MADAGASCAR
BIODIVERSITY FUND

OBVIAM
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FOR
IMPACT

2021 IMPACT REPORT

Fondation pour les Aires Protégées et la Biodiversité de Madagascar

IMPACT REPORT 2021
Fondation pour les Aires Protégées et la Biodiversité de Madagascar
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ABOUT OBVIAM
Obviam is an independent investment advisor specialised in long-term investments in emerging and frontier markets. Obviam advises public, institutional, and private clients, including the Swiss Investment Fund for Emerging Markets (SIFEM), the Development Finance Institution (DFI) of the Swiss Confederation. Obviam offers investors an opportunity to capture attractive returns and generate sustainable positive impact in developing countries, via a proven and responsible investment approach.

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FOREWORD FROM OBVIAM

While the Covid-19 pandemic continued to present significant economic and social challenges during 2021, with Obviam's support the funds and their investee companies have nevertheless managed to deliver solid impact results.

As of 31 December 2021, there were eight funds with active investments in 78 companies in the FAPBM portfolio. During the year there were five exits, and 12 new investee companies were added to fund portfolios, demonstrating an improvement in the investment climate from 2020.

The FAPBM portfolio has continued to produce measurable impacts during this second year of the pandemic. The number of jobs supported in the portfolio companies that were active investments and reported data in both 2020 and 2021 increased by 17%, despite the pandemic. In aggregate, the portfolio companies contributed over USD 200 million in tax revenues. Clean energy production increased to over 300 gigawatt hours as more renewable energy projects came online. Kaizen II's investees reached more than 3.9 million students in 2021, while CASEIF III investees reached in excess of 10,000 farmers.

This report contains descriptions of Environmental, Social and Governance (ESG) risks and impact successes for each fund, along with summaries of the impacts of Covid-19 and the fund managers' and companies' responses. Obviam has continued to engage with fund managers to support them in mitigating ESG risks (such as ensuring workplace safety and supporting their investee companies to explore alternatives to retrenchment) and maximising positive impacts.

In this report we also feature case studies of three portfolio companies from two funds that operate in the healthcare sector. These companies have played an important part in combating the Covid-19 pandemic. For example, Africa Biosystems Limited, an investee of Adenia Fund IV, is a distributor of life sciences and laboratory equipment in East Africa. ABL played a vital role in addressing the pandemic in the region by deploying 25 Covid testing platforms in four countries and by assisting in the detection of Covid variants across private and government laboratories.

Overall, the report shows that impact investing is even more important in times of social and economic crisis. The fund managers and their investee companies have continued to demonstrate resilience and fortitude in exceptionally challenging times. Obviam remains committed to the investment objectives of the FAPBM mandate, namely delivering solid returns, maintaining high ESG standards and ensuring positive developmental impacts that make meaningful contributions to many of the United Nations Sustainable Development Goals.

Claude Barras
Obviam CEO

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PORTFOLIO

GEOGRAPHY, SECTORS, IMPACT AND SDGs

This section provides a high-level overview of the FAPBM mandate and portfolio of fund investments, including their geographical distribution and financial exposure by region, sector and instrument. It also presents aggregated development impact highlights and contributions to the UN Sustainable Development Goals.

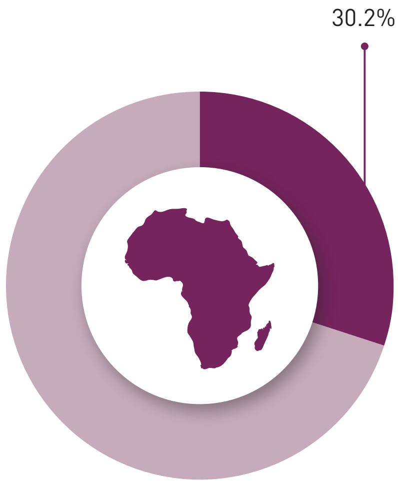
GEOGRAPHICAL DISTRIBUTION

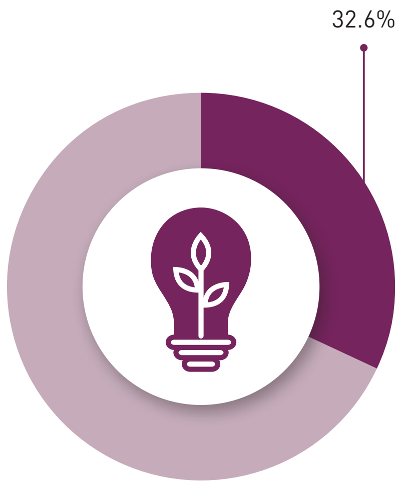
The Fondation pour les Aires Protégées et la Biodiversité de Madagascar (FAPBM) has engaged Obviam to act as its Investment Advisor to invest a portion of the Foundation's portfolio in developing countries with a sustainable and responsible investment mandate. This investment mandate is aimed at a 60% exposure to equity and a 40% exposure to debt investments, of which a minimum of 30% of commitments are directed towards Africa and 30% towards the environmental sector. The targets in the environmental sector may include investments into nature conservation, biodiversity protection, sustainable forestry, renewable energies, energy efficiency, decarbonisation, and sustainable agriculture.

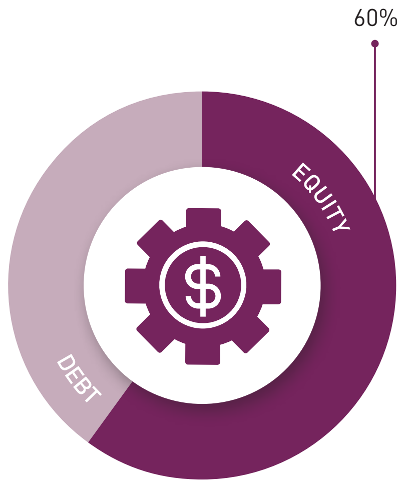
1. Abraaj Global Credit Fund (AGCF)
2. Adenia Capital IV (Adenia IV)
3. Catalyst Fund II (Catalyst II)
4. Central American Small Enterprise Investment Fund III (CASEIF III)
5. Darby Latin American Private Debt Fund III (Darby III)
6. Frontier Energy II (Frontier II)
7. Kaizen Private Equity II (Kaizen II)
8. Renewable Energy Asia Fund II (REAF II)

EXPOSURE TO REGIONS, SECTORS AND INSTRUMENTS

As of 31 December 2021, FAPBM had invested in eight funds, which had, in turn, invested in 86 companies. Three companies were exited in 2019 and a further five exits took place during 2021. Meanwhile, 12 new companies were added to the funds' portfolios in 2021: five in Adenia IV, two in Darby III, one in Kaizen II, and four in Frontier II. Thus, there were 78 active investee companies as of 31 December 2021. More than 30% of the invested capital has been allocated to investments in Africa, while 32% of the invested capital has been allocated to companies in the environmental sector. The portfolio aims to maintain a 60/40 exposure to equity and debt.







AFRICA EXPOSURE

Of the total invested capital, 30.2% has been allocated to investments in Africa. Adenia IV, Catalyst II, and Frontier II are private equity funds focused on Africa.

The total invested capital will grow as these funds deploy further capital.

ENVIRONMENTAL SECTOR EXPOSURE

Of the total invested capital, 32.6% has been allocated to investments focusing on the environmental sector.

In total, 48 renewable energy investments have been made by REAF II and Frontier II, private equity funds in South and Southeast Asia, and Sub-Saharan Africa, respectively. Of these, five projects had been exited by the end of 2021.

INSTRUMENT EXPOSURE

Of the total committed capital, 60% has been allocated to private equity funds (Adenia IV, Catalyst II, REAF II, Kaizen II and Frontier II) and 40% has been allocated to funds investing primarily via debt instruments (CASEIF III, AGCF, and Darby III).

The invested capital figures are based on the current cost of investments as of 31 December 2021.

IMPACT HIGHLIGHTS

8 FUNDS
in the FAPBM portfolio

USD 18 MILLION
committed to investments

78 COMPANIES
active in fund portfolios

18,700 JOBS
supported in active underlying investee companies

USD 200 MILLION
taxes paid by investee companies

3.97 MILLION
students reached

2,100
teachers employed

2,800
education facilities served

10,600
farmers reached

49,800 TONNES
food produced and/or processed

330 GWh
clean energy produced

190,000 TONNES
CO2e emissions avoided or reduced

The total number of jobs supported in the portfolio companies that were active investments and reported data in both 2020 and 2021 increased by 17%, despite the pandemic. In addition, more than 4,500 jobs were added to the portfolio in new investee companies in 2021, while over 40,000 jobs that were counted in 2020 were in companies that were exited during 2021, and are therefore no longer counted in the active portfolio as of 31 December 2021. Adenia Capital IV and Darby III were the largest contributors to jobs, supporting more than 6,000 jobs each. With five new investees in 2021, Adenia IV experienced the largest growth in jobs supported. Kaizen II's investees reached nearly 4 million students, and over 2,100 teachers were employed. The number of farmers reached rose by nearly 1,400 (15%) in 2021, while the amount of food produced and/or processed grew by 13% from 2020. Clean energy produced by the two renewable energy funds' investees increased by 12% as more projects commenced operations, resulting in an increase of 19% in avoided greenhouse gas emissions.

Note: All impact data contained in this report pertain to the reporting year 2021 and are as of 31st December 2021. Data are provisional due to having been received from reporting entities a short time before the finalisation of this report. Aggregate figures exclude investees of Catalyst Fund II, which has a 30th September reporting deadline.

IMPACT CONTRIBUTION TO SDGS

The 78 portfolio companies in the eight investment funds within the FAPBM portfolio support many of the United Nations Sustainable Development Goals (SDGs). The sector-agnostic funds contribute mainly to the more generic goals such as decent jobs and economic growth (SDG 8), sustainable industrialisation (SDG 9), and tax revenue mobilisation (SDG 17), primarily through the provision of growth capital that enables small and medium enterprises (SMEs) and other fast-growing businesses to expand and develop. Other funds are more sector-specific by nature and contribute to aligned goals such as access to clean energy (SDG 7) and reducing greenhouse gas emissions (SDG 13) in the case of renewable energy funds, or education (SDG 4) in the case of Kaizen II. Some of the sector-agnostic funds have invested opportunistically in companies that contribute towards food security (SDG 2) and healthcare (SDG 3). CASEIF III has incorporated women's economic empowerment into its investment strategy (SDG 5).

CONTRIBUTIONS TO THE SDGS ACROSS THE FAPBM PORTFOLIO	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	13 CLIMATE ACTION	17 PARTNERSHIPS FOR THE GOALS
Abraaj Global Credit Fund						✓	✓		✓
Adenia Capital IV		✓				✓	✓		✓
Catalyst Fund II						✓	✓		✓
Central American Small Enterprise Investment Fund III (CASEIF III)	✓			✓		✓	✓		✓
Darby Latin America Private Debt Fund III		✓				✓	✓		✓
Frontier Energy II					✓			✓	
Kaizen Private Equity II			✓						
Renewable Energy Asia Fund II					✓			✓	

2 FUNDS

INVESTMENT FUNDS AND THEIR PORTFOLIO COMPANIES

This section provides an overview of each of the eight equity and debt funds, including their portfolio companies, ESG issues, a Covid-19 update, and development impacts.

ABRAAJ GLOBAL CREDIT FUND

PORTFOLIO OVERVIEW

DRD was established in 1998 and is the second largest car fleet leasing company in Turkey by fleet size. The company provides operational fleet and car leasing services, fleet management, insurance, and maintenance and repairs services to large corporate, commercial, SME and household customers in Turkey.

Two other portfolio companies, Africell and Aegis, were exited during 2021 as part of the fund's wind-down process.

"While the restructuring of Abraaj has led to a gradual winding down of the AGCF Fund, we have been impressed by the team's commitment to supporting investee companies while pursuing exit strategies and still protecting the interests of LPs including FAPBM. Abraaj's earlier work with its investees in the area of ESGI management has helped lay strong foundations to support their sustainable future growth, and we anticipate these companies will continue to generate positive impacts over the long term, after AGCF's divestment."

Maxime Guionie | Investment Officer

FUND OVERVIEW

Abraaj Global Credit Fund (AGCF) is the first fund offering primarily mezzanine debt to middle-sized and growth-oriented companies in emerging markets and developing countries across the globe. It is a generalist fund focusing on industrial sectors, infrastructure (transport, energy), logistics and communication. The restructuring of Fund Manager Abraaj Group has led to a gradual winding down of the fund.

INVESTMENT YEAR
2017

SECTOR
Multi-sector

REGION
Global

FUND SIZE
USD 128.1 million

FAPBM COMMITMENT
USD 1.5 million

FUND MANAGER
Abraaj Credit Manager Limited

ESG

Before AGCF's inception, the manager had established a robust Environmental and Social Management System (ESMS) that was tailored to the credit business. This system is aligned with Obviam's Responsible Investment Policy and allows the manager to identify, mitigate and manage the ESG-related risks of its investees. The manager also placed ESG requirements on its investee companies at the time of investment and has established Environmental and Social Action Plans (ESAPs) to remediate gaps between the requirements and current practices. These ESAPs have been completed. In the case of DRD, all necessary workplace opening and operating permits were obtained, and an ESMS was developed that meets national and IFC Performance Standard requirements and incorporates appropriate Environmental and Social (E&S) risk management procedures for leasing operations. Pandemic travel restrictions and the wind-down of the fund have limited Abraaj Credit Manager's ability to monitor its remaining investee. Nevertheless, the ESG risk profile of the remaining portfolio for 2021 is rated "low".

COVID-19

The Covid-19 pandemic affected Turkey's economy and DRD's business, as economic turbulence – including a sharp depreciation of the Turkish lira – and lock-down measures reduced demand. Furthermore, the company faced a shortage of new vehicles due to microchip supply chain constraints brought about by the pandemic. DRD responded by renting second-hand cars to its customers, which had not been tested as a business model either in the company or in Turkey before 2020. DRD's job count fell by 39% in 2021 as a result of the tighter economic conditions. The company's Human Resource department ensured that personnel improvement opportunities and technical education were made available to all employees as part of the annual training plan. Nearly all of the training took place online because of the pandemic. Given the small staff of Abraaj Credit Manager and the nature of its investment relationship with DRD, the Manager did not have the capacity to assist its investee company at the operational level.

