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FAPBM Impact Report 2022

Fondation pour les Aires Protégées et la Biodiversité de Madagascar

Impact Fund Solutions

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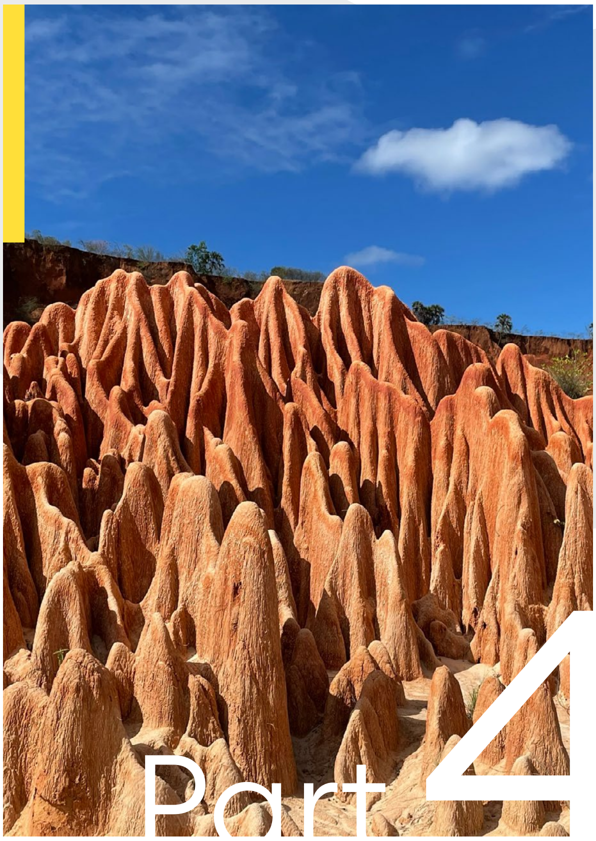

Photo by Arnaud Apffel

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Appendix

List of abbreviations

E&S	Environmental and Social
EHS	Environmental, Health, and Safety
ESG	Environment, Social, and Governance
ESGI	Environment, Social, Governance, and Impact
ESMS	Environmental and Social Management System
FAPBM	Fondation pour les Aires Protégées et la Biodiversité de Madagascar
GDP	Gross National Product
GHG	Greenhouse Gas
GIIN	Global Impact Investing Network
GWh	Gigawatt-hour
HR	Human Resources
IFC	International Finance Corporation
ILO	International Labour Organization
MW	Megawatt
PRI	Principles for Responsible Investment
PV	Photovoltaic
SAPM	Madagascar's Protected Areas System
SDG	Sustainable Development Goals
SIFEM	Swiss Investment Fund for Emerging Markets
SME	Small and Medium Enterprises
SSF	Swiss Sustainable Finance
UN	United Nations

Introduction

This report is the 2022 annual impact report of the Madagascar Protected Areas and Biodiversity Fund (Fondation pour les Aires Protégées et la Biodiversité de Madagascar; FAPBM). It provides an overview of the economic, environmental, and social impact that the fund had in 2022 through its investments in private equity and private debt funds.

In 2023, FAPBM's impact advisor, Obviam AG, handed over the investment mandate of FAPBM to Symbiotics and Tameo Impact Fund Solutions (Tameo), two Swiss-based companies. The two companies will jointly manage the portfolio with distributed tasks. Symbiotics will undertake investment and monitoring activities, while Tameo will be responsible for the financial and impact reporting.

About the FAPBM Mandate

FAPBM is a trust fund that has been active since 2005 to finance protected areas in Madagascar. Endowed with a capital of nearly USD 140 million, FAPBM is currently the largest trust fund for biodiversity in Africa.

One of the foundation's key visions formulated in its 2022-2026 strategic plan is to ensure the sustainability of Madagascar's Protected Areas System (SAPM) funding. To do so, the foundation has targeted to allocate 15% of its capital to impact investments. The income generated from this strategy is used to finance the protected areas.

FAPBM's impact investing approach is to invest in private asset impact funds, both private equity and private debt, with a core focus on emerging and frontier markets. This investment mandate aims to reach a 60% exposure to equity and a 40% exposure to debt investments. In terms of regional exposure, the mandate aims to focus on investments in Africa. The fund also targets, among others, the environmental sector, which may include investments in nature conservation, biodiversity protection, sustainable forestry, renewable energies, energy efficiency, decarbonisation, and sustainable agriculture.

About Symbiotics

Symbiotics is the leading market access platform for impact investing, dedicated to private markets in emerging and frontier economies. The group offers investment, asset management, and capacity building services. Symbiotics Asset Management has USD 2.9 billion in assets under management spread across 23 different funds and mandates.

About Tameo

Tameo is an impact investing specialist serving the financial industry with independent expert solutions. Tameo guides investment funds, managers, and investors through the entire impact investing journey. It offers the most comprehensive online database of impact funds, customised analyses, and independent valuations. Through its research and advisory services, Tameo empowers clients to move towards best-in-class impact measurement & management.

Through this report, Tameo is assessing the impact performance of FAPBM as an independent third party, verifying the data collected and analysing it at a fund level.

Credits

Cover photo by MatT on Adobe Stock.

Key Figures 2022

Portfolio figures

8 funds
in the FAPBM portfolio

USD 17.1 million
committed to fund investments

78 companies
active in fund portfolios

30 countries
in the FAPBM portfolio

33%
exposure to Africa

38%
exposure to environmental sector

Impact figures

27,754
jobs supported in underlying investee companies

42%
women employees

USD 261 million
taxes paid by investee companies to local governments

3,330
education facilities served

4 million
students reached

2,843
teachers employed

10,660
farmers reached

43,274 tonnes
food produced and/or processed

609 GWh
clean energy produced

361,804 tonnes
GHG emissions avoided or reduced

Data as of December 31, 2022

Overall, the FAPBM portfolio has performed well in terms of environmental, social, and economic impact compared to the previous year. The number of jobs supported by the FAPBM portfolio has grown by 47% between 2021 and 2022, when considering the companies that were in the portfolio in both years. This surge can be explained by a large investee company reporting for the first time in 2022, and by a tendency of the portfolio to have increased the number of active jobs. Taxes paid to local governments by investee companies have risen by 25% in 2022, reaching USD 261 million. This is partly due to one investee company, 2W, which records an increase in taxes paid of over USD 35 million compared to 2021. Otherwise, many investees record a slight decrease in taxes paid, while a few depict significant increases. Then, a new investee company in the portfolio, Leverage Edu, has lead to a growth in the number of teachers employed by 34% in 2022 and the number of education facilities by 17%. Although to a minor extent, they are also due to the growth of other investee companies in the education sector. Nevertheless, the number of students reached remained stable, with a high concentration of students reached in one investee, Thirumeni Finance, representing 96% of the total students reached in 2022.

While the impact related to agriculture has remained stable or slightly decreased compared to 2021, the environmental indicators have largely grown. Indeed, clean energy installed by portfolio investees has expanded by 82%, reaching a total of 609 gigawatt-hours (GWh) of energy produced. This can be mainly explained by the starting up of new projects that were in construction in 2021. It may also be due to a more productive year, with favourable weather conditions. Greenhouse gas (GHG) emissions avoided or reduced are linked to the clean energy produced and hence depict a similar growth of 88% in 2022. Finally, clean energy newly installed in 2022 is 47 megawatt (MW), with several projects still under construction.


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Photo by Picturellarious on Adobe Stock


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Portfolio

This section provides an overview of the FAPBM portfolio, both at a direct portfolio and an underlying portfolio level. First, the direct portfolio is depicted per instrument type, according to the financial commitments made by FAPBM in funds. It is followed by a more in-depth financial exposure, with a distribution of underlying portfolio companies per region and sector.

