capita in the countries of investment is lower than the world average and in line with the average of low- and middle-income economies.

Figure 22
Banking penetration levels, % of adult population

	%
World (as of 2017, Global Findex)	68.5
Low- and middle-income economies (as of 2017, Global Findex)	63.0
Symbiotics portfolio (portfolio-weighted average)	55.9

Figure 21
% of portfolio outstanding by country income level

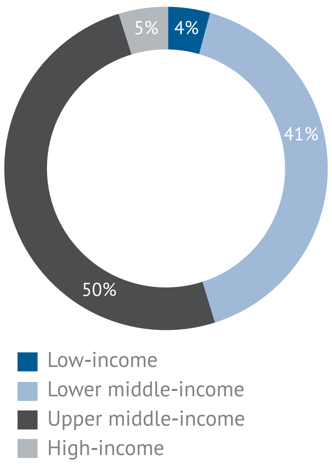
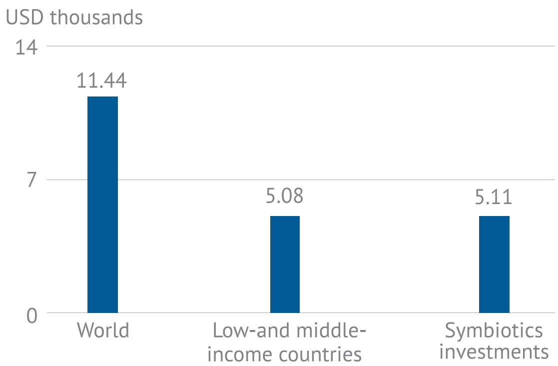


Figure 23
GDP per capita



End-client outreach

As of December 2020, the Symbiotics portfolio financed more than 1.8 million MSMEs in emerging and frontier markets, supporting approximately 3.9 million jobs.

- Of the loans provided through our investees, 43% serve microenterprise clients, 25% serve SMEs and 13% address household needs.
- early half of the end-borrowers are women (48%) and 58% are based in urban areas.
- The majority of clients receiving loans are engaged in trading activities (22%), followed by agriculture (17%) and service activities (17%).
- The median loan provided to an end-client is USD 2,188.