IMPACT

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

17 PARTNERSHIPS FOR THE GOALS

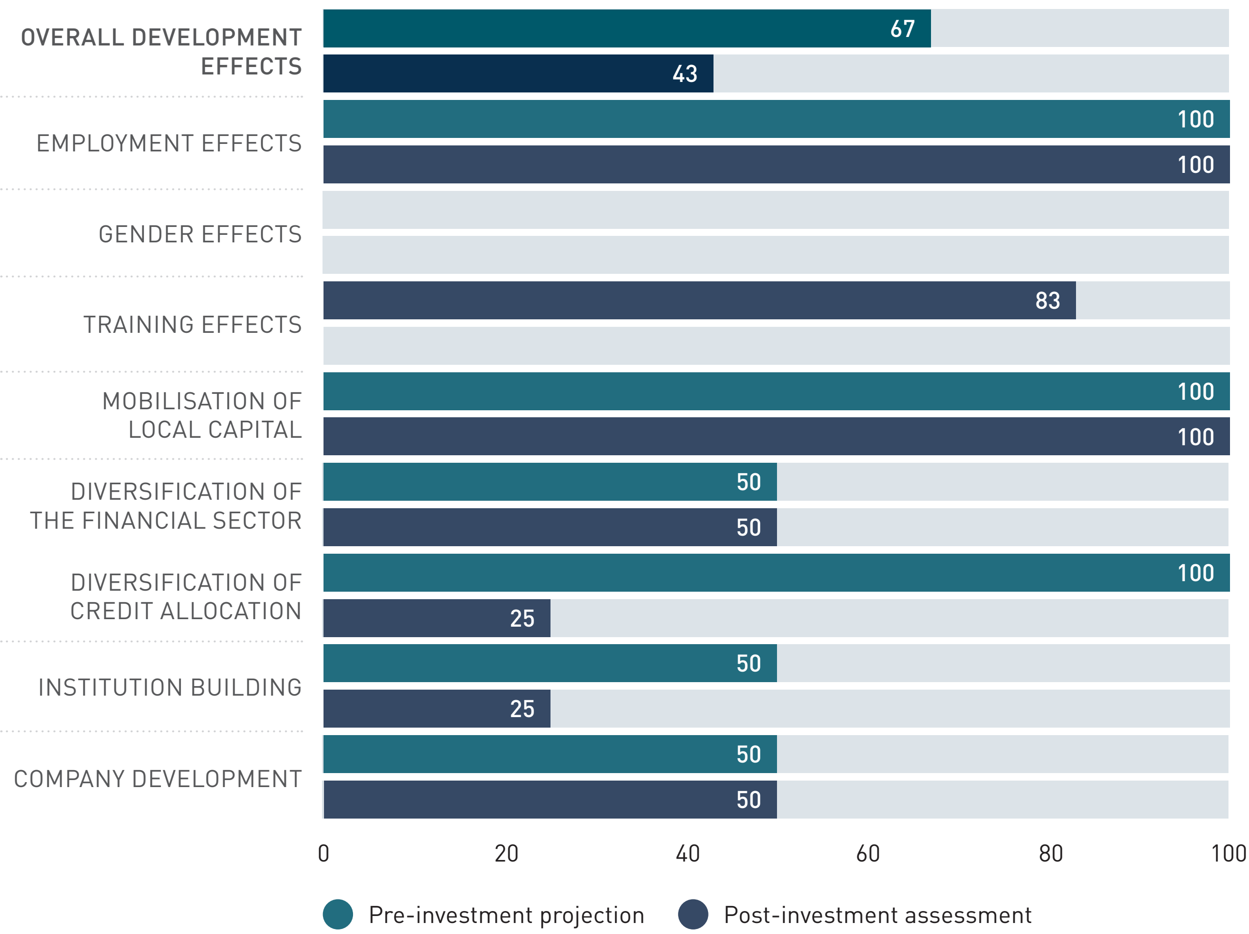
124	Jobs supported
27%	Female employees
100%	of companies provided formal training to employees
45.3m	USD in taxes paid

Gaining access to finance is a challenge even for mid-sized companies in developing countries, where foreign and local banks prefer to take on less risk and therefore extend fewer loans. AGCF aimed to bridge this financing gap by providing mezzanine debt, which is expected to mobilise additional senior debt for those companies, contributing to both financial sector innovation and financial deepening (SDG 9). Also, supporting the sustainable growth of mid-sized companies goes hand in hand with the creation of more formalised jobs providing better working conditions, including social and medical insurance benefits (SDG 8), as well as increased government revenues through tax contributions (SDG 17).

Due to Abraaj Group restructuring, and the gradual winding down of AGCF, the fund's development impacts have been more muted than expected at the time of investment. The number of jobs supported (124) by the fund in 2021 is much lower than in previous years because most of the jobs were in Aegis, which was exited in the past year and thus not included in the 2021 data aggregation. DRD shed 79 jobs between 2020 and 2021 as the pandemic took hold. (However, the GPR tool measures job support cumulatively, hence the maximum score is attained on this pillar). While the manager has not professionally developed as anticipated (zero score for Training), this is attributed to the fund's restructuring. That said, in the past all of the portfolio companies have provided formal training to their employees, which is important not only in supporting their growth, but also in supporting their employees' professional development. The gender effects of the fund are neutral, in the sense that it is not pursuing a policy to empower women. The Fund has mobilised local private capital and credit allocation has been extended for export financing. Finally, Abraaj Credit Manager has helped to improve corporate governance, E&S monitoring standards, and accounting and reporting practices in the investee companies.

The GPR chart compares the expected development effects pre-investment with the latest ex post assessment of the fund's contribution to the eight development pillars included in the GPR tool. For an explanation of the GPR tool, please see the appendix.

GPR CHART: ABRAAJ GLOBAL CREDIT FUND



ADENIA CAPITAL IV

FUND OVERVIEW

Adenia Capital IV (Adenia IV) is a control-oriented, generalist private equity fund targeting SMEs in West Africa, particularly Côte d'Ivoire and Ghana, and also in Madagascar and Mauritius. The Fund's strategy is to invest in under-managed, but well-established SMEs facing succession or transition issues, and to help them build capacity and introduce adequate management to take the next crucial step in their development.

INVESTMENT YEAR
2016

SECTOR
Multi-sector

REGION
Sub-Saharan Africa

FUND SIZE
EUR 230 million

FAPBM COMMITMENT
EUR 2.25 million

FUND MANAGER
Adenia Partners

PORTFOLIO OVERVIEW

Africa Biosystems Limited is a distributor of life sciences and laboratory equipment in East Africa.

Herholdt's is a South African distributor of low-voltage electrical and solar energy products.

Kanu Equipment is a heavy equipment dealer, lessor and maintenance service provider for the mining, construction, road construction and agriculture sectors, operating in about 17 countries throughout Southern, East and West Africa.

Newpack manufactures and distributes corrugated cardboard in Madagascar and the Indian Ocean region, with a total annual production capacity of more than 20,000 tonnes.

Overseas Catering Services is a leading catering and related services provider based in Senegal.

Proximed is a medical solutions distributor with operations in Mauritius, Madagascar and other neighbouring islands.

Quick Mart (also using the brand name Tumaini) operates a chain of 36 retail supermarkets in Kenya, providing a comprehensive selection for everyday shopping including bakery, hot foods, dairy products and household items.

Red Lands Roses is a leading grower of premium fresh-cut roses in Kenya.

"As a control-oriented investor with local offices on the African continent, Adenia is a hands-on investor that truly impacts its portfolio companies. The Adenia team is promoting positive changes within its investees, with a particular focus on quality jobs, gender equality and greenhouse gas reductions, while generating strong financial returns."
Nicolas Muller | Senior Investment Manager

ESG

In Obviam's view, Adenia is a leader in ESG risk management in sub-Saharan Africa, and its commitment to ESG and Impact matters is reflected in the engagement of its partners. Adenia places a strong emphasis on its Environmental and Social Management System (ESMS), which it applies to all of its funds, including Adenia IV. While Adenia has an ESGI Manager, each investment manager is also responsible for monitoring the ESGI performance of investee companies. Adenia also relies on a qualified third-party consultant for technical support. As a control-oriented investor, Adenia is well positioned to ensure the compliance of its investees – starting with local regulations and then with IFC Performance Standards – both efficiently and within defined timeframes. For example, at the time of its inclusion within the portfolio, Quick Mart's environmental and social risk management was limited and it lacked relevant permits. Adenia worked actively with Quick Mart to help it reach compliance, and undertook several vital initiatives, including improving its corporate governance framework, appointing an EHS officer, revising Quick Market's Human Resources (HR) organisational structure, and ensuring the company's store security met ethical requirements. These, and other measures, helped improve Quick Mart's responsible growth and impact performance.

COVID-19

As successive waves of the pandemic swept over Africa, Adenia continued to support its investee companies as they rolled out business continuity plans to continue offering essential services while ensuring employees' and communities' safety. For example, Newpack invested €82,000 in Covid-19 measures, including work from home arrangements, personal protective equipment (PPE), testing, and private transportation, and the company has thus far managed not to retrench or furlough any employees. Quick Mart's operations provided dependable revenue streams for local farmers despite the economic turbulence induced by Covid-19.

"Adenia is well positioned to ensure the compliance of its investees – starting with local regulations and then with IFC Performance Standards – both efficiently and within defined timeframes.

Africa Biosystems Limited (ABL) played a vital role in addressing the pandemic by deploying 25 Covid testing platforms in four countries and by assisting in the detection of Covid variants across private and government laboratories in East Africa.

IMPACT

6,081	Jobs supported
38%	Female employees
83%	of companies provided formal training to employees
21.5m	USD in taxes paid
100%	of companies enhanced senior management

Prohibitive costs mean that African SMEs face difficulties in accessing long-term capital. Alongside the need for finance, companies in this target group often require assistance and external expertise to improve their business structures. Actively tackling topics such as poor management, low operating standards, sub-optimal management systems, and transition or succession issues, is therefore essential to delivering growth and improving their competitiveness. We believe Adenia takes significant value-adding roles in its investee companies. Adenia IV's development impact is strongly linked to its contribution to the institutionalisation, growth and improved competitiveness of the SME sector in the target region, inherently enabling job creation (SDG 8). Thanks mainly to the introduction of five new investees into Adenia IV's portfolio, the number of jobs supported grew to 6,081 in 2021. Adenia has continued to support improvements in the quality of jobs offered by its investees, with emphasis placed on salaries, benefits, training, health and safety, and employee satisfaction.

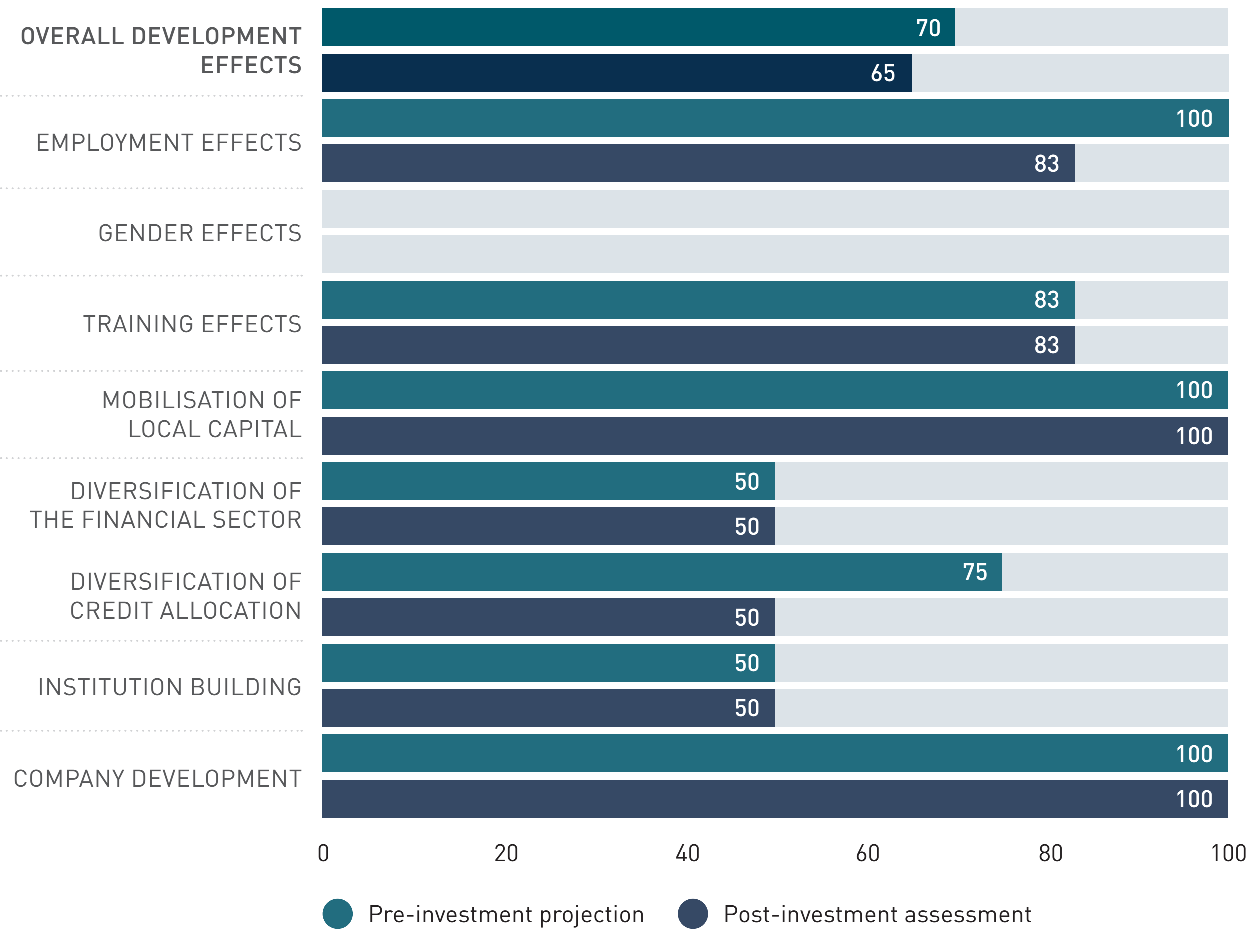
For example, Newpack reviewed its remuneration policy to make sure its terms of employment exceed local norms for equivalent jobs, while incentivising its staff fairly. Benefits include school enrolment fees, private health insurance, and the bulk-buying of basic necessities which are then resold to workers, on a voluntary basis, at below market prices. At Kanu, the lowest paid employee is still paid up to five times the legal minimum.

Adenia also helps its investees to mobilise additional private capital in local markets (SDG 9) and has diversified credit by providing financing for SMEs and exports, for example in the case of Newpack. These contributions are reflected in its GPR 'mobilisation of local capital' and 'diversification of credit allocation' scores. With respect to Standards and Infrastructure (SDG 9), Adenia supported Newpack's journey to obtain Forestry Stewardship Council Certification. Notably, Adenia also undertook a 'carbon footprint project' in 2020 to consider how to reduce Adenia IV's ecological footprint, making it one of the first African-focused fund managers to undertake such an exercise. Furthermore, the formalisation and growth of SMEs generates greater tax revenues, which contributes towards domestic resource mobilisation (SDG 17). As discussed in a separate case study, Adenia IV's investee Africa Biosystems Limited contributes towards SDG 3 (good health and wellbeing).

In terms of its GPR scores, Adenia IV has yet to fully realise its expected development effects, although this is partly because the last biennial ex post rating was performed in 2020, when there were only three investees and hence the employment effects were still limited. On the positive side, Adenia's staff receive at least one ESG training annually and have undergone additional training on carbon footprints and impact management. Mobilisation of local capital has been strong, as has Adenia's support for company development. For example, Adenia supported Quick Mart with its branding strategy, and supported the development of a Board charter for Kanu and a new Board for Quick Mart. Accounting and reporting have also been improved within investee companies.