1

Fund Commitments

As of 31 December 2022, FAPBM is invested in eight funds, representing a total commitment of USD 17.1 million. No new fund investment was made since 2018 and one fund is expected to be liquidated in early 2023 (Abraaj Global Credit Fund). Of the total committed capital, 62% is allocated to private equity funds and 38% is allocated to funds investing via debt instruments (26% debt and 12% mezzanine).

The eight funds in FAPBM's portfolio have a total of 78 companies in their portfolios.[1] Throughout 2022, investee funds have exited three companies and invested in six new companies. Three new investments were made by Frontier Energy II, two by Kaizen Private Equity II, and one by Adenia Capital IV.

Figure 1 – FAPBM portfolio commitment 2022, per instrument

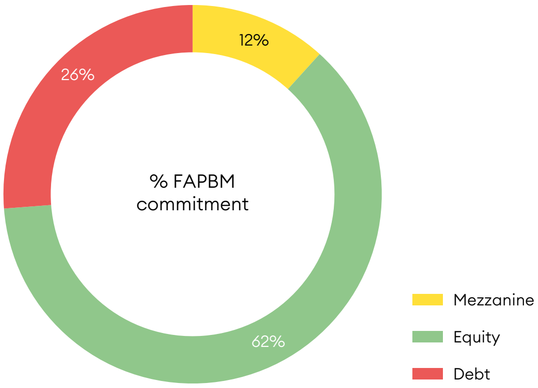


Photo by Dudarev Mikhail on Adobe Stock

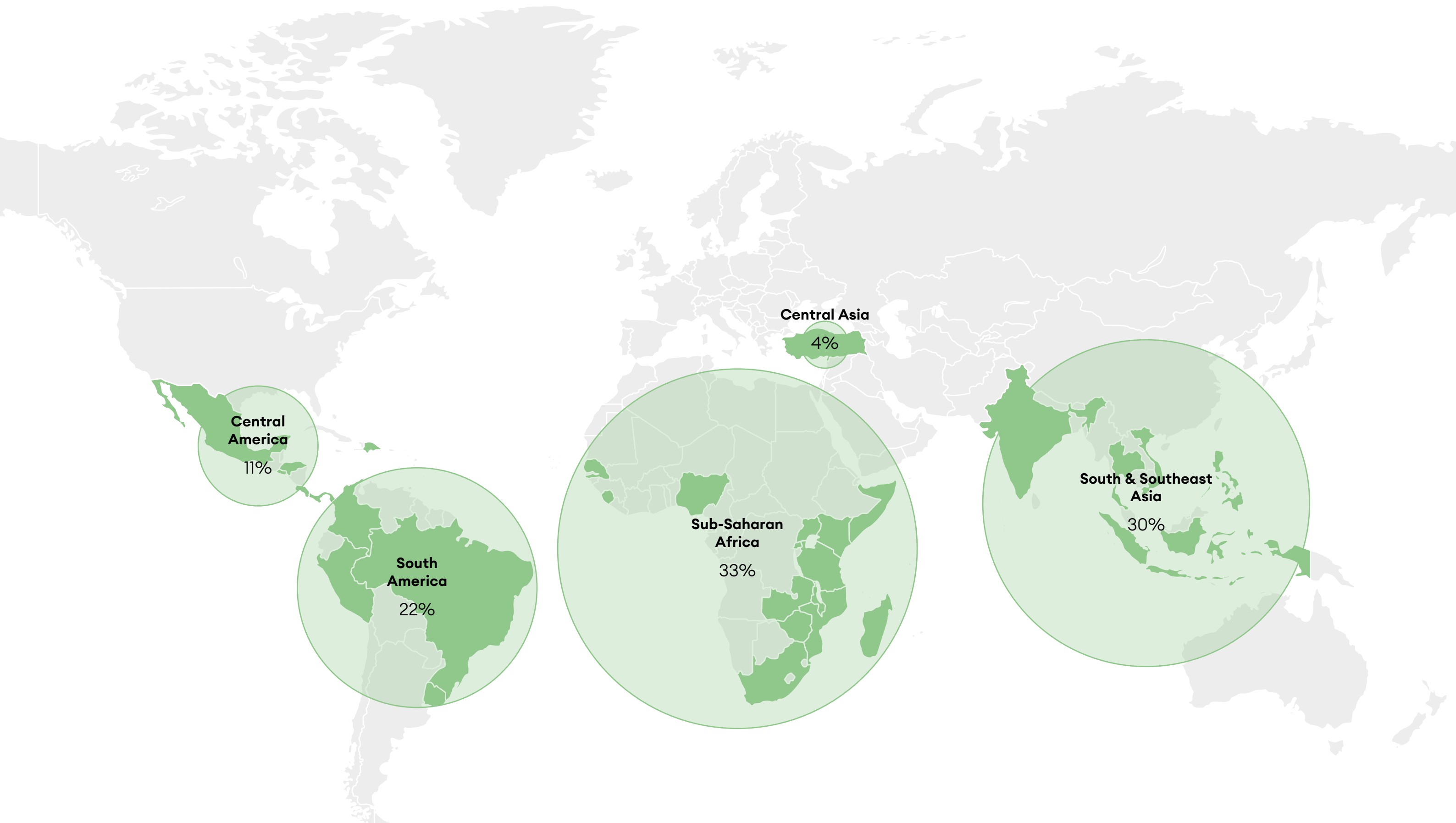
1 One investee of CASEIF III repaid its principal earlier than agreed, in December 2022. Although no cost exposure remains, the investee is considered as still being part of the portfolio in this report, as the investee is still paying penalties in 2023 and 2024.

Geographical Distribution

In line with FAPBM's investment strategy, the largest volume of the portfolio (33% of outstanding cost) is invested in Sub-Saharan Africa as of December 2022. The fund is otherwise diversified geographically, with significant investments in South & Southeast Asia (30%), and South America (22%). Central America (11%) and Central Asia (4%) are less prominent in FAPBM's portfolio (Figure 2).

The five countries in which FAPBM has the largest exposure are Kenya (16% of FAPBM's outstanding cost), the Philippines (15%), Brazil (9%), India (8%), and Colombia (6%). FAPBM is invested in 30 countries in total, as highlighted in Figure 2.

Figure 2 – Investee countries



Sector Exposure

The FAPBM portfolio is concentrated in environmental sectors, particularly in renewable energy. Overall, the energy and water supply sector accounts for 38% of the outstanding cost as of 31 December 2022 (Figure 3). This is mainly thanks to two funds specialised in renewable energy: Renewable Energy Asia Fund II and Frontier Energy II. This share represents a total of 46 renewable energy investments, including two investments made in 2022.

The second most important sector in the portfolio is education, representing 11% of FAPBM's portfolio. Consumer goods makes 10% of the portfolio, e.g., with food and non-food agriculture companies such as Red Land Roses, a Kenyan grower and exporter of premium fresh-cut roses. Then, two sectors represent an equal 9% of the portfolio each. The first is financial intermediation, e.g., with banks and fintech companies such as IATAI, which develops a digital payment app. The second is healthcare, e.g., with companies such as Biopas, a Colombian pharmaceutical marketing and distribution company. The sixth most important sector, with 7% of the portfolio, is consumer services, e.g., with a catering services company or a supermarket chain. The remaining 17% are other sectors, which represent less than 4% of the portfolio each and include sectors such as industrial goods, technology, or construction.