Figure 26

Activity

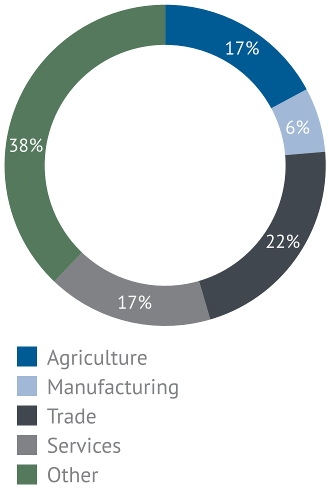


Figure 24

Gender

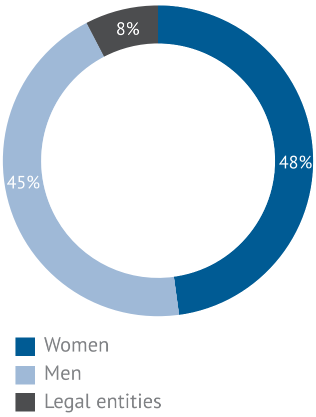


Figure 25

Location

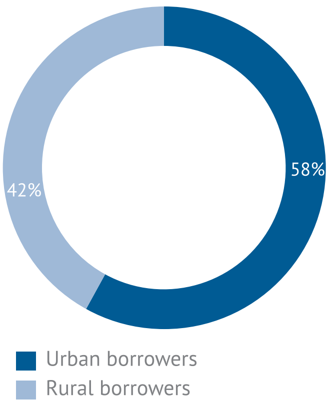


Figure 27

Loan product type

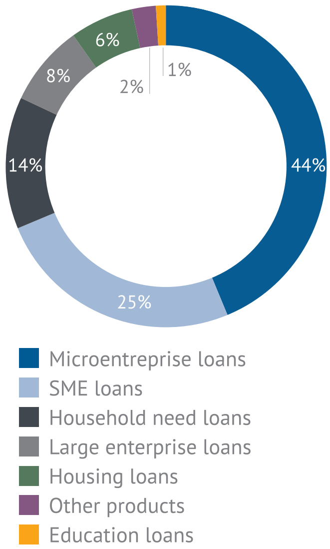


Figure 28

Total end-clients and MSME clients

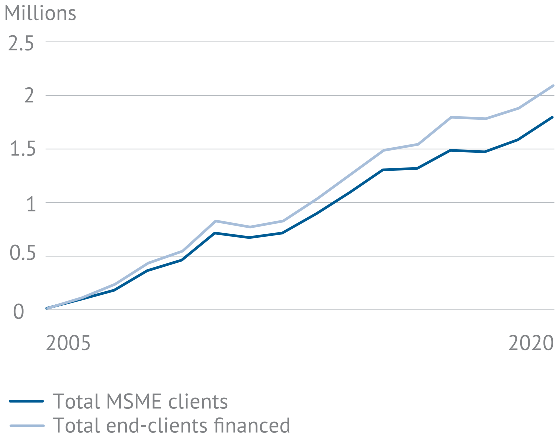
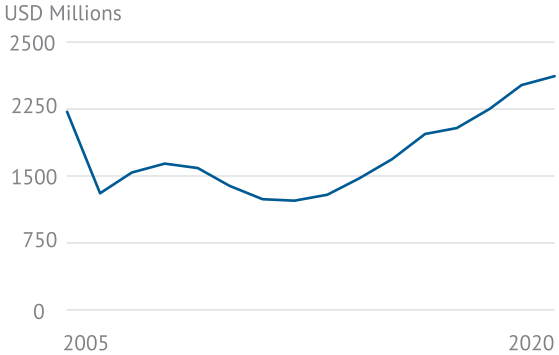
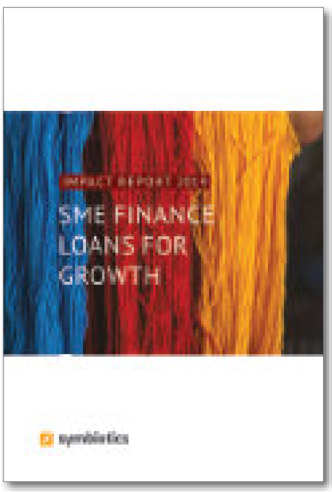


Figure 29

Average loan balance (median)





Outcome measurement

In addition to the impact management strategy applied across all investments, Symbiotics collaborates with independent third-party researchers to measure the social outcomes of its investments. In 2020, Symbiotics worked on three in-depth outcome measurement projects for two of its investment funds.

1. SME Finance Loans for Growth (LFG)

   Since the launch of the fund in 2017, Symbiotics has continued its unique outcome measurement study to assess the impact of the LFG fund in line with its objectives to foster job creation, employment and entrepreneurship in emerging and frontier markets.

   Through this study, we measure the fund's contributions to SDG 8 (decent work and economic growth), SDG 1 (no poverty), SDG 5 (gender equality) and SDG 9 (industry, innovation and infrastructure).

   We published the third annual report in this four-year series in April 2020. The results are based on data collected through direct surveys with a sample of over 900 SMEs in 12 low-and middle-income countries interviewed between 2017 and 2019. The results presented in the report show a positive relationship between access to finance and SME outcomes. Overall, we find that SMEs are growing in terms of total assets and increasing their proportion of full-time and women employees, as well as increasing their revenues and profits.

   Between August and December 2020, Symbiotics conducted the fourth and final round of data collection for this study, the results of which we will publish in 2021. Considering the COVID-19 pandemic and its significant impact on SMEs worldwide, the final edition of the survey included a series of questions to assess how the pandemic impacted SMEs in the sample.

2. Regional MSME Fund for Sub-Saharan Africa (REGMIFA)

   a. REGMIFA: 10 Years of Impact

In 2019, Symbiotics launched an outcome measurement study to determine the effects of REGMIFA's loans on end-borrowers in terms of financial inclusion, income levels and employment. For this study, Symbiotics collected data from over 650 MSMEs in sub-Saharan Africa (Côte d'Ivoire, Kenya and Nigeria). To commemorate its 10th anniversary, REGMIFA published the results of this study in May 2020 in an impact report titled REGMIFA: 10 Years of Impact.

b. Impact of COVID-19 on end-clients

In 2020, Symbiotics endorsed and participated in an industry-wide initiative to measure the impact of the COVID-19 pandemic on microfinance borrowers and to support financial institutions to better serve their clients during this time. Using a simple and standardized client interview tool developed by industry actors, Symbiotics collected data from over 3,000 end-clients in five countries in sub-Saharan Africa between July and December 2020.

The indicators focused on how the pandemic impacted end-clients in terms of financial well-being, loan repayment capacity and food consumption, and provided information about the coping mechanisms they are using. Through this initiative, we provided actionable insights to five microfinance institutions to help them support their end-clients' recovery from the pandemic.

The results of this study are available on a public dashboard, co-sponsored by REGMIFA, together with aggregated data from more than 18,000 end-clients of other institutions in 21 countries[1].