The GPR chart compares the expected development effects pre-investment with the latest ex post assessment of the fund's contribution to the eight development pillars included in the GPR tool. For an explanation of the GPR tool, please see the appendix.

GPR CHART: ADENIA IV



FUNDS

FUND OVERVIEW

Catalyst Fund II (Catalyst II) is a private equity fund which invests in East Africa, primarily targeting Ethiopia, Kenya, Tanzania and Uganda with a secondary focus on the Democratic Republic of Congo, Rwanda and Zambia. It invests in SMEs and other fast-growing companies operating in the consumer goods, financial services, manufacturing and healthcare sectors. Unfortunately, Catalyst Principal Partners ran into serious problems and is in the process of being replaced by another fund manager.

INVESTMENT YEAR
2017

SECTOR
Multi-sector

REGION
East Africa

FUND SIZE
USD 152.5 million

FAPBM COMMITMENT
USD 2.0 million

FUND MANAGER
Catalyst Principal Partners

CATALYST FUND II

PORTFOLIO OVERVIEW

Britania Foods Limited (Britania Biscuits) is a manufacturer of biscuits in Nairobi, Kenya, focusing on the provision of products to the emerging middle class.

Mammoth Foam Africa is an East African mattress manufacturing business, bringing together companies with operations in Kenya, Malawi, Mauritius, Mozambique and Uganda. The business in Malawi also owns and operates retail stores throughout the country.

Prime Bank is a Kenyan commercial bank operating in the corporate, SME, and retail banking sectors with 23 branches in the country. The bank is pursuing a digitalisation strategy which involves product innovation and enhancing customer experiences.

"Over the course of 2021 significant efforts were made by investor representatives, including Obviam, to find solutions to stabilise Catalyst Fund II with a view to preserving value. We are pleased that this restructuring work is now largely complete and have high expectations that Metier Private Equity will steward the investments to successful outcomes, including durable development impacts."

Phillip Walker | Managing Director Private Equity

ESG

Catalyst Principal Partners encountered serious problems during 2020 and 2021, and has subsequently been replaced with a new fund manager. Catalyst's problems extended to their ESG management, as the erstwhile ESG Manager left the company. However, Obviam is confident that the new fund manager will implement sound ESG risk mitigation practices in the remaining portfolio companies.

COVID-19

While Catalyst's staff mostly worked from home during the pandemic, it reported its investee companies had implemented various government and WHO guidelines to ensure the health and safety of their respective employees, such as use of PPE, hygiene measures, social distancing and temperature checks when at work. Catalyst shared with portfolio companies guidance notes it had received from DFI investors on topics such as Return to Work during Covid-19, Job Protection, and Practice Note Addressing Gender-Based Violence and Harassment. Some of the portfolio companies implemented salary cuts and reduced temporary staff to manage costs. However, Catalyst reported that permanent jobs remained largely intact, while some companies used the down-time to implement training, maintenance and utilisation of overdue leave days.

IMPACT

Access to capital is a major hurdle for SMEs in East Africa, with many businesses requiring strategic input as well as growth capital to reach the next stage of development and expansion. Given the prevalence of the informal sector, the creation of formal jobs is of particular importance in this region. Formal jobs ensure better working conditions for employees, as well as social and medical insurance benefits. While operating in a challenging business environment, Catalyst II was expected to add value to its portfolio companies by working alongside management to ensure implementation of best practice corporate governance, health, safety, and other social and environmental standards, and thereby contribute towards SDG 8 (decent work). Provision of capital contributes towards the achievement of SDG 9, target 9.3 (access to finance for SMEs).

"Given the prevalence of the informal sector, the creation of formal jobs is of particular importance in this region. Formal jobs ensure better working conditions for employees, as well as social and medical insurance benefits.

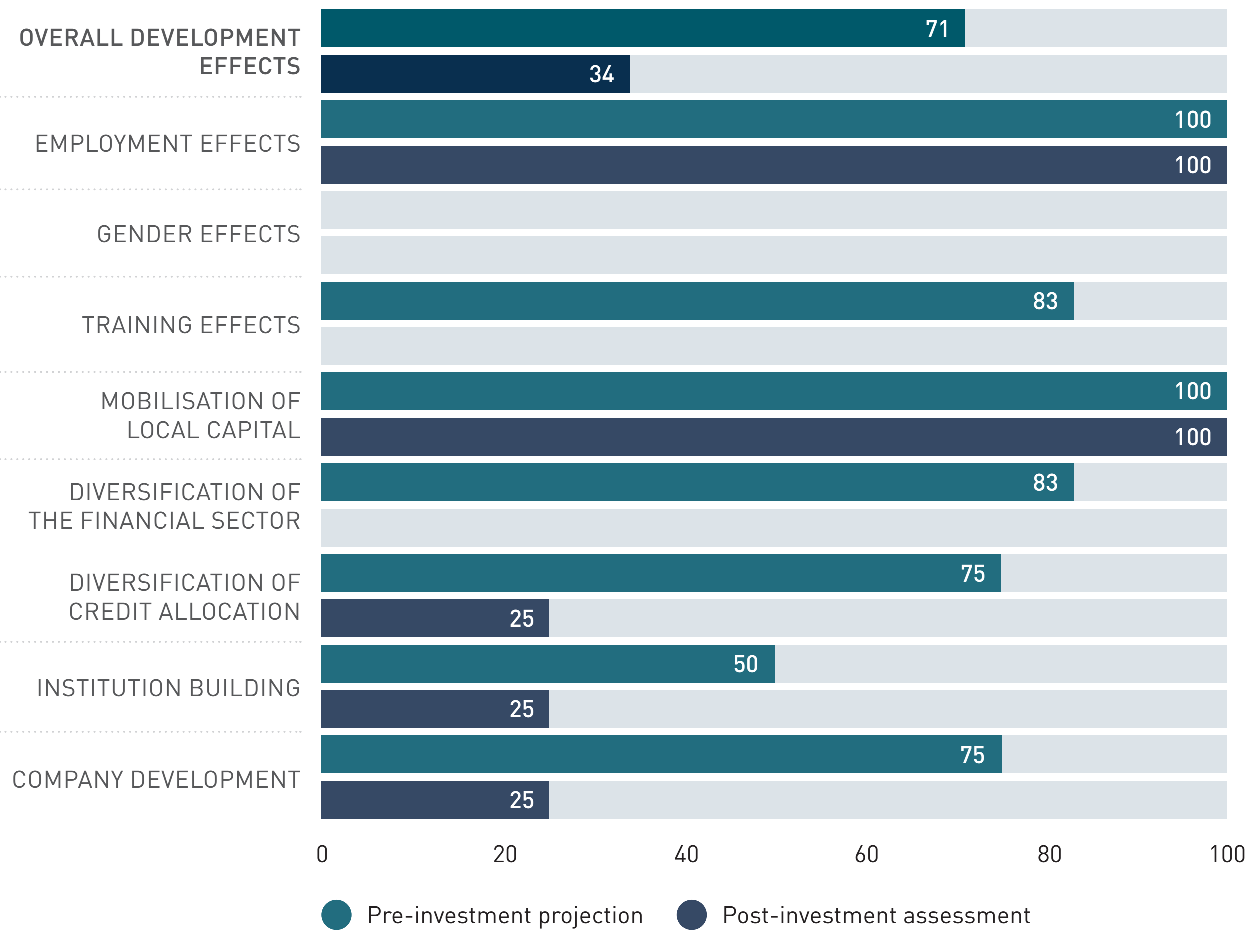
Note: Development indicator data for 2021 were unavailable at the time of publication due to the Fund having a 30th September reporting deadline.

The growth of the investee companies has also increased government tax receipts, thereby contributing towards SDG target 17.1: domestic resource mobilisation. However, in August 2021 Britania was placed under voluntary administration, with the appointed administrator aiming to sell Britania's assets to a prospective buyer.

Unfortunately, because of the financial and management difficulties faced by both Catalyst and the investee companies, Catalyst II has been unable to deliver on its impact expectations as measured by the GPR tool. Many of the scores have been downgraded to reflect the fact that Catalyst Principal Partners has been replaced as fund manager, and thus many of the development effects have not been enduring (e.g. training and ESG improvements). Local capital was nonetheless mobilised for the investee companies, and one of them (Mammoth) received export financing. The fund will still benefit from the long-term equity capital supplied by FAPBM. Obviam expects that the new fund manager will be able to assist the investee companies to a greater extent in the future and the GPR score could well increase again.

The GPR chart compares the expected development effects pre-investment with the latest ex post assessment of the fund's contribution to the eight development pillars included in the GPR tool. For an explanation of the GPR tool, please see the appendix.

GPR CHART: CATALYST II



CENTRAL AMERICAN SMALL ENTERPRISE INVESTMENT FUND III

PORTFOLIO OVERVIEW

AMPM Panama is a chain of 24-hour convenience stores located in Panama.

BITEL is the holding company for a telecommunications greenfield project consisting of an underwater optical cable network between Ceiba (mainland) and Roatan Island, Honduras.

Delifrost is a pineapple farm and plant in Costa Rica that processes, packs, and freezes pineapple in different sizes and presentations for export.

Gim Sal Corp (trading as Be Fit) facilitates a healthy lifestyle for low- and middle-income people who use Be Fit's quality gyms at affordable prices in El Salvador, Costa Rica, Honduras, and Nicaragua.

IATAI is a financial technology company based in Colombia, which implemented a new business model in 2020, a Visa loyalty solution. It has plans to expand across Latin America.

FUND OVERVIEW

The Central American Small Enterprise Investment Fund III (CASEIF III) is a generalist fund investing primarily in Central America, and opportunistically in Colombia and the Dominican Republic.

It provides quasi-equity growth capital to SMEs. CASEIF III has a technical facility that provides non-financial support to its investees, such as developing necessary monitoring and reporting tools, improving company accounting practices, and enhancing their environmental and social standards.

INVESTMENT YEAR
2016

SECTOR
Multi-sector

REGION
Central America

FUND SIZE
USD 41.7 million

FAPBM COMMITMENT
USD 2.0 million

FUND MANAGER
Lafise Investment Management

> **The advanced nature of its approach is underlined by the introduction of a highly-qualified E&S Officer and a Corporate Governance Specialist, both of whom have extensive experience in working with SMEs.**

Meat Depot is a food company located in the Dominican Republic that processes and distributes via wholesale and retail a variety of food products including meat, fish, seafood, vegetables and cheeses.

Pandora (owned by CCSD EM) is a jewellery franchise with operations in El Salvador, Honduras and Nicaragua.

Paradise Ingredients produces, markets, and exports banana essence and puree. Its production plant is in Costa Rica.

"LIM saw quite some changes in the region throughout 2021, as many countries experienced material reductions in economic activity. Costa Rica welcomed a new government and Honduras and El Salvador started seeing the effects of rising inflation on consumption patterns. The team were unfortunately in various levels of lockdown for most of the year, being unable to travel outside Costa Rica or El Salvador, while many in-person meetings were delayed owing to the pandemic. These issues have been resolved in the new year and the team are off to a good start in 2022 in value creation and helping their portfolio companies generate liquidity."

Florian Kohler | Senior Advisor

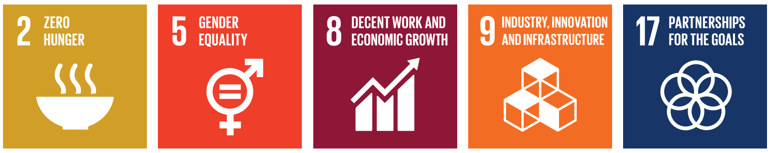
ESG

Obviam has supported LIM's development of a robust E&S Management System, and believes it takes a systematic, hands-on approach to ESG risk management. The advanced nature of its approach is underlined by the introduction of a highly-qualified E&S Officer and a Corporate Governance Specialist, both of whom have extensive experience in working with SMEs. The latter is an expert in corporate governance in family-owned SMEs, prevalent in CASEIF III, and understands the challenges and impact potential of working with these types of companies. For example, LIM has provided Delifrost with guidance on how to increase the professionalism of its board of directors, through holding regularly scheduled board meetings, building an accounting department, improving compliance with International Financial Reporting Standards, and documenting key controls. We consider LIM to be a leader in its work with its investees to achieve internationally recognised certifications (such as ISO 9001, ISO 14001, OSHAS 18001 and HAACP). These certifications not only support further improvements in working conditions (for example, Occupational Health and Safety, OHS) and resource efficiency (such as reduced use of energy and water per unit of output), but they also make it easier for investees to access international markets.

COVID-19

Covid-19 hit Latin America very hard, with strict lockdowns imposed by governments across the continent. The pandemic and restrictions affected many Latin American businesses significantly. Several CASEIF III investee companies were severely affected, while other investees have been resilient to the pandemic or have successfully navigated it. LIM took proactive steps throughout the crisis to assist all its portfolio companies, such as coaching investees' Boards of Directors on cash management as an essential business survival strategy. It also helped investees to introduce appropriate Covid-19 safety measures and protective protocols. LIM also helped support its investees in exploring alternatives to retrenchment, and when unavoidable, it ensured that retrenchment was carried out in accordance with best practices.