Figure 3 – FAPBM portfolio exposure (2022), per sector

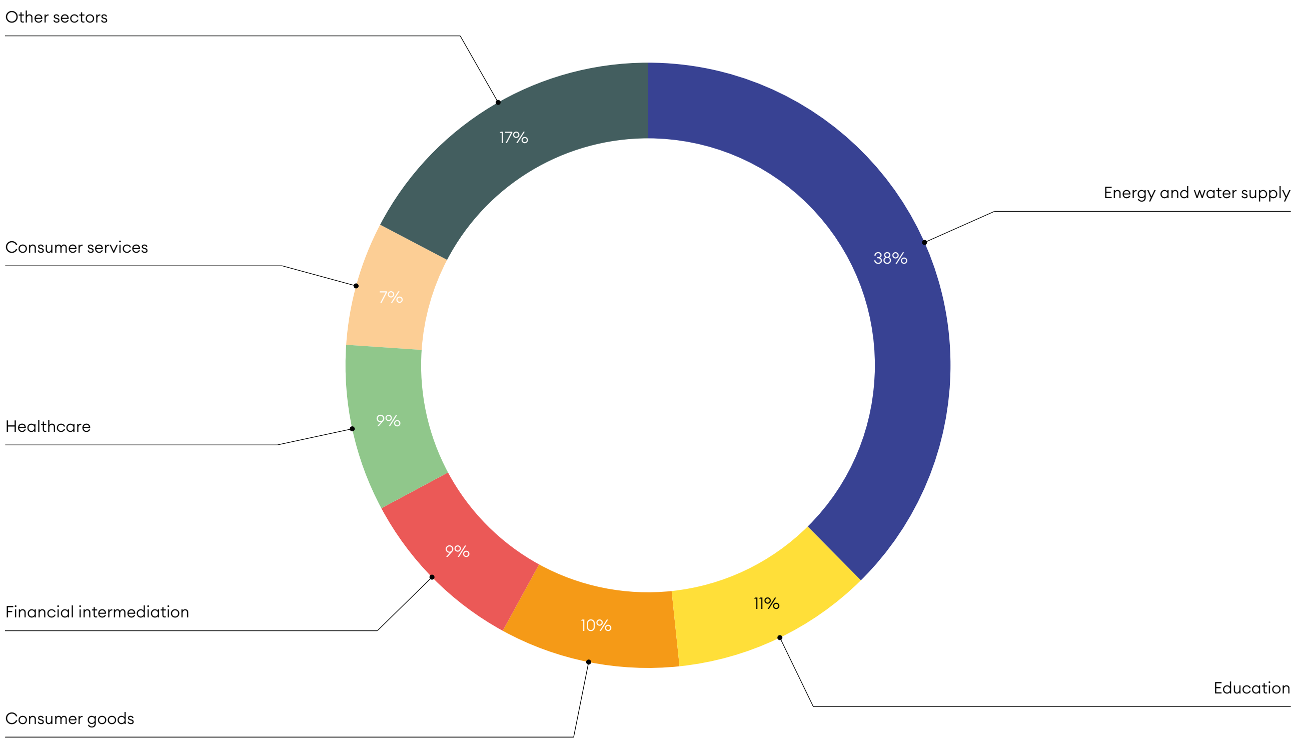


Photo by 2photo Pots on Unsplash

Development Impact

This section provides an overview of the development impact that the FAPBM portfolio has through its investments. The impacts are depicted per SDG, with an introduction to the importance of each SDG, how FAPBM contributes to each of them, and the quantified impact according to relevant impact indicators. It also presents a detailed map of each fund's contribution to the SDGs. Finally, examples of environment, social, and governance (ESG) risk management practices that are implemented throughout the portfolio are provided.

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2

Portfolio-level Impact per SDG

Through its investments, FAPBM is contributing to the achievement of 9 of the 17 United Nations Sustainable Development Goals (SDGs) throughout Africa, Asia, and Latin America.[2] Five of the funds in the portfolio are multi-sector funds, contributing generally to goals such as gender equality (SDG 5), decent jobs and economic growth (SDG 8), sustainable industrialization (SDG 9), and mobilizing financial resources for developing countries (SDG 17). These five funds contribute to these goals primarily by providing growth capital, which enables small and medium enterprises (SMEs) as well as other rapidly growing businesses to expand and develop. Two other funds are focused on the renewable energy sector, with climate-related goals such as access to clean energy (SDG 7) and reducing GHG emissions (SDG 13). One fund is focused on the education sector, contributing to quality education (SDG 4). Finally, some funds have invested opportunistically in sectors that contribute towards food security (SDG 2) and healthcare (SDG 3).

The contribution of FAPBM's portfolio to each SDG is detailed below, with the most relevant impact (according to the investment strategy) depicted first.[3]


Photo by Antonio Garcia on Unsplash

2 Impact data depicted throughout this report excludes one investee company, DRD, which is the only investee company of Abraaj. The fund decided not to report on DRD as it was in the process of being exited in early 2023. It planned to repay the principal by 31 March 2023.
3 SDGs 3 and 9 are not detailed below as they are less relevant to the portfolio in terms of impact, and no indicators are currently available to measure the contributions.

SDG 8

Decent work and economic growth

8 DECENT WORK AND ECONOMIC GROWTH

PROMOTING THE GROWTH OF SMEs

SMEs are a major contributor to job creation and economic development in emerging markets. Formal SMEs are estimated to contribute up to 40% of gross national product (GDP) and create 7 out of 10 jobs in emerging economies.[4] They have a key role to play in their economic growth by hiring mostly local and low-skilled labour, ultimately supporting low-income households to achieve sustainable means of living.[5] However, lack of access to finance is one of the main obstacles to SME growth. FAPBM contributes to overcome this obstacle by providing growth capital to SMEs.

The Foundation also invests in larger companies in emerging markets, enabling them to expand and contribute to job creation.

HOW DOES FAPBM CONTRIBUTE TO SDG 8?

The 78 companies (SMEs and large companies) that FAPBM is investing in through its fund investments are employing over 27,000 workers. The largest investee company has over 5,000 employees, whereas the smallest has only 2 employees.

FAPBM is also investing in companies (38 investees) that provide formal employee training to support efforts towards having more decent jobs and reducing skills gaps.[6]

27,754 jobs
supported by investees

134 employees
median investee company size

38
investee companies providing formal training to employees

4 The World Bank. (NA). Small and Medium Enterprises (SMEs) Finance. Retrieved from: https://www.worldbank.org/en/topic/smefinance
5 CGAP. (2022). No small business: A segmented approach to better Finance for Micro and Small Enterprises.
6 Melguizo, A. and Perea, J. R. (2016). Mind the skills gap! Regional and industry patterns in emerging economies. Retrieved from https://www.oecd-ilibrary.org/docserver/5jm5hkp7v145-en.pdf?expires=1689089098&id=id&accname=guest&checksum=3094D1C68A582C1DB0C8DEB18D54E272

Case study

Bloom Farms

In 2020, Darby Latin America Private Debt Fund III (Darby III), a Latin American generalist debt fund, invested in Bloom Farms, a company contributing to job creation and economic development (SDG 8) in the region. Bloom Farms is a Mexican producer of fresh blueberries for a leading global wholesaler.

Bloom Farms was created in 2012, as an intensive agriculture project between a farmer and a business investor. The company started with conventional planting techniques and suffered from substantial losses due to heavy rains in their first year. Subsequently, Bloom Farms optimized its production approach, using custom-designed greenhouses, specialized substrates and pots, drip irrigation, and high-tech monitoring systems. By implementing this refined production model and incorporating private varietals of blueberries (through a partnership with Driscoll's), the company achieved a prosperous production of premium quality and high-yield blueberries in 2016. The company's production yield is now six times higher than the average producer per hectare, which is a direct outcome of their commitment and substantial investment in research and technology.