1 For more details, visit https://app.60decibels.com/covid-19/financial-inclusion

CORPORATE SOCIAL RESPONSIBILITY

B CORP CERTIFICATION

Symbiotics completed the certification process to become a Certified B Corporation, joining a global community of companies assessed for the highest standards of social and environmental performance and ethical business practices.

In its legal statutes, Symbiotics has legally confirmed its commitment to purpose beyond financial profit. The results of the comprehensive B Lab assessment provide an important benchmark for the company and a path to further improve certain areas and take concrete action in the year to come.

The B Corp Certification encompasses every aspect of the business and covers five key impact areas: governance, workers, community, environment and customers. Recent attention on the impact investing sector industry makes the Symbiotics B Corp Certification a notable step and signals a shift towards greater accountability and transparency in the sector.

1TO4 FOUNDATION – PROVIDING SEED INVESTMENT DONATIONS

Symbiotics continued its commitment to the 1to4 venture philanthropy foundation and supported this Switzerland-based non-profit organization for the fifth year in a row with CHF 10,000. Through its Giftvest program, the 1to4 Foundation provides seed capital and supports early-stage social businesses in receiving seed investment donations for job creation and the provision of access to products and services for low-income families throughout the developing world.

CLIMATE NEUTRAL GROUP – OFFSETTING THE CARBON FOOTPRINT

Symbiotics has a partnership with the Climate Neutral Group (CNG) based in Cape Town allowing to compensate for harmful environmental impact through carbon offsetting. CNG reinvests carbon credits into emissions reduction projects that combine energy, environment and development solutions into sustainable business opportunities in developing countries.

As the pandemic limited the travel of Symbiotics staff overall, Symbiotics offset only 44.8 tons of CO_2 – equivalent for its 2020 flight emissions. Nevertheless, these carbon credits allowed CNG to fund the Wonderbag project in South Africa and biogas installations in Tanzania. Both projects help reduce carbon emissions and improve the quality of life of people threatened by the impact of climate change.

Bread seller
Honduras

INDUSTRY INITIATIVES

Symbiotics is an active member of the main networks and initiatives in the impact investing industry, through which it engages in promoting best practices and sharing market knowledge.

Below are examples of the initiatives that Symbiotics engaged in during 2020.

THE GLOBAL IMPACT INVESTING NETWORK (GIIN)

The GIIN is a global network dedicated to increasing the scale and effectiveness of impact investing around the world. Symbiotics became a member of the GIIN in 2014. In collaboration with the GIIN, Symbiotics published the *Financial Performance of Impact Investing* through Private Debt report in 2018. Symbiotics continued this research effort independently in 2019 and published the second edition of this report.

OPERATING PRINCIPLES FOR IMPACT MANAGEMENT (IFC)

Born out of an initiative by the World Bank's International Finance Corporation (IFC), the Operating Principles for Impact Management launched on 12 April 2019 at the world Bank-International Monetary Fund Spring Meetings in Washington, D.C. The principles serve as a framework for investors to design and implement their impact management systems. Symbiotics became a signatory of the principles in August 2019, making it one of the earliest supporters of this initiative. In August 2020, Symbiotics published its first Annual Disclosure statement, detailing how we have aligned our impact measurement and management processes with the industry-wide Operating Principles.

SOCIAL PERFORMANCE TASK FORCE (SPTF)

The SPTF is a non-profit membership organization working with a wide range of stakeholders to develop and promote standards and good practices for social performance management in the financial service sector. In 2012, the organization developed and launched the Universal Standards for Social Performance Management to promote best practices among financial service providers. In 2019, Symbiotics became a co-chair of the SPTF's Social Investor Working Group.

SWISS SUSTAINABLE FINANCE (SSF)

SSF is an association that aims to promote best practices and to develop frameworks and tools to ultimately strengthen Switzerland's position as a leading actor in sustainable finance. Symbiotics is one of the 64 founding members that launched SSF in 2014; Symbiotics CEO Roland Dominicé is on the SSF Board of Directors. Symbiotics is also an active participant in SSF's impact investing workgroup. Currently, SSF has around 150 members and network partners, ranging from financial service providers to universities and public sector entities.

UNITED NATIONS PRINCIPLES FOR RESPONSIBLE INVESTMENT (UN PRI)

The United Nations launched the UN PRI in 2006 as a result of an initiative by the Secretary-General Kofi Annan and developed through a joint effort by experts in the investment industry, intergovernmental organizations and civil society. The principles aim, through their implementation, to develop a more sustainable financial system. Symbiotics became a signatory to the PRI in September 2010 and therefore completes an annual assessment of its investment activities.

Other memberships and initiatives

- European Microfinance Platform
- European Venture Philanthropy Association
- Investor Guidelines for Responsible Investing in Digital Financial Services
- Luxflag
- Sustainable Finance Geneva

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