IMPACT



1,239	Jobs supported	4.7m	USD in taxes paid
38%	Female employees	10,660	Farmers reached
53%	Female managers	49,800	Tonnes of food produced and/ or processed
100%	of companies provided formal training to employees	8.62m	Individual clients accessed financial services

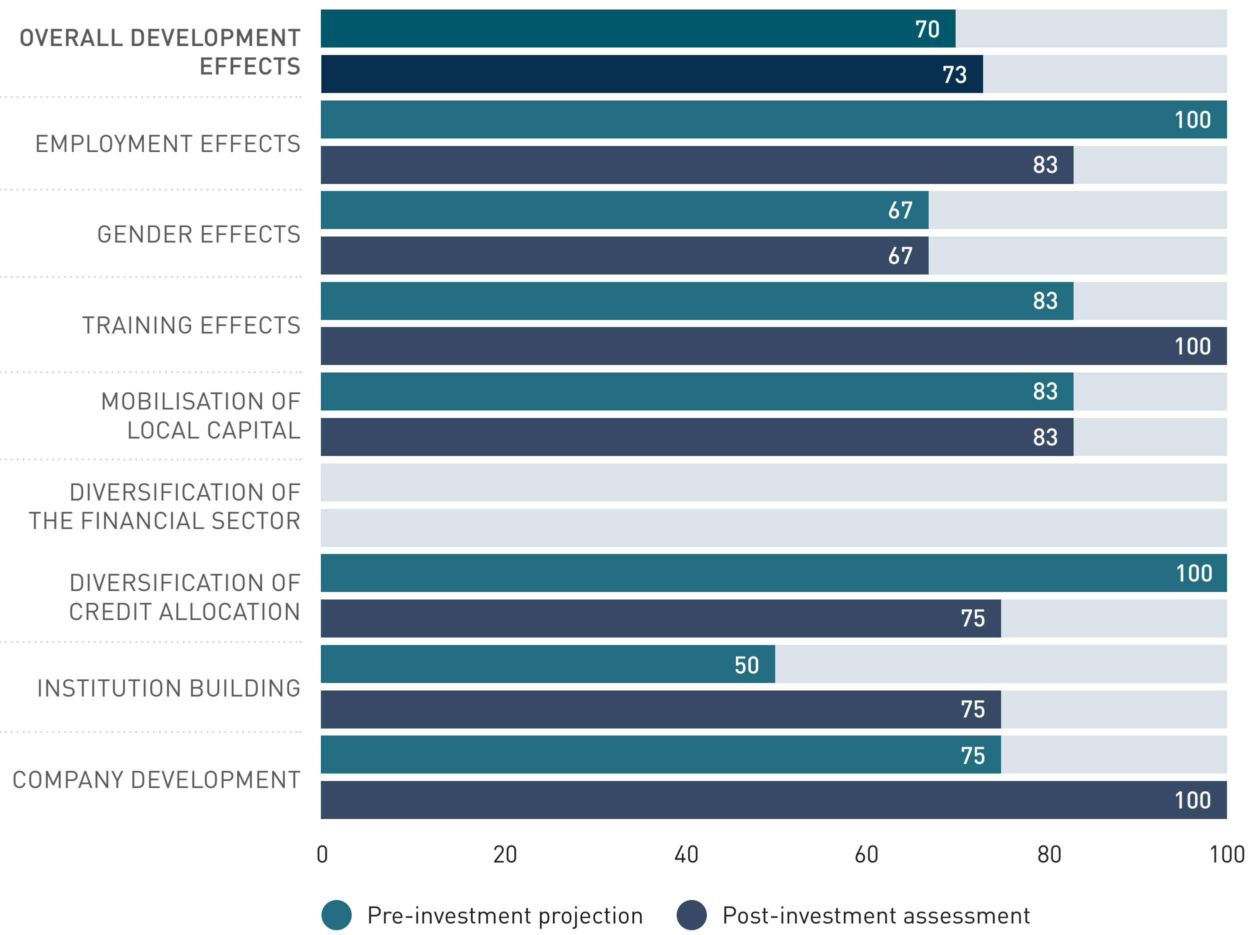
Characterised by small, fragmented markets, and a distinct sensitivity to US economic swings, Central America continues to be a challenging region in terms of economic development. Small companies in the region are often family-owned, weak in terms of governance, and lacking in transparency. Available debt financing usually comes at high interest rates and with short terms. As a result, such companies often have to rely on family and friends to find capital to grow and improve their business.

The combination of capital and LIM's active role in improving its investees' ESGI performance is helping to improve the professionalism and competitiveness of its investees. The provision of capital contributes towards SDG 9, target 9.3 (increase access to finance for SMEs). The support for SMEs to expand their operations contributes towards SDG 8 (decent work and economic growth) as well as SDG 17 (domestic resource mobilisation through increased tax revenues). With Obviam's support, LIM was named as the first 2X Flagship Fund in Latin America and the Caribbean, recognised for its commitment to promoting women's economic empowerment and gender parity in its own operations and funds (SDG 5). As measured by the 10,660 farmers reached and nearly 50,000 tonnes of food produced, CASEIF III investees also contribute towards SDG 2 (zero hunger).

In its latest GPR assessment, the Fund's overall score has improved as a result of various developments. Job support effects are solid, considering the relatively small size of the portfolio companies. LIM continues to provide training for both staff and management, for example on innovation and digital transformation as well as sector-specific expertise. LIM has received strong support from Obviam on ESG matters, including developing better manuals, KPIs, an improved Social and Environmental Management System, and becoming a 2X Flagship Fund. These achievements are reflected in CASEIF III's 'Institution Building' GPR score. LIM is very active in providing various forms of Company Development support to its investees, including arranging training on topics such as digital transformation and relationships with suppliers; improving corporate governance through active board participation; and hiring consultants to advise on carbon footprint tracking.

The GPR chart compares the expected development effects pre-investment with the latest ex post assessment of the fund's contribution to the eight development pillars included in the GPR tool. For an explanation of the GPR tool, please see the appendix.

GPR CHART: CASEIF III



DARBY LATIN AMERICAN PRIVATE DEBT FUND III

PORTFOLIO OVERVIEW

Abengoa Peru is an Engineering, Procurement and Construction (EPC) contractor and Operations & Maintenance (O&M) service company of energy, mining, water and industrial projects. Through a subsidiary the company also operates and maintains electric transmission lines.

Biopas, also known as Pharma Consulting Group S.A., is a specialty pharmaceutical distribution company focused on licensing, selling, and marketing innovative prescription pharmaceutical products, cosmetics, and medical devices. The Company has a presence in 16 Latin American countries.

Bloom Farms is a Mexico-based vertically integrated producer of branded and predominantly off-season, fresh blueberries that are exported to the United States, Europe, Asia and the Middle East.

Cordeiro and Kelane is an industrial company located in Brazil that manufactures highly specialized copper and aluminium wires and cables sold mostly to key players in the construction, energy and industrial sectors.

IBT Health SAC provides medical and nonmedical services to operators that manage hospitals in Lima, Peru.

FUND OVERVIEW

Darby Latin American Private Debt Fund III (Darby III) is a generalist debt fund with a broad focus on sectors such as infrastructure and logistics-related assets, natural resources and agribusiness, manufacturing, services, healthcare, and consumer products. It invests in mid-sized companies primarily in Brazil, Colombia, Mexico and Peru.

INVESTMENT YEAR
2018

SECTOR
Multi-sector

REGION
Latin America

FUND SIZE
USD 300 million

FAPBM COMMITMENT
USD 3 million

FUND MANAGER
Darby Overseas Investments

NEOgas distributes compressed natural gas (CNG) to end-users in Brazil and Mexico who are not connected to gas pipelines. End users can be industrial clients, gas stations for vehicular natural gas (VNG) or even local distribution companies that maintain gas grids not connected to pipelines.

San Victoriano is an agricultural company in Uruguay dedicated to the production of cattle, soy and rice.

White Solder is a Brazilian company engaged in the tin supply chain market, from cassiterite (tin ore) purchase to tin alloys and solders production. Its main clients are in the automotive, electronics and chemical industries.

2W is a Brazil-based integrated renewable energy generation and trading platform serving private market customers.

"Despite the challenges resulting from the Covid-19 pandemic, Darby managed to build a well-diversified portfolio of nine investees. While Darby structured relief measures for portfolio companies where needed, the portfolio showed a high level of resilience and is now recovering. Except for one portfolio company that has been in default since before the pandemic, the portfolio is on track to deliver the financial returns and impact promised to investors."
Andrea Heinzer | Chief Investment Officer

ESG

While Darby has an E&S Officer, he has limited technical qualifications and has other responsibilities. Consequently, Darby relies on third-party consultants to support its E&S due diligence, monitoring (including training of the Darby team), and annual ESGI reporting. We rate this organisational structure as adequate. While Darby views E&S matters as a compliance issue, and strives to ensure its investees achieve compliance, the work is done by the investees themselves, with little support from Darby. While this serves to reduce the investees' E&S risks, and reduces potential negative impacts, Darby's support could increase both the efficiency of this work and lead to value-adding improvements within the E&S space. More positively, we appreciate that Darby takes a proactive role in improving its investees' corporate governance frameworks, which is unusual for a credit fund manager. Among other things, Darby always has a seat (or an observer seat) on its investees' boards of directors.

> **Darby relies on third-party consultants to support its E&S due diligence, monitoring (including training of the Darby team), and annual ESGI reporting.**

It also has the right to remove or replace board members and can appoint CEOs. It has assisted some of the investees (White Solder and Cordeiro) with their succession planning. Furthermore, Darby establishes or strengthens audit committees and requires external audits from Big Four or equivalent auditors.

COVID-19

The pandemic has had a severe social and economic impact on Latin America, with many governments imposing lengthy lockdowns. Several Darby III investee companies were significantly affected by closures and other economic disruptions. Darby held frequent discussions with its investees, focusing immediately on liquidity, cash management, and risks to workforces. All of Darby's investees increased their focus on OHS in the workplace. Where working from home was possible, it was encouraged. For example, NEOgas held weekly safety meetings, distributed PPE and personal hygiene items to staff, and followed up with its employees and their families on their physical and mental health. Abengoa installed a larger number of sinks for hand washing on sites. Along with requiring the use of additional PPE and taking increased sanitisation measures, White Solder distributed posters, videos and informative emails to raise awareness among its workers. Bloom Farms also spread health and safety information to its employees. Several investee companies undertook unprecedented measures to keep employees and avoid retrenchment during lockdowns. For example, Biopas reduced salaries by 60%, and NEOgas suspended management bonuses. At Abengoa Peru, a Personnel Reduction Plan had to be implemented in 2021. Efforts are being made to reduce the number of retrenchments and to mitigate the effects of the job losses on individuals and communities.

IMPACT

3 GOOD HEALTH AND WELL-BEING
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
17 PARTNERSHIPS FOR THE GOALS

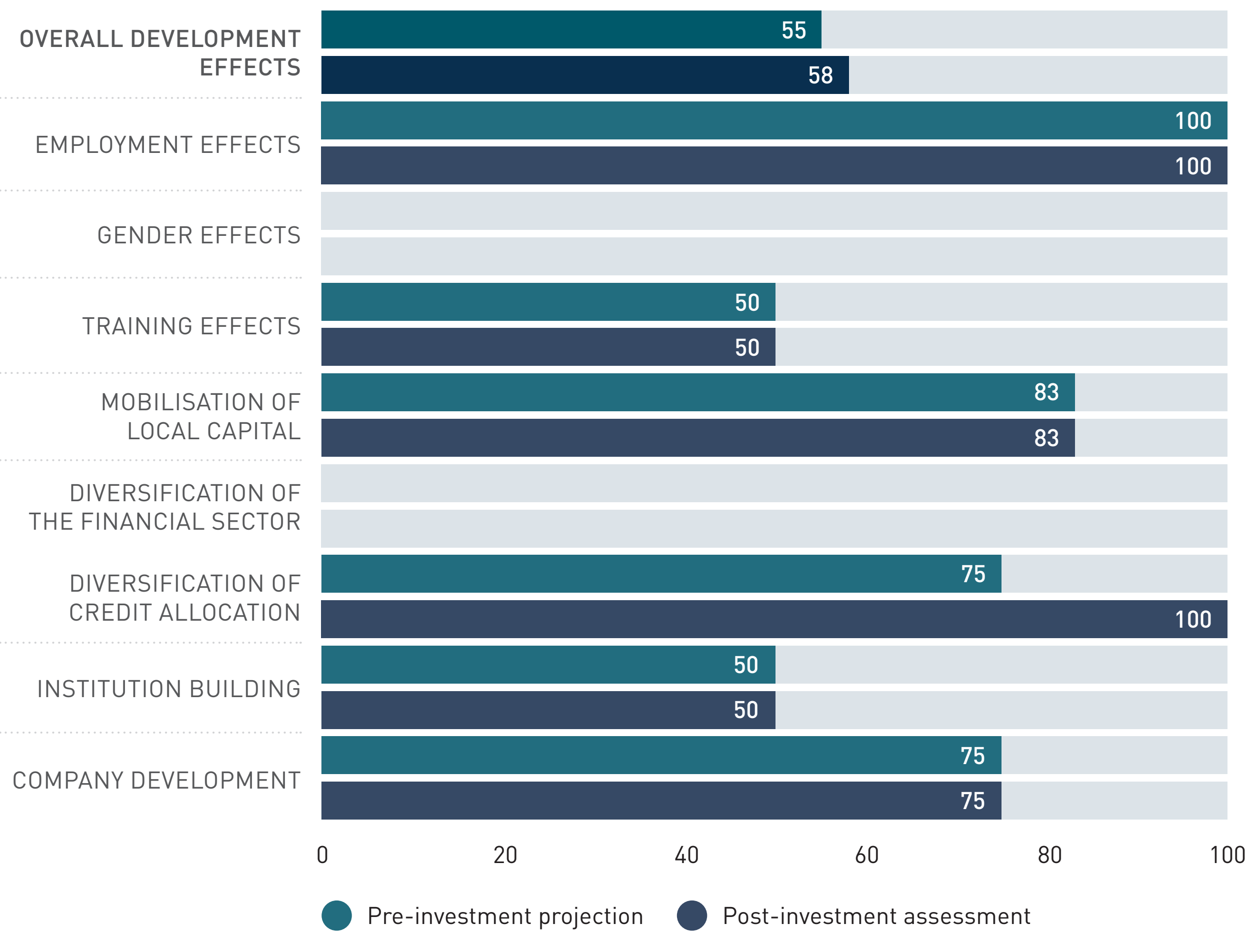
6,461	Jobs supported
48%	Female employees
89%	of companies provided formal training to employees
130.7m	USD in taxes paid

Access to finance in the LATAM region is a major barrier to growth for SMEs. Available finance takes the form of short-term loans with high interest rates, substantial collateral requirements, and cumbersome lending procedures. Also, many family-owned businesses (an essential element of the economic and social structure in the region) face sustainability challenges in terms of governance, informality, and management structure. Sound corporate governance can help make these companies stronger, more efficient and more accountable. The main objectives of Darby III are to foster economic growth and sustainable job creation (SDG 8), improve corporate governance in portfolio companies, and help to fill the gap for long-term debt finance in Latin America (SDG 9, target 9.3). By providing capital to infrastructure firms, Darby III is also supporting inclusive and sustainable industrialisation (SDG target 9.1). As discussed in separate case studies, Darby III's investees Biopas and IBT Health contribute towards good health and wellbeing (SDG 3). Finally, Darby III contributes towards domestic resource mobilisation through increased tax revenues (SDG 17).

The development effects as measured by the GPR tool are materialising as expected. Darby III's investees supported 6,315 jobs in 2021, up from 2,744 in 2020 – mainly thanks to the entry of IBT Health SAC into the portfolio in 2021. All new Darby staff receive training on Environmental & Social issues, and in 2020 the whole team received compliance training. Darby has assisted several companies to access local private capital. Diversification of credit allocation has already exceeded expectations, including financing for new sectors, for exports (Bloom Farms, Cordeiro, White Solder, Biopas), and new regions (several companies reach into rural areas, including San Victoriano, Bloom Farms, Abengoa and Neogas). Darby supports company development in various ways, for example improving corporate governance by helping to set up boards, committees and audit requirements in several family-owned companies, and strengthening E&S monitoring and financial reporting.

The GPR chart compares the expected development effects pre-investment with the latest ex post assessment of the fund's contribution to the eight development pillars included in the GPR tool. For an explanation of the GPR tool, please see the appendix.