SDG contribution

Among others, FAPBM contributes to SDG 8 and SDG 17 through its investment in Darby III, and hence in Bloom Farms.

Since its launch, Bloom Farms has grown substantially in its number of employees. With 60 employees in 2012-2013, the company has grown to 550 fixed employees in 2022. Given the nature of the sector, many additional workers are hired on a short-term basis, during the harvest period. Short-term workers come from various regions of Mexico and move to Jalisco for 3-4 months. In recent years, 1,500 workers were hired for the harvest of blueberries, most of whom are women. Although Bloom Farms has automated parts of the production process, such as the packaging, the harvest remains manual to preserve the quality of fruits. Bloom Farms hence contributes to job creation in Mexico and provides an important source of income to over 2,000 fixed and short-term workers.

Bloom Farms is also committed to maintaining a safe work environment for workers in the different activities they perform. It has a zero-accident policy in place and is governed by national norms as well as those specific to the agricultural sector. Bloom Farms provides monthly health and safety training adapted to the workers' tasks.

When the fund invested in Bloom Farms, it had about 100 hectares of fields producing blueberries. With the support of Darby's financing, the company grew its field size to 234 hectares. With each additional hectare, one employee is hired full-time to care for the plants, and up to eight people are hired on a short-term basis during the harvest period.

Consequently, the employment of each new worker generates revenue for local authorities, with the payment of labour taxes. Taxes are also paid on the revenue generated by the company, as well as on the interests paid back to the fund. Through its investment in Darby III, FAPBM contributes to mobilizing domestic resources (SDG 17).

SDG 17
Partnerships for the goals

17 PARTNERSHIPS FOR THE GOALS

DOMESTIC RESOURCE MOBILIZATION

The mobilization of domestic resources is acknowledged as fundamental for achieving self-sustaining development. Domestic resources play a crucial role in funding local investments and social programs, which are vital for fostering economic growth and eliminating poverty. Domestic resources also play a vital role in breaking away from reliance on foreign aid. Thus, taxes paid by companies in their respective countries are an important source of resources for domestic governments.

HOW DOES FAPBM CONTRIBUTE TO SDG 17?

As private entities, portfolio companies contribute to SDG 17 by paying taxes in their respective countries. In total, investee companies have paid over USD 261 million over the course of 2022, a surge of 25% compared to 2021. Moreover, FAPBM contributes to mobilizing financial resources in least developed countries (LDC), as 9% of its portfolio is invested in LDCs.

USD 261 million
taxes paid by investee companies
to local governments

+25%
of taxes paid in 2022 vs 2021

SDG 7

Affordable and clean energy

7 AFFORDABLE AND CLEAN ENERGY

ENSURE ACCESS TO AFFORDABLE AND CLEAN ENERGY

Insufficient availability of energy supplies and infrastructure hampers both human and economic progress. In 2020, 733 million people still did not have access to electricity, and 2.4 billion individuals continued to rely on harmful fuels for cooking, which negatively impacts both their well-being and the environment.[7] Many energy sources exist, both renewable and non-renewable, such as solar, wind, hydropower, biofuels, natural gas, coal, etc. However, if fossil fuels continue to be utilised extensively without efforts to reduce GHG emissions, it will have significant repercussions on global climate patterns. Enhancing energy efficiency and promoting the adoption of renewable energy sources not only contributes to providing affordable clean energy to people but also to mitigating climate change and reducing the risks associated with it.

HOW DOES FAPBM CONTRIBUTE TO SDG 7?

One of the targets of FAPBM's investment mandate is directed towards the environmental sector. An important share of its portfolio is dedicated to renewable energy companies, mainly thanks to two funds focused on renewable energy. FAPBM contributes to promoting investments in clean energy and increasing the share of renewable energy in the respective countries' energy mix. During 2022, investee companies produced a total of 609 GWh of clean energy, an 82% increase compared to 2022. This considerable increase can be explained by the large completion of projects in 2021, which have functioned at full capacity for the first time in 2022, and by projects which have started operating in 2022. Another reason for the rise could be more favourable weather conditions, on which renewable energy technologies depend. Finally, in 2022, the completion of renewable energy constructions added 47 MW of new capacity to the portfolio, reaching a total of 324 MW installed in the portfolio.

47 MW
clean energy newly installed

609 GWh
clean energy produced

+82%
clean energy produced in 2022 vs 2021

7 The World Bank. (2022). Tracking SDG 7 – The Energy Progress Report 2022. Retrieved from https://www.worldbank.org/en/topic/energy/publication/tracking-sdg-7-the-energy-progress-report-2022

Case study

Herholdt's

In 2021, the fund Adenia Capital IV, a generalist private equity fund targeting SMEs in Africa, invested in Herholdt's, a company contributing to providing affordable and clean energy (SDG 7) to the region. Herholdt's is a South African firm specialising in the distribution of electrical and solar energy products.

Herholdt's Electrical Contractors was founded in 1964 by two young electricians. The company focused on the electrification of important projects such as hospitals and libraries. In 2018, they ventured into the renewable energy sector and launched Herholdt's Renewable Energies. Initially present in three South African cities, Herholdt's expanded its network by adding five new offices in the country. The company supplies solar energy products mainly to B2B customers (Solar installers, EPCs, contractors, wholesalers etc.) and has a small retail footprint. Herholdt's currently ranks among the leading suppliers of renewable products in the country.

SDG CONTRIBUTION

Among others, FAPBM contributes to SDG 7 and SDG 13 through its investment in Adenia IV, and therefore in Herholdt's.

Due to several issues in the South African electricity landscape, a tailwind is blowing on the development of solar energy. The first issue is rising electricity prices in South Africa. Since 2007, the average tariff provided by the single national electricity provider has increased by 307%, while inflation has risen by only 134% over the same period.[8] Customers of Herholdt's benefit from cheaper energy, which is estimated to be about 25% less expensive than the national grid.[9] The second issue is that, for over ten years, the country is enduring regular load-shedding (i.e., the deliberate shutdown of the power supply to balance electricity supply and demand). By using solar photovoltaic panels paired with batteries, customers can have a more reliable energy supply to complement or replace grid-supplied electricity. These issues are pushing the market from a monopoly model to a decentralised generation model, where distributed solar power generation is becoming more popular. This trend is further supported by the fall in the price of solar photovoltaic technology. Herholdt's hence supports the deployment of renewable energy technologies in South Africa.

The development of solar energy also contributes to SDG 13 (Climate Action). It has a positive effect on GHG emission reduction, as the majority of South Africa's electricity is currently sourced from coal, an emission-intensive source of energy. Coal-fired power plants represent 74% of the country's total installed capacity.[10] Through the company's 2022 sales of solar equipment, it is estimated that Herholdt's assists its clients in avoiding the emission of 193,000 tons of CO2e per annum, the equivalent of over 26,000 South Africans' yearly CO2 emissions.[11]

8 Poorun, A. Radmore, J. (2022). 2022 Energy Services Market Intelligence Report. Retrieved from www.greencape.co.za
9 Adenia Partners. (2022). Adenia Capital (IV) ESG and Impact Report 2022.
10 Poorun, A. Radmore, J. (2022). 2022 Energy Services Market Intelligence Report. Retrieved from www.greencape.co.za
11 Ritchie, H. Roser, M. Rosado, P. (2020). CO_2 and Greenhouse Gas Emissions. Retrieved from: https://ourworldindata.org/co2-and-greenhouse-gas-emissions

SDG 13

Climate action

13 CLIMATE ACTION

COMBAT CLIMATE CHANGE

If not adequately addressed, climate change will result in a rise of average global temperatures exceeding 3°C, posing detrimental effects on every ecosystem. We are already witnessing how climate change intensifies storms and disasters, as well as exacerbates challenges such as food and water scarcity, which in turn can contribute to conflicts. To mitigate the effect of climate change, society must limit the global temperature rise to well below 2°C, ideally targeting 1.5°C. This target was set in December 2015, as a pivotal milestone was reached. The global community adopted the Paris Agreement, signifying a collective commitment from all nations to take decisive action in tackling climate change. Among others, businesses and investors are actively pledging to reduce their emissions. This is crucial as cumulative investments in energy transition technologies must amount to USD 35 trillion by 2030, to stay on the 1.5°C pathway.[12]

FAPBM contributes to SDG 13 through its investments in renewable energy funds.