GPR CHART: DARBY III



FRONTIER ENERGY II

PORTFOLIO OVERVIEW

Frontier II had 28 investments as per the end of 2021, the majority of which were still under development. One of them, Dariak, is a land purchase company for the Chania Green Generation project. The renewable energy projects are located in Kenya, Malawi, Mozambique, Rwanda, Sierra Leone, Tanzania, Uganda, Zambia and Zimbabwe. These include:

- one geothermal installation (the 140 MW **BVC Geothermal** project in Kenya, which operates in conjunction with a license company, **Olsuswa Energy**);
- 14 mini hydro power installations, ranging from 4.5 MW to 40 MW;
- 5 solar photovoltaic facilities in Kenya, Malawi and Sierra Leone;
- 6 wind power projects, including **Chania Green Generation** and **Esikipeto Power Generation**, two 50 MW wind farms in Kenya, and the 30 MW **Enventure Africa** project in Mozambique.

"As government resources have been stretched by Covid-19, the political risk of Frontier II investments has increased, and it is taking significantly longer to get new PPAs approved on the African continent. Frontier has been able to navigate this difficult environment very well. Four projects became operational in 2021, including the Eldosol and Radiant solar projects in Eldoret, Kenya, that are generating 80MW of renewable electricity."

Nicolas Muller | Senior Investment Manager

FUND OVERVIEW

Frontier Energy II (Frontier II) is a renewable energy fund focused on developing, constructing and operating renewable energy generation projects. Its primary focus is on hydroelectric, geothermal, wind and solar opportunities, mainly in East and Southern Africa. The largest part of the investment will be used for construction purposes and Frontier will oversee this critical phase to ensure that quality, time, budget, and ESG standards are met.

INVESTMENT YEAR
2018

SECTOR
Renewable Energy

REGION
Sub-Saharan Africa

FUND SIZE
USD 227.1 million

FAPBM COMMITMENT
USD 2.25 million

FUND MANAGER
Frontier Investment Management

> At the end of 2020, there were 39 people working on E&S matters (five in Frontier Energy and the remainder working in projects). Notably, Frontier has made a deliberate attempt to recruit women for these positions and currently over 40% of the positions are held by women.

ESG

Frontier II faces E&S risks that are typical for the renewable energy sector, including risks related to land acquisition and involuntary resettlement of indigenous peoples, biodiversity and cultural heritage. However, most of these risks can be mitigated and managed when identified early in the projects' development stages. Frontier has a robust Environmental and Social Management System (ESMS) that meets the requirements in our Responsible Investment Policy. Frontier also ensures its projects implement and integrate all of the key elements of its ESMS to achieve site safety and minimise potential negative impacts. At the end of 2020, there were 39 people working on E&S matters (five in Frontier Energy and the remainder working in projects). Notably, Frontier has made a deliberate attempt to recruit women for these positions and currently over 40% of the positions are held by women. While it appears as though Frontier's projects are in compliance with its E&S requirements, the Manager continued to receive a number of complaints from affected parties related to several projects in 2021. We recognise that land ownership and acquisition are complex, yet commonplace themes in the countries and sector in which Frontier operates. Frontier has worked with external mediators and consultants to resolve the cases and Obviam is following the resolution processes closely.

COVID-19

The pandemic has affected the performance of some but not all of Frontier II's investments. For example, construction work on some projects, such as Greenewus Energy Africa and Nyamagasani 1, was interrupted for varying lengths of time when the respective contractors declared force majeure owing to Covid-19. Frontier has ensured several steps were taken to ensure workers' safety and operational continuity. Frontier believes it has a responsibility to support the workers and communities in the areas in which it operates, since most rural areas are unlikely to receive direct support from national governments. Frontier supported local communities with food relief and distributed hygiene packs. At the project level, it communicated with workers and communities on the virus, announcing preventive and treatment measures by putting up posters at strategic locations. It also avoided overcrowding scenarios by limiting personnel numbers on construction sites, maintaining social distancing (including transport), closing canteens, and changing working hours. Frontier also improved hygiene standards and distributed free face masks among workers and their families. However, some of Frontier II's contractors were forced to furlough large numbers of casual workers (up to 300 workers) to comply with social distancing rules.

IMPACT

7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

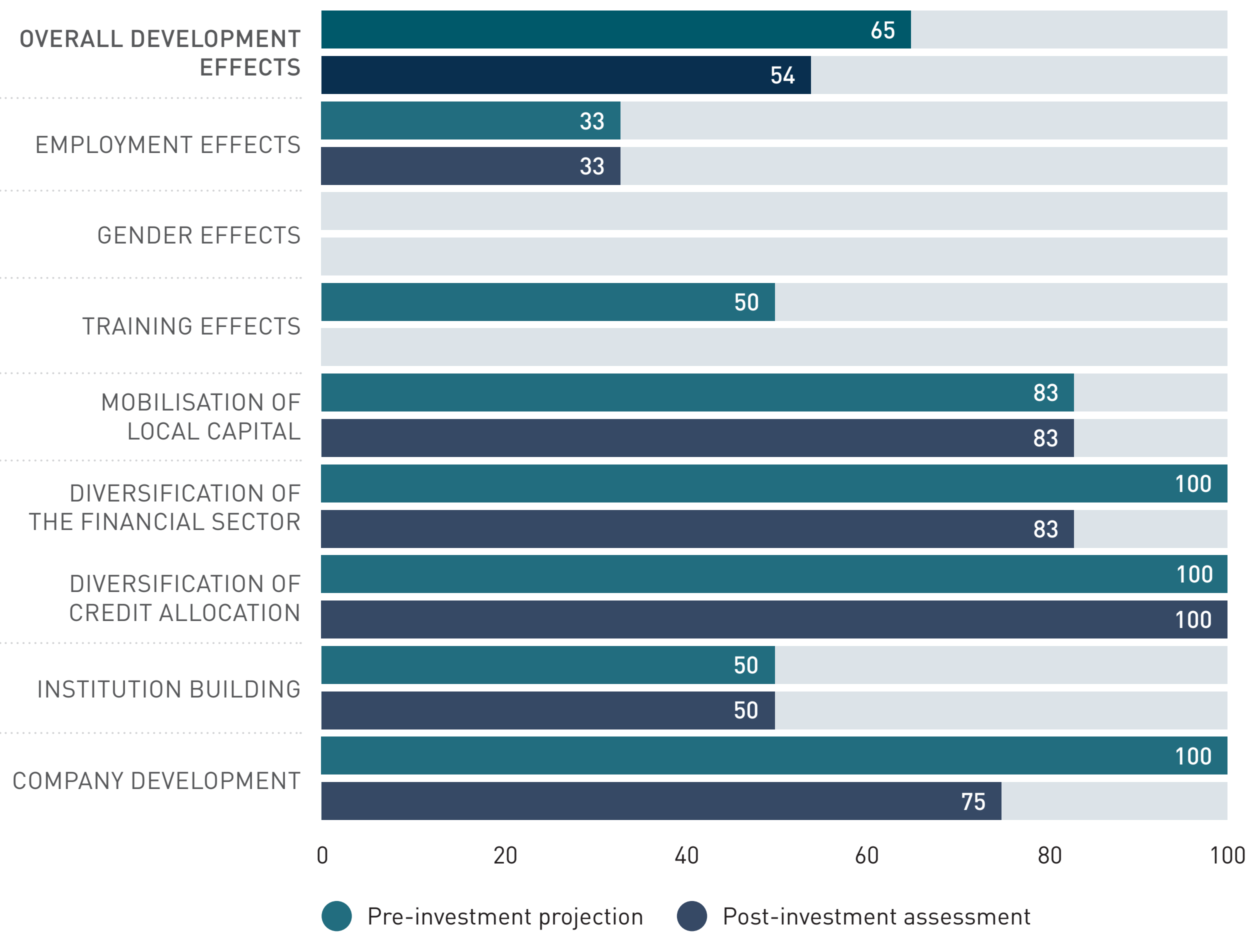
129	Jobs supported
23%	Female employees
1.7m	USD in taxes paid
113 MW	of clean energy capacity installed cumulatively
162 GWh	of clean energy produced in 2021
44,700	Tonnes of GHG emissions avoided in 2021

Sub-Saharan Africa is home to 13% of the world's population but accounts for nearly 50% of the global share of people living without access to electricity. Because of the energy gap, companies across sub-Saharan Africa suffer from a competitive disadvantage, which leads to lost business opportunities and lower job growth. Investment in additional power capacity, investment in renewable energy in particular, is required in order to meet the demand, and to ensure renewable energy is a significant part of the energy mix. When completed, Frontier II's projects are expected to provide more than 2,700 GWh/year of additional renewable energy, which roughly equates to meeting nearly 2.5 million households' annual electricity needs – thereby contributing towards SDG 7. Covid-19 outbreaks in Frontier II's targeted countries led to further delays in bringing projects on-line in 2021. Nevertheless, some large new projects have come on-stream. In 2021, over 44,700 tonnes of GHG emissions were avoided, thereby contributing towards SDG 13.

As Frontier II is still at an early stage of its fund life, with most projects still in the development phase, not all the anticipated development effects have materialised yet. Job support is limited in the GPR tool to Operations & Maintenance jobs and excludes construction jobs, which explains the low score. Also not captured are indirect jobs (e.g. in the companies' supply chains) and induced employment effects via the enabling effects of better, more reliable and cheaper provision of energy, which are often substantial impacts of renewable energy projects. Frontier has yet to formalise training plans given its small team and the restrictions imposed by Covid-19. Additional local private capital is being mobilised for some projects, such as Kyambura in Uganda. Frontier is helping to diversify the financial sector because the Fund is active in frontier markets where there is little precedent for renewable energy projects. Frontier is also active in promoting sound regulatory frameworks that are conducive to investment in the sector. The Fund is contributing to the diversification of credit allocation by providing financing for new project developments in underserved regions and for environmental purposes. Company development effects are strong, as Frontier takes a hands-on role in the entire project development process, from Board governance to managing sub-contractors to establishing financial accounting systems.

The GPR chart compares the expected development effects pre-investment with the latest ex post assessment of the fund's contribution to the eight development pillars included in the GPR tool. For an explanation of the GPR tool, please see the appendix.

GPR CHART: FRONTIER II



KAIZEN PRIVATE EQUITY II

PORTFOLIO OVERVIEW

INSOFE Education (International School of Engineering) provides training to industry professionals in Data Analytics and Data Science. Corporate customers may also engage INSOFE to train their employees or provide consultancy services.

PHINMA Education Holdings operates affordable higher education institutions which offer employment-oriented education in the Philippines.

Socap (trading under the brand name Pintek) is an Indonesian company that provides short-term loans to suppliers of education companies.

Think & Learn (trading under the brand name Byju's) is a tutoring ed-tech platform in India that provides content and test preparation for K-12 education.

Thirumeni Finance (trading under the brand name Varthana) is a Non-Banking Financial Company (NBFC) that provides loans to affordable private schools that target low- and middle-income families in India.

YOLA is a leading player in the English language training (ELT) segment in Vietnam. The company started by providing test preparation (GMAT, IELTS, TOEFL) to high school and college students and has expanded to ELT programmes for primary and middle school children.

FUND OVERVIEW

Kaizen Private Equity II (Kaizen II) is a fund focused on the education sector in India and select countries in South and Southeast Asia, including the Philippines and Sri Lanka. The Fund invests in companies active in one of two broad subsets of the education space: education delivery and education enablement.

INVESTMENT YEAR
2017

SECTOR
Education

REGION
South & Southeast Asia

FUND SIZE
USD 79.1 million

FAPBM COMMITMENT
USD 2 million

FUND MANAGER
Kaizen Management Advisors (Kaizenvest)

"Over the course of 2021 Covid-19 cases in Emerging Asia declined and vaccination coverage has expanded, helping economic activity in the region to pick up. Within the education sector, the pandemic has deepened the importance of EdTech, which is helping to mitigate learning losses and accelerate upskilling into a new labour economy. Several education-delivery investee companies (INSOFE, Yola, Phinma) successfully pivoted to online teaching models that have supported students during this challenging period. Kaizen II will continue to focus on value creation, growth and exits as companies anticipate a return to growth in 2022."

Yalis Torretta | Senior Investment Manager

ESG

Kaizenvest ensures its investees follow our Responsible Investment Policy. More specifically, Kaizenvest ensures all investees have fit-for-purpose Environmental and Social Management Systems, which measure involvement in excluded activities, adherence to relevant local E&S legislation, alignment with IFC Performance Standard 2 (Labour and Working Conditions) and IFC Performance Standard 4 (Community Health, Safety, and Security). We have been an active supporter of Kaizenvest's improvements in E&S risk management, in particular by providing training on ESG issues to its manager. This has led to investees developing fire and safety policies (including performing regular audits) and developing child safeguarding policies (including wellness programmes). In 2020, Obviam delivered training to the Kaizenvest team on remote ESG monitoring. We are also supporting Kaizenvest in developing a gender policy that covers its own operations as well as its investee operations, products and services. Finally, where Kaizenvest's investees offer financing for fees or tuition, they follow Client Protection Principles.

COVID-19

In its second year, the pandemic continued to impact Kaizenvest's portfolio companies – albeit at varying scales. 2021 saw severe second (and third) waves of the pandemic hit several countries that resulted in offline centres including schools, day care centres and other learning institutes having to shut down physical locations for a significant part of the year. Kaizenvest continued to prioritise its own staff safety and well-being by allowing flexible working options at all locations, insurance coverage, and regular zoom meetings for non-business reasons to check in on staff wellness and create a social space for mutual support. Kaizenvest also continued to work closely with all its portfolio companies through regular zoom interactions and provided companies guidance and direction on several aspects of business from operational support to strategic direction. Cross-collaboration among the investee companies continued in 2021 and proved to be very useful in exchanging learnings and experiences.

The last quarter of 2021 saw most companies turn around with the receding impact of the pandemic, largely due to increased vaccination levels and preparedness by government machineries across the globe to handle subsequent waves of the pandemic. Within Kaizen II, PHINMA continued to demonstrate strong performance and showed a nearly 30% increase in its enrolments over the previous academic year. Toppr was acquired by Think & Learn (Byju's) in a part-sale and part-swap transaction, which recorded the funds' first exit, while still within the commitment period. INSOFE stayed on track and received strong acquisition interest from an Indian EdTech unicorn (the deal concluded in 2022). YOLA and Thirumeni Finance (Varthana), although impacted by the pandemic, continued to stay ahead of competition and expect to see stronger performance in 2022. In all, 2021 ended on a strong note with most companies recovering well from the pandemic and appearing to be regaining their pre-Covid trajectories.

IMPACT

4 QUALITY EDUCATION

4,117	Jobs supported
49%	Female employees
80%	of companies provided formal training to employees
2.2m	USD in taxes paid
2,837	Educational facilities served
3,97m	Students reached
2,122	Teachers employed

Education is a human right that enables people to live healthier and more productive lives. The development of human capital is critical for economic and social development, and is increasingly important for environmental sustainability. The critical importance of education is enshrined in SDG 4, which aspires to "ensure inclusive and equitable quality education and promote lifelong learning opportunities for all". While there has been much progress made in the past decade to improve access to, and the quality of, education in South and Southeast Asia, gaps remain and there is a continued need for private sector involvement in education.

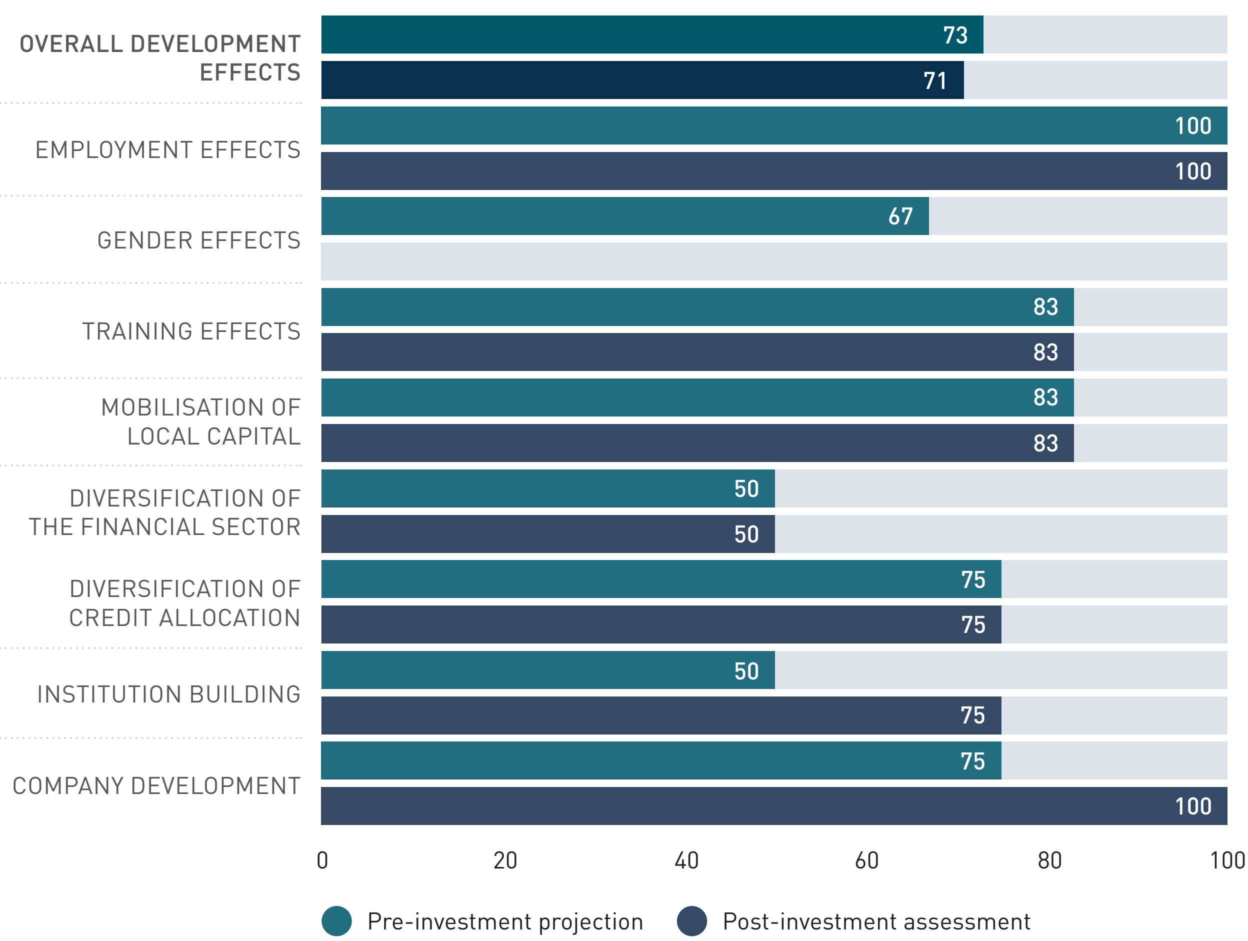
> **The critical importance of education is enshrined in SDG 4, which aspires to "ensure inclusive and equitable quality education and promote lifelong learning opportunities for all".**

Making a positive impact through education investments is a part of Kaizenvest's core philosophy and SDG 4 is central to Kaizenvest's impact framework. Kaizenvest's investment thesis is based on companies driving learning innovations in three main areas: (i) using technology to increase access, improve quality or personalise learning at scale, (ii) catalysing innovations in pedagogy, curriculum, process or skills development, and (iii) providing finance, technological tools and services that accelerate learning transformation for all.

The majority of Kaizen II's development effects as measured by the GPR tool are materialising as expected ex ante. While several companies suffered job losses in 2020 because of Covid-19 and extensive lock-downs, all but one (YOLA) of Kaizen II's investee companies increased their job counts in 2021, with a net increase across the portfolio. Kaizen arranges annual training for its staff and continues with outreach events, such as a biennial education symposium hosted jointly with INSEAD. While Kaizenvest has a Gender Policy, it is focused on non-discrimination and reporting on employees and customers, rather than empowering women per se. Local private capital has been mobilised for Toppr (a former investee) and Thirumeni Finance. Diversification of credit allocation has been significant, including extending the reach of education services to disadvantaged (poorer, rural) populations. For example, Toppr reached into new rural areas with its online products, while Thirumeni Finance is providing financing for schools catering to low-income families. Kaizenvest is very active in supporting its portfolio companies, taking an active role on boards, providing advice on strategy, helping to improve their ESG policies and procedures, and bringing in external legal or tax support when necessary. Kaizenvest also provided additional advice on crisis management during the pandemic and connected companies that could support each other.

The GPR chart compares the expected development effects pre-investment with the latest ex post assessment of the fund's contribution to the eight development pillars included in the GPR tool. For an explanation of the GPR tool, please see the appendix.

GPR CHART: KAIZEN II



RENEWABLE ENERGY ASIA FUND II

PORTFOLIO OVERVIEW

India C&I Solar Portfolio operates a combined 51 MW of rooftop and ground-mounted solar PV installations in India that supply power to commercial and industrial businesses.

Indo Solar Joint Venture is a solar PV project in Indonesia.

Isabela Power Corporation (IPC) 1 & 2* are hydro projects located in the Philippines. IPC 1 will have a 19MW capacity, while IPC 2 will be slightly smaller at 14 MW.

Lombok Solar is 5.3 MW utility-scale solar PV plant delivering power into a pre-existing grid.

Markham Hydros Portfolio is a group of run-of-river small hydro projects in the Philippines.

Mirkala Solar is a 10 MW solar plant in India, and has been in operation since October 2017.

Philippines Hybrid Energy System Inc. (PHESI) 1 & 2* are wind projects with capacities of 16 MW and 10 MW, respectively, located in the Philippines.

Quantum Solar 1 & 2* are utility-scale solar PV plants operating in Indonesia, with capacities of 11MW and 10 MW, respectively.

*These projects are reported by Obviam's Finance Team as separate investees.

FUND OVERVIEW

Renewable Energy Asia Fund II (REAF II) is a private equity fund investing in renewable energy projects in South and Southeast Asia, focusing primarily on the Philippines, India and Indonesia. REAF II's investment strategy is to build several renewable energy projects that are then bundled into country-level platforms, which, in the current market environment, makes this type of investment more attractive for future buyers.

INVESTMENT YEAR
2016

SECTOR
Renewable energy

REGION
South & Southeast Asia

FUND SIZE
USD 203.4 million

FAPBM COMMITMENT
USD 2.5 million

FUND MANAGER
Berkeley Energy

Selo Kencana Energi is an 8 MW hydro plant operating in the West Sumatra Province of Indonesia.

Sitanduk Hydropower is a 50 MW hydro plant under development in Indonesia.

Tasma Bioenergy is an early mover in the Indonesian market for sustainable heat supply, using waste biomass at industrial facilities of multinational corporations.

Symbior PMR operates 96 MW of rooftop and ground-mounted solar PV installations in Thailand.

"Berkeley Energy's active, hands-on approach has enabled it to handle the challenges brought about by the Covid-19 pandemic. REAF II has maintained good operational performance and new projects have continued to be brought on-line in the past year. We anticipate further growth in installed capacity in the coming years, delivering more clean energy to customers."
Philip Sieber-Gasser | Managing Director, Operations

ESG

Given the nature of the renewable energy sector, there are significant E&S risks in many of REAF II's projects: for example, land acquisition and involuntary resettlement, indigenous peoples, biodiversity and cultural heritage. Most of these risks can be mitigated and managed when identified early in the development stages. Berkeley Energy takes a robust approach to E&S risk management. It applies its Environmental and Social Management System (ESMS) throughout its investment decision-making process, avoiding projects expected to have significant, irreversible or unprecedented impact and minimising and mitigating adverse E&S risks in approved projects, as well as maximising opportunities for adding E&S value. Berkeley Energy also places E&S requirements on contractors, sub-contractors and other partners. We are impressed by Berkeley Energy's highly qualified E&S team and the organisation of their activities. For example, each project has an E&S Team (featuring compliance, occupational health and safety (OHS), pollution control, and community liaison officers). Project teams report to E&S country managers, who, in turn, report to Berkeley Energy's E&S managers. Berkeley Energy provides regular training on E&S matters to its staff. REAF II complies with the requirements in our Responsible Investment Policy. While there have been some Covid-19 delays in completing some of the projects' Environmental and Social Action Plans, we are satisfied these are being adequately managed.

COVID-19

The countries in which Berkeley Energy operates all had some form of pandemic-related restrictions in place at various times, and the investee companies were affected to varying degrees. Some projects were affected by reduced off-taker energy demand (such as Tasma Bioenergy), or restricted access to spare parts (Quantum Solar). Others, such as Lubuk Gadang and Lombok Solar in Indonesia, were able to operate normally with no impact on generation. Projects developed Business Continuity Plans (BCPs) containing Covid-19 restrictions and guidelines reflecting governments' regulations. Such projects included steps to communicate, sensitize and train workers on protocols and hygiene requirements. As an example of steps taken to ensure worker safety, measures introduced at Mirkala Solar included installing sanitizing stations, frequent cleaning, temperature checks, use of PPE and social distancing. Many projects also delivered information to local communities. For example, Isabella Power Corporation Project 1 and Lombok Solar published food and hygiene articles. The former project also offered education grants. The Mirkala companies provided various donations to support their surrounding communities, including an ambulance for the local hospital.

IMPACT

7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

610	Jobs supported
16%	Female employees
2.2m	USD in taxes paid
164 MW	of clean energy capacity installed cumulatively
173 GWh	of clean energy produced in 2021
147,000	tonnes of GHG emissions avoided in 2021

> **Within the key countries targeted by REAF II, more than 400 million people currently do not have access to electricity.**

Within the key countries targeted by REAF II, more than 400 million people currently do not have access to electricity. The International Energy Agency (IEA) predicts these countries will need to roughly triple their electricity generation capacity in the next two decades to meet their projected economic growth. With Berkeley Energy's sole focus on renewable energy, its solid technical expertise, in-house project development team, and hands-on approach, we expect REAF II to make a significant contribution to the energy sector and economic development of its target countries. Despite the difficulties faced by the construction sector during the pandemic, by the end of 2021, REAF II had installed 164 MW of clean energy, up from 44 MW in 2020. Thus REAF II is contributing towards the achievement of SDG 7 by expanding access to electricity and increasing the share of renewable energy. In 2021, 147,000 tonnes of greenhouse gas (GHG) emissions were avoided, thereby contributing towards SDG 13.

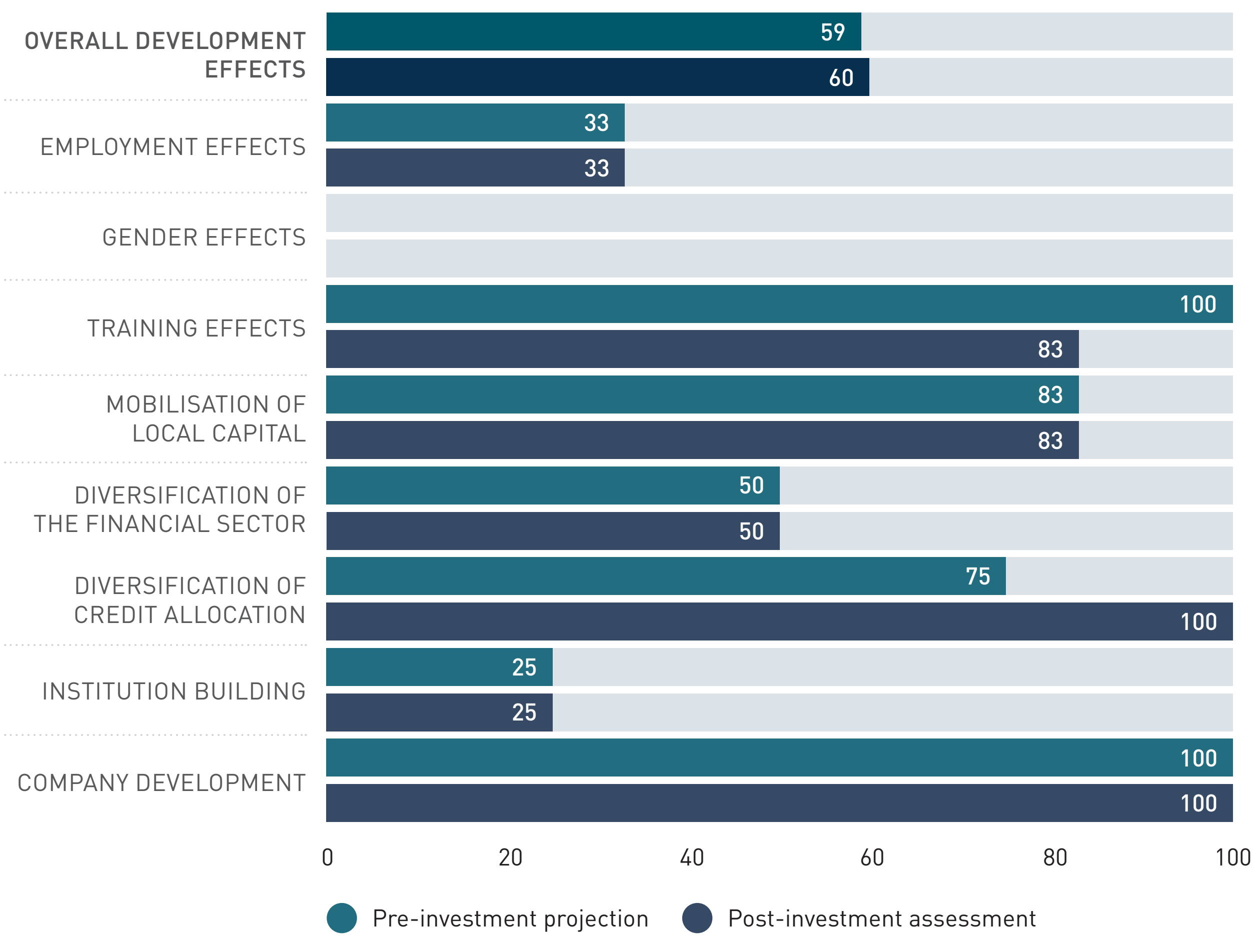
> **Despite of the difficulties faced by the construction sector during the pandemic, by the end of 2021, REAF II had installed 164 MW of clean energy, up from 44 MW in 2020.**

The expected development effects of REAF II as measured by the GPR tool are beginning to materialise. Employment effects are limited in the GPR tool to permanent Operations & Maintenance jobs and exclude temporary construction jobs, which explains the low score. The tool also does not account for the indirect and induced employment generated from energy projects, which, while difficult to quantify, can be substantial. Berkeley Energy provides its staff with E&S training on topics such as health and safety, fraud, governance, bribery and cyber-attacks. Berkeley has mobilised local private capital by helping several investees to secure local bank financing. REAF II is contributing to the diversification of credit allocation by funding mostly greenfield assets and channelling financing into some rural areas. Furthermore, REAF II is supporting the creation of scalable, region-wide aggregation of commercial and industrial solar investments, a sector which previously had limited access to capital. Berkeley Energy takes an active role in supporting and developing its projects, including their governance, management, and operations, particularly in the areas of E&S and OHS, providing technical know-how and improving accounting and financial management practices.