HOW DOES FAPBM CONTRIBUTE TO SDG 13?

FAPBM's mandate includes targeting the environmental sector, which ensures the portfolio's contribution to SDG 13. FAPBM does so by investing in renewable energy projects, which mitigate GHG emissions by producing renewable electricity and supplying energy to consumers that would otherwise purchase electricity from the domestic grid. Projects in the portfolio reduced or avoided the emission of over 360,000 tonnes of GHG over the course of 2022, an 82% year-on-year increase. This increase is related to the increase in renewable energy production over the period.

361,804 tonnes
GHG emissions avoided or reduced in 2022

+82%
GHG emissions avoided in 2022 vs 2021

12 International Renewable Energy Agency. (2023). Investment Needs of USD 35 trillion by 2030 for Successful Energy Transition. Retrieved from https://www.irena.org/News/pressreleases/2023/Mar/Investment-Needs-of-USD-35-trillion-by-2030-for-Successful-Energy-Transition

SDG 5

Gender equality

5 GENDER EQUALITY

ACHIEVE GENDER EQUALITY

Although there have been advancements in recent decades towards enhancing women's involvement in the workforce and reducing wage disparities, the path towards achieving gender equality in the professional sphere is still immense. In the developing world, women constitute a significant majority of the world's working poor and hence represent a substantially lower share of the workforce. This arises from the socio-economic disadvantages faced by women as a result of gender-based discrimination, as well as the dual responsibilities they shoulder as both workers and caregivers within society. Women often face barriers in accessing productive resources, education, skills development, and opportunities within the labour market. However, the opportunities arising from the promotion of gender equality within the workforce are far-reaching. According to the International Labour Organization (ILO), incorporating gender considerations into initiatives aimed at promoting job creation can contribute to enhancing productivity and economic growth, human resources development, sustainable development, and alleviating poverty.[13]

FAPBM contributes to SDG 5 by investing in funds that recognise issues related to gender inequality and work towards overcoming them in various ways.

HOW DOES FAPBM CONTRIBUTE TO SDG 5?

Some of FAPBM's portfolio funds actively promote gender equality through labour policies implemented at an investee company level as well as a fund manager level. Of the 27,000 total jobs supported through all investee companies, 42% are women, which is slightly lower than the results observed in 2021 (43%). Thus, the gap still remains, which can be explained by the sectors in which portfolio companies invest, some of them having wider gaps. Moreover, not all portfolio funds aim to actively contribute to SDG 5. At a more granular level, two funds have reported on the number of managers in investee companies. Out of a total of 164 managers in portfolio companies, 45% are women. Although a gap of 5% remains, the performance of the two portfolio funds is well above the world average of 31% of women in managerial positions estimated by the World Economic Forum in 2022.[14]

42%
of jobs supported are female

45%
of managers reported are women

13 ILO. (NA). Gender and employment. Retrieved from https://www.ilo.org/employment/areas/gender-and-employment/lang--en/index.htm
14 World Economic Forum. (2022). Global Gender Gap Report 2022. Retrieved from https://www.weforum.org/reports/global-gender-gap-report-2022/in-full/2-4-gender-gaps-in-leadership-by-industry-and-cohort/

SDG 4

Quality education

4 QUALITY EDUCATION

ENSURE INCLUSIVE AND EQUITABLE QUALITY EDUCATION

Education plays a pivotal role in facilitating upward socioeconomic mobility and serves as a crucial means of breaking the cycle of poverty. According to the United Nations (UN), it not only helps in diminishing disparities and achieving gender equality but also plays a vital role in nurturing tolerance and fostering more harmonious and peaceful societies.[15] More specifically, education represents an effective solution to reduce inequality and empower women, as it offers enhanced opportunities for securing better employment, increased personal earnings, and financial independence.

HOW DOES FAPBM CONTRIBUTE TO SDG 4?

Despite not being an investment focus of FAPBM, it is contributing to providing quality education in South & Southeast Asia. It does so through its investment in Kaizen Private Equity II, a fund focused on the education sector, defined as core education (e.g., K-12 schooling), parallel education (e.g., test preparation), and education-enabling services (e.g., technologies, books, student housing, etc.). The fund is supporting 3,300 education facilities as of December 2022, a 17% increase compared to the previous year. It reached a total of almost 4 million students.

The fund not only supports students studying in South & Southeast Asia but also students aiming to study abroad. Finally, the fund enables the employment of 2,800 teachers through its investee companies in 2022. The impact of education is therefore far-reaching, with indirect impacts such as job creation.

3.97 million students reached	**2,843** teachers employed	**3,330** education facilities served

15 United Nations. Retrieved from https://www.un.org/sustainabledevelopment/wp-content/uploads/2017/02/4_Why-It-Matters-2020.pdf

Case study

Leverage Edu

In 2022, Kaizen Private Equity Fund II (Kaizen II), a fund focused on the education sector in India and Southeast Asia, invested in Leverage Edu, a company contributing to providing quality education (SDG 4). Leverage Edu is an online platform that assists students from India, Bangladesh, and Nigeria in obtaining admission to various international higher education institutions in countries such as the UK, Australia, Canada, the US, and several others.

Leverage Edu was established in 2018 by Akshay Chaturvedi, a young entrepreneur that dreamt about a world where borders are not an obstacle to students pursuing the dream to study abroad. The company offers a one-stop solution to students seeking higher education. Leverage Edu distinguishes itself from traditional service providers thanks to its "student-first" approach, as well as its broad range of college options, with about 700 international partner universities. In addition to the admission service, it assists students in finding accommodation or a student loan. Through the latter service, Leverage Edu pools similar loan applications to negotiate better conditions for students and hence facilitate the financing of their studies.

SDG contribution

Among others, FAPBM contributes to SDG 4 through its investment in Kaizen II, and hence in Leverage Edu.

In its first year of operation, Leverage Edu helped a total of 100 students to study abroad. The following year, they assisted 500 students per month, and now they reached almost 7,000 students a month. Currently, 64% of its students come from Tier 2 cities or below, where Tier 1 cities are the most developed and Tier 3 are the developing cities of India. This shows that Leverage Edu provides opportunities not only to students coming from the most developed cities in India but also from less developed regions.

Not all students have the means or the academic level to study abroad. Nevertheless, Leverage Edu provides a free counselling service to over 130,000 students per month, providing advice to find the career path that is right for them, e.g., studying in India or going abroad. The company leverages the data it has gathered over the years from existing and past clients, to better advise students seeking guidance. It bases its advice on the actual career path of people that have benefited from Leverage Edu's services and shows in which careers one may expect to end up by choosing a university.

In addition to Leverage Edu's services, it has recently launched a USD 1 million scholarship program to support underprivileged students wishing to study abroad. Moreover, it launched an initiative called Padho India, which means "Study India", where, for every student that studies abroad thanks to Leverage Edu, it sponsors one entire year of education for one underprivileged child (aged 5-13). As of today, it is working with one school, supporting it to pay the teachers' salaries and build basic infrastructure, such as computer classrooms and playgrounds. As the Padho India initiative is in its early stage, it has financed education for a few thousand students, but it will increase with the firm's revenue. This initiative contributes to providing primary education to underprivileged girls and boys in rural India.