> **REAF II is contributing to the diversification of credit allocation by funding mostly greenfield assets and channelling financing into some rural areas. Furthermore, REAF II is supporting the creation of scalable, region-wide aggregation of commercial and industrial solar investments, a sector which previously had limited access to capital.**

The GPR chart compares the expected development effects pre-investment with the latest ex post assessment of the fund's contribution to the eight development pillars included in the GPR tool. For an explanation of the GPR tool, please see the appendix.

GPR CHART: REAF II



3

CASE STUDIES

INVESTING IN HEALTH

The following three case studies showcase companies in the FAPBM portfolio that operate in the healthcare sector, which of course has had and continues to have special relevance during the Covid-19 pandemic: one investee of Adenia Fund IV (Africa Biosystems Limited) and two investees of Darby Latin American Private Debt Fund III (Biopas and IBT Health SAC).

3 GOOD HEALTH AND WELL-BEING

> Middle-sized laboratories were not interested in opening offices in the region as their capacity was limited, leaving a large opportunity for the company to fill in the provision of specialised medical products and services.

AFRICA BIOSYSTEMS LIMITED

In May 2021, Adenia Capital IV acquired Africa Biosystems Limited ("ABL"), a state-of-the-art distributor of life sciences and clinical diagnostics equipment and consumables in East Africa. ABL operates three regional offices in Kenya (headquarters), Tanzania, and Uganda, supplying products to the wider East African region.

THE REGIONAL CONTEXT

While economies in East Africa have been growing rapidly, especially over the past decade or two, this growth has come off a relatively low base and converges with unsettling inequities and disparities in the region. Access to basic services, such as health, sanitation and education, remains underfunded due to limited state resources. At the same time, populations and incomes are growing rapidly in the region, leading to increased demand for expensive, higher-quality healthcare services. The Covid-19 pandemic and its multiple SARS-COV-2 variants also highlight the dire need for more advanced medical diagnostic equipment.

THE COMPANY

Established in 1998, ABL distributes leading life sciences instruments that are used to conduct research and diagnosis across the human, animal health, and crop science sectors. Product applications span molecular, cell, and protein biology as well as DNA forensics. ABL's customers fall into various market segments, including academic and national research institutions, government agencies, and private healthcare providers. Through its experienced field service engineers, who are trained to the highest international standards, ABL provides support for all new and existing equipment sold. Value-added services for customers services include installation, on-site support, technical troubleshooting, links with international suppliers, arrangement of components and repairs, and advice on operations and maintenance.

ESG

ABL is categorised as a low-risk project in terms of both environmental and social risks. At acquisition, it was noted that the company's operations have limited potential adverse social and environmental impacts that are readily addressable through the implementation of an action plan with well-known mitigation measures. Adenia is helping ABL to develop and implement a comprehensive Environmental and Social Management System (ESMS) to build on existing elements. To prevent pollution and carbon emissions, ABL included a clause in the Standard Terms & Conditions of Sale on client responsibility to ensure proper waste management is generated on their sites after servicing and maintenance work. The company is currently setting net carbon reduction targets. On the governance side, Adenia has overseen the transformation of the company from a founder-led model to professional management through the onboarding of a qualified CEO and CFO, as well as the formation of a strategic committee that meets monthly.

DEVELOPMENT IMPACT

ABL has played an important role not only in facilitating Covid testing but also in the detection of Covid variants across private and public institutions in East Africa. ABL was instrumental in the installation of 25 additional SARS-COV-2 detection and testing platforms in four countries. ABL's key role was the distribution, installation, and on-site training of lab technicians to conduct Covid tests in the respective labs. The Company also distributed next-generation sequencing platforms and reagents for the sequencing of over 400 samples in Tanzania to help detect SARS-COV-2 variants in the country as well as reagents for over 40,000 Covid tests in Kenya and over 200,000 tests in Uganda. While it is impossible to quantify, it is clear that ABL's activities had an undeniably positive impact in combating the spread of the disease.

Beyond Covid-19, molecular testing platforms have other clinical applications such as HIV and TB drug resistance screening, cancer genomics, and pre-transplant diagnostics to help physicians recommend appropriate treatment plans. As a result, ABL actively contributes towards the achievement of SDG 3: good health and well-being.

As of December 2021, ABL had 30 employees, about 40% of whom were female. One-third of executive committee members are women. In 2021, the Company provided 180 hours of formal training for its staff. ABL reported revenues of USD 14.4 million and paid USD 1.98 million in total taxes paid in 2021.

As of December 2021, ABL had 30 employees, about 40% of whom were female. One-third of executive committee members are women.

Adenia has ambitious development plans for ABL: the fund will actively support ABL's management in partnering with new suppliers and exploring an instrument placement model with select academic and private research institutions. The launch of ABL's demonstration laboratory will not only showcase the instruments provided by the Company, but also serve as a centre for training of both practitioners and students in the region on usage and application of new technologies. ABL also plans to set up a warehouse to hold fast-moving instruments and consumables and reduce average lead-times to 1 week (from 6 to 8 weeks on average). To support the expected growth, the company plans to expand the workforce to ensure adequate staffing within the three regional offices and upgrade training programs to promote high-quality management as well as health and safety.

The launch of ABL's demonstration laboratory will not only showcase the instruments provided by the Company, but also serve as a centre for training of both practitioners and students in the region on usage and application of new technologies.

30	Jobs supported
40%	Female employees
14.4m	USD sales revenue
1.98m	USD in taxes paid

BIOPAS

In January 2019 Darby Latin American Private Debt Fund III invested in Biopas Laboratories, a speciality pharmaceutical marketing and distribution company focused on licensing, selling, and marketing innovative prescription pharmaceutical products, cosmetics, and medical devices. Biopas has its Sales and Marketing, Medical Affairs and Human Resources activities headquartered in Bogota, Colombia, while the main operational unit (handling Corporate Finance, Supply Chain Management and Business Development) is located in Panama City. The company has a direct commercial presence enabling access to medical, pharmaceutical and aesthetic products in 16 Latin American countries.

DEVELOPMENT GAP: FILLING A HEALTHCARE NICHE

Biopas was founded in Venezuela in 2002 by pharma industry experts with the objective of becoming a partner of innovative pharmaceutical companies, especially from Europe, seeking commercial access to the Latin American markets with high-value branded products. The founders of Biopas, based on their international careers in pharma companies, realised that many life-changing drugs were not available in Latin America. Middle-sized laboratories were not interested in opening offices in the region as their capacity was limited, leaving a large opportunity for the company to fill in the provision of specialised medical products and services.

3 GOOD HEALTH AND WELL-BEING

"Middle-sized laboratories were not interested in opening offices in the region as their capacity was limited, leaving a large opportunity for the company to fill in the provision of specialised medical products and services.

THE COMPANY

Biopas utilises its knowledge of local markets to present to key decision makers (doctors and regulators) an evidenced-based process supported by cost/benefit analysis, clinical data on safety and efficacy, and positive patient experiences, in order to bring products to market at an accelerated pace as a licensing company, rather than a manufacturing one. The company has built a portfolio of over 120 exclusive products under long-term licenses with more than 30 American, European and Asian pharmaceutical companies. The company operates in five main business units: Immunology, Rare Diseases, Chronic Care, Speciality Care, and Dermatology. Biopas' strategy is to be a niche player focused on innovative and long-term medication. Since 2021, Biopas has entered the much larger Brazilian and Mexican markets directly, and considers them the growth engine going forward for the company.

ESG AND COVID-19

The investment in Biopas is categorised as having low E&S risks, since it is a business service company and there are no critical social or environmental risks associated with the location of its units. The company has created an E&S policy which formalises its main guidelines and practices to mitigate material risks.

Due to Covid-19 quarantine restrictions, Biopas increased the amount of work-from-home time for its employees. Despite the pandemic, Biopas has managed to maintain its number of employees, and even increased the hours of training in E&S related issues. During the pandemic Biopas has implemented biosafety protocols, including registering daily health conditions, delivering personal protective equipment such as masks and hand sanitisers, and conducting rapid antigen tests to identify positive cases of Covid-19.

DEVELOPMENT IMPACT

Through its product offerings, Biopas is contributing towards the achievement of SDG 3, target 3.4: reduce premature mortality from non-communicable diseases through prevention and treatment. The main beneficiaries are the end-consumers of the medicines and medical apparatuses that it provides under licence. A Patient Support Program provided by the company is one of the key differentiators with respect to its competition and is a strong competitive advantage. Biopas partners with healthcare providers to create patient health programs to ensure patients adhere to doctor's instructions on using their products.

Biopas had 121 full-time employees in 2021, of which 69 (57%) were women. The company was co-founded by a woman and three out of the six members of the senior leadership team are female. The staff complement was unchanged from 2020, despite the Covid-19 pandemic. The company reported that it provided formal training for all its employees in 2021. Biopas reported sales revenues of USD 97.2 million and paid USD 3.96 million in corporate income taxes in 2021.

121	Jobs supported
57%	Female employees
97.2m	USD sales revenue
3.96m	USD in taxes paid

IBT HEALTH SAC

In March 2021 Darby Latin American Private Debt Fund III invested in IBT Health SAC, a company which provides medical and nonmedical services to operators that manage two hospitals in Lima, Peru.

THE COUNTRY CONTEXT: PERU

Peru has made strides in improving its healthcare system in recent decades, with life expectancy at birth rising from 43.8 years in 1950 to 76.8 years in 2019. Nevertheless, the population suffers from high rates of communicable and non-communicable diseases (such as diabetes and tuberculosis) and partly as a result of these conditions, Peru's people were hit very hard by the Covid-19 pandemic. The health system remains fragmented and segmented.[1] The Ministry of Health caters mainly to poorer citizens, covering about 65% of the population. EsSalud, an autonomous public institution funded by payroll taxes and overseen by the Ministry of Labour, is responsible for providing healthcare coverage to formal sector workers. EsSalud caters to approximately 30% of the Peruvian population. The provision of high-quality hospital services is critical for expanding access to quality healthcare.

THE COMPANY

IBT Health SAC is a 100% subsidiary of IBT Health LLC, which in turn is wholly owned by IBT Group LLC, a diverse construction and services group. IBT Health LLC is the majority owner of two hospital concessions in Peru, named VMT and Callao. The company was awarded the project for the construction, financing and the operation

1 R.M. Carrillo-Larco et al., "Peru – Progress in health and sciences in 200 years of independence", The Lancet Regional Health – Americas, 2022: 7.

> The population suffers from high rates of communicable and non-communicable diseases (such as diabetes and tuberculosis) and partly as a result of these conditions, Peru's people were hit very hard by the Covid-19 pandemic.

of medical and nonmedical services until April 2044 (30 years). IBT Health SAC provides medium complexity medical services to the VMT and Callao hospitals, ranging from primary care to most medical specialities, including services such as nephrology, radiology and odontology (but excluding high-complexity treatments such as oncology), as well as medical equipment, medicines and other supplies. IBT Health also provides nonmedical services such as quality and environment, communication, diversity and inclusion, business and project development, infrastructure, finance, legal, operations, human resources, information systems, logistics, and corporate social responsibility.

Both hospitals operate under the framework of public private partnerships (PPPs), through which private entities are engaged in providing medical services to patients covered by the Peruvian social security system, as well as providing other nonmedical services in exchange for compensation by EsSalud. Both hospitals started operations in 2014 and have been recognised as best-in-class for the EsSalud system.

ESG AND COVID-19

IBT Health has made good progress during 2021 in the implementation of their Environmental & Social Action Plan to address various issues. It is committed to social improvements, including identification and assessment of human rights risks and reinforcement of Diversity & Inclusion (D&I) issues through their D&I Plan. Furthermore, all suppliers are evaluated through E&S criteria. IBT Health has taken various measures to deal with Covid-19, including: sharing information about the pandemic to the public through web pages and social media; reducing levels of face-to-face activity; dividing hospitals into Covid and non-Covid facilities; providing Personal Protective Equipment (PPE); modifying shifts and schedules; reassigning working areas; and arranging psychological support.

DEVELOPMENT IMPACT

Through its services, IBT Health is contributing towards the achievement of SDG 3 (good health and wellbeing), specifically target 3.8: achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all. The direct beneficiaries of the investment include the employees of IBT Health itself, as well as the clients of the two hospitals serviced by the company.

IBT Health had 2453 (70%) female and 1068 male (30%) full-time employees in 2021 (3521 employees in total). No jobs were cut in 2021 – in fact the number of employees increased by 74 from 3447 in 2020. All employees received training in 2021. The company reported sales revenues of USD 151.7m and paid USD 23.9 million in corporate income taxes in 2021.

3,521	Jobs supported
70%	Female employees
151.7m	USD sales revenue
23.9m	USD in taxes paid

4

APPENDIX

OBVIAM'S APPROACH TO ENVIRONMENT, SOCIAL, GOVERNANCE AND IMPACT

This appendix provides a description of Obviam's approach to Responsible Impact Investing, including Environment, Social and Governance (ESG) as well as impact measurement and management.

> During the due diligence process, we thoroughly assess fund manager intentionality and their commitments to upholding our Responsible Investment Policy, as well as their contribution to SDGs as measured by impact metrics.

ENVIRONMENT, SOCIAL, GOVERNANCE AND IMPACT (ESGI)

Responsible impact investing involves making investments with the intent to generate positive, measurable social and environmental impacts alongside financial returns, while minimising ESGI risks and potential negative impacts. Obviam seeks to provide its investors with risk-adjusted returns, while generating sustainable, demonstrable positive impacts.

At Obviam, ESGI considerations are integrated across investment decision-making and portfolio management, and our ESGI framework is aligned with the Operating Principles for Impact Management.[2] ESGI matters are considered throughout the investment process, from deal sourcing and screening, to due diligence, Investment Committee approvals, contracting, stewardship/monitoring and through to exit.

In our deal sourcing and screening phase, we explore the expected impact of each investment using a systematic approach that explores whether an investment is likely to meet the requirements of our Responsible Investment Policy. The approach also considers whether an investment is likely to meet the 2X Challenge eligibility criteria.[3] During the due diligence process, we thoroughly assess fund manager intentionality and their commitments to upholding our Responsible Investment Policy, as well as their contribution to SDGs as measured by impact metrics.[4] Our analysis is supported by tools such as the GPR assessments described below. We include specific policy requirements in our investment agreements (for example, Limited Partner Agreements and side letters) with fund managers.

2 Obviam is a signatory to the Operating Principles for Impact Management and undertook third-party verification in 2020. We also encourage fund managers to become signatories to this initiative.
3 The 2X Challenge: Financing for Women.
4 Since 1 January 2021, Obviam has been assessing whether target investments are aligned with the objectives of the Paris Agreement and are not in conflict with countries' commitments as stated in their respective Nationally Determined Contributions (NDCs).

As well as monitoring the potential negative impacts of each investment and assessing the performance and impact of each investment against expectations, we actively engage with prospective managers and invested managers throughout investment periods to support continuous improvement in their financial and ESGI performance. This includes working with target investees to improve their ESG and Impact Management and Measurement Systems, actively participating in Limited Partner Advisory Committees and ESG sub-committees, as well as providing direct support and guidance aimed at reducing ESGI-related risks and potential negative impacts. This work is often undertaken alongside other likeminded investors. We ensure that exits consider the effect on sustained impact and work with investees to encourage adoption of the same practices. We also review, document, and improve our decisions and processes based on ESGI impacts achieved and lessons learned.

RESPONSIBLE INVESTMENT POLICY

Obviam's responsible investment policy[5] is based on internationally accepted best practice standards, including: the UN Guiding Principles for Business and Human Rights; International Labour Organisation Core Labour Standards; International Finance Corporation Standards on Social and Environmental Sustainability (2012); the associated Environmental, Health and Safety (EHS) Guidelines; the Corporate Governance Development Framework; and the Client Protection Principles. This Policy applies to Obviam, our fund managers and their underlying portfolio companies (as well as financial institutions) and extends across the entire investment process (from deal sourcing and initial screening to exit).

OBVIAM'S EXCLUSION LIST	1. Forced labour or child labour 2. Activities or materials deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase-outs or bans, such as: a. Ozone depleting substances, PCBs (Polychlorinated Biphenyls) and other specific, hazardous pharmaceuticals, pesticides/herbicides or chemicals; b. Wildlife or products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES); or c. Unsustainable fishing methods (e.g. blast fishing and drift net fishing in the marine environment using nets in excess of 2.5km in length) 3. Cross-border trade in waste and waste products, unless compliant to the Basel Convention and the underlying regulations 4. Destruction of HVC areas 5. Radioactive materials and unbounded asbestos fibres 6. Construction of new and extension of any existing coal fired thermal power plants 7. Pornography and/or prostitution 8. Racist and/or anti-democratic media 9. Weapons and munitions 10. In the event that any of these following products form a substantial part of a project's primary financed business activites: a. Alcoholic beverages (except beer & wine); b. Tobacco; or c. Gambling, casinos & equivalent enterprises
IFC PERFORMANCE STANDARDS	
ILO CONVENTIONS	**ILO CORE CONVENTIONS** Freedom of Association and Collective Bargaining (No. 87, 98) Forced Labour (No. 29, 105) Child Labour (No. 138, 182) Discrimination at Work (No. 100, 111) **ILO CONVENTIONS BASIC TERMS AND CONDITIONS OF EMPLOYMENT** Fixing a Minimum Wage (No. 26, 131) Hours Worked (No. 1) Occupational Health and Safety (No. 155)

5 Obviam's Responsible Investment Policy (2019) (https://www.obviam.ch/fileadmin/user_upload/pdf_docs/200115_Responsible_Investment_Policy_V1.3_Website_Version_01.pdf)

UN GUIDING PRINCIPLES	**PROTECT** State duty to protect human rights **RESPECT** Corporate responsibility to respect human rights **REMEDY** Access to remedy for victims of business-related abuses
CLIENT PROTECTION	• Appropriate product design and delivery • Prevention of over-indebtedness • Transparency • Responsible pricing • Fair and respectful treatment of clients • Privacy of client data • Mechanisms for complaint resolution

> We use internationally-accepted harmonised approaches and indicators whenever possible, and we are active in forums that seek to improve approaches and indicators and promote harmonisation.

MEASURING AND MANAGING IMPACTS: DEVELOPMENT INDICATORS

Obviam collects a standard set of ESGI information and indicators from all our investees once a year, including jobs supported, training and tax revenues. Additional sector-specific and investment-specific information and indicators are also collected for each fund. We use internationally-accepted harmonised approaches and indicators whenever possible, and we are active in forums that seek to improve approaches and indicators and promote harmonisation.

We use the information and indicators to gain a better understanding of ESGI risks faced by investees, and their impact contributions towards selected SDGs. While we engage regularly with investees, annual review calls are also held with each investee to discuss their ESGI performance and the ways in which this can be improved in the future. The majority of the indicators are measured as flows during the reporting period, while some (e.g. jobs) are measured as stocks as of end the end of the reporting period.

2 ZERO HUNGER

SDG 2 – ZERO HUNGER

- Food produced and/or processed (tonnes)
- Farmers reached

3 GOOD HEALTH AND WELL-BEING

SDG 3 – GOOD HEALTH AND WELL-BEING

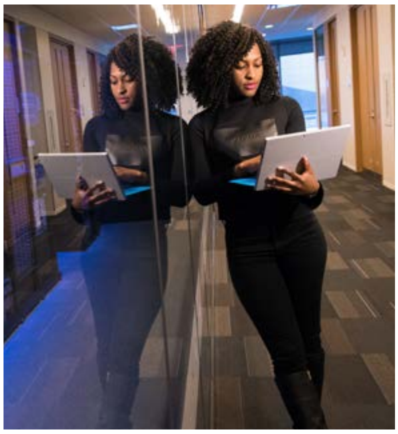
- Healthcare facilities served
- Caregivers employed
- Patients reached

SDG 4 – QUALITY EDUCATION

- Educational facilities served
- Teachers employed
- Students reached

SDG 5 – GENDER EQUALITY

- Share of women ownership
- Business founded by a woman
- Share of women in senior management
- Share of women on the Board or IC
- Share of women in the workforce
- Gender policies and practices that exceed those required by local legislation
- Products or services specifically or disproportionately benefiting women



SDG 7 – AFFORDABLE AND CLEAN ENERGY

- Clean energy installed (MW)
- Clean energy produced (GWh)

SDG 8 – DECENT WORK AND ECONOMIC GROWTH

- Jobs supported (Full-time Equivalent, including Permanent, Temporary and Outsourced; by gender)
- Formal training provided to employees
- Number of employees trained and hours of training
- Grievance mechanism (number of complaints)

SDG 9 – INDUSTRY, INNOVATION AND INFRASTRUCTURE

- Mobile, voice and data subscriptions
- Passenger usage
- Clients reached

SDG 13 – CLIMATE ACTION

- GHG emissions (for investees with more than 25,000 tonnes CO_2e per year)
- GHG emissions avoided or reduced during the reporting period (tonnes CO_2e)

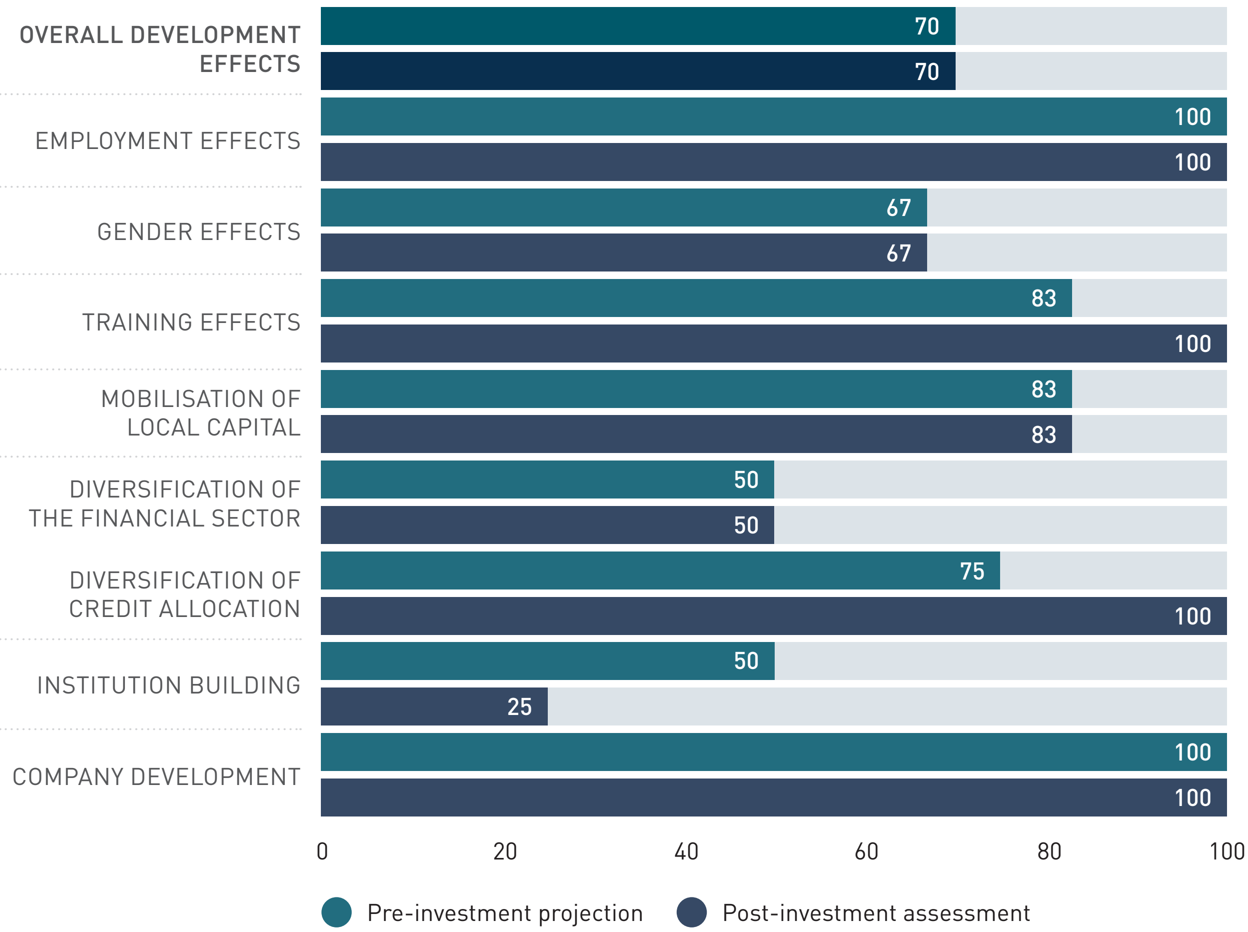
SDG 17 – PARTNERSHIPS FOR THE GOALS

- Corporate income taxes (USD)
- Other taxes and governmental fees (USD)

MEASURING AND MANAGING IMPACTS: THE GPR RATING TOOL

Obviam uses the GPR[6] impact rating tool systematically to assess the development effects of both prospective and invested funds. We conduct GPR assessments during our investment decision-making processes (i.e., ex-ante assessments). These inform our investment decisions and are used to set baselines for the expected impact performance of individual investments over their subsequent lifetimes. We then perform post-investment GPR assessments at regular intervals (every other year) and at exit, to monitor and assess the actual development effects against the baseline projections.

The GPR assessments are based on the investment's contribution to eight development areas or pillars (see table below). A standardised score is assigned for each of the sub-indicators in the individual pillars based on internal discussions within the Investment and ESGI Teams, as well as discussions with fund managers during Due Diligence (ex-ante) and during annual ESGI monitoring calls (ex-post). The sub-indicator scores are then aggregated to form scores for each pillar, which in turn are aggregated to obtain scores at the fund level, scaled to a range from 0 to 100.



6 The GPR tool was originally developed by the German Development Finance Institution (Deutsche Investitions – und Entwicklungsgesellschaft (DEG)) and was adapted to meet our investment strategy.

01 Employment Effects

A Number of persons employed in the Fund Manager
B Number of jobs supported at investee company level
C Total jobs supported (a+b)

02 Gender Effects

A Positive Gender effects

03 Training Effects

A Staff Training
B Management Training
C Other (outreach training activities)

04 Mobilization of Local Capital

A Local investment mobilisation for Fund
B Mobilisation of other capital for investees

05 Financial Sector Diversification

A Novel type of institution
B Novel instrument/finance service
C Improvement of regulatory framework

06 Credit Allocation Diversification

A New Sectors
B Export financing
C SME financing
D Microfinancing/Start-up financing
E Empowerment of disadvantaged groups
F Financing for new regions
G Financing for environmental purposes
H Other

07 Institution Building

A Expansion of equity financing
B Organization and management
C Information and control systems
D Risk management
E Seed financing/Improvement of capital structure
F Long-term financing
G Environmental/social risk monitoring

08 Company Development

A Company upgrading
B Corporate governance
C Environmental/social standards
D Expansion/modernization
E Risk financing
F Accounting/reporting
G Other

MEASURING AND MANAGING IMPACTS: CASE STUDIES

We regularly conduct case studies to gain a more in-depth understanding of an ESGI theme, a particular fund or investee company. In FAPBM's 2017 Impact Report, we included a case study on Paradise Ingredients, a Costa Rican banana producer (a CASEIF III investee). This case study showcased the company's contribution to diversify the economy, its challenges, and its key development effects—supporting the diversification of the local economy; facilitating the transfer to an independent, locally-owned company; upholding the highest ESG standards; and creating local jobs and fostering gender equality. For FAPBM's 2018 Impact Report, we presented the Mirkala Solar project in India (a REAF II investee). This case study highlighted the project's positive impacts by not only helping to meet the rapidly increasing demand for power in the Indian state of Maharashtra, but doing so in a cost-effective, sustainable and reliable way. For the FAPBM 2019 Impact Report, we wrote a case study on Newpack, a leading producer of corrugated cardboard in Madagascar. This case study highlighted Newpack's positive impacts through providing decent formal sector jobs in a country with widespread poverty, and by producing products in a resource-efficient and sustainable manner. The 2020 Impact Report featured a case study on Kaizenvest and its Kaizen Fund II.

ESGI INDUSTRY PARTICIPATION

We are a member of the Principles for Responsible Investment (PRI), the Global Impact Investing Network (GIIN), and Swiss Sustainable Finance (SSF). We are also a signatory to the Operating Principles for Impact Management (OPIM). On behalf of SIFEM (the Development Finance Institution of the Swiss Confederation), we participate in European Development Finance Institution (EDFI) taskforces, networking groups and other forums. We are also an active participant in the 2X Collaborative, which promotes women's empowerment and gender-smart investing.

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ABOUT OBVIAM

Obviam is an independent investment advisor specialised in long-term investments in emerging and frontier markets. Obviam advises public, institutional, and private clients, including the Swiss Investment Fund for Emerging Markets (SIFEM), the Development Finance Institution (DFI) of the Swiss Confederation. Obviam offers investors an opportunity to capture attractive returns and generate sustainable positive impact in developing countries, via a proven and responsible investment approach.

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