SDG 2

Zero hunger

INCREASE PRODUCTIVITY AND INCOME OF FOOD PRODUCERS

SDG 2 aims to find sustainable measures to eradicate hunger in all its forms by 2030 and attain food security worldwide. Accomplishing this goal necessitates enhancing food accessibility and promoting sustainable agricultural practices. This includes increasing the productivity and incomes of small-scale farmers.

Through the investments of a generalist fund in the portfolio, FAPBM contributes to SDG 2.

HOW DOES FAPBM CONTRIBUTE TO SDG 2?

One fund in FAPBM's portfolio, the Central American Small Enterprise Investment Fund III (CASEIF III), invested opportunistically in the agricultural sector and contributed to SDG 2. The fund has reached over 10,000 farmers and produced or processed 43,274 tonnes of food throughout 2022. The portfolio hence channels income to domestic farmers through investments in food processing companies.

10,660
farmers reached

43,274 tonnes
food produced and/or processed

SDG Mapping

A majority of investee funds contribute to SDGs 8 (Decent work and economic growth), 9 (Industry, innovation, and infrastructure), and 17 (Partnerships for the goals). Contribution to SDG 7 (Affordable and clean energy) also plays an important role in terms of investment volumes, although only two funds target them: Frontier Energy II and Renewable Energy Asia Fund II.

The following table provides an overview of the contribution of each fund.

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
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					✓			✓	
Abraaj Global Credit Fund						✓	✓		✓

ESG Risk Management

ESG risk management varies among fund managers, with differences stemming from, for example, the investment sector, the type of assets and the perception of ESG risk management as a compliance matter vs a way to enhance performance. Fund managers in FAPBM's portfolio represent well this diversity in ESG risk management practices, with some examples provided below.

First, some fund managers see ESG risk management as an opportunity to enhance performance and actively support investees to improve on these matters. Adenia is one of them and values highly its environmental and social management system (ESMS). The engagement of its partners demonstrates Adenia's commitment to ESG and impact matters. As an investor typically acquiring majority stakes in companies, Adenia is in a favourable position to effectively ensure that its investees adhere to regulations at the local level and subsequently comply with International Finance Corporation (IFC)'s Performance Standards on Environmental and Social Sustainability. For instance, when Adenia invested in Quick Mart, the company faced gaps in its environmental and social (E&S) risk management and was missing necessary permits. Adenia took proactive measures to collaborate with Quick Mart to assist in achieving compliance. This involved undertaking various significant initiatives such as enhancing its corporate governance framework, restructuring its Human Resources (HR) organizational setup, and appointing an Environmental, Health, and Safety (EHS) officer.

Second, hiring qualified people is a crucial element for effective ESG risk management. The impact advisor of FAPBM supported CASEIF III in developing a robust ESMS, which included the introduction of a highly-qualified E&S Officer and a Corporate Governance Specialist. Both have extensive experience in working with SMEs, which is what CASEIF III mostly invests in. For example, they provided Delifrost, an investee company, with guidance on how to increase the professionalism of its board of directors, through holding regularly scheduled board meetings, building an accounting department, and improving compliance with International Financial Reporting Standards.

Third, another approach to improve ESG risk management practices is to achieve internationally recognised standards such as ISO 14000 or the IFC Performance Standards. For example, Kaizen Private Equity II's fund manager ensures that its investees have an adequate ESMS, which measures involvement in excluded activities, adherence to relevant local E&S legislation, and alignment with the IFC Performance Standards.

Fourth, some fund managers fill gaps in ESG risk management capabilities by hiring external consultants. This is the case of Darby Latin American Private Debt Fund III, which views E&S matters as a compliance issue. It relies on third-party consultants to support its E&S due diligence, monitoring, and annual ESGI reporting.

Finally, there are E&S risks that are typical for the renewable energy sector, such as risks related to land acquisition, biodiversity, and cultural heritage. However, most of these risks can be mitigated and managed when identified early in the projects' development stages. This is what the Renewable Energy Asia Fund II (REAF II) does through the implementation of a robust approach to E&S risk management. For example, REAF II applies its ESMS throughout its investment decision-making process, avoiding projects expected to have a significant, irreversible, or unprecedented impact and minimizing and mitigating adverse E&S risks in approved projects. Nevertheless, the complexity of renewable energy projects may lead to receiving complaints from affected parties. The management of stakeholders is then crucial to resolve such issues.

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Photo by Sandy Ravaloniainal on Unsplash

Funds

This section presents an overview of each of the eight equity and debt funds. A brief description of each fund, their development impacts, and their financial exposure per region and sector are provided.

3

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.

IMPACT

The number of jobs supported is significantly higher than in 2021 (6,081 jobs), which is due to an investee reporting for the first time in 2022, adding on its own 3,135 jobs, and another new investment made in 2022, Eastcastle. Other investees have also grown in size between 2021 and 2022, with growth rates between 10% and 53%. Adenia IV 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 (SDG 8). Adenia IV 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. Finally, Adenia IV contributes to SDG 3 (Good health and well-being) with its investment in Africa Biosystems Limited, a state-of-the-art distributor of life sciences and clinical diagnostics equipment and consumables in East Africa.

10,493
Jobs supported

45%
Female employees

100%
Of companies provided formal training to employees

50 MILLION
USD in taxes paid

INVESTMENT YEAR
2016

SECTOR
Multi-sector

REGION
Sub-Saharan Africa

FUND SIZE
USD 215 million

FAPBM COMMITMENT
USD 2.1 million

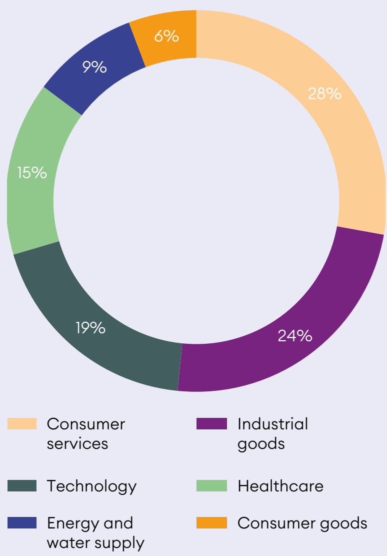
FUND MANAGER
Adenia Partners

PORTFOLIO OVERVIEW

Region exposure: Following the fund's strategy depicted above, the fund is fully exposed to Sub-Saharan Africa.

Sector exposure: Adenia IV is exposed to six different sectors, the most important ones being consumer services (28% of Adenia's outstanding cost), industrial goods (24%), and technology (19%). The remaining three sectors are depicted in Figure 4.

Figure 4 – Adenia IV sector exposure



Catalyst Fund II

FUND OVERVIEW

Catalyst Fund II (Catalyst II) is a private equity fund that 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. Unfortunately, Catalyst Principal Partners ran into serious problems and was replaced by Metier Private Equity International as the manager of Catalyst II, a process that was completed on 30 June 2022.

IMPACT

As of December 2022, Catalyst II is supporting 1,642 jobs through the two companies in the portfolio. Of these 45% are female employees. Both companies in the portfolio offer formal training to employees. Catalyst II is hence contributing to providing decent work and economic growth (SDG 8). The portfolio companies also paid USD 9 million in taxes to local governments in 2022.

1,642
Jobs supported

45%
Female employees

100%
Of companies provided formal training to employees

9 MILLION
USD in taxes paid

INVESTMENT YEAR
2017

SECTOR
Multi-sector

REGION
East Africa

FUND SIZE
USD 152.5 million

FAPBM COMMITMENT
USD 2.0 million

FUND MANAGER
Metier Private Equity International (newly appointed)

PORTFOLIO OVERVIEW

Region exposure: In line with its target countries, Catalyst II is fully invested in Sub-Saharan Africa.

Sector exposure: Catalyst II is invested in two sectors, consumer goods, which represents 62% of its outstanding cost, and financial intermediation with the remaining 38%.

Central American Small Enterprise Investment Fund III

FUND OVERVIEW

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 assistance facility that provides non-financial support to its investees, such as developing necessary monitoring and reporting tools, and enhancing their environmental and social standards.

IMPACT

CASEIF III supported 1,135 jobs through its portfolio companies as of December 2022, of which 42% are female employees. This represents an 8% decrease in the number of jobs supported compared to 2021. Interestingly, 50% of managers in portfolio companies are women, which contributes to SDG, 5 by promoting gender equality for managerial positions. This is in line with the fund manager's effort to become the first 2X Flagship Fund (see p.44) in Latin America and the Caribbean.

As a generalist fund, CASEIF III also invested in sectors supporting the agricultural value chain. Through three investee companies, CASEIF III reached over 10,000 farmers and processed or produced 43,000 tonnes of food. Finally, with one investee operating in the financial intermediation sector, CASEIF III has provided 8.8 million individual clients with access to financial services.

1,135
Jobs supported

42%
Female employees

88%
Of companies provided formal training to employees

50%
Female managers in investee companies

8.8 MILLION
Individual clients accessed financial services

4.3 MILLION
USD in taxes paid

10,660
Farmers reached

43,274
Tonnes of food produced and/or processed

2 ZERO HUNGER | 5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 17 PARTNERSHIPS FOR THE GOALS

INVESTMENT YEAR
2016

SECTOR
Multi-sector

REGION
Central America

FUND SIZE
USD 41.7 million

FAPBM COMMITMENT
USD 2.0 million

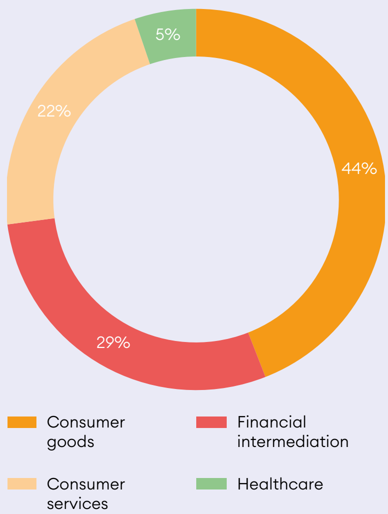
FUND MANAGER
Lafise Investment Management

PORTFOLIO OVERVIEW

Region exposure: CASEIF III has a majority of investments in Central America, representing 71% of its outstanding cost. The remaining 29% are invested in South America with one company located in Colombia.

Sector exposure: As a generalist fund, CASEIF III is present in several sectors, the most prominent one being consumer goods, which represents 44% of its outstanding cost. The distribution of other sectors is depicted in Figure 5.

Figure 5 – CASEIF III sector exposure



Darby Latin American Private Debt Fund III

INVESTMENT YEAR
2018

SECTOR
Multi-sector

REGION
Latin America

FUND SIZE
USD 300 million

FAPBM COMMITMENT
USD 3.0 million

FUND MANAGER
Darby Overseas Investments

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.

IMPACT

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 of infrastructure in Latin America (SDG 9). Moreover, Darby III is a large contributor compared to other funds in FAPBM's portfolio in terms of taxes paid with over USD 194 million paid to local governments, contributing to domestic resource mobilization (SDG 17). This represents a 48% increase compared to the previous year, which is mainly thanks to a large increase in taxes paid by two investees: 2W and Cordeiro & Kelane, which paid an additional USD 35 million and USD 20 million, respectively.

7,042
Jobs supported

45%
Female employees

86%
Of companies provided formal training to employees

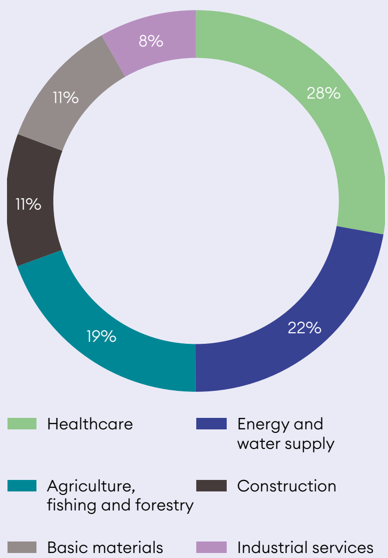
194 MILLION
USD in taxes paid

PORTFOLIO OVERVIEW

Region exposure: Darby III is mostly invested in South America with 86% of outstanding cost, the remainder being in Central America.

Sector exposure: As a generalist debt fund, Darby III has investees in six different sectors. The two largest are healthcare (28% of outstanding cost) and energy & water supply (22%).The remaining sectors are depicted in Figure 6.

Figure 6 – Darby III sector exposure



Frontier Energy II

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 II will oversee this critical phase to ensure that quality, time, budget, and ESG standards are met.

IMPACT

As a renewable energy fund, its focus is on contributing to providing clean and affordable energy (SDG 7) to the Sub-Saharan African region. As a consequence, the fund avoids the emission of over 110,000 tonnes of GHG, contributing to SDG 13. This represents a 150% increase compared to 2021. Similarly, renewable energy production increased by 93% in 2022 compared to the previous year, reaching 312 GWh. In 2022, the fund did not install any new energy capacity, although several projects are under construction and should be finished in 2023.

439
Jobs supported

10%
Female employees

0 MW
Clean energy capacity installed in 2022

312 GWH
Of clean energy produced in 2022

110,534
Tonnes of GHG emissions avoided in 2022

2.1 MILLION
USD in taxes paid

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

PORTFOLIO OVERVIEW

Region exposure: Frontier II is fully invested in Sub-Saharan Africa.

Sector exposure: With an investment strategy focused on renewable energy projects, Frontier invested in only one sector, energy & water supply.

Kaizen Private Equity II

FUND OVERVIEW

Kaizen Private Equity II (Kaizen II) is a fund focused on the education sector in India and select countries in South & 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.

IMPACT

Making a positive impact through education investments is a part of Kaizenvest's (fund manager) 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.

Through its investments, Kaizen II supports over 3,300 education facilities (2,837 in 2021) and employs 2,843 teachers (2,122 in 2021). Thanks to this and to the use of technology to provide education, Kaizen II is able to reach close to 4 million students, the same as in 2021.

4,889
Jobs supported

48%
Female employees

67%
Companies provided formal training to employees

2,843
Teachers employed

3,330
Educational facilities served

3.97 MILLION
Students reached

4 QUALITY EDUCATION

INVESTMENT YEAR
2017

SECTOR
Education

REGION
South & Southeast Asia

FUND SIZE
USD 79.1 million

FAPBM COMMITMENT
USD 2.0 million

FUND MANAGER
Kaizen Management Advisors (Kaizenvest)

PORTFOLIO OVERVIEW

Region exposure: Kaizen II's whole portfolio is invested in South & Southeast Asia, in line with its strategy.

Sector exposure: According to its strategy, Kaizen II is fully invested in the education sector.

Renewable Energy Asia Fund II

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

FUND OVERVIEW

Renewable Energy Asia Fund II (REAF II) is a private equity fund investing in renewable energy projects in South & 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.

IMPACT

As a fund focusing on renewable energy, it mainly contributes to providing clean energy (SDG 7) in South & Southeast Asia. As a consequence, the fund also avoids the emission of over 250,000 tonnes of GHG, hence contributing to SDG 13. It represents a 71% increase compared to 2021, which can be explained by more favourable weather conditions and by the new capacity installed. In 2022, REAF II installed an additional 47 MW of capacity. The total capacity installed as of December 2022 is 211 MW, a 27% increase compared to the previous year.

As a trade-off inherent to renewable energy projects, a capital-intensive sector, it supports a smaller number of jobs than other funds in FAPBM's portfolio, when compared to the size of the fund. The fund also appears to have companies with very little female participation in their workforce, with only 6% of employees being women.

2,114
Jobs supported

6%
Female employees

1.2 MILLION
USD in taxes paid

251,270
Tonnes of GHG emissions avoided in 2022

47 MW
Clean energy capacity installed in 2022

297 GWH
Clean energy produced in 2022

7 AFFORDABLE AND CLEAN ENERGY

13 CLIMATE ACTION

PORTFOLIO OVERVIEW

Region exposure: REAF II is only invested in South & Southeast Asia.

Sector exposure: In line with the fund's strategy, all its portfolio is in the energy & water supply sector, with 15 renewable energy projects.

Abraaj Global Credit Fund

FUND OVERVIEW

With the plan to exit the last investee company in Q1 2023, the fund is close to being ended. The data available here is hence very limited.

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.

IMPACT

The fund has not reported on its impact in 2022 as it is in the process of exiting its last investee.

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

PORTFOLIO OVERVIEW

Region exposure: With only one investee remaining in the portfolio, AGCF is exposed to only one region: Central Asia.
Sector exposure: The company is in the financial intermediation sector.

Photo by Arnaud Apffel

Appendix

This appendix provides a description of the approach to Impact Investing that was implemented by FAPBM's impact advisor, including ESG as well as impact measurement and management.

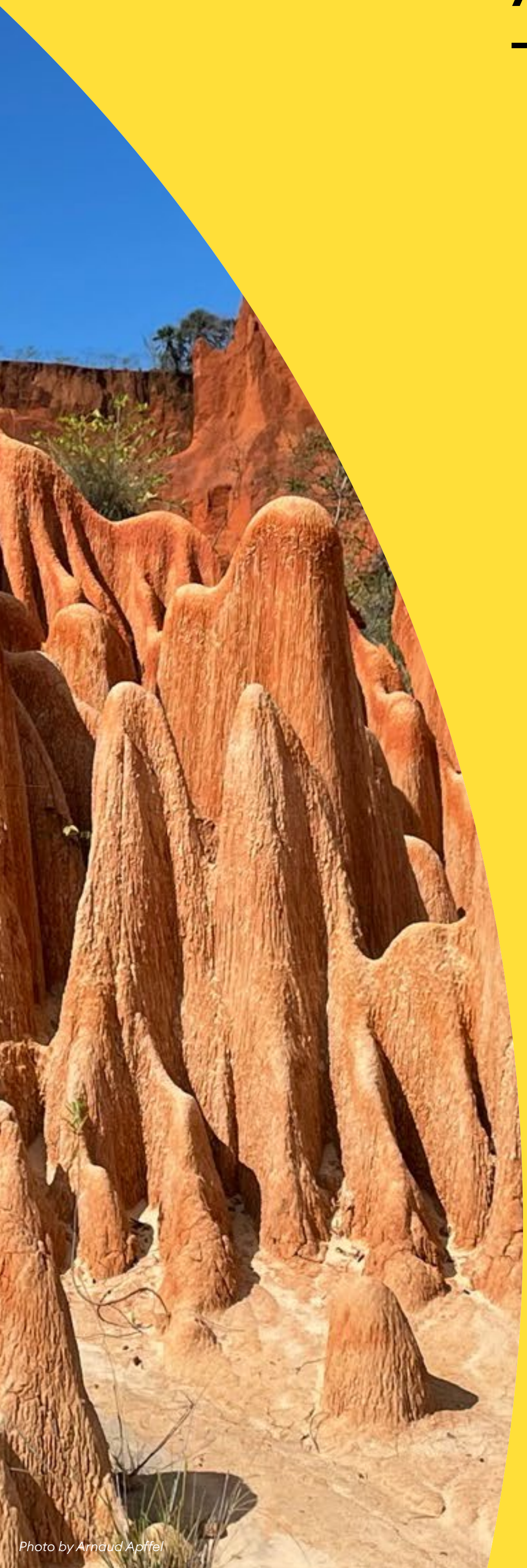


Photo by Arnaud Apffel

4

Environment, Social, Governance and Impact (ESGI) at FAPBM

Impact investing is an investment approach that intentionally seeks to create both a financial return and a positive social or environmental impact that is actively measured.[16] FAPBM's impact advisor sought to provide its investors with risk-adjusted returns while generating sustainable, demonstrable positive impacts.

ESGI considerations were integrated across investment decision-making and portfolio management, and the ESGI framework was aligned with the Operating Principles for Impact Management.[17] ESGI matters were considered throughout the investment process, from deal sourcing and screening, to due diligence, Investment Committee approvals, contracting, stewardship/monitoring, and through to exit.

In its deal sourcing and screening phase, the impact advisor explored the expected impact of each investment using a systematic approach that explored whether an investment is likely to meet the requirements of the Responsible Investment Policy. The approach also considered whether an investment is likely to meet the 2X Criteria to assess gender considerations.[18] During the due diligence process, FAPBM's impact advisor thoroughly assessed the investee fund manager's intentionality and commitments to upholding the Responsible Investment Policy, as well as their contribution to the SDGs as measured by impact metrics. FAPBM's analysis was supported by tools such as the GPR assessments, a tool to assess the development effects of funds. FAPBM's impact advisor included specific policy requirements in their investment agreements (for example, Limited Partner Agreements and side letters).

As well as monitoring the potential negative impacts of each investment and assessing the performance and impact of each investment against expectations, FAPBM's impact advisor actively engaged with prospective managers and invested managers throughout investment periods to support continuous improvement in their financial and ESGI performance. This included 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 was often undertaken alongside other like-minded investors. FAPBM's impact advisor ensured that the impact of exits on investees is considered, to encourage ongoing positive E&S impact post-exit. They also reviewed, documented, and improved their decisions and processes based on ESGI impacts achieved and lessons learned.

16 Drexler, M. Noble, A. (2014). Impact Investing: A Primer for Family Offices. Retrieved from https://www3.weforum.org/docs/WEFUSA_FamilyOffice Primer_Report.pdf
17 https://www.impactprinciples.org
18 https://www.2xglobal.org/what-we-do/#2xcriteria

Responsible Investment Policy

FAPBM's Responsible Investment Policy 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 EHS Guidelines; the Corporate Governance Development Framework; and the Client Protection Principles. This Policy applied to FAPBM's impact advisor 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).

FAPBM'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 with the Basel Convention and the underlying regulations
4. Destruction of high conservation value areas
5. Radioactive materials and unbounded asbestos fibers
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 activities:
    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)
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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ESGI Industry Participation

FAPBM's impact advisor was a member of the Principles for Responsible Investment (PRI), the Global Impact Investing Network (GIIN), and Swiss Sustainable Finance (SSF). They were also a signatory to the Operating Principles for Impact Management. On behalf of SIFEM (the Development Finance Institution of the Swiss Confederation), FAPBM's impact advisor participated in European Development Finance Institution (EDFI) taskforces, networking groups, and other forums. As of 2023, Tameo will continue participating in these events, on behalf of SIFEM as its new Business Services Manager. FAPBM's impact advisor was also an active participant in the 2X Global, which promotes women's empowerment and gender-smart investing. Some vehicles, such CASEIF III, are awarded the 2X Flagship Funds status. These are established, high performing private equity funds, focused on emerging markets, that have committed to investing with a gender lens using the 2X criteria.